

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 August and September, as contained in the forthcoming issue of the Federal Reserve Bulletin.

Industrial production increased in August, reflecting a growth in the output of mines, and the distribution of commodities, both at wholesale and at retail, increased by more than the usual seasonal amount. The general level of wholesale commodity prices rose about one per cent, owing chiefly to advances in the prices of farm products.

Production.

Production of anthracite and bituminous coal, which showed a considerable decline earlier in the season, increased sharply in August and the early weeks of September, and this rise was reflected in an advance in the Board's index of mineral output from 98 per cent of the 1923-1925 average in July, to 106 per cent in August. The index of manufactures as a whole showed practically no change for the month. The iron and steel industry continued during August and September with little change in demand or in production, and the output of newsprint, lumber, and cement showed only customary seasonal changes in August. Consumption of cotton remained unusually large for this season of the year, and there was an increase in the production of automobiles, which, however, remained below the output of August of last year. Output of shoes and rubber tires increased from July to August by less than the customary seasonal amount. Factory employment was in practically the same volume in August as in July, and both employment and production were smaller than a year ago. The volume of building contracts awarded in August was smaller than in August, 1926, which was a month of unusually large awards. The largest decreases, as compared with last year, were in the Boston, New York, and Chicago Federal reserve districts.

In the first half of September awards were in practically the same volume as in the corresponding period of last year.

The Department of Agriculture's estimate of corn production on the basis of September 1 condition was 2,457,000,000 bushels, compared with 2,647,000,000 harvested in 1926. The total yield of wheat is expected to be somewhat larger than a year ago. The forecast of the yield of cotton was 12,692,000 bales, representing a reduction of 800,000 bales from the August estimate and/over 5,000,000 bales from last year's crop.

Trade.

Distribution of merchandise at wholesale and retail increased more than is usual in August, and sales were generally larger than in August of last year. Sales of wholesale firms in most leading lines were larger than a year ago. Inventories of department stores showed less than the usual seasonal increase in August and at the end of the month were in about the same dollar volume as a year ago. Stocks carried by wholesale firms continued in August generally smaller than last year.

Freight car loadings of nearly all types of commodities increased considerably in August and the early part of September, but, with the exception of grains and miscellaneous products, loadings for all groups continued in smaller volume than in the same period of last year.

Prices.

Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, increased from 145 in July to 147 in August. There were large increases in the prices of farm products and of clothing materials, while most of the other groups showed only slight changes. The price of raw cotton advanced from 17 1/2 cents a pound on August 1 to over 23 cents on September 8, but since that date has declined by about three cents a pound. Prices of cotton goods, cattle, hogs, and sugar also increased during August and the first three weeks of September,

while those of grains declined; recently there have been reductions in the prices of some iron and steel products.

Bank Credit.

Total loans and investments of member banks in leading cities between August 17 and September 21 increased by \$400,000,000 to the largest figure on record. There were increases in loans on securities and in investments as well as the usual seasonal growth in loans for agricultural and commercial purposes.

The volume of reserve bank credit increased during the month ending September 21, reflecting the seasonal growth in the demand for current and an export of gold. The increase was entirely in the holdings of acceptances and United States securities, as there was little change in the discounts for member banks.

In the open money markets, rates on security loans increased slightly during September, while rates on commercial paper and 90-day bankers' acceptances remained unchanged at the lowest levels of the year. Discount rates at the Federal reserve banks of Philadelphia, Chicago, San Francisco, and Minneapolis were reduced during September from 4 to 3 1/2 per cent, the rate prevailing in the other eight districts.