

F E D E R A L R E S E R V E B O A R D

STATEMENT FOR THE PRESS

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The following is a summary of general business and financial conditions throughout the several Federal Reserve Districts during the month of September, as contained in the forthcoming issue of the Federal Reserve Bulletin.

The chief development of the current month has been the improvement in the labor situation. The amount of voluntary unemployment has been greatly reduced, and wages have shown a distinct upward tendency. Mining output increased about 3 per cent during August and has shown a tremendous expansion during September, due to the reopening of most of the bituminous and anthracite coal mines. Manufacturing is also being maintained at relatively high levels, increased production being reported in most important industries. The crop prospects are somewhat less encouraging than a month ago, as there has been a rather general deterioration of the growing crops. Both wholesale and retail trade showed marked expansion during August. Financial conditions continue to be very sound, while domestic money rates show a slight upward tendency. The general level of prices has remained constant during the past month; the August index number of the Federal Reserve Board being the same as that for July.

Manufacturing was slightly curtailed in August, but has recovered during September. Iron furnaces and steel mills are increasing their rate of production to satisfy the continued large demand of railroads and automobile companies. The market for nonferrous metals continues reasonably strong and reflects a further increase in mine output of copper and lead. Cotton mills and knit goods factories have increased their output and woollen machinery is slightly more active, while August silk consumption was the largest for any month since 1919. The continued building activity has resulted in an improved demand for lumber, cement, and other building materials. Petroleum consumption has increased due to the shortage of other fuel, but stocks continue to accumulate.

The volume of employment has increased during September in consequence of the return to work of several hundred thousand coal miners, railroad shopmen and textile workers. The period from August 15 to September 15, moreover, contained by far the largest number of wage increases reported in any month since the decline of business activity in 1920. The most important increases occurred at copper mines, steel mills, cotton mills and in the building industry. Unskilled or semi-skilled workers received most of these advances.

The average condition of farm crops declined somewhat during August. The cotton crop has suffered severe damage from boll weevils and from drought. Ginnings prior to September 1 were much larger than in either 1920 or 1921. The estimates of the corn crop have been much reduced, but the prospects for spring wheat have considerably improved. The grain crops are being marketed more slowly than last year except in the case of rye.

Wholesale trade improved substantially during August in all reporting lines. Every District reported increases in dry goods sales, which averaged almost 50 per cent higher than in July. Sales of furniture and shoes were also much larger. Comparisons with a year ago indicate improvement for all lines except groceries and shoes. Retail trade improved considerably during August, and the volume of business was larger in most sections than in August, 1921.

The banks are in a strong position and are meeting the seasonal demand for credit with ease. This seasonal demand has led to increases in both call and time money rates at New York. Federal Reserve Banks have somewhat increased their bill holdings. European exchange rates have generally declined during September, and there has also been a slight decline in Asiatic exchanges. The value of exports was practically the same in August as in July, but there was a moderate increase in the value of imports.