

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 August and September, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production in basic industries was maintained during August at about the same level as in the two preceding months and factory employment showed a slight increase. Wholesale prices, especially those of agricultural products, showed a further advance.

PRODUCTION:

The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, continued in August at the same level as in June and July. Production of steel was substantially larger than in July and the output of pig iron and mill consumption of cotton also increased. Sugar meltings and production of anthracite and zinc, on the other hand, were smaller. Factory employment increased slightly in August and average weekly earnings increased 4 per cent owing to less part-time employment. Larger working forces were reported in the textile, leather, and automobile industries. Building contracts awarded, contrary to the usual seasonal trend, were 3 per cent larger in August than in July.

Crop conditions showed further improvement in August and the September 1 estimates of production by the Department of Agriculture were larger for wheat, oats, barley, and potatoes. Estimated yields of corn, cotton, and tobacco, however, were smaller. Harvesting has

proceeded rapidly this year, and the August marketing of wheat was larger than in either of the last two years.

TRADE:

Bank debits, which reflect the volume of business transactions settled by check, showed about the usual seasonal decrease in August, but were larger than a year ago. Railroad shipments increased slightly, as a result of larger loadings of miscellaneous merchandise, grain and coal. Wholesale trade was 7 per cent larger than in July, owing to seasonal increases in sales of dry goods, shoes, and meat, but continued to be smaller than a year ago. Department store sales showed less than the usual increase in August and were 7 per cent smaller than last year. Mail order sales increased more than usual at this season and were one per cent larger than in August, 1923. Merchandise stocks of department stores at the end of August for the first time this year were smaller than on the corresponding date of 1923.

PRICES:

Wholesale prices, as measured by the index of the Bureau of Labor Statistics, increased 2 per cent in August and were at about the same level as a year ago. The advance was due largely to further increases in prices of farm products and foods, though all other commodity groups except metals and fuel also advanced. During the first three weeks of September prices of wheat, rye, wool, and rubber increased while those of cotton, silk, petroleum and metals declined.

BANK CREDIT:

Loans and investments of member banks in leading cities continued to increase during the four-week period ending September 10 and on that date reached a record figure about \$1,000,000,000 above the level of three

months earlier. The largest increase was in loans on stocks and bonds and commercial loans also increased, owing partly to seasonal demands for credit. The growth of investments by member banks continued though at a somewhat slackened rate.

At the Federal reserve banks there was a further increase in the holdings of government securities and of acceptances with the result that in the middle of September, although discounts were at the low point for the year, the total volume of reserve bank credit was higher than at any time since last spring. Seasonal increase in the demand for currency was reflected in a decline in cash reserve and at the reserve banks in certain of the agricultural districts in an increase of Federal reserve note circulation.

Slightly firmer conditions in the New York money market in late August and early September were reflected in a slight advance in the rate on commercial paper from 3-3 1/4 to 3 1/4 per cent. After the middle of September a recurrence of easier conditions followed Treasury operations. The September 15 offering of one-year Treasury Certificates bore 2 3/4 per cent interest, the same rate as the six-months' issue sold in June.

September 25, 1924.