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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, based upon statistics for the months of April and May, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production and trade continued in large volume during April. There was some slackening of business activity in the latter part of the month and during the early weeks of May, partly on account of seasonal influences.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries declined about 1 per cent in April. Production of lumber, anthracite coal, and mill consumption of cotton decreased, while there were increases in the output of pig iron and petroleum. There was a further increase in the value of building contracts awarded in April but the value of building permits issued in 168 cities was 16 per cent less than the record figures of March. The decrease was due chiefly to a curtailment of new projects in New York, as the aggregate value of permits at other reporting cities showed an increase of 12 per cent. Car loadings continued to be much larger than in the corresponding weeks of previous years, owing chiefly to heavy shipments of

manufactured goods. In spite of present heavy traffic, the shortage of freight cars has largely disappeared.

Employment at industrial establishments continued to increase during April, although plants in eastern states reported some reductions in their forces and there was an increase in those states in the number of concerns working part time. Increases in wage rates were announced by many concerns, and average weekly earnings of factory workers increased about 1 per cent.

TRADE:

Wholesale and retail trade were somewhat smaller in April than in March, which is the customary trend at this season of the year. Both were well above the level of a year ago. Decreased sales by department stores in April as compared with March were in part due to the fact that Easter purchases were made in March and to unseasonable cold weather in many localities. Mail order sales during April were 10 per cent less than in March, but 32 per cent larger than a year ago.

WHOLESALE PRICES:

Prices of certain basic commodities declined during April and the early part of May. The general index of wholesale prices of the Bureau of Labor Statistics, it is to be noted, showed no change between March and April. Prices of building materials, metals, cloths, and clothing were higher in April than in March, these advances being offset by declines in prices of fuel, and of farm products, especially live stock and dairy products.

BANK CREDIT:

Since the middle of April the volume of bank credit in use has remained relatively constant. Between April 11 and May 9 loans of member banks in leading cities showed an increase of nearly \$100,000,000, a large part of which occurred in the Chicago district. These increases in loans were accompanied by a somewhat larger liquidation of investments, which was general throughout the country. Partly through the sale of these investments reporting member banks have met the demand for additional loans without obtaining increased accommodation at the reserve banks. The volume of Federal Reserve Bank credit has, consequently, continued to remain fairly steady at the level which has prevailed since the middle of January, and the volume of Federal reserve notes in circulation has remained practically unchanged.

Somewhat easier money conditions are indicated by slightly lower rates on commercial paper and lower yields on outstanding Treasury certificates. The Treasury offering of approximately \$400,000,000 $4\frac{3}{4}$ per cent notes, maturing March, 1927, was heavily oversubscribed, and the issue was subsequently quoted at a slight premium in the open market.