

STATEMENT FOR THE PRESS

For Release in Morning Papers,
Saturday, March 27, 1926.

The following is a summary of general business and financial conditions throughout the several Federal Reserve Districts, based upon statistics for the months of February and March, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Production and trade continued in February at the high level of the preceding month, while the general average of prices declined and was lower in February than at any time since the latter part of 1924.

Production.-

The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour, anthracite, copper, and newsprint showed increases in February, when allowance is made for usual seasonal changes, and the output of iron and steel and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924. Employment and earnings of factory workers increased, after the seasonal recession of January, and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year.

Reports by farmers to the Department of Agriculture of intentions to

plant in 1926 indicate that the acreage of spring wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay, and potatoes larger than that in 1925.

Trade.-

Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries, dry goods, and hardware, while sales of meats, shoes, and drugs were larger. Inventories of wholesale firms dealing in groceries, dry goods, shoes, and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date of 1925.

Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-than-carload-lots and of miscellaneous commodities were particularly large.

Prices.-

The general level of wholesale prices, as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figure of 1925, reported for last May. The greater part of the decline since last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities, except fuels, declined and particularly large reductions occurred in the prices of grains, cotton, wool, silk, and rubber. Price advances in February were shown for petroleum, coke, and paper. During the first three weeks of March prices of grains, cotton, wool, and silk continued to decline and recessions were also reported in the prices of sugar and hardwood lumber.

Bank Credit.-

At member banks in leading cities demand for loans chiefly for commercial purposes showed an increase, partly seasonal in character, between the middle of February and the middle of March, and on March 17 the total volume of these loans was close to the high point reached last autumn. A further decline of loans on securities, which accompanied the sharp recession in security prices in March, carried the total to a point nearly \$430,000,000 below that reached at the end of the year.

Following a growth during February in the volume of reserve bank credit outstanding, there was a sharp decline early in March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reduction in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of Treasury disbursements over receipts around March 15.

Open market rates on prime commercial paper, after a slight decline in February advanced in March to $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent, the level which had prevailed since last October.