

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

STATEMENT FOR THE PRESS

For release in Morning Papers,
Wednesday, March 28, 1928.

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 distribution of commodities increased further in February, while wholesale commodity prices remained practically unchanged. Commercial loans of member banks showed a larger increase in February and the first half of March than at the same season in other recent years.

Production. - Production of manufactures in February, as indicated by the Federal Reserve Board's index, increased 3 per cent over January and was 2 per cent larger than a year ago, while production of minerals declined slightly and continued to be substantially smaller than last year. Factory employment and payrolls showed a seasonal increase in February but continued at a lower level than a year ago. Output of iron and steel, automobiles, and agricultural machinery has increased considerably since the first of the year. Daily average production of steel ingots in February was larger than in any other month since last March, and current reports indicate that output was sustained in the first three weeks in March. Production of nonferrous metals also increased in February. Activity in the textile industries has shown little change since the first of the year. Production of bituminous coal and crude petroleum, which decreased in February, increased slightly in the first half of March. Building contracts awarded were larger in February than in the corresponding month of any previous

year, reflecting chiefly a large volume of awards for residential construction in the New York and Chicago Districts. Contracts let in the first two weeks of March were in approximately the same volume as in the corresponding period of last year.

Trade. - Sales of wholesale firms in leading lines increased in February and were slightly larger than a year ago, while sales of department stores, after allowance for the customary seasonal changes, were in about the same volume as in January and somewhat smaller than a year ago. Stocks of merchandise carried both by wholesale firms and by department stores showed a seasonal increase in February.

Freight-car loadings have shown somewhat more than the usual seasonal increase since the beginning of the year, but have continued to be in smaller volume than in the corresponding period of last year, owing chiefly to much smaller shipments of coal. Loadings of merchandise in less than carload lots and of miscellaneous commodities have been less than in the corresponding period of the last two years, while loadings of livestock and grain products have been larger.

Prices. - The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, remained practically unchanged in February at approximately 96 per cent of the 1926 average. There were decreases in the prices of cotton, sugar, nonferrous metals, chemicals, and rubber, as well as a seasonal decline in dairy products. Increases occurred in prices of grains, metals, hides and leather products, and steel. In the first two weeks in March, prices of grains, hogs, and cotton advanced, while those of cattle and rubber showed further declines.

Bank Credit.- From the middle of February to the middle of March the loans and investments of member banks in leading cities increased by \$200,000,000, reflecting a growth in the banks' commercial loans. The banks' loans on securities and investments showed little change for the period.

The volume of reserve bank credit outstanding increased somewhat from February to March, chiefly in consequence of increased borrowings by member banks, which in part reflected further withdrawals of gold for export.

During the four weeks ending March 21 conditions in the money market were firmer; the rate on prime commercial paper increased from 4 to $4-4\frac{1}{4}$ per cent and there were advances in time rates on security loans.