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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,
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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 June and July, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production of basic commodities and factory employment declined further in June, while railway freight shipments and the volume of wholesale trade increased. Wholesale prices, after declining for two months, advanced in June.

Production.- Production in basic industries, as indicated by the Federal Reserve Board's index, declined about one per cent in June to the lowest level since the autumn of 1924, but was 17 per cent above the low point of last summer. Output of pig iron, steel ingots, lumber, newsprint, and petroleum, and mill consumption of cotton declined in June, while production of bituminous coal, sole leather, and wheat flour increased. The number of automobiles manufactured during June was slightly less than in May. Factory employment declined one per cent and factory pay rolls over 2 per cent between May 15 and June 15, reflecting substantial declines in the automobile, boot and shoe, textile, and iron and steel industries. Building contracts awarded during June were larger in value than during May and almost equaled the peak figure for April. In square feet of floor space the June awards were a little smaller than those for May. Residential contracts in June were the smallest for any month since February, but greatly exceeded those of a year ago.

The Department of Agriculture estimate of the condition of all crops combined on July 1 showed some improvement from the month before. The corn crop forecast places it at approximately 550,000,000 bushels above last year.

The July 15 cotton crop estimate was 13,588,000 bales, compared with a forecast of 14,339,000 bales on June 25.

Trade.- Freight car loadings were larger during June than during May, as is usual at that season, and also considerably exceeded the figures for June, 1924, the low point of last year. Sales at department stores during June were seasonally smaller than in May, but totaled 5 per cent more than last year. It should be borne in mind, however, that in June of this year there were 4 Sundays as compared with 5 in the preceding month as well as in June, 1924. Mail order sales were 6 per cent larger than in May and exceeded the amount for June, 1924. Sales of wholesale firms were 5 per cent greater than in May and larger than in any June in the last five years. Department store stocks were reduced further in June, but were slightly larger than a year ago. Wholesale stocks of groceries, shoes, and hardware were smaller at the end of June than a month earlier, but those of dry goods and drugs were larger. Compared with a year ago stocks of groceries, and drugs were larger in value while stocks of dry goods, shoes, and hardware were smaller.

Prices.- Wholesale commodity prices advanced 1.4 per cent in June, according to the index of the Bureau of Labor Statistics, following declines in April and May. The largest increase for any commodity group was for the miscellaneous group which includes crude rubber; prices of farm products, foods, and fuel and lighting also advanced, while prices of building materials declined considerably. In the first half of July quotations on flour, beef, hogs, wool, copper, petroleum, hides, and rubber increased, while prices of sugar, bituminous coal, and hardwood lumber declined.

Bank Credit.- At member banks in leading cities the volume of loans on securities continued to increase after the middle of June and during the first half of July was at a higher level than at any previous time. Demand for bank

credit for commercial purposes was relatively inactive and the volume of commercial loans at reporting member banks remained near the low level for this year, although considerably above the amount for the corresponding period in 1924.

At the reserve banks the seasonal demand for credit and currency was reflected in increased borrowing by member banks which carried discounts at the beginning of July to the highest level in more than a year, and notwithstanding the subsequent decline the total on July 22 was still at a relatively high level. Total earning assets on that date showed little change as compared with the figures for four weeks earlier.

Firmness in the money market at the close of the fiscal year was followed by an easing of money after the first week of July. In the latter part of the month there was again evidence of firmer money conditions. These changes were reflected chiefly in the movement of rates for call money, quoted rates on prime commercial paper and on bankers' acceptances remaining throughout the period at $3 \frac{3}{4}$ - 4 per cent and $3 \frac{1}{4}$ per cent.