

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 April and May, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production in basic industries and factory employment continued at approximately the same level during April as in March. Factory pay rolls were smaller, and wholesale prices declined sharply. Distribution of commodities was maintained at higher levels than a year ago.

Production.- The output in basic industries declined less than one per cent in April. Decreased production of iron and steel, flour, and copper was largely offset in the Federal Reserve Board's production index by increases in mill consumption of cotton and in the production of newsprint and petroleum. The output of automobiles, which are not included in the index, has increased rapidly since December and in April was the largest ever recorded. Automobile tire production was maintained at the high level reached in March. Number of men employed at industrial establishments remained practically the same in April as in March, but owing to less full time operation, particularly in the textile, leather, and food industries, total factory pay rolls decreased about 2 per cent. Building contracts awarded during April were the largest on record both in value and in square feet.

Estimates by the Department of Agriculture on May 1 indicated a reduction of 6 per cent from the April forecast in the yields of winter wheat and rye. The winter wheat crop is expected to be 25 per cent smaller than last year and the indicated yield of rye is 9 per cent less.

Trade.- Wholesale trade was smaller in all lines except hardware during April

than in March. Compared with a year ago sales of groceries and shoes were less but sales of meats, dry goods, and drugs were larger. Sales at department stores and by mail order houses showed more than the usual seasonal increase in April and were larger than during April, 1924. Wholesale stocks of groceries, shoes, and hardware were smaller at the end of April than a month earlier, while dry goods were larger. Merchandise stocks at department stores showed less than the usual seasonal increase in April but were in about the same volume as a year ago. Freight-car loadings of merchandise were greater than in March and larger than in any previous April.

Prices.- Wholesale prices, according to the index of the Bureau of Labor Statistics, declined three per cent in April, following an almost uninterrupted rise since the middle of 1924. All groups of commodities shared in the decline of prices except house furnishings and the miscellaneous group. The largest declines were in farm products and foods, which had shown the most rapid increases. During the first three weeks in May prices of grains, beef, hogs, flour, and rubber advanced, while declines occurred in cotton, wool, lumber, and iron prices.

Bank Credit.- At the middle of May total loans and investments of member banks in leading cities were near the level which has prevailed, with only minor fluctuations, since the first of the year. Loans chiefly for commercial purposes declined slightly between the middle of April and the middle of May, while loans on securities rose to a high point at the end of April and decreased somewhat during the first two weeks of May. Total investment holdings which increased considerably during the first half of March have declined somewhat since that time. Net demand deposits increased considerably from the low point at the end of March, but were still \$500,000,000 less than at the middle of January.

At the reserve banks there was a marked decline in the volume of member bank

borrowing after the first week in May and total earning assets of the reserve banks on May 20th were less than \$1,000,000,000 for the first time since January. Acceptances and holdings of United States securities on that date were in about the same volume as a month earlier.

Money conditions continued relatively easy during the latter part of April and the first part of May. At $3 \frac{3}{4}$ - 4 per cent the open market rate for prime commercial paper was slightly below the level for the preceding month.