

FEDERAL RESERVE BOARD

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 March, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Continued active business is indicated by the maintenance of a high rate of industrial production, increases in freight traffic and employment, and a large volume of retail and wholesale trade.

Production - The Federal Reserve Board's index of production in basic industries for February was at the same high level as in January. The index number for these industries is now approximately equal to the highest point reached in the past. Since the low point in July, 1921, there has been an increase of 61 per cent. The volume of new building projected in February was exceptionally large for the season, particularly in western districts. Railroad freight shipments have been increasing and the car shortage, which was somewhat relieved in December and January, became more marked in recent weeks.

A continued increase in industrial employment has been accompanied by further advances in wage rates in a number of industries. Many New England woolen mills announced a wage increase of 12 1/2 per cent effective April 30. A shortage of women workers has been reported in the textile, rubber, and garment industries, and there is a shortage of unskilled labor in many industrial centers.

Trade - Wholesale and retail distribution of goods continued at a high level during February. Sales of both wholesale and retail concerns reporting to the Federal Reserve Banks were well above those of a year ago, but the increase was relatively more pronounced in wholesale trade.

Mail order and chain store business was almost as large in February as in January despite the shorter month, and sales of 5 and 10 cent stores were actually larger than in January.

Wholesale Prices - The Bureau of Labor Statistics index of wholesale prices advanced slightly during February. Prices of metals, building materials, and clothing increased, while prices of fuels and farm products declined. Building materials and metals during the past year have advanced more than any other groups of commodities and are now about 25 per cent higher than in March, 1922.

Bank Credit - Recent increases in industrial and commercial activity have been reflected in a larger volume of loans by member banks for commercial purposes, especially in the New York, Chicago and San Francisco Districts. Loans of this character by reporting member banks are now approximately 500 million dollars larger than at the end of December. This increase has been accompanied by a reduction in holdings of investments; so that there has been only a moderate net increase in total loans and investments.

The larger demand for funds has not led to any increase during the past month in the total volume of credit extended by the Reserve Banks. Total earning assets and loans to member banks on March 21 were approximately the same as four weeks earlier. Borrowings by member

banks in the interior increased, particularly in the Chicago District, but borrowings by member banks in the New York District decreased. Since the end of February, there has been a small decline in the volume of Federal reserve note circulation which is now at approximately the same level as six months ago. Other forms of currency in circulation, however, have recently increased.

The market rates on commercial paper advanced further to a range of 5 to 5 1/4 per cent and the rate on bankers' acceptances remained steady at about 4 per cent. There has been a slight increase in the yield of short term Treasury certificates as well as of Government and other high grade bonds.