

## FEDERAL RESERVE BOARD

## STATEMENT FOR THE PRESS

For Release in Morning Papers,  
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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 May and June, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production in basic industries and factory employment continued to decline in May and there was a further recession in wholesale prices. Distribution of commodities was in greater volume than at this time last year, but slightly less than in April.

Production

The Federal Reserve Board's index of production in basic industries declined 6 per cent in May to a level 12 per cent below the high point in January. There were further considerable decreases in the output of the iron and steel and woolen industries, and declines also occurred in the mill consumption of cotton and in copper, sole leather, and newsprint production. The number of automobiles manufactured during May fell slightly below the record figure of April. Employment at industrial establishments was slightly less in May than in the month before, with decreases, partly seasonal, in the clothing, boot and shoe, and iron and steel industries and increases in the industries producing automobiles, tobacco products, and certain building materials. Building contracts awarded during May were smaller in value and in square feet than those for April, but were larger than for any other month on record.

Trade.

Department store sales in May were smaller than in April but somewhat larger than a year ago, and mail order sales were 5 per cent larger than in May, 1924. Department store stocks declined in May and were at the same level as

a year ago. Wholesale trade was in about the same volume as the month before and about 3 per cent larger than a year ago, increases over last year in sales of meats and dry goods offsetting decreases in sales of groceries, shoes, hardware, and drugs. Wholesale stocks of groceries in dollar values were larger than a year ago, while stocks of dry goods and shoes were substantially smaller. Car loadings of miscellaneous products and merchandise decreased slightly during May, but were greater than a year ago.

#### Prices.

Wholesale prices continued to decline in May, but the decrease was considerably smaller than for the preceding month. All groups of prices represented in the Bureau of Labor Statistics index declined except the house-furnishings and miscellaneous groups. In the first three weeks of June prices of wheat, corn, flour, cotton goods, and pig iron declined, while quotations on sheep, hogs, gasoline, hides, and rubber advanced.

#### Bank Credit.

Borrowing for commercial purposes at member banks in leading cities declined further between the middle of May and the middle of June to a level lower than at any time this year, while loans on securities increased and reached a new high level in June. Investment holdings of these banks also increased, and total loans and investments at the middle of June were near the high point for the year.

At the reserve banks there was an increase in member bank borrowing between May 20 and June 24 and on that date discounts for member banks were in larger volume than at any time since the opening of the year. Further decreases in the holdings of acceptances and of United States securities brought the volume of open-market holdings in June to the lowest level since last summer.

Conditions in the money market remained relatively steady during the latter part of May and first three weeks of June, notwithstanding the heavy Treasury operations in the middle of June.