

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

Industrial output increased in March and the distribution of commodities continued in large volume owing to seasonal influences. The level of wholesale prices declined for the fourth consecutive month.

Production

The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite, copper, lumber, and newsprint, and there were also increases in the activity of textile mills. The output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March, as is usual at this season, and the total was near the high figure of last summer. Particularly large increases in building activity as compared with a year ago occurred in the New York, Atlanta, and Dallas Federal reserve districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn of the year and on April 1 was estimated by the Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

Trade

Wholesale trade showed a seasonal increase in March and the volume of sales was larger than a year ago in all leading lines except dry goods and hardware. Sales of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes were larger at the end of March than a month earlier, but for most lines they were smaller than a year ago. Stocks at department stores showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding period of previous years. Shipments of miscellaneous commodities and merchandise in less-than-carload lots were especially large. Loadings of coal, owing to the large production of anthracite, were also large, while shipments of coke decreased considerably from the high levels of preceding months.

Prices

Wholesale prices, according to the Bureau of Labor Statistics index, declined by more than 2 per cent in March to the lowest level since September, 1924. The decline was general for nearly all groups of commodities and the largest decreases were noted in grains, cotton, wool, silk, coke, and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour, and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron, and rubber declined.

Bank credit.

Commercial loans of member banks in leading cities were relatively con-

\$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14 were more than \$500,000,000 below the high point reached at the end of last year.

At the reserve banks an increase in the volume of member bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April, which brought the total near the lowest levels of the year. Holdings of United States securities increased continuously during the month, while acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago.

Open market rates on commercial paper declined in April from  $4 \frac{1}{4}$  -  $4 \frac{1}{2}$  per cent to  $4 - 4 \frac{1}{4}$  per cent and rates on acceptances and on security loans were also lower in April than in March. On April 23 the discount rate at the Federal Reserve Bank of New York was reduced from 4 to  $3 \frac{1}{2}$  per cent.