

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

Industrial production during March was in about the same volume as in February and there was a seasonal increase in the distribution of commodities. Wholesale prices remained practically unchanged. During the past month there have been increases in bank credit in use and in member bank borrowing at the reserve banks, and open market money rates have shown further advances.

Production--Production of manufactures was maintained during March at the high level reached in February, and the output of minerals also showed little change. Production of passenger automobiles and trucks during March totaled 413,000, the largest output recorded for any month since August 1926, and production schedules in automobile plants continued large during April. Activity in the iron and steel industry was also maintained at a high level during March and April, and lumber production was in larger volume than a year ago. Cotton and wool consumption declined in March, but silk deliveries were the largest on record. There was some decline in meat-packing and in the production of sole leather, and the output of boots and shoes in March showed less than the usual seasonal increase. Mining of bituminous coal decreased during

March by less than the usual seasonal amount, but as the result of a strike in certain Middle Western mines, production in the early weeks of April was considerably curtailed. Building contracts awarded were smaller in March than a year ago, while those for the first three weeks in April were in about the same volume as in the corresponding period of last year. As a result of large contracts during the first two months of this year, total awards for the year to April 20 exceeded those for the same period of 1927. Contracts for residential buildings and for public works have been especially large.

Trade--Sales of wholesale firms increased less than usual in March and were somewhat smaller than in the same month of last year. Sales of Department stores, on the other hand, after allowance is made for customary seasonal changes and the early date of Easter, were about the same in March as in the preceding month and in March 1927. Stocks of merchandise carried in March by wholesale firms were larger, while those of department stores were smaller, than at this time last year.

The volume of freight-car loadings showed more than the usual seasonal increase in March, but declined in the first two weeks of April. Loadings continued smaller than a year ago for all classes of commodities except grains and livestock.

Prices--The general level of wholesale commodity prices showed little change in March, the index of the Bureau of Labor Statistics declining slightly from 96.4 to 96 per cent of the 1926 average. There were decreases in the prices of livestock, dairy products, meats, coal, and rubber; prices of grains, cattle feed, cotton, and steel, on the other hand, advanced. During the first three weeks in April, there were further substantial increases in the prices

of grains and more moderate advances in flour, hogs, cotton, and lumber, while prices of cattle and rubber declined.

Bank Credit--Between March 21 and April 18 total loans and investments of member banks in leading cities increased by about \$410,000,000, reaching the highest level on record. The advance was largely in loans on securities which showed an increase of nearly \$380,000,000 and in April were close to the high point of the first of the year. Loans for commercial purposes continued the increase which began in February and notwithstanding a small decline during the last week of the period were nearly \$350,000,000 larger on April 18 than at the end of January.

The volume of reserve bank credit in use increased by \$180,000,000 during the five weeks ending April 25, reflecting increased reserve requirements of member banks ^{and} a further net outflow of gold amounting to more than \$50,000,000.

Reserve bank holdings of securities were reduced by about \$80,000,000 during the period, while discounts for member banks increased by \$230,000,000. Acceptance holdings also showed a small increase.

A firmer tendency in the money market was evidenced at the end of March and during April by further increases in rates on call and time loans on securities, and by increases of from 4-4½ per cent to 4½ per cent in the rates on commercial paper and from 3½ per cent to 3 7/8 per cent in the rate on 90-day bankers acceptances. Between April 20 and April 25 discount rates were raised from 4 to 4½ per cent at the Boston, Chicago, St. Louis, Richmond, and Minneapolis Federal reserve banks.