

FEDERAL RESERVE BOARD

STATEMENT FOR THE PRESS

X-3821

For Release in Morning Papers,  
Monday, August 27, 1923.

The following is a summary of general business and financial conditions throughout the several Federal Reserve Districts, based upon statistics for the months of July and August, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production of basic commodities and employment at industrial establishments decreased in July and there was a further decline in wholesale prices. The distribution of goods, as indicated by railroad freight shipments, maintained record totals and the sales of merchandise, though showing the usual seasonal decline, continued to be relatively heavy.

PRODUCTION:

Production in basic industries, according to the index of the Federal Reserve Board, declined one per cent in July. Mill consumption of cotton, steel ingot production, and sugar meltings were considerably smaller than in June. New building operations during the month, as measured by the value of permits granted and of contracts awarded, showed more than the usual seasonal decline.

Employment at industrial establishments located in various sections of the country decreased 2 per cent during July. Manufacturers of automobile tires, and cotton goods showed large reductions in number of employees. There were some further announcements of wage advances, but these were not as numerous as in the three previous months. Average weekly earnings of factory workers, due to a decrease in full-time

operations, were 3 per cent less than in June.

Crop forecasts of the Department of Agriculture on the basis of condition on August 1 indicated that yields of wheat and rye would be below July estimates, while larger yields of cotton, corn, oats and barley were forecast. Due to a seasonal increase in grain shipments and continued large shipments of industrial raw materials and manufactured goods, car loadings in the last week of July reached the largest total on record.

TRADE:

The volume of wholesale trade was about the same in July as in June, while there was a decline in retail trade, which was largely seasonal in nature. Among the wholesale lines sales of dry goods and clothing were larger than in June, while sales of groceries, hardware, and shoes were considerably smaller. Business in all reporting lines was larger than in July, 1922, and the average increase, as indicated by the Federal Reserve Board's index of wholesale trade, was 13 per cent. Sales of department stores were 10 per cent larger than a year ago, while mail order sales showed a gain of 27 per cent. Stocks of department stores showed a seasonal reduction during July and were smaller than in any month since January.

PRICES:

Wholesale commodity prices declined during July for the third consecutive month and the index of the Bureau of Labor Statistics was 5 per cent below the April peak. Prices of all groups of commodities, except housefurnishings, were lower in July. The largest decline occurred in quotations of clothing, drugs and chemicals, farm products, and building materials. During the first half of August price changes were more moderate and quotations of cotton, spring wheat, hogs, sheep,

and rubber advanced.

BANK CREDIT:

Since the middle of July the volume of bank credit in use has shown a reduction, largely because of the substantial liquidation of loans on stocks and bonds at New York City banks. Between July 18th and August 15th loans of member banks in leading cities secured by stocks and bonds decreased by \$94,000,000 to the lowest point for the year, \$258,000,000 below the amount outstanding at the beginning of the year. Commercial loans, however, increased, so that the net reduction in total loans for the period amounted to \$60,000,000. Security investments declined \$73,000,000 to a new low level for the year.

The volume of discounted paper held at the Federal Reserve Banks showed a slight decrease, while their holdings of acceptance and United States securities reached new low points for the year. Between the middle of July and the middle of August gold holdings of the Federal Reserve Banks increased by \$21,100,000, reflecting in part net gold imports during July of \$27,400,000. Federal Reserve note circulation increased by about \$15,000,000, and there were also substantial increases in the volume of gold certificates and National bank notes in circulation.

Slightly firmer tendencies in money rates during the month were reflected in a gradually increasing proportion of commercial paper sales at 5 1/4 per cent, as compared with 5 per cent in the previous month.