

F E D E R A L R E S E R V E B O A R D

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

Industrial production increased in May and continued at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. The general level of wholesale commodity prices has changed but little in the past two months.

Production:

Output of manufactures increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown in cotton and woolen mills, in meat packing, and in the production of lumber; the output of iron and steel, nonferrous metals, automobiles, and building materials, after allowance for usual seasonal variations, was maintained at practically the same level as in April. Since the latter part of May, however, production of steel and automobiles has declined. The total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period of last year. Production of winter wheat was estimated by the Department of Agriculture on the basis of June 1 condition at 537,000,000 bushels, or 90,000,000 bushels less than last year. The indicated rye production was placed at 48,600,000 bushels, which is 20 per cent larger than the crop in 1926.

Trade:

Sales of retail stores in May showed more than the usual seasonal decline

from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger. Value of wholesale trade of all leading lines, except groceries and meats, was smaller in May than in April and in the corresponding month of 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May and at the end of the month were somewhat smaller than a year ago. Stocks of wholesale firms were also smaller than last year. Freight car loadings increased in May by less than the usual seasonal amount, and for the first time in over a year daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except livestock, ore, and miscellaneous products were smaller than last year.

Prices:

The general level of wholesale commodity prices has remained practically unchanged since the middle of April. Prices of grains, cotton, and hides and skins have advanced, but these advances have been offset in the general index by declines in the prices of livestock, wool, silk, metals, and rubber.

Bank Credit:

Demand for bank credit to finance trade and industry remained at a constant level between the middle of May and the middle of June, and the growth in the volume of credit extended by member banks in leading cities during the period was in holdings of securities and in loans on stocks and bonds. Loans to brokers and dealers in securities by reporting member banks in New York City increased rapidly and on June 15 were in larger volume than at any previous time covered by the reports.

At the Federal reserve banks there was little net change in the volume of bills and securities between May 25 and June 22, the fluctuations during the period reflecting largely the effects of Treasury operations. Discounts for member

banks toward the end of June were in about the same volume as a month earlier while there was a decline in the reserve banks' holdings of acceptances and an increase in their portfolio of United States securities.

Conditions in the money market were fairly stable throughout the period, with slight advances in the rates on commercial paper and more recently on bankers acceptances.