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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

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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.

The output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

Production.- Production of iron and steel and automobiles declined considerably in June and curtailment in these industries continued during the early part of July. There were also decreases in June in silk deliveries, sugar refining, and production of lumber, copper and anthracite coal. Cotton and woolen mills continued active for this season of the year, and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production, and the manufacture of building materials showed increases. Production of manufactures, as a group, was slightly larger in June than in the same month of 1926, but output of minerals, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of this year and with June of last year,

in the New York and Chicago Federal reserve districts. Contracts were awarded during the first half of July in practically the same volume as in the corresponding period of last year.

On the basis of conditions on July 1 forecasts of the Department of Agriculture indicate increases as compared with the 1926 harvested production in the output of wheat, oats, barley, rye, hay and potatoes, and decreases in corn, tobacco, and the principal fruit crops. Cotton for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of 2 per cent. A reduction of 371,000,000 bushels in the estimated production of corn, compared with 1926, indicates the smallest crop since 1901.

Trade. - Wholesale trades in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago while those of mail order houses and chain stores were larger. Sales of meat, dry goods, and hardware at wholesale were smaller than in June of last year, while sales of groceries, shoes, and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June, 1926. Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago.

Daily-average freight-car loadings failed to show the customary seasonal increase between May and June and were in smaller volume from early in May to the middle of July than during the corresponding period of last year. Shipments of almost all groups of commodities have been

smaller than a year ago. The largest declines occurred in the shipments of coal and coke.

Prices. - The general level of wholesale commodity prices, according to the Bureau of Labor Statistics index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, nonferrous metals, building materials and rubber and advances in grains, cotton, hides and skins, and anthracite coal. During the first three weeks of July prices of wheat, bituminous coal, iron and steel, and rubber declined while those of livestock, cotton, wool, copper, and hides advanced.

Bank credit. - The demand for member bank credit decreased from the latter part of June to the middle of July and on July 20th the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural, and industrial purposes decreased by about \$45,000,000.

Demand for reserve bank credit in connection with settlements at the end of the fiscal year and increased currency requirements over the holiday period carried total discounts for member banks on July 6 to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was

a decreased demand for member bank accommodation and on July 20 total discounts were in somewhat smaller volume than four weeks earlier. Holdings of United States securities showed a slight increase during July.

Conditions in the money market, after seasonal firmness at the end of June were easier in July.