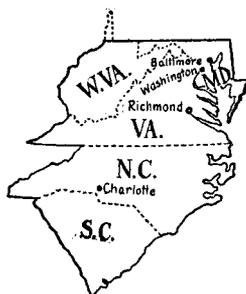


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 29, 1940

Summary of January Business Conditions

SEVERAL indicators of business conditions customarily decline sharply in January and the first half of February, but this year's recessions were moderate in the Fifth Reserve district, and in comparison with trade and industry in the first six weeks of 1939, this year shows a continuation of a much higher level of activity. The only distinctly unfavorable comparison with January last year is in construction, both building permits and contracts awarded declining materially this year. However, this year's figures are compared to unusually high figures for January 1939, and in addition severe weather this year mitigated against formation of construction plans. Debits to individual accounts figures, while showing a normal decline from December figures, were 13 per cent above January 1939 debits. Tobacco sales in the district were larger in January than is normal for that month, marketing this year being later because of the shut-down of markets in September and October. Business failures increased in January over December, as they nearly always do, but declined 15 per cent from the number of insolvencies reported in January last year. Cotton consumption in Fifth district mills in January was at a record level for that month, and exceeded January 1939 consumption by 20 per cent, while shipments of rayon yarn to consumers were 18 per cent above shipments in the

first month of 1939. Bituminous coal mined in January exceeded production in December by 24 per cent and in January 1939 by 29 per cent.

RETAIL DISTRIBUTION CONTINUES ACTIVE

A continuation of activity in retail lines attests a distinct improvement in consumer purchasing power over a year ago. Sales reported by 31 department stores in the Fifth district for January were 9 per cent above the volume of sales in the same stores in January last year, and 39 retail furniture stores indicated an increase of 8 per cent in this year's business. Reports from 184 wholesale firms also give an increase of 8 per cent in sales this January over January a year ago. New automobiles registered in January 1940, in spite of severe weather and roads which were practically closed the final week in the month, increased 28 per cent over registrations in January 1939.

Such farm work as is usually done at this season has been retarded by cold, rain and snow, but the rain and snow gave the soil plenty of moisture and in the end will be beneficial to farmers. While crops in certain sections of the United States were severely hurt by cold weather, the Fifth district apparently escaped substantial damage of this kind.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	January 1940	December 1939	January 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,381,416,000	\$1,530,670,000	\$1,223,743,000	— 10	+ 13
Sales, 31 department stores, 5th district.....	\$ 7,218,855	19,161,614	6,604,159	— 62	+ 9
Sales, 39 furniture stores, 5th district.....	\$ 922,580	1,692,254	855,203	— 45	+ 8
Sales, 184 wholesale firms, 5th district.....	\$ 9,833,000	\$ 9,679,000	\$ 9,085,000	+ 2	+ 8
Registrations, new autos, 5th district.....	17,660	19,330	13,771	— 9	+ 28
Tobacco sold in 5th district (Pounds).....	51,332,975	78,350,037	17,989,861	— 34	+185
Growers' receipts from tobacco, 5th district.....	\$ 6,082,958	\$ 10,387,046	\$ 2,477,204	— 41	+146
Average price of tobacco, per 100 lbs.....	\$ 11.85	\$ 13.26	\$ 13.77	— 11	— 14
Number of business failures, 5th district.....	58	48	68	+ 21	— 15
Liabilities in failures, 5th district.....	\$ 579,000	\$ 544,000	\$ 618,000	+ 6	— 6
Value of building permits, 31 cities.....	\$ 4,987,380	\$ 5,280,866	\$ 10,266,893	— 6	— 51
Value of contracts awarded, 5th district.....	\$ 22,016,000	\$ 22,358,000	\$ 25,613,000	— 2	— 14
Cotton consumption, 5th district (Bales).....	346,605	307,369	287,869	+ 13	+ 20
Cotton price, cents per pound, end of month.....	10.52	10.93	8.56	— 4	+ 23
Print cloths, 38½ in., 64x60s, end of month.....	5.25	5.50	4.25	— 5	+ 24
Rayon yarn shipments U. S. (Pounds).....	31,900,000	32,000,000	27,100,000	0	+ 18
Rayon yarn stocks, U. S. (Pounds).....	7,000,000	6,400,000	39,500,000	+ 9	— 82
Bituminous coal mined, U. S. (Tons).....	46,155,000	37,283,000	35,750,000	+ 24	+ 29

RESERVE BANK FIGURES CHANGE LITTLE

Total earning assets of the Federal Reserve Bank of Richmond remained practically unchanged between January 15 and February 15, while Federal Reserve notes in actual circulation declined seasonally and member bank reserve deposits rose moderately. The bank's cash reserves also increased during the month. In comparison with figures for February 15 last year, this year's figures show substantial increases in Reserve notes in circulation, in member bank reserve deposits, and in the Bank's cash reserves.

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	000 omitted		
	Feb. 15 1940	Jan. 15 1940	Feb. 15 1939
Discounts held	\$ 117	\$ 122	\$ 140
Foreign loans on gold.....	216	216	0
Open market paper.....	0	0	24
Industrial advances.....	933	942	1,249
Government securities.....	125,583	125,583	133,524
Total earning assets.....	\$126,849	\$126,863	\$134,937
Circulation of Fed. Res. notes.....	219,648	221,031	196,427
Members' reserve deposits.....	297,664	288,976	229,093
Cash reserves.....	438,385	430,976	361,713
Reserve ratio.....	77.96	77.57	73.78

MEMBER BANK LOANS RISE SLIGHTLY

Loans made by 41 regularly reporting member banks increased slightly between January 17 and February 14, but investments in securities declined by about the same amount. Both demand and time deposits rose during the four weeks, and reserve balances increased at the Reserve bank. Figures for most items in the skeleton statement of condition are materially higher than at mid-February last year, cash in vault rising 32 per cent, reserve balances 31 per cent, demand deposits 15 per cent, and loans and discounts 13 per cent.

SELECTED ITEMS—41 REPORTING BANKS

ITEMS	Fifth District		
	000 omitted		
	Feb. 14 1940	Jan. 17 1940	Feb. 15 1939
Loans and discounts	\$262,975	\$260,994	\$232,604
Investments in securities	450,497	452,239	430,160
Reserve bal. with F. R. bank.....	192,962	191,585	146,816
Cash in vaults	22,024	21,501	16,694
Demand deposits	531,919	529,359	464,032
Time deposits	200,084	198,761	197,779
Money borrowed	0	0	0

MUTUAL SAVINGS AGAIN SET RECORD

For the second successive month, mutual savings deposits in 10 Baltimore banks rose in January to a new record. The total of \$222,744,893 on deposit on January 31, 1940, was 0.3 per cent above deposits aggregating \$222,060,975 on December 31, 1939, and 1.5 per cent over \$219,452,382 on deposit on January 31, 1939. The December 31 figure was the highest on record to that date. Nine of the 10 mutual savings banks increased their deposits last month, while 8 of the 10 increased them over the January 1939 figures.

DEBITS CONTINUE ABOVE PREVIOUS YEAR

Checks cashed against depositors' accounts in 25 Fifth district cities in January 1940 totaled 13 per cent above debits in January last year, but showed a seasonal recession of 10 per cent from December 1939. In comparison with figures for January 1939, last month's figures were higher in every city, Newport News leading with an increase of 46 per cent, followed by gains in Durham of 26 per cent, in Charlotte of 24 per cent, in Parkersburg of 22 per cent, in Danville of 21 per cent, and in Balti-

more of 20 per cent. All cities declined in January from December except Columbia, which rose 3 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change	
	Jan. 1940	Dec. 1939	Jan. 1939	Month	Year
Maryland					
Baltimore	\$ 401,652	\$ 433,143	\$ 333,709	- 7	+20
Cumberland	8,041	9,350	7,015	-14	+15
Hagerstown	8,585	9,734	7,312	-12	+17
Dist. of Col.					
Washington	281,077	301,770	258,068	- 7	+ 9
Virginia					
Danville	10,065	15,161	8,331	-34	+21
Lynchburg	15,861	16,930	15,041	- 6	+ 5
Newport News ..	11,664	12,933	7,982	-10	+46
Norfolk,	51,563	58,812	48,237	-12	+ 7
Portsmouth	4,534	5,393	4,065	-16	+12
Richmond	159,624	183,817	158,338	-13	+ 1
Roanoke	27,913	31,490	24,753	-11	+13
West Virginia					
Charleston	50,997	59,733	44,580	-15	+14
Huntington	17,295	20,640	15,734	-16	+10
Parkersburg	10,298	15,220	8,440	-32	+22
North Carolina					
Asheville	13,251	14,281	12,197	- 7	+ 9
Charlotte	68,517	75,215	55,401	- 9	+24
Durham	31,294	37,117	24,780	-16	+26
Greensboro	20,089	24,271	17,994	-17	+12
Raleigh	53,245	57,414	48,817	- 7	+ 9
Wilmington	11,895	12,337	10,568	- 4	+13
Winston-Salem ..	39,841	49,037	38,343	-19	+ 4
South Carolina					
Charleston	19,822	21,849	16,644	- 9	+19
Columbia	30,456	29,444	27,194	+ 3	+12
Greenville	22,309	22,449	19,794	- 1	+13
Spartanburg	11,528	13,130	10,406	-12	+11
District Totals ..	\$1,381,416	\$1,530,670	\$1,223,743	-10	+13

BANKRUPTCIES SHOW SEASONAL RISE

Pressure of year-end settlements usually proves disastrous for many firms, and consequently business failures tend to rise in January over December. This rise occurred in both the Fifth district and the United States in January 1940, but improvement was shown in comparison with failures in January 1939. Bankruptcy figures reported by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1940	58	1,237	\$ 579,000	\$15,279,000
December 1939	48	1,153	544,000	13,243,000
January 1939	68	1,567	618,000	20,790,000

WEATHER REDUCES EMPLOYMENT

Some seasonal reduction in employment occurred in January, due to release of extra workers taken on by retailers for the holiday trade and to closing of tobacco markets in certain cities. In addition, weather was so unfavorable for outside work during practically the entire month that building tradesmen and unskilled labor on construction projects worked very little. On the other hand, industrial plants continued operations at a high rate, and coal production in January rose. On the whole, employment in January was below the level of December, but the change was relatively small and was temporary to a considerable degree. The following figures, compiled chiefly by the Bureau of Labor Statistics from reports furnished by a large number of industries, show the trends of employment and payrolls in the fifth district from December to January, the latest available figures:

STATES	Percentage change from Dec. 1939 to Jan. 1940	
	In number on payroll	In amount of payroll
Maryland	- 4.9	- 5.0
Dist. of Columbia	-14.1	- 9.6
Virginia	- 2.3	- 3.1
West Virginia	- 3.3	- 2.5
North Carolina	- 2.2	- 4.6
South Carolina	- 0.1	- 1.1

AUTO SALES ABOVE JANUARY 1939

There was a 9 per cent decrease in registration of new passenger automobiles in the Fifth Reserve district in January 1940 in comparison with December 1939 registrations, but figures for last month were 28 per cent higher than January 1939 figures. The decrease in registrations from December to January was seasonal, and was further accounted for by severe weather from January 24 to the end of the month, deep snows especially in Virginia and the two Carolinas adversely affecting distribution of new cars. Sales by manufacturers to dealers in January set a new record for that month, and indicate that dealer stocks increased moderately during the month. Stocks of used cars also rose during January, but by not more than seasonal average. Plans made by manufacturers for the spring are based upon expectations of a continuation of sales substantially exceeding those for 1939.

REGISTRATION OF NEW PASSENGER CARS—Number

STATES	January 1940	January 1939	% Change
Maryland	3,346	2,486	+35
Dist. of Columbia	1,730	1,282	+35
Virginia	3,897	3,041	+28
West Virginia	2,045	1,423	+44
North Carolina	4,296	3,609	+19
South Carolina	2,346	1,930	+22
District	17,660	13,771	+28

CONSTRUCTION SLOWS DOWN

Construction provided in building permits issued in January 1940 was in materially smaller volume than in January 1939, and also below the level of December 1939. Very severe weather in January this year probably played a part in keeping down permits. Thirty-one cities issued permits totaling \$4,987,380 in January, a decrease of 5.6 per cent below \$5,280,866 reported for December permits and 51.4 per cent below permits amounting to \$10,266,893 in January 1939. Washington led in January 1940 permits with \$1,413,255, followed by Columbia with \$726,152, Baltimore with \$557,682, Charlotte with \$529,605, and Richmond with \$351,225. Only 8 of the 31 cities reported higher figures last month than in January 1939.

Contracts actually awarded in the Fifth district in January 1940 totaled \$22,016,000, compared with \$22,358,000 for December and \$25,613,000 for January 1939. Virginia and South Carolina contract awards in January exceeded the January 1939 awards, but all other sections of the district declined. Contract figures for Fifth district states, as reported by *F. W. Dodge Corporation*, were as follows in January 1940 and 1939:

CONSTRUCTION CONTRACTS AWARDED

STATES	January 1940	January 1939	% Change
Maryland	\$ 6,319,000	\$ 6,969,000	- 9
Dist. of Columbia	2,529,000	3,583,000	-29
Virginia	5,163,000	4,869,000	+ 6
West Virginia	908,000	3,484,000	-74
North Carolina	4,009,000	4,163,000	- 4
South Carolina	3,088,000	2,545,000	+21
Fifth District	\$22,016,000	\$25,613,000	-14

COAL MINING CONTINUES ACTIVE

Bituminous coal mined in the United States in January 1940 totaled 46,155,000 net tons, 23.8 per cent above 37,283,000 tons mined in December and 29.1 per cent above 35,750,000 tons in January 1939. Total production this coal year to February 10 amounted to 342,797,000 tons, an increase of 11.3 per cent above 307,967,000 tons dug during the 1938-1939 coal year before February 10.

Shipments of coal through Hampton Roads this calendar year prior to February 10 totaling 2,921,641 tons exceeded shipments of 2,580,901 tons in the same period last year by 13.2 per cent. In the Fifth district, coal mined in January 1940, December 1939 and January 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	January 1940	December 1939	January 1939
West Virginia	11,155,000	9,513,000	8,809,000
Virginia	1,441,000	1,242,000	1,149,000
Maryland	164,000	163,000	143,000
5th District	12,760,000	10,918,000	10,101,000
United States	46,155,000	37,283,000	35,750,000
% in District	27.6	29.3	28.3

COTTON TEXTILE PRODUCTION EXCEEDS ORDERS

Fifth district cotton cloth and yarn mills continued operations at an unusually high rate since the beginning of 1940, despite a tendency to slow down since the middle of January. Cloth prices weakened slightly in the past month, and yarn prices also softened. Orders received in the past month or two did not keep pace with production, and mills not only reduced the backlog of orders built up last fall but in some instances added to goods in stock. Consumption of cotton by states in the Fifth district in January 1940, December 1939 and January 1939, in bales, is shown in the accompanying table:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
January 1940	190,299	142,554	13,752	346,605
December 1939	172,881	124,987	9,501	307,369
January 1939	157,469	118,879	11,521	287,869

RAYON DELIVERIES CONTINUE LARGE

Shipments of rayon filament yarn to domestic mills in January 1940 totaled 31,900,000 pounds as compared with 32,000,000 pounds in December and 27,100,000 pounds in January 1939. Stocks of rayon yarn held by producers at the end of January amounted to 7,000,000 pounds, registering the first increase in stocks over the preceding month since April 1939. Stocks on December 31 stood at 6,400,000 pounds, and on January 31, 1939, stocks in primary hands totaled 39,500,000 pounds.

The importance of rayon as a textile fiber has grown enormously in recent years, and since the Fifth Reserve district is a leading producer of rayon, the following data from *Rayon Organon* is of interest:

ANNUAL FIBER CONSUMPTION IN THE UNITED STATES

(Percentages of total consumption)

Years	Cotton	Wool	Rayon	Silk	Linen	U. S. Total
1920	88.9%	9.9%	0.3%	0.9%	*	100% (3,180.3)
1921	86.5	11.4	0.7	1.4	*	100 (3,001.0)
1922	85.9	12.0	0.7	1.4	*	100 (3,389.3)
1923	86.1	11.7	0.9	1.3	*	100 (3,622.7)
1924	85.8	11.2	1.4	1.6	*	100 (3,069.0)
1925	86.6	9.9	1.6	1.9	*	100 (3,548.9)
1926	87.3	9.3	1.6	1.8	*	100 (3,684.0)
1927	87.2	8.6	2.4	1.8	*	100 (4,113.8)
1928	86.3	9.0	2.7	2.0	*	100 (3,692.8)
1929	85.5	9.2	3.3	2.0	*	100 (4,005.5)
1930	84.1	8.5	3.8	2.5	1.1	100 (3,103.6)
1931	82.2	9.6	4.9	2.4	0.9	100 (3,232.6)
1932	83.6	7.8	5.3	2.4	0.9	100 (2,946.9)
1933	83.0	8.6	5.9	1.6	0.9	100 (3,678.1)
1934	83.8	7.3	6.2	1.8	0.9	100 (3,169.6)
1935	78.2	11.8	7.3	1.8	0.9	100 (3,524.7)
1936	80.8	9.5	7.5	1.4	0.8	100 (4,292.6)
1937	82.5	8.6	6.9	1.2	0.8	100 (4,434.9)
1938	80.9	7.9	9.1	1.5	0.6	100 (3,587.9)
1939	79.6	8.7	10.2	1.0	0.5	100 (4,568.3)

* Data not available. Figures in parentheses, millions of pounds.

All fibers except silk increased appreciably in poundage used in 1939 over 1938, and combined consumption of

4,558,300,000 pounds of the five fibers set a new record. Cotton used in 1939 totaling 3,626,700,000 pounds was 25 per cent above 1938 and less than 1 per cent under the all-time high of 3,657,100,000 pounds consumed in 1937. Wool consumption in 1939 of 396,500,000 pounds was 39 per cent greater than in 1938 and only 6 per cent below the record of 422,400,000 pounds in 1923. The 1939 consumption of linen at 25,000,000 pounds was 21 per cent above 1938 consumption, but was substantially below the 1936 level. Silk continued to follow the downward trend of recent years, the 1939 figure of 47,300,000 pounds being the smallest annual total since 1923. Finally, rayon consumption (yarn plus staple fiber) set a new record of 462,800,000 pounds in 1939, surpassing the previous record of 327,100,000 pounds in 1938 by 41 per cent.

COTTON CONSUMPTION AND EXPORTS HIGH

Spot cotton prices on 10 Southern markets moved through a narrow range between the middle of January and the middle of February. During the last half of January the price fell from a base average of 10.87 cents on January 19 to 10.52 cents on February 2, but a recovery followed and on February 9 and 16 the average base price was 10.86 cents. Consumption of cotton in the United States set a January record of 730,143 bales last month, and exceeded all other months except March 1937. Exports of cotton in January totaling 1,026,628 bales were the largest for any January since 1927, and were 3.5 times the January 1939 exports of 289,514 bales.

COTTON CONSUMPTION AND ON HAND—Bales

	Jan. 1940	Jan. 1939	Aug. 1 to 1940	Jan. 31 1939
Fifth district states:				
Cotton consumed	346,605	287,869	1,913,080	1,636,488
Cotton growing states:				
Cotton consumed	619,332	508,519	3,430,906	2,879,463
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,498,839	1,413,306		
Storage & compresses	13,146,618	14,696,699		
United States:				
Cotton consumed	730,143	598,132	4,041,845	3,396,840
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,776,931	1,630,427		
Storage & compresses	13,206,819	14,757,627		
Exports of cotton	1,026,628	289,514	4,161,043	2,191,881
Spindles active, U. S.	22,872,414	22,496,544		

TOBACCO MARKETING NEARLY COMPLETED

Tobacco markets in North Carolina and Virginia sold 51,332,975 pounds of producers' tobacco in January 1940, compared with only 17,989,861 pounds sold in January 1939. The average price paid last month was \$11.85 per hundred pounds, against \$13.77 per hundred paid in January last year. A small amount of tobacco remained in growers' hands on January 31, and some markets therefore continued sales in February, but season figures to January 31 shown in the accompanying table are substantially complete for the 1939 crop. They show an increase of 49 per cent in poundage sold this year, but a decrease of 31 per cent in average price. Farmers in the Carolinas and Virginia received approximately \$160,-226,000 for tobacco from the 1939 crop prior to January 31, 1940, an increase of 2 per cent over \$156,649,000 received for the 1938 crop prior to January 31, 1939.

	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	January 1940	January 1939	1940	1939
No. Carolina	26,093,499	3,402,018	\$11.55	\$15.08
N. C. season to 1/31 ..	771,932,772	501,847,559	15.68	22.92
Virginia (Flus-cured)	12,035,338	1,852,747	10.02	14.18
(Fire-cured)	6,879,866	6,937,390	11.41	11.31
(Burley)	5,434,378	4,675,904	17.84	16.31
(Sun-cured)	891,894	1,121,802	12.26	13.71
Virginia, Total	25,239,476	14,587,843	12.16	13.46
Va. season to 1/31 ..	151,953,356	110,495,887	14.53	20.25
S. C., season	117,217,526	86,670,522	14.56	22.24
5th District, Jan. ...	51,332,975	17,989,861	11.85	13.77
Dist., season to 1/31.	1,041,103,654	699,013,968	15.39	22.41

TOBACCO MANUFACTURING INCREASES

Production of tobacco products rose sharply in January over December, and cigarette and cigar production went ahead of January 1939. Production figures for January 1940 and 1939 were given by the Bureau of Internal Revenue as follows:

TOBACCO PRODUCTS MANUFACTURED

	Jan. 1940	Jan. 1939	% Change
Smoking & chewing tobacco, pounds	23,528,480	23,716,059	- 1
Cigarettes, number	14,567,591,450	13,862,907,070	+ 5
Cigars, number	388,084,997	349,497,329	+11
Snuff, pounds	3,213,498	3,197,751	0

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Jan collections to accounts outstanding January 1
	Jan. 1940 comp. with January 1939	Jan. 31 1940 compared with Jan. 31 1939	Jan. 31 1940	Dec. 31 1939	
Richmond (3)	- 0.1	+ 7.8	- 1.3		34.0
Baltimore (8)	+16.2	+ 1.6	- 8.2		37.3
Washington (6)	+ 7.3	+ 6.3	- 4.7		30.6
Other Cities (14)	+ 6.2	+ 6.1	+ 0.4		30.8
District (31)	+ 9.3	+ 4.8	- 5.0		33.1
Same stores by States with 24 stores added:					
Virginia (13)	+ 1.4	..	..		..
West Virginia (9)	+19.9	..	..		..
North Carolina (9)	+ 0.9	..	..		..
South Carolina (10)	+14.7	..	..		..

RETAIL FURNITURE SALES

STATES	January 1940 sales, comp. with Jan. 1939
Maryland, 10 stores	+21.6
Dist. of Columbia, 7 stores	- 2.4
Virginia, 10 stores	- 5.9
North Carolina, 4 stores	+10.6
South Carolina, 7 stores	+13.8
District, 39 stores*	+ 8.0
* Includes 1 store in W. Va.	
Individual Cities:	
Baltimore, 10 stores	+21.6
Washington, 7 stores	- 2.4
Richmond, 5 stores	-23.3

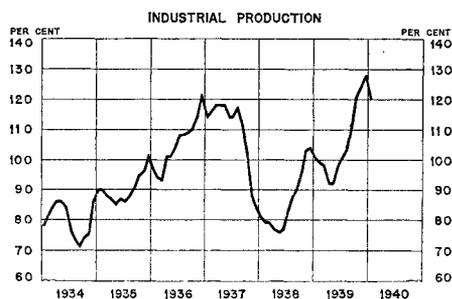
WHOLESALE TRADE, 184 FIRMS

LINES	Net Sales		Stocks		Ratio Jan. collections to accounts outstanding Jan. 1
	Jan. 1939	Dec. 1939	Jan. 31 1939	Dec. 31 1939	
Auto supplies (5)	+48	+ 16	..	..	42
Shoes (5)	+ 8	+183	+ 8	+30	47
Drugs (7)	+14	+ 14	..	..	103
Dry goods (9)	+ 8	+ 5	+20	+37	42
Electrical goods (12) ...	+ 2	- 23	+21	+ 3	78
Groceries (58)	+ 8	+ 2	+ 9	- 1	92
Hardware (18)	+ 9	+ 9	+ 9	- 1	43
Indus. supplies (14) ...	+15	- 6	+19	+ 1	60
Plumbing & heating (4) ..	-19	- 37	..	..	48
Paper & products (7) ..	+13	- 5	- 7	+ 2	76
Tobacco & products (6) ..	+ 3	- 20	84
Miscellaneous (39)	+ 9	- 14	+ 2	- 5	74
Average, 184 firms....	+ 8	+ 2	+ 9	+ 6	65

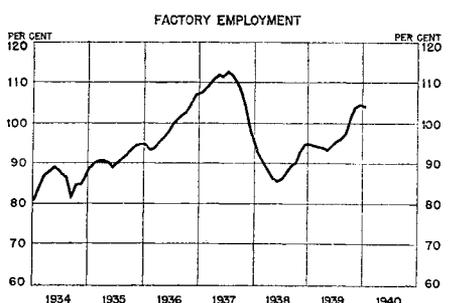
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SUMMARY OF NATIONAL BUSINESS CONDITIONS

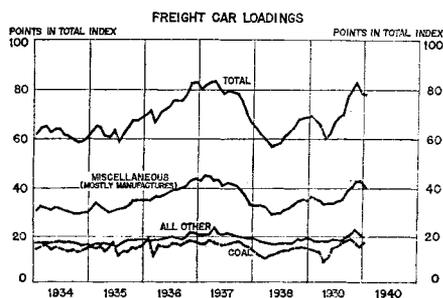
(Compiled by the Board of Governors of the Federal Reserve System)



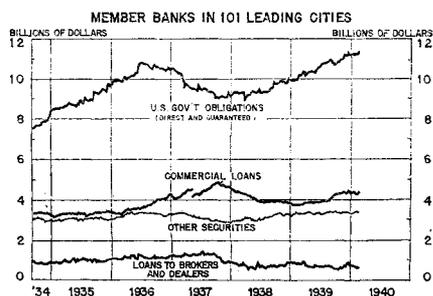
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to January 1940.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to January 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average=100. Miscellaneous, coal and all other expressed in terms of points in the total index. By months, January 1934 to January 1940.



Wednesday figures, September 5, 1934, to February 10, 1940. Commercial loans based on new classification beginning May 19, 1937.

In January and the first half of February industrial activity declined from the high level reached in the latter part of 1939. Retail trade, which had been in large volume, decreased more than seasonally, while merchandise exports were maintained.

PRODUCTION

Volume of industrial production declined somewhat from December to January, and consequently the Board's index, which allows for a considerable seasonal increase, dropped sharply from the high level of 128 reached in December to 120 in January. Data available for the first half of February indicate a further sharp reduction in the index.

Steel ingot production, which had been above 90 per cent of capacity during most of the fourth quarter of 1939, has declined steadily since the turn of the year and by the middle of February was at about 69 per cent of capacity. Plate glass production, which also had reached high levels in the latter part of 1939, was reduced in January and lumber production showed a considerable decrease owing in part to unusually cold weather in the Southern regions. Automobile production in January was larger than is usual at this season. In the latter part of the month, however, and in the first half of February, as retail sales of new cars declined seasonally and dealers' stocks, which had been lower than usual at the beginning of the year, rose rapidly, the output of cars declined. In the machinery industries activity was generally sustained at the advanced levels reached in December.

Output of cotton textiles in January continued at about the high rate of other recent months but production of woolen textiles declined further from the peak levels of October and November, and output of silk products remained in small volume. Activity at meat-packing establishments was maintained in January at the high level prevailing for several months. Coal production rose sharply, following a marked reduction in December, and was at about the high level reached last October. Output of crude petroleum continued in large volume.

Value of contracts awarded for both public and private construction declined considerably in January, according to reports of the F. W. Dodge Corporation. Awards for private residential building showed a greater than seasonal reduction and were lower than the level prevailing a year ago. Contracts for other private work declined somewhat but remained in larger volume than in the corresponding period last year.

EMPLOYMENT

Factory employment and pay rolls, which had risen sharply during the latter half of 1939, declined by somewhat more than the usual seasonal amount from the middle of December to the middle of January, according to reports from leading industrial States.

DISTRIBUTION

Sales at department stores, variety stores, and mail-order houses in January declined more than seasonally from the high level of December. Total freight-car loadings showed a seasonal decline; shipments of miscellaneous freight and grain decreased, while coal loadings increased considerably.

FOREIGN TRADE

Exports of United States merchandise, which usually decline in January, were maintained this year at the high level reached in December. Shipments of cotton, which have been large in recent months, rose further, while exports of many industrial products declined. Exports to the United Kingdom increased sharply, owing mainly to larger cotton shipments.

Reflecting principally acquisitions of foreign gold, the country's monetary gold stock increased by \$287,000,000 during January and by \$132,000,000 in the first two weeks of February.

COMMODITY PRICES

Prices of copper, lead, and silk showed marked declines from the middle of January to the middle of February and there were smaller decreases in prices of some other basic industrial materials, such as steel scrap, wool, and textile yarns. Prices of foodstuffs, on the other hand, showed little change in this period.

GOVERNMENT SECURITY MARKET

Prices of United States Government securities declined slightly during the latter half of January from the recovery peak reached early in the month but regained part of these losses during the first half of February.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities rose during the five weeks ending February 7 as a result of increases in holdings of Government securities at New York City banks. Loans to security brokers and dealers and commercial loans declined. Demand deposits continued to increase during the period.