

X-6144

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,  
Friday, September 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 August and September, as will appear in the forthcoming issue of the Federal Reserve Bulletin and the monthly reports of the Federal reserve banks.

Volume of industrial and trade activity increased in August, and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September reflecting in part seasonal demands for currency and credit. Money rates remained firm.

Production--Production of both manufactures and minerals increased considerably in August, the output of manufacturing plants being larger than at this season of any earlier year. Automobile production was in record volume in August, and available information indicates that output was maintained by many producers at a high level during September. Iron and steel production continued large in August and September, and output of nonferrous metals increased between July and August. Textile mill activity, which had been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since midsummer and in August were close to the levels of a year ago. In the building industry there was evidence of recession in a sharp decline after the early summer in contracts awarded, which were in smaller volume during August than in the corresponding month of any year since 1924. In the first three weeks of September, however, awards were somewhat larger than last year.

Estimates of the Department of Agriculture for September 1 indicate that yields of principal crops will be larger than last year and above the average for the preceding five years.

Trade--Distribution of commodities showed seasonal increases in August, although sales in most lines of wholesale and retail trade did not equal the unusually large sales of August 1927. Department stores stocks increased as is usual in August but continued smaller than a year ago, while inventories in several lines of wholesale trade were somewhat larger than last year. Freight-car loadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger and those of coal, livestock, and forest products smaller than last year.

Prices--The general level of commodity prices increased in August and the Bureau of Labor Statistics index, at 98.9 per cent of the 1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock<sup>and livestock</sup>/products, which are now higher than at any time since 1920. There were also small increases in fuels, metals, and building materials. Grains and cotton showed sharp declines, and there were decreases also in hides and skins and wool. Since the first of September there have been some declines in livestock and meats, and a sharp further decrease in cotton, while prices of pig iron, copper, and petroleum have advanced.

Bank credit--Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member banks in leading cities. Part of the increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of the member banks also increased during the period.

Volume of reserve bank credit outstanding increased during the four weeks ending September 19 in response to seasonal demands for currency and

growth in member bank reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and in discounts for member banks.

During the same period there were further increases in open-market rates on collateral loans and on commercial paper, while rates on bankers' acceptances were reduced from  $4 \frac{5}{8}$  per cent to  $4 \frac{1}{2}$  per cent.