

BOARD OF GOVERNORS
OF THE
FEDERAL RESERVE SYSTEM

STATEMENT FOR THE PRESS

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The following summary of general business and financial conditions in the United States, based upon statistics for April and the first three weeks of May, will appear in the June issue of the Federal Reserve Bulletin and in the monthly reviews of the Federal Reserve banks.

Volume of industrial production declined sharply in April reflecting chiefly shutdowns at bituminous coal mines and reduction in activity at textile mills. Retail purchases by consumers were maintained.

Production

In April the Board's seasonally adjusted index of output at factories and mines was at 92 percent of the 1923-1925 average, compared with 98 in March and 77 a year ago.

In the steel industry production declined in April and the first three weeks of May but in the fourth week ingot output increased to 48½ percent of capacity, about the rate prevailing a month earlier. Around the middle of May substantial concessions were made in prices of some types of steel and it is reported that a considerable volume of orders for steel was placed during this period.

Automobile production in April was at about the same rate as in March, although usually there is some increase, and in May

output declined owing in part to the fact that stocks of new cars were larger than is usual at this time of the year. Plate glass production decreased sharply in April following smaller declines earlier in the year.

In the lumber industry output increased somewhat in April, while cement production, which had risen sharply in February and March, showed less than the usual increase.

Textile production declined sharply in April, particularly at woolen mills, where output had been at a high level, and in the silk goods industry where further curtailment reflected in part recent high prices for raw silk. Output of shoes showed a decrease from the high level maintained during the first quarter of this year. At flour mills and sugar refineries activity increased further, while in most other non-durable goods lines changes in output were largely seasonal in character.

Bituminous coal production was in small volume during April and the first half of May as most mines were closed pending settlement of contract negotiations between mine operators and workers. After the middle of May agreements were reached at most mines and output began to increase rapidly. Production of anthracite, which had been reduced in March, increased sharply in April and crude petroleum production rose further. In the first half of May anthracite production was maintained but petroleum output declined somewhat.

Value of construction contracts awarded, according to the F. W. Dodge Corporation, was larger in April than in March, owing

chiefly to a rise in awards for public projects. Contracts for private construction showed little change in the aggregate as private residential contracts declined, contrary to seasonal tendency, while contracts for commercial, factory, and other private construction increased. In the first half of May awards for private work increased somewhat while the volume of public contracts declined.

Employment

Employment in nonagricultural pursuits declined somewhat from the middle of March to the middle of April reflecting a sharp drop at bituminous coal mines offset in part by seasonal increases in construction and trade. At factories the number employed showed little change while pay rolls declined considerably because of fewer hours of work.

Distribution

In April distribution of commodities to consumers showed about the usual seasonal increase. The Board's adjusted index of department store sales remained at 88 percent of the 1923-1925 average, about the level that has prevailed since last autumn.

Railroad freight-car loadings declined sharply owing mainly to a reduction in shipments of coal. Loadings of miscellaneous freight showed less than the usual seasonal rise.

Commodity prices

Prices of grains and cotton advanced from the middle of April to the third week of May and there were also increases in prices of silk, hides, and bituminous coal. Prices of copper and

steel scrap, on the other hand, were reduced and substantial concessions were granted in prices of several leading steel products.

Bank credit

Total loans and investments at reporting member banks in 101 leading cities, which had increased in April, declined during the first half of May. The decline was at New York City banks and reflected a reduction in loans to security brokers and dealers and redemption of obligations of New York State and City governments. After increasing substantially in April, demand deposits at banks in leading cities showed little change in the first half of May. Bank reserves increased further in May to a new high level.

Money rates

Prices of United States Government bonds and notes increased sharply during the last half of April and the first three weeks of May to new high levels. The average yield on long-term Treasury bonds declined from 2.34 percent on April 11 to 2.13 percent on May 22. Other money rates showed little change.