

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

Industrial production decreased slightly during July, but continued at a higher level than in other recent years. Wholesale commodity prices increased further during the month, reflecting chiefly higher prices of agricultural products. Loans for commercial and agricultural purposes by reporting member banks increased during July and the first half of August.

Production—Output of manufactures decreased in July, while mineral production increased. Average daily output of automobiles, copper, tin, zinc, and cotton and wool textiles decreased and there was a small decline in the production of iron and steel. In all of these industries, however, output was larger than in the same month in earlier years. Activity increased during July in silk and shoe factories and in meatpacking plants, and there was also a larger output of bituminous coal and crude petroleum than in June. Reports for the first half of August indicate sustained activity in the iron and steel and automobile industries, and a further increase in the output of coal and petroleum.

Employment in manufacturing industries decreased in July by less than one per cent while a somewhat greater decrease in payrolls was reported. At this level, factory employment and payrolls, as in earlier months, were larger than in any other year since 1926.

Value of construction contracts awarded in July was higher than in the preceding month or in July, 1928, reflecting chiefly a sharp increase in contracts

for public works and utilities. For the first half of August, however, total contracts declined to a level below the corresponding period a year ago.

The August estimate of the Department of Agriculture indicates a wheat crop of 774,000,000 bushels, slightly below the five-year average, and 128,000,000 bushels below last year's production, and a corn crop approximately equal to the five-year average crop and about 100,000,000 bushels smaller than in 1928. The cotton crop is estimated at 15,543,000 bales, 7 per cent larger than last year.

Distribution—Freight-car loadings increased seasonally during July and the first two weeks of August, reflecting chiefly increased loadings of coal, grain, and ore, while shipments of miscellaneous freight continued in about the same volume as in June.

Sales of department stores declined seasonally from June and on a daily basis were about the same as in July a year ago.

Prices—Wholesale prices in July continued the rise which began in June, according to the index of the Bureau of Labor Statistics, reflecting chiefly higher prices for farm products and their manufactures, particularly livestock and meats, grains, and flour, and potatoes. Prices of hides and leather also increased. Wool, rayon, and textile products declined slightly in price. There was a marked advance in the price of sugar and rubber prices also rose somewhat. Prices of petroleum and gasoline declined and prices of iron and steel were somewhat lower.

During the first three weeks in August there were declines in the prices of cotton, petroleum, beef, sugar, <sup>oats,</sup> rubber, and tin, and marked fluctuations in prices of pork and wheat.

Bank credit—Loans for commercial purposes by reporting member banks increased to new high levels during the four weeks ending August 14, while security loans, after increasing further during the latter part of July, declined during

the first two weeks in August.

Member bank borrowing at the reserve banks averaged \$45,000,000 less during the week ending August 17 than in the week ending July 20 reflecting increased sales of acceptances to the reserve banks, and further imports of gold.

Open market rates on call and time loans on securities were firmer during the last half of July and the first week of August. During the second week of August rates on call loans declined while rates on commercial paper in the open market advanced from 6 to 6-6 $\frac{1}{4}$  per cent. On August 8 the discount rate of the Federal Reserve Bank of New York was increased from 5 to 6 per cent, and the buying rate on bankers' acceptances was reduced from 5 $\frac{1}{4}$  to the market rate of 5 1/8 per cent.