

## 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 February and March, 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 February and the first part of March and there was a growth in the volume of bank loans. Borrowing at reserve banks increased during the period and money rates advanced further.

Production--Production continued at a high rate throughout February and the first half of March and was substantially above a year ago. Automobile output was at a record rate in February, and there was also an unusually high daily average production of copper and iron and steel. Large output in the iron and steel industry reflected demands from manufacturers of automobiles, machine tools, and agricultural implements, and from railroad companies. Preliminary reports for the first half of March indicate further expansion in automobile and iron and steel production. During February the daily average output of coal and crude petroleum also increased, and production of cotton and wool textiles continued large, while silk output declined somewhat from the unusually high level of January. There was also some decline from January in the production of lumber and cement, and in the output of meat packing companies.

The high rate of activity in manufacturing during February was reflected in a larger than seasonal increase in factory employment and payrolls, both of which were considerably above the level of February 1928.

Building activity declined further in February, and the value of contracts awarded was over 20 per cent smaller than a year ago. Residential building con-

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tracts showed the largest decline in comparison with February 1928, while those for public works and utilities were only slightly smaller in value, and commercial and industrial building awards increased. During the first half of March there was some seasonal increase in total building awards, but they continued to be substantially below a year ago.

Distribution--In February shipments of commodities by rail increased more than is usual for the season, reflecting larger loadings of coal and coke and miscellaneous freight, which includes automobiles. During the first two weeks of March, freight-car loadings continued to increase.

Sales of wholesale firms were generally smaller in February than a year ago. In comparison with January, sales of dry goods, shoes, and furniture increased seasonally, while sales of groceries and hardware were smaller. Department stores reported about the same daily volume of sales in February as in the preceding month, and larger sales than a year ago.

Prices--The general level of wholesale prices declined slightly in February, and was approximately the same as a year ago. The decline from January reflected primarily decreases in the prices of hides and leather, livestock; and meats, and small declines in the prices of wool, cotton and woolen goods. The influence of these declines on the general average was partly offset by increases in the prices of copper, lead, iron and steel, rubber, and grain.

During the first two weeks of March, prices of wool and petroleum continued to decline, and rubber prices receded somewhat after a marked rise in February, while leather prices declined sharply. Prices of copper rose further and there were small increases in prices of hides, raw cotton, and certain grades of lumber.

Bank credit--Between the middle of February and the middle of March there was a rapid growth of loans at member banks in leading cities. The increase was in loans chiefly for commercial purposes, which on March 13 were more than \$200,000,000 larger than four weeks earlier. Investments of the reporting banks declined further

during the period.

Total volume of reserve bank credit declined somewhat between February 20 and March 20, reflecting for the most part some further gold imports from abroad. Member bank borrowing at Federal reserve banks was nearly \$80,000,000 larger on March 20 than four weeks earlier, while acceptances showed a further decline of about \$120,000,000 during the period. Security holdings showed relatively little change.

Money rates continued to advance. Rates on 90 day bankers' acceptances increased from 5 to 5 1/4 per cent, and on 4-6 month commercial paper from 5 1/2 - 5 3/4 to 5 3/4 - 6 per cent. Open market rates for collateral loans also increased.