

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

Output of manufactures continued in large volume in June, while mineral production declined. There was a rise in the general level of commodity prices, reflecting chiefly an advance in agricultural commodities.

Production—Activity of manufacturing establishments continued at a high rate in June. Output of automobiles and of iron and steel showed a seasonal decline smaller than is usual from May to June. Silk mill activity increased and there was a growth in the production of cement, leather, and shoes. Production of copper at smelters and refineries decreased sharply and output of cotton and wool textiles was also reduced, although production in all of these industries continued larger than in other recent years. The volume of factory employment and payrolls in June showed a small seasonal decline from May, but, as in earlier months, was substantially larger than in 1928. Output of mines was generally smaller in June than in May, reflecting declines in the production of coal, copper, and other nonferrous metals. Output of petroleum, however, increased to new high levels.

Reports for the first half of July indicate some further reduction in output of cotton textiles, iron and steel, lumber, and coal.

Volume of construction contracts awarded decreased further in June, and for the first half year awards were 12 per cent less than in the same period in 1928, reflecting chiefly a substantial decline in residential building. During the first three weeks of July contracts awarded were larger than in the same period a year ago.

Agriculture--Department of Agriculture estimates, based on July first crop condition report, indicate a wheat crop of 834,000,000 bushels, about 8 per cent smaller than production last year, but larger than average production in the preceding five years. The acreage of cotton in cultivation on July first was estimated at 48,457,000 acres, 3 per cent more than a year ago.

Distribution--During the month of June freight car loadings were slightly smaller than in May, as a result of decreases in loadings of most classes of freight, except grain products and ores. In comparison with other recent years, however, loadings continued to show an increase.

Sales of department stores in June, as in earlier months, were larger than in the same month in 1928.

Prices--Wholesale prices, according to the Bureau of Labor Statistics index, advanced from May to June on the average by approximately as much as they had declined during the preceding month. Farm products, particularly grains, cattle, beef, and hides showed marked advances in price. Prices of mineral products and their manufactures also averaged higher in June than in May, the rise reflecting largely increases in the price of petroleum and gasoline. Prices of leading imports, rubber, sugar, silk and coffee, showed a decline for the month as a whole.

During the first two weeks of July wheat and corn continued to move sharply upward, while hides declined slightly in price. Hog prices increased and prices of rubber and tin, which began to advance in the middle of June, continued to rise.

Bank credit--During the first half of July the volume of credit extended by member banks in leading cities declined somewhat, following a rapid increase in June. On July 17 loans and investments of these banks were about \$400,000,000 above the level at the end of May. The increase reflected chiefly rapid growth in loans to brokers and dealers in securities and also some further increase in commercial loans. The banks' holdings of investments continued to decline and were on July 17 about \$700,000,000 below the middle of last year.

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The total volume of reserve bank credit outstanding showed an increase of about \$120,000,000 during the four weeks ending July 17, the increase being in discounts for member banks. Demand for additional reserve bank credit arose chiefly out of a considerable increase in the volume of money in circulation which accompanied the issuance of the new small-size currency. There was also some increase in reserve balances of member banks accompanying the growth in their loans and consequently in their deposits.

Open-market rates on 90-day bankers acceptances declined from $5 \frac{1}{2}$ to $5 \frac{1}{8}$ per cent between the latter part of June and the middle of July, while rates on prime commercial paper remained unchanged.