

FEDERAL RESERVE BOARD

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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 January and February, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production of basic commodities increased sharply in January, the volume of distribution continued larger than a year ago, and the wholesale price level remained unchanged. In February there was an increase in the demand for credit for commercial purposes.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries increased 8 per cent in January and was at approximately the same level as a year ago. This increase followed a downward movement which had been under way since May, 1923. The increases over December, which occurred in most of the industries, were particularly large in the production of steel ingots, lumber, and bituminous coal and in mill consumption of cotton. A small but general reduction of working forces at industrial establishments resulted in a slight decline in the index of factory employment. The largest decrease occurred at plants manufacturing food products and tobacco. Contract awards for new buildings in January were slightly higher in value than in December and were 26 per cent above a year ago.

TRADE:

Railroad shipments, particularly of miscellaneous merchandise, increased during January and total car loadings were somewhat above the high

level of January, 1923. The index of wholesale trade increased 11 per cent during January and was slightly higher than a year ago. Sales of groceries, meat, and drugs were larger than in January, 1923, while sales of dry goods and shoes were smaller. Retail trade in January showed the usual seasonal decline. Compared with a year ago department store sales were 7 per cent larger and stocks of merchandise at these stores, after declining in January, were 6 per cent above last year's level. Sales of mail order houses in January exceeded those of a year ago by 11 per cent.

PRICES:

The wholesale price index of the Bureau of Labor Statistics remained unchanged during January and was at a level 3 per cent lower than a year ago. Prices of fuels and building materials which had been declining since early in 1923 increased in January, while prices of farm products, foods, and clothing declined. During the first two weeks of February prices of hogs, sugar, hides, lumber, and metals advanced, while prices of cotton, wheat, and silk declined.

BANK CREDIT:

The volume of borrowing for commercial purposes at member banks in leading cities, after an almost continuous decline for more than three months, increased considerably during the latter part of January and the first two weeks in February. This increase was accompanied by a decline in loans secured by stocks and bonds. Total loans and investments of the reporting banks are now slightly larger than a year ago, commercial loans

and loans on stocks and bonds are larger, but investments are smaller.

At the Federal reserve banks the total volume of earning assets fluctuated within narrow limits during February. The large return flow of currency and the repayment of discounts, which characterized the early weeks of the year, did not continue after January. Since the first week in February the volume of discounts for member banks has been about \$500,000,000 and the holdings of securities purchased in the open market about \$400,000,000.

The easier money conditions of January were followed in February by slightly firmer rates on acceptances and on short term Government securities. Commercial paper rates in the New York market remained unchanged at 4 3/4 per cent.