

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

Production in basic industries, after a considerable decline in recent months, was maintained in July at the same level as in June. Factory employment continued to decline. Wholesale prices increased for the first time since early in the year, reflecting chiefly the advance in the prices of farm products.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries, which had declined 22 per cent between February and June, remained practically unchanged during July. Iron and steel and woolen industries showed further curtailment, while production of flour, cement, coal, and copper was larger than in June. Factory employment decreased 4 per cent in July owing to further reduction of forces in the textile, metal, and automobile industries. Building contract awards showed more than the usual seasonal decline in July, but were 10 percent larger than a year ago.

Crop conditions, as reported by the Department of Agriculture, were higher on August 1 than a month earlier. Estimated production of nearly all of the principal crops except tobacco was larger than in July and the yields of wheat, oats, rye, and cotton are expected to be considerably larger than last year.

TRADE:

Railroad shipments increased in July owing to larger loadings of miscellaneous merchandise, grain, and coal. Wholesale trade was 3 per cent larger than in June, owing to increased sales of meat, dry goods, and drugs, but was 3 per cent smaller than a year ago. Retail trade showed the usual seasonal decline in July, and department store sales were one per cent greater and mail order sales 7 per cent less than a year ago. Merchandise stocks at department stores continued to decline during July and were only slightly larger at the end of the month than a year earlier.

PRICES:

Wholesale prices, as measured by the index of the Bureau of Labor statistics, increased more than one per cent in July. Prices of farm products, foods, and clothing increased, while prices of building materials again declined sharply and prices of metals, fuel, and house furnishings also decreased. During the first half of August quotations on corn, beef, sugar, silk, copper, rubber, and anthracite advanced, while prices of cotton, flour, and bricks declined.

BANK CREDIT:

Commercial loans of member banks in leading cities, owing partly to seasonal influences, increased considerably early in August. Loans secured by stocks and bonds and investments continued to increase, so that at the middle of August total loans and investments of those banks were larger than at any previous time. Further growth of demand deposits carried them also to the highest level on record.

Between the middle of July and the middle of August Federal reserve bank discounts for member banks declined further and their holdings of

acceptances decreased somewhat. United States security holdings increased, however, and total earning assets of Federal reserve banks remained practically unchanged.

Continued easing in money rates in the New York market during July and early August is indicated by a decline of $1/4$ of one per cent in prevailing rates for commercial paper to $3-3\frac{1}{4}$ per cent. After the middle of August there was some advance in open-market rates for bankers' acceptances and short term government securities. During August the discount rate at the Federal Reserve Bank of New York was reduced from $3\frac{1}{2}$ to 3 per cent and at the Federal Reserve Bank of Cleveland and of San Francisco from 4 to $3\frac{1}{2}$ per cent.

August 26, 1924.