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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

For Release in Morning Papers,
Wednesday, May 28, 1924.

X-4067

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.

Factory employment and production of basic commodities declined in April and there was a further recession in wholesale prices. Retail trade was larger than in March, chiefly because of Easter buying, and was at about the level of earlier months of the year. There was a decrease in the volume of borrowing for commercial purposes and further easing of money rates.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined 2 per cent in April. Declines were particularly large in the iron and steel, coal, and woolen industries. Mill consumption of cotton, on the other hand, showed less than the usual seasonal reduction between March and April. Factory employment declined 2 per cent in April, owing chiefly to large reduction of forces at textile and clothing establishments. Contract awards for new buildings reached a higher value than in March and were also larger than a year ago; value of building permits granted, however, declined and was smaller than in the corresponding month of 1923.

Department of Agriculture estimates on May 1 of the yield of winter wheat and rye are somewhat above the forecasts made in April. The acreage of winter wheat is estimated at 7 per cent less than last year.

TRADE:

Railroad shipments, which since the middle of March have been smaller

than last year, were 3 per cent less in April than a year ago. Shipments of coal were much below last year, while loadings of merchandise and miscellaneous freight were higher.

Wholesale trade in April was in about the same volume as during the preceding month and as in April, 1923. Sales of dry goods and hardware were smaller than a year ago, while sales of drugs and shoes showed some increase. Department store sales were considerably larger in April than in March, partly owing to the unusually late Easter; total sales for the two months were 2 per cent greater than in the corresponding period of 1923. Merchandise stocks at department stores showed less than the usual seasonal increase in April, but were at a higher level than a year ago.

PRICES:

Wholesale prices, according to the Bureau of Labor Statistics index, declined 1 per cent during April and reached the lowest point since May, 1922. Farm products, however, advanced 2 per cent in April. Metals and foods showed substantial reductions; prices of clothing, fuel, and chemicals also declined; while prices of building materials and house furnishings remained unchanged. During the first half of May quotations on cotton, wheat, flour, and hogs increased, while prices of sugar, silk, wool, and metals declined.

BANK CREDIT:

During the five week period ending May 14, the volume of borrowing for commercial purposes at member banks in leading cities declined somewhat from the high level reached early in April. There were increases, however, in loans on stocks and bonds and in investments in securities; so that the total of all loans and investments at the middle of May was higher than a month previous, and in larger volume than at any time in more than three years.

Volume of borrowing by member banks at Federal reserve banks declined further during the last week of April and in May, while holdings of securities bought in the open market increased slightly. Total earning assets declined to \$795,000,000 on May 21, the lowest figure since the autumn of 1917.

Further easing of money conditions during the last week of April and the first three weeks of May was reflected in a continued rise of the prices of government securities, in a reduction from $4\frac{1}{2}$ to $4\frac{1}{4}$ per cent in the rate for prime commercial paper, and a decline in the rate for bankers' acceptances from 4 to 3 per cent. On May 1 the discount rate of the Federal Reserve Bank of New York was reduced from $4\frac{1}{2}$ to 4 per cent.