

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

Industrial activity continued at a high level in April, and the volume of factory employment and payrolls increased further. Loans and investments of member banks in leading cities continued to decline between the middle of April and the middle of May, and were at that time at approximately the same level as a year ago.

Production--Industrial activity increased in April to the highest level on record. The iron and steel and automobile industries continued exceptionally active during April. Activity in copper refining, lumber, cement, silk and wool textiles, and the meat-packing industry increased, and production of cotton textiles showed a less than seasonal reduction. Factory employment and payrolls increased, contrary to the seasonal trend.

Output of mines was also larger in April. Copper and anthracite coal production increased and the seasonal decline in output of bituminous coal was smaller than usual. Petroleum production declined slightly.

Preliminary reports for the first half of May indicate a continued high rate of operation in the iron and steel industry. Output of lumber and bituminous coal was somewhat larger during the first part of May than at the end of April.

Building contracts awarded during the month of April increased sharply and for the first time in five months approximated the total for the corresponding month in the preceding year. The increase was not continued, however, in the

first part of May when awards averaged 20 per cent below the same period in May, 1928. During April most classes of building showed seasonal increases over March, the largest being in contracts for residential building and public works and utilities.

Distribution--Shipments of commodities by rail increased during April and were the largest for this month in any recent year. The increase from March reflected larger loadings of miscellaneous freight, lumber, livestock and ore. During the first half of May shipments of freight continued to increase.

Sales at wholesale declined seasonally in April, except in the case of grocery and hardware firms. In comparison with April, 1928 all lines of trade reporting to the Federal reserve system showed increases. Department store sales were also smaller in April than in March, but continued above the level of a year ago.

Prices--Wholesale commodity prices averaged slightly lower in April than in March, according to the index of the United States Bureau of Labor Statistics, reflecting primarily declines in prices of farm products and their manufactures. Prices of mineral and forest products and their manufactures, on the average, showed little change. There were increases in the prices of iron and steel, and sharp declines in copper, lead, and tin. Seasonal declines occurred in prices of coal and coke, while gasoline prices advanced.

Prices of farm products and their manufactures averaged lower in April than in March. Prices of grain, especially wheat, moved downward more sharply and wool and cotton continued to decline. Livestock and meat prices continued the upward movement of the previous month, but at a slower rate; hides averaged slightly higher in price, and leather somewhat lower. Among imported raw materials, rubber, sugar, and coffee showed marked price recessions. Early in May cattle, hides and wheat prices declined sharply and the price of rubber increased.

Bank Credit--During the four weeks ending May 15 loans and investments of member banks in leading cities showed a decrease of nearly \$200,000,000, largely in loans on securities together with some further decline in investments. All other loans, chiefly for commercial and agricultural purposes, remained unchanged at a relatively high level.

There was a further reduction in the average volume of reserve bank credit outstanding between the weeks ending April 24 and May 22, owing largely to additions to the country's monetary stock of gold. The decline was in discounts for member banks; holdings of acceptances and of United States securities showed practically no change.

Open-market rates for commercial paper remained unchanged as did rates on prime bankers' acceptances, except for a temporary decline at the end of April and the first week in May. Rates on collateral loans advanced in the first three weeks in May.