

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

November 30, 1937

In October retail trade in the Sixth District increased much less than seasonally, and there was a decline in wholesale trade, contrary to the usual seasonal trend. Business failures increased slightly. Building activity, reflected in value of building permits issued at reporting cities and in contracts awarded in the District, remained at about the September level. Cotton consumption declined, but production of pig iron in Alabama increased.

Trade October sales by 49 reporting retail firms in the Sixth District increased 10 per cent over September and were 3.5 per cent larger than a year ago. Daily average sales by 28 firms which have reported over a long period of years increased considerably less than seasonally from September to October, and the seasonally adjusted index declined from 127.8 per cent of the 1923-1925 average for September to 109.6 per cent for October, a decrease of nearly 15 per cent. Total sales by the 49 reporting firms during the first ten months of 1937 were 8.3 per cent larger than in that part of 1936. Inventories increased 4.0 per cent from September to October and were 15.0 per cent larger in dollar value than a year ago.

Volume of sales reported by 70 wholesale firms declined 8.7 per cent from September to October, and was 4.6 per cent below October, 1936. The cumulated total for the January-October period was, however, 15.5 per cent larger than for that part of last year. This is the third time in sixteen years to record a decline in wholesale trade from September to October.

Business failures increased slightly in number and liabilities in October, and were also larger than in October, 1936.

Banking There have recently been further increases in loans, and decreases in holdings of investment securities, at weekly reporting member banks in leading

cities of the District. On November 17 total loans were larger than on any other Wednesday since May, 1933, and total holdings of securities were smaller than on any other report date in more than two years. Loans for commercial, industrial and agricultural purposes increased 15.5 millions of dollars between October 13 and November 17, and were 23.4 millions greater than at mid-August. "Other" loans declined slightly since October 13, but on November 17 were 7.1 millions greater than they were three months earlier. Loans to banks, real estate loans, loans to brokers and dealers in securities, and loans to customers for purchasing or carrying securities have recently declined. Holdings of investment securities declined further by 10.8 millions of dollars between October 13 and November 17, and were 65.2 millions less than a year ago. In the five weeks ended November 17, a decline of 15 millions in holdings of United States direct obligations was in part offset by a small increase in obligations guaranteed by the United States, and an increase of 3.8 millions in other securities. Compared with a year ago, by far the larger part of the decrease in total investment holdings was in direct obligations of the United States, which declined 51.6 millions of dollars.

Demand deposits-adjusted on November 17 were smaller than on any Wednesday since early last December, but were 13.7 millions larger than on November 18 last year. These deposits increased about 30 millions of dollars between mid-November and mid-December, 1936. Time deposits on November 17 were slightly below the level one and two months earlier, but were about 8.2 millions greater than a year ago. Deposits of other banks rose about 27 millions between September 1 and October 13, but have since declined by about 8 millions. At 188.8 millions on November 17 they compared with the year's low of 166.0 millions on July 28 and the year's high of 241 millions on February 10.

At the Federal Reserve Bank of Atlanta discounts have recently increased, and on November 17 were the largest reported on any Wednesday since January 31, 1934. Holdings of United States securities have also increased, and on November 17 were 12.7 millions greater than a year earlier. Member bank reserve deposits declined about 12 millions in the week ending October 20, but increased in the following month by 5 millions. On November 17 member bank reserves were 27 millions greater than a year earlier. Estimates based on latest available figures indicate

CONDITION OF 22 MEMBER BANKS IN SELECTED CITIES (In Thousands of Dollars)

	November 17 1937	Change From : Oct. 13, 1937	Nov. 18, 1936
Loans and Investments.....	\$554,287	+ 1,476	-33,076
Loans—Total.....	288,482	+12,282	+32,113
Commercial, industrial and agricultural loans :			
On Securities.....	12,303	+ 751	*
Otherwise secured and unsecured.....	142,673	+14,814	*
Open market paper.....	4,192	- 251	- 1,176
Loans to brokers and dealers in securities.....	6,738	- 877	+ 518
Other loans for purchasing or carrying securities.....	15,271	- 196	*
Real estate loans.....	26,862	- 193	+ 2,281
Loans to banks.....	2,347	- 1,558	+ 1,210
Other Loans :			
On securities.....	25,081	- 1,428	*
Otherwise secured and unsecured.....	53,015	+ 1,232	*
Investments—Total.....	265,805	-10,806	-65,189
U. S. direct obligations.....	153,851	-15,043	-51,560
Obligations guaranteed by U. S.....	33,753	+ 394	+ 5,321
Other securities.....	78,201	+ 3,843	- 8,308
Reserve with F. R. Bank.....	102,626	- 4,876	+19,081
Cash in vault.....	11,378	-1,280	+ 316
Balances with domestic banks.....	99,759	-14,383	-23,598
Demand deposits—adjusted.....	323,271	- 8,341	+13,693
Time deposits.....	185,615	- 511	+ 8,241
U. S. Government deposits.....	10,320	- 4,918	-25,656
Deposits of domestic banks.....	188,835	- 8,191	-39,086
Borrowings : From F. R. Bank.....	2,097	+ 1,398	+ 2,097
From others.....	311	+ 311

FEDERAL RESERVE BANK OF ATLANTA (In Thousands of Dollars)

	November 17 1937	Change From : Oct. 13, 1937	Nov. 18, 1936
Bills Discounted.....	\$ 4,114	+ 2,765	+ 4,021
Bills Bought in Open Market.....	99	+ 1	- 9
Industrial Advances.....	134	- 22	- 364
United States Securities.....	111,931	+ 940	+12,743
Total Bills and Securities.....	116,278	+ 3,684	+16,391
Total Reserves.....	240,922	-18,171	- 5,584
Member Bank Reserve Account.....	169,682	- 6,983	+27,084
U. S. Treasurer General Account.....	4,497	+ 944	+ 3,012
F. R. Note Circulation.....	164,645	- 4,320	-22,252

*Comparable figures not available.

DEBITS TO INDIVIDUAL ACCOUNTS
 (In Thousands of Dollars)

	October 1937	September 1937	October 1936
ALABAMA			
Birmingham.....	\$ 93,967	\$ 88,315	\$ 84,135
Dothan.....	3,718	4,064	4,460
Mobile.....	42,610	42,567	34,543
Montgomery.....	24,771	23,468	28,705
FLORIDA			
Jacksonville.....	69,782	67,260	66,515
Miami.....	30,644	27,618	31,989
Pensacola.....	8,975	9,016	9,579
Tampa.....	26,038	25,085	26,092
GEORGIA			
Albany.....	5,649	4,807	5,139
Atlanta.....	184,165	170,114	182,279
Augusta.....	19,054	18,269	22,087
Brunswick.....	2,625	3,032	2,326
Columbus.....	15,484	15,600	14,609
Elberton.....	1,490	1,229	1,443
Macon.....	17,402	16,124	19,045
Newnan.....	2,355	1,947	2,379
Savannah.....	32,898	34,804	34,710
Valdosta.....	3,994	4,293	3,960
LOUISIANA			
New Orleans.....	259,965	249,377	263,437
MISSISSIPPI			
Hattiesburg.....	4,916	5,436	4,939
Jackson.....	36,041	25,959	44,204
Meridian.....	11,682	11,031	12,065
Vicksburg.....	10,874	8,463	12,682
TENNESSEE			
Chattanooga.....	43,836	41,451	45,828
Knoxville.....	29,508	29,669	27,543
Nashville.....	88,369	81,027	86,072
TOTAL 26 Cities.....	\$1,070,812	\$1,010,025	\$1,070,765

that total member bank reserve deposits at the Federal Reserve Bank of Atlanta on November 17, which amounted to \$169,682,000, were about 21.2 millions, or 14.3 per cent, greater than legal requirements. Daily average figures for the last half of October indicated an excess of 18.7 millions, or 12.7 per cent, over legally required reserves.

Agriculture A record cotton crop of 18,243,000 bales was indicated in the November estimate by the United States Department of Agriculture. Estimates for the six states of this District increased by an average of 6.4 per cent over those a month earlier, and show an increase of 1,949,000 bales over the 1936 crop in these states. The estimates for the six states combined, and those for Mississippi and Tennessee, are the largest in records available back to 1903, and the estimate for Louisiana is the largest since 1904. Estimates by states are compared in the table.

COTTON PRODUCTION — Bales

	1937 Estimates		Percent Change		1936 Pro-Percent	
	Nov. 1	Oct. 1	Change	duction	Change	
Alabama.....	1,520,000	1,425,000	+ 6.7	1,145,000	+32.8	
Florida.....	41,000	40,000	+ 2.5	31,000	+32.3	
Georgia.....	1,470,000	1,430,000	+ 2.8	1,086,000	+35.4	
Louisiana.....	1,080,000	1,000,000	+ 8.0	761,000	+41.9	
Mississippi.....	2,575,000	2,400,000	+ 7.3	1,911,000	+34.7	
Tennessee.....	630,000	580,000	+ 8.6	433,000	+45.5	
Six States.....	7,316,000	6,875,000	+ 6.4	5,367,000	+36.3	

Spot cotton prices on the ten designated markets have fluctuated in recent weeks between a high of 8.29 cents per pound on October 21 and a low of 7.65 cents on November 4. On November 18 the ten-market average was 7.71 cents.

September receipts from the sale of principal farm products, with Government payments added, increased 85.1 per cent over August, but were 6.5 per cent less than a year earlier. In September last year receipts more than doubled those in August. The January-September total this year was, however, 25.1 per cent larger than for that part of 1936.

November estimates of corn, peanuts, pecans, tobacco, potatoes, apples and pears, and of sugar cane in Louisiana, increased slightly over those for October, but the estimates of sweet potatoes declined. The peach crop was smaller than in 1936, except in Tennessee, and the estimates indicate smaller production of peanuts and pears, and of grapefruit in Florida, but most other crops increased substantially.

Industry Employment and payrolls at 6,315 firms in the six states of this District increased 0.8 per cent and 0.6 per cent, respectively, from August to September. Number of workers was 5.6 per cent, and the amount of a week's payroll was 18.9 per cent, larger than in September last year, and both were well above September of other recent years.

Following sharp declines from August to September, the value of building permits issued at twenty reporting cities and of contracts awarded in the District as a whole continued in October at about the September level. Building permits increased over September by only six-hundredths of one per cent and were 12.0 per cent less than in October a year ago, and the January-October total is only one-half of one per cent larger than for that period last year. It was, however, the largest for the ten months period since 1929. Total value of contracts awarded in October declined 1.3 per cent from September and was 29.1 per cent less than a year earlier. The decline from September was due to a reduction of 27.3 per cent in residential awards, as other contracts increased 18.9 per cent. Residential contracts in October were 34.4 per cent, and other contracts 26.2 per cent, less than in October, 1936. Residential contracts in the January-October period were 10.3 per cent larger than in that part of last year, and October is the third month in three years to record a decrease compared with the corresponding month a year earlier. Total contracts increased in October over September in Alabama and Louisiana, and over October, 1936, in Louisiana and Tennessee. Press reports indicate that retail lumber yards, except for some scattered exceptions, are buying only sparingly, and railroads and industrials are placing few orders for lumber. Weekly statements of the Southern Pine Association for October show that production averaged 11.7 per cent, shipments 15.6 per cent, and orders 23.6 per cent, less than in the corresponding weeks last year.

Daily average consumption of cotton in this District declined 13 per cent from September to October and was smaller than in any month since May, 1936. Operations at cotton seed oil mills in the District declined slightly in October but continued well above that month a year ago.

Coal production in Alabama and Tennessee was somewhat larger in October than in September. October production was larger than a year ago by 12.2 per cent in Alabama, but smaller by 3.6 per cent in Tennessee. After declining in August and September, daily average production of pig iron in Alabama increased in October when it was 44.7 per cent greater than a year ago and the largest, except for July, since 1930. Electric power production, on a daily average basis, increased 4.5 per cent from August to September, was 4.4 per cent larger than a year earlier, and the nine months total was 7.2 per cent greater than in that part of 1936. Production by use of water power increased, and that by use of fuels declined, in September.

SIXTH DISTRICT BUSINESS STATISTICS

		SALES		Jan.-Oct. Incl. Compared With Year Ago	STOCKS Oct. 1937 Compared With Oct. 1936	Collec- tion Ratio Oct. 1937
		Oct. 1937 Compared With: Sept. 1937	Oct. 1936			
RETAIL TRADE						
Atlanta.....	+ 5.8	+ 0.8	+ 9.4	+ 7.5	27.2	
Birmingham.....	+21.1	+ 3.9	+12.5	+18.9	35.4	
Chattanooga.....	+ 4.7	+ 3.1	+11.9	+21.5	33.1	
Montgomery.....	+15.8	-12.0	+ 0.8	+20.7	..	
Nashville.....	+ 7.3	- 7.4	+ 8.1	+11.1	28.3	
New Orleans.....	+12.9	+12.1	+ 2.2	+18.4	32.6	
Other Cities.....	+ 7.2	+ 3.6	+10.8	+14.8	32.0	
DISTRICT (49 firms).....	+10.0	+ 3.5	+ 8.3	+15.0	30.7	
WHOLESALE TRADE						
Groceries.....	- 7.5	- 2.1	+ 7.2	..	71.2	
Dry Goods.....	-14.9	-17.5	- 0.2	+ 9.4	37.5	
Hardware.....	- 4.1	- 2.5	+21.9	+10.0	45.8	
Furniture.....	- 7.0	-18.0	+ 6.5	+67.7	41.0	
Electrical Supplies.....	-24.8	+ 0.3	+51.0	
Drugs.....	- 4.8	+ 5.6	+13.1	+13.3	64.1	
TOTAL (70 firms)...	- 8.7	- 4.6	+15.5	+20.2	48.8	

(000 Omitted)

	Oct. 1937	Sept. 1937	Oct. 1936	Jan.-Oct. 1937	Incl. 1936
COMMERCIAL FAILURES—					
DISTRICT					
Number (Actual).....	35	33	24	301	246
Liabilities.....	\$ 263	\$ 256	\$ 147	\$ 2,793	\$ 3,562
CONTRACTS AWARDED—					
DISTRICT.....	\$ 14,820	\$ 15,008	\$ 20,896	\$201,762	\$198,850
Residential.....	4,754	6,541	7,248	65,860	59,689
All Others.....	10,066	8,467	13,648	135,902	139,161
Alabama.....	1,142	1,063	3,825	24,140	36,878
Florida.....	4,849	5,634	5,908	76,136	60,679
Georgia.....	2,466	2,516	4,737	25,660	31,010
Louisiana.....	4,657	3,943	4,205	55,793	30,571
Mississippi.....	1,739	2,027	3,940	23,558	32,158
Tennessee.....	2,619	2,619	2,145	31,557	56,548
BUILDING PERMITS—					
20 CITIES.....	\$ 5,143	\$ 5,140	\$ 5,844	\$ 56,228	\$ 55,972
Atlanta.....	304	356	204	4,120	3,787
Birmingham.....	198	313	147	3,109	1,872
Jacksonville.....	452	513	417	4,531	4,383
Nashville.....	217	119	863	4,127	7,420
New Orleans.....	456	422	393	4,095	3,917
15 Other Cities.....	3,516	3,416	3,820	36,247	34,592
PIG IRON PRODUCTION—Tons					
Alabama.....	238	221	165	2,168	1,549
COAL PRODUCTION—Tons					
Alabama.....	1,160	1,145	1,034	10,384	9,513
Tennessee.....	485	470	488	4,343	4,067

(000 Omitted)

	Oct. 1937	Sept. 1937	Oct. 1936	Aug. 1 to Oct. 31 1937	Incl. 1936
COTTON CONSUMPTION—					
Bales					
Alabama.....	55	60	71	180	201
Georgia.....	105	116	127	335	361
Tennessee.....	14	17	15	46	45
Total 3 States.....	175	193	213	561	607
COTTON SEED CRUSHED—					
Tons*.....	327	334	277	739	608
FERTILIZER TAG SALES—Tons					
Total 6 States.....	68	54	61	145	166

*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

	Sept. 1937	Aug. 1937	Sept. 1936	Jan.-Sept. 1937	Incl. 1936
FARM INCOME—Six States*					
Alabama.....	\$ 86,115	\$ 46,522	\$ 92,076	\$510,419	\$407,998
Florida.....	14,980	5,226	15,697	73,647	59,110
Georgia.....	3,184	3,768	3,654	98,353	74,488
Louisiana.....	18,119	20,376	20,131	95,100	92,422
Mississippi.....	13,865	5,292	15,486	64,207	48,102
Tennessee.....	26,072	5,121	27,564	92,419	68,109
TOTAL.....	9,895	6,739	9,544	86,693	65,767

ELECTRIC POWER

PRODUCTION—kw Hours					
Alabama.....	244,906	218,296	234,898	2,102,601	1,874,992
Florida.....	72,857	74,474	66,356	679,041	602,473
Georgia.....	142,064	150,674	113,368	1,283,765	1,153,493
Louisiana.....	160,529	160,151	156,806	1,254,528	1,190,103
Mississippi.....	8,529	8,020	8,466	55,209	49,021
Tennessee.....	125,827	134,614	142,802	1,040,588	1,115,277
Total Six States.....	754,712	746,229	722,696	6,415,732	5,985,359
By Water Power.....	346,529	319,288	354,764	3,509,986	3,531,053
By Fuels.....	408,183	426,941	367,932	2,905,746	2,454,306

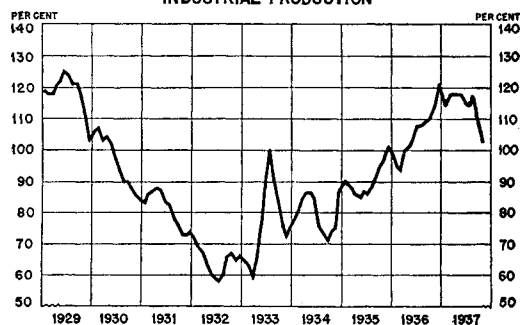
*Includes Government benefit payments.

SIXTH DISTRICT BUSINESS INDEXES
(1923-1925=100 except as noted)

	Oct. 1937	Sept. 1937	Oct. 1936
RETAIL SALES* Unadjusted			
DISTRICT (28 firms).....	130.4	120.1	118.8
Atlanta.....	222.2	212.0	211.7
Birmingham.....	135.9	112.1	124.8
Chattanooga.....	102.2	101.5	94.2
Nashville.....	105.2	101.9	109.4
New Orleans.....	108.5	100.0	93.2
RETAIL SALES* Adjusted			
DISTRICT (28 firms).....	109.6	127.8	99.8
Atlanta.....	186.7	209.9	177.9
Birmingham.....	117.2	115.6	107.6
Chattanooga.....	82.4	106.8	76.0
Nashville.....	89.9	110.8	93.5
New Orleans.....	94.3	108.7	81.0
RETAIL STOCKS Unadjusted			
DISTRICT (24 firms).....	85.1	82.2	73.7
Atlanta.....	139.7	132.4	130.9
Birmingham.....	83.7	82.4	69.1
Chattanooga.....	67.8	68.9	55.8
Nashville.....	73.3	71.3	65.9
New Orleans.....	72.3	69.1	61.1
RETAIL STOCKS Adjusted			
DISTRICT (24 firms).....	76.7	77.5	66.4
Atlanta.....	124.7	120.4	116.9
Birmingham.....	76.1	80.0	62.8
Chattanooga.....	60.5	66.3	49.8
Nashville.....	64.9	66.6	58.3
New Orleans.....	65.7	65.8	55.5
WHOLESALE SALES (70 firms)			
Groceries.....	89.4	97.9	89.3
Dry Goods.....	60.2	65.1	62.8
Hardware.....	86.6	101.8	105.0
Furniture.....	98.4	102.6	101.2
Drugs.....	92.2	99.2	113.6
	118.8	124.8	108.0
CONTRACTS AWARDED—DISTRICT			
Residential.....	42.2	42.8	59.5
All Others.....	33.9	46.6	51.7
Florida.....	47.8	40.2	64.8
Alabama.....	25.0	23.2	86.3
Georgia.....	33.4	38.8	40.7
Louisiana.....	37.0	37.7	71.1
Mississippi.....	74.1	62.7	66.9
Tennessee.....	90.2	105.1	204.3
	47.2	47.2	38.7
BUILDING PERMITS—20 Cities			
Atlanta.....	45.7	45.7	51.9
Birmingham.....	19.6	23.0	13.2
Jacksonville.....	13.4	21.1	9.9
Nashville.....	54.9	62.4	50.6
New Orleans.....	34.2	18.8	136.1
15 Other Cities.....	35.4	32.8	30.5
	64.2	62.4	69.7
PIG IRON PRODUCTION—ALABAMA*			
	100.7	96.7	69.6
COTTON CONSUMPTION—3 STATES*			
Alabama.....	141.5	162.6	166.1
Georgia.....	161.1	180.3	195.8
Tennessee.....	133.3	153.6	155.4
	138.1	172.0	147.7
	Sept. 1937	Aug. 1937	Sept. 1936
EMPLOYMENT—(Av. for 1932=100)			
Alabama.....	151.9	151.9	142.3
Florida.....	99.3	98.0	92.9
Georgia.....	150.6	149.6	139.8
Louisiana.....	131.5	129.0	117.8
Mississippi.....	122.7	118.0	121.9
Tennessee.....	141.2	140.5	131.9
Six States.....	140.0	138.9	132.6
PAYROLLS—(Av. for 1932=100)			
Alabama.....	236.9	241.7	194.3
Florida.....	85.2	84.5	75.1
Georgia.....	195.5	197.5	169.8
Louisiana.....	160.6	159.0	134.3
Mississippi.....	163.5	161.9	163.0
Tennessee.....	183.9	182.4	160.1
Six States.....	186.2	185.1	156.6
ELECTRIC POWER PRODUCTION*			
Alabama.....	316.8	273.3	303.8
Florida.....	370.3	366.2	337.2
Georgia.....	244.3	250.8	195.0
Louisiana.....	622.9	601.4	608.5
Mississippi.....	135.9	123.9	134.9
Tennessee.....	207.2	214.5	235.2
Six States.....	304.5	291.3	291.5
By Water Power.....	266.0	237.2	272.3
By Fuels.....	347.1	351.3	312.9

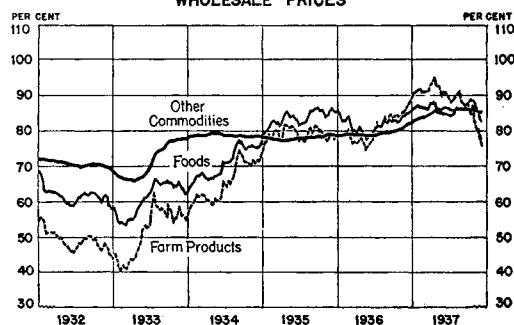
*Indexes of retail sales, electric power and pig iron production and of cotton consumption are on a daily average basis.

INDUSTRIAL PRODUCTION



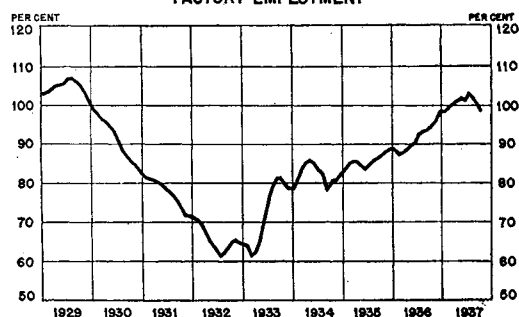
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to October, 1937.

WHOLESALE PRICES



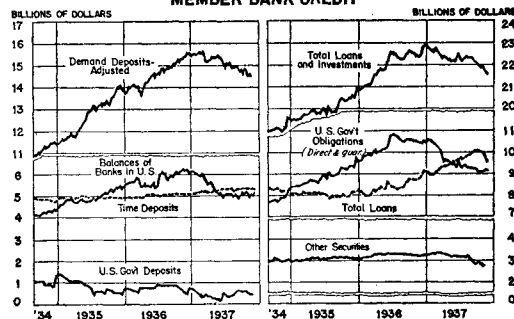
Indexes compiled by U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1932 to date. Latest figure is for week ending November 20, 1937.

FACTORY EMPLOYMENT



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1929, to October, 1937.

MEMBER BANK CREDIT



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to Nov. 17, 1937.

National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System

VOLUME of industrial production showed a further sharp decrease in October and the first three weeks of November, and there was a reduction in employment. Commodity prices continued to decline. Distribution of commodities to consumers was maintained at the level of other recent months.

PRODUCTION AND EMPLOYMENT

In October the Board's seasonally adjusted index of industrial production was 103 per cent of the 1923-1925 average as compared with 111 per cent in September and an average of 116 per cent in the first eight months of this year. There was a marked curtailment of activity in the durable goods industries. Output of steel ingots, which had shown a steady decline since August, was at an average rate of 59 per cent of capacity in October and by the third week in November the rate had declined to 36 per cent. Automobile production increased considerably in October as most manufacturers began assembly of 1938 model cars. In the first three weeks of November output of automobiles showed little change from the level reached at the end of October, with assemblies by one leading manufacturer continuing in exceptionally small volume. Production of lumber and of plate glass declined further in October. In the non-durable goods industries, where output had been declining since the spring of this year, there was a further decrease in October. Cotton consumption showed a sharp reduction and activity at woolen mills and shoe factories continued to decline. There was an increase in output at sugar refineries, where activity had been at a low level in September. In most other lines changes in output were largely seasonal. Mineral production continued at about the level reached at the close of 1936 and maintained throughout this year.

Value of construction contracts awarded in October and the first half of November was smaller than in the preceding six weeks, according to figures of the F. W. Dodge Corporation. The decline was chiefly in private non-residential construction.

Factory employment declined substantially in October and payrolls showed little change, although an increase is usual at this season. Declines in the number of employed were reported by factories producing steel, machinery, lumber, and textiles, and in many smaller industries. There was a seasonal increase in employment at automobile factories. Employment and payrolls increased seasonally at mines and at establishments engaged in wholesale and retail trade.

DISTRIBUTION

Sales at department stores and mail order sales increased seasonally in October. Throughout the year sales at department stores have been sustained, with seasonal fluctuations, and the Board's adjusted index of these sales has shown little change.

Freight-car loadings declined in October and the first half of November, reflecting smaller shipments of forest products, ore, and miscellaneous freight.

COMMODITY PRICES

Prices of industrial materials, particularly non-ferrous metals, steel scrap, rubber, and hides, declined further from the middle of October to the third week of November, and there were some decreases in the prices of finished industrial products. Livestock and meat prices declined substantially and coffee prices dropped sharply following the announcement by Brazil of modification of its control policy.

BANK CREDIT

During the first half of November the Federal Reserve Banks purchased \$28,525,000 of United States Government Securities, in accordance with the policy adopted in September to provide additional reserves for meeting seasonal currency and other requirements. From the middle of October to November 17, excess reserves of member banks increased from about \$1,000,000,000 to \$1,100,000,000, reflecting the Federal Reserve security purchases and a considerable decline in required reserves at member banks in New York City, caused partly by a reduction in demand deposits arising from a liquidation of brokers' loans.

Loans to brokers and dealers reported by banks in leading cities declined by \$250,000,000 during the four weeks ending November 17. Commercial loans, following a steady increase for several months, declined after the middle of October. Member banks in New York City increased their holdings of United States Government securities by over \$150,000,000 while banks outside New York City showed a further reduction. Deposits continued to show moderate reductions.