

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

Production and distribution of commodities continued at a high rate in May. Wholesale commodity prices declined further during the month, but more recently showed some advance. Total loans and investments of member banks in leading cities have increased since the latter part of May.

Production--Industrial production continued large in May and was accompanied by a further increase in the volume of factory employment and payrolls. Output of the iron and steel industry increased further, and shipments of iron ore during May were the largest for that month of any recent year; production of pig iron, steel ingots, and coke was at record levels; and semi-finished and finished steel was produced in large volume. During the first half of June steel operations remained close to capacity, although some decline from the high rate of May was reported. Output of automobiles, which has been in unusually large volume since the beginning of the year, showed a slight reduction in May. Copper production at mines, smelters, and refineries decreased during May but continued large. Combined stocks of refined and blister copper at the end of May were the largest since 1927. Zinc, lead, petroleum, and bituminous coal were produced in larger volume than in April, while the output of anthracite coal declined. Output in the textile industries continued large in May although there was a decline in activity in silk mills. Meat production, while larger

than in April, increased less than is usual at this season.

Value of building contracts awarded declined in May, and was below last year's level, the decrease in comparison with 1928 being chiefly in residential building. During the first two weeks in June contracts averaged 15 per cent less than in the same period in 1928.

The June 1st crop summary of the Department of Agriculture indicated an increase of 43 million bushels, or more than 7 per cent, in the crop of winter wheat. The condition of spring wheat, barley, and hay was reported to be better than a year ago.

Distribution--The volume of freight shipments increased seasonally in May and continued substantially above the total of a year ago. Department store sales increased in May and were 2 per cent larger than in the same month in the preceding year.

Prices--Wholesale prices continued in May the downward movement of the previous month, according to the index of the United States Bureau of Labor statistics. The decline of the general level was chiefly the result of price declines in agricultural products and their manufactures, although prices of other products also declined slightly. Prices of cotton and grains continued sharply downward in May and there were marked declines in the prices of hogs, wool, and lambs. Prices of mineral and forest products and their manufactures averaged lower in May than in April, particularly those of copper, lead, and tin; petroleum and gasoline, and iron and steel advanced in price; while in lumber there was a slight decline.

Since the latter part of May prices of cattle and hides have advanced sharply and there have been increases in the prices of grains, hogs, and cotton,

Bank Credit--Total loans and investments of member banks in leading cities, which were at a low point for the year in the latter part of May, increased con-

siderably during the subsequent 3 weeks and on June 19 were about \$250,000,000 larger than a year ago. The recent increase reflected a large growth in the volume of loans on securities, which had declined during the preceding 2 months, and a further growth in loans chiefly for commercial and agricultural purposes. Investments declined during most of the period and on June 19 were at a level about \$450,000,000 below that of the middle of last year.

Volume of reserve bank credit outstanding, after increasing in the latter part of May, declined in June and, following the Treasury financial operations around the middle of the month, showed a small increase for the 4 weeks ending June 19. Discounts for member banks increased, while holdings of acceptances and U. S. securities showed a decline. There were some further additions to the country's stock of monetary gold.

Open market rates on collateral loans declined in June, while rates on prime commercial paper and 90-day bankers' acceptances remained unchanged.