

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 December and January, as will appear in the forthcoming issue of the Federal Reserve Bulletin and the monthly reports of the Federal reserve banks.

Industry and trade continued active in December, and the general level of prices remained unchanged. Banking and credit conditions at the turn of the year were influenced chiefly by seasonal changes in the demand for currency and by requirements for end-of-year financial settlements.

Production--Output of manufactures decreased in December, but the decline was less than is usual during the month, and the Board's index was slightly higher than in November and above the level of a year ago. Smaller than usual seasonal reductions were reported in the daily average output of steel, pig iron, automobiles, copper, cement, silk, and flour, while cotton and wool textiles declined considerably. Meat-packing increased in December, reflecting a larger output of pork products, though beef and mutton production was smaller. Volume of factory employment and payrolls was larger than at this season of last year. Production of minerals was in somewhat smaller volume in December than in November, reflecting chiefly a large reduction in the output of bituminous and anthracite coal. Production of copper and zinc ore on a daily average basis was slightly smaller, while petroleum output increased. Preliminary reports for the first half of January indicate a steady increase in the output of petroleum and greater activity in the steel, automobile, coal, and lumber industries following the temporary lull during the inventory period at the end of the year.

Building contracts awarded in 37 Eastern states declined sharply during December, as in the preceding month, and were smaller than in any December since 1924. The decline from November was attributable largely to decreases in awards for residential building and public works and utilities. By districts, the largest declines over the preceding month were in the Cleveland, Chicago, Boston, and Richmond Federal reserve districts, while increases were reported in the New York, Philadelphia, and Atlanta districts.

Trade--Department store trade showed greater activity in December than in the preceding month, after allowance is made for the customary holiday increase. Total sales for the month were the largest on record, exceeding December 1927 by one per cent, although there was one less trading day this year. Increases over a year ago were reported for the New York and Philadelphia districts while substantial decreases occurred in Atlanta and Minneapolis. Distribution at wholesale declined seasonally and was smaller than a year ago.

Freight-car loadings in December and the first half of January showed a slightly larger than usual seasonal reduction, but, as in earlier months, were above a year ago.

Prices--The general level of wholesale prices, as measured by the index of the United States Bureau of Labor Statistics, remained approximately the same during December as in the preceding month. Average prices of iron and steel, automobiles, copper, and building materials continued to advance slowly, and prices of farm products, after declining during October and November, also rose in December, reflecting higher average prices for raw cotton, oats, rye, and some grades of wheat, offset in part by lower prices for corn and cattle. In the first three weeks of January the price of rubber advanced sharply, and wheat, corn, potatoes, and flour also increased, while silk and sugar decreased somewhat, and hides reached the lowest level in more than a year.

Bank credit--Banking and credit conditions in January were influenced chiefly by the seasonal decline in the volume of money in circulation. At the reserve banks the return flow of currency from circulation resulted in a liquidation of member bank borrowing and small declines in reserve bank holdings of acceptances and of United States securities. Total bills and securities showed a decline of about \$450,000,000 for the period from December 26 to January 23 and were in about the same volume as in midsummer of last year.

At member banks there was an increase in the total volume of loans at the turn of the year due chiefly to year-end financial settlements, and the temporary withdrawal of funds loaned by corporations in the New York market. In January deposits and loans of member banks declined to approximately the level of the early part of December.

In the money market, rates on call loans declined sharply in January, while rates on time loans on securities remained firm and rates on acceptances advanced.