

FEDERAL RESERVE BOARD

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

Manufacturing and mining increased in January and the first part of February, while building continued to decline. Wholesale commodity prices rose slightly. Reserve bank credit declined between the middle of January and the middle of February reflecting chiefly a reduction in reserve balances of member banks.

Production--Industrial production increased in January and continued to be larger than a year ago. Output of pig iron, steel ingots, and automobiles was in record volume for January. The high rate of steel activity reflected large purchases from automobile manufacturers and also increased demand from railroads. Domestic output of refined copper, while continuing in large volume, was somewhat lower in January than in December. Activity of textile mills increased considerably in January. In the mineral group, output of copper ore, bituminous coal, and petroleum was exceptionally large, and anthracite coal and tin also increased.

In the first part of February preliminary reports indicate the maintenance of a high level of industrial activity. Steel plants operated at a high percentage of capacity; the output of coal continued large and employment in Detroit factories increased. The production of petroleum, however, declined slightly in the middle of February.

Building activity declined in January for the third successive month, reflecting primarily a large reduction in awards for residential building, while commercial

building awards increased somewhat. The value of building contracts let during the first six weeks of the year was substantially lower than in the corresponding period of either 1928 or 1927.

Trade--Shipments of freight by rail increased during January and the first two weeks of February and were larger than a year ago. The increase during January reflected primarily larger shipments of coal and coke and livestock. Sales by wholesale firms were seasonally larger in January and above the level of a year ago. Department store sales declined less than is usual at this season and were considerably larger than in January 1928.

Prices--The general level of wholesale prices rose somewhat in January. Prices of grains, livestock, and meats advanced, and there were also price advances in steel, automobiles, and copper. A decrease in the group index for building materials reflected reductions in the prices of lumber and brick, and prices of pig iron, silk, cotton, and petroleum also declined. Among the raw materials, rubber advanced sharply in price, while silk, cotton, and hides declined. During the first half of February, the price of copper advanced to a new high level, and the price of rubber continued to rise. Among the agricultural commodities, prices of wheat, corn, and hogs rose, while sugar and cattle declined slightly.

Bank credit--On February 20 total loans and investments of member banks in leading cities were nearly \$90,000,000 smaller than in the middle of January, owing chiefly to reductions in the banks' investment holdings. After the first week in February, security loans declined, while all other loans, largely commercial, increased somewhat in February.

During the five weeks ending February 20, decline in the reserve balances of member banks, together with a considerable inflow of gold from abroad and some further decline in the demand for currency, were the chief factors accounting for a decline of \$173,000,000 in the volume of reserve bank credit in use. A large

decline in reserve bank holdings of acceptances and U. S. securities was offset in part by a small increase in the volume of member bank borrowing.

Open market rates on bankers' acceptances and commercial paper advanced, while rates on collateral loans showed little change.