

# MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

May 31, 1938

In the Sixth Federal Reserve District retail trade increased less than seasonally in April, wholesale trade declined, and there were decreases in cotton mill activity, and in output of pig iron in Alabama. Contracts awarded for residential construction increased 18.6 per cent over March, and building permits issued at twenty reporting cities increased 7.4 per cent.

**Trade** Notwithstanding the late date of Easter, April sales by 49 reporting retail firms increased only 1.3 per cent over March and were 3.3 per cent larger than in April last year. In the months of March and April combined, which included the Easter period in both years, total sales were 4.6 per cent less this year than in those months last year. The adjusted index of daily average sales, after allowance for the usual seasonal change and the later date of Easter, declined from 109.2 per cent of the 1923-25 average for March to 104.8 per cent for April. Preliminary figures for the first two weeks in May indicate a decrease of 4.5 per cent compared with that period last year. Inventories declined 2.2 per cent from March and were 8.4 per cent less than for April, 1937.

Wholesale trade, according to figures reported to the United States Department of Commerce by 123 firms in this district declined 11.3 per cent in April and was 16.1 per cent less than a year ago. In the first four months of 1938 wholesale trade was 13.8 per cent less than in that part of last year. Inventories reported by 58 firms declined 1.3 per cent from March and were 8.3 per cent less than for April, 1937.

**Banking** Total loans and investments at 22 weekly reporting member banks in leading cities of the Sixth District increased 3.2 millions of dollars in the five weeks ending May 18, and were only slightly smaller than a year earlier. Loans for commercial, industrial and agricultural purposes increased 22 millions of dollars between June last year and early February, but have since declined 10.2 millions. On May 18 they were 4.5 millions larger than a year ago. Loans to brokers and dealers in securities have recently

increased and on May 18 were the largest since October 20. Loans to banks increased by May 11 to the largest amount reported since October 6, but declined the following week. Investment holdings increased slightly more than 2 millions of dollars in the five weeks ending May 18, a decrease of 6.8 millions in holdings of United States direct obligations being more than offset by combined increases of 6.6 millions in securities guaranteed by the United States and 2.2 millions in Other Securities. Investments on May 18 were 12.1 millions less than a year earlier, but were larger than on any Wednesday since October 20 with the single exception of April 27.

Demand deposits-adjusted increased in the five weeks ending May 18 but were 8.3 millions less than a year earlier, and time deposits have also increased and were larger than a year ago. Balances maintained with correspondent banks have increased and in recent weeks were the largest since March of last year.

At the Federal Reserve Bank of Atlanta discounts for member banks have declined further in recent weeks and on May 18 were the smallest in more than a year. Industrial advances have also declined. Total bills and securities held on May 18 were \$297,000 less than five weeks earlier, and \$990,000 less than a year ago. Government deposits increased about 44 millions in the third week of April, and total reserves held by the bank also increased substantially, largely as a result of the desterilization of gold by the Treasury. Both reserves and Government deposits have since declined somewhat.

Following the reduction on April 16 in reserve requirements for member banks, there was a reduction of 19 millions in member bank reserves by April 20, and a further decrease of about 8.1 millions by May 18. Daily average figures of deposits and reserves for the last half of April, after the effective date of the reduction in required reserves, indicate that requirements declined 23 millions of dollars, actual reserves were reduced 18.3 millions, and estimated excess reserves increased 4.7 millions, compared with the first half of the month. Estimates based on latest available figures indicate that member bank reserves on May 18, which amounted to \$160,252,000, were 32.6 millions of dollars, or 25.5 per cent, larger than legal requirements.

**Agriculture** The low temperatures and excessive rainfall early in April caused rather heavy damage to truck and other early crops in most parts of the District, but in Florida rainfall has continued deficient and truck crops and citrus fruits have suffered, and more recently in Georgia there has been a serious lack of rain. Crop damage

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

	May 18 1938	Change From :	
		Apr. 13, 1938	May 19, 1937
Loans and Investments—Total.....	\$555,015	+ 3,178	— 1,040
Loans—Total.....	283,655	+ 1,119	+ 10,428
Commercial, Industrial and agricultural loans.....	150,612	— 2,805	+ 4,517
Open market paper.....	2,979	— 435	— 2,886
Loans to brokers and dealers in securities.....	7,082	+ 1,284	+ 100
Other loans for purchasing or carrying securities.....	15,373	+ 392	— 2,882
Real estate loans.....	27,794	+ 21	+ 1,337
Loans to banks.....	3,631	+ 1,287	— 608
Other loans.....	76,184	+ 1,375	+ 11,478
Investments—Total.....	271,360	+ 2,059	— 12,096
U. S. direct obligations.....	154,108	— 6,807	— 20,218
Obligations guaranteed by U. S.....	39,911	+ 6,637	+ 8,300
Other securities.....	77,341	+ 2,229	— 178
Reserve with F. R. Bank.....	94,063	— 11,537	— 11,368
Cash in vault.....	11,296	— 239	— 97
Balances with domestic banks.....	131,137	+ 8,818	+ 31,792
Demand deposits—adjusted.....	326,048	+ 1,633	— 8,291
Time deposits.....	182,972	+ 1,562	+ 3,845
U. S. Government deposits.....	23,020	— 376	+ 18,408
Deposits of domestic banks.....	200,431	— 2,705	+ 4,039
Borrowings from F. R. Bank.....	70	— 111	— 299

FEDERAL RESERVE BANK OF ATLANTA  
(In Thousands of Dollars)

	May 18 1938	Change From :	
		Apr. 13, 1938	May 19, 1937
Bills Discounted.....	\$ 693	— 247	— 1,028
Bills Bought in Open Market.....	19	—	— 114
Industrial Advances.....	71	— 50	— 173
United States Securities.....	111,416	—	+ 325
Total Bills and Securities.....	112,199	— 297	— 990
Total Reserves.....	249,687	+ 9,026	— 7,866
Member Bank Reserve Account.....	160,252	— 27,409	— 13,530
U. S. Treasurer General Account.....	42,465	+ 39,739	+ 40,202
F. R. Note Circulation.....	145,301	— 4,200	— 35,835

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	April 1938	March 1938	April 1937
<b>ALABAMA</b>			
Birmingham.....	\$ 75,629	\$ 76,988	\$ 94,726
Dothan.....	2,775	3,285	3,313
Mobile.....	35,472	35,962	36,738
Montgomery.....	19,037	20,045	25,320
<b>FLORIDA</b>			
Jacksonville.....	72,928	77,967	80,605
Miami.....	38,996	49,418	46,981
Pensacola.....	8,171	7,636	9,057
Tampa.....	27,350	29,445	31,217
<b>GEORGIA</b>			
Albany.....	4,487	5,284	4,932
Atlanta.....	185,821	200,557	179,213
Augusta.....	15,157	15,743	19,414
Brunswick.....	2,703	2,766	2,858
Columbus.....	11,876	12,717	15,958
Elberton.....	1,102	1,051	1,329
Macon.....	12,477	12,991	15,305
Newnan.....	1,340	1,939	2,760
Savannah.....	26,743	27,781	34,661
Valdosta.....	3,495	3,434	3,650
<b>LOUISIANA</b>			
New Orleans.....	189,836	225,938	218,949
<b>MISSISSIPPI</b>			
Hattiesburg.....	4,223	4,443	5,241
Jackson.....	25,373	35,407	29,154
Meridian.....	9,094	10,659	11,259
Vicksburg.....	6,967	8,183	7,635
<b>TENNESSEE</b>			
Chattanooga.....	36,373	40,949	43,019
Knoxville.....	26,176	29,484	30,063
Nashville.....	72,922	82,209	92,231
TOTAL 26 Cities.....	\$ 916,523	\$1,022,281	\$1,045,588

from rain and cold appears to have been heavier in Louisiana, Mississippi and Tennessee, where continued rains in April reduced prospects and caused considerable replanting. Revised estimates, as of May 1, of the present season's citrus crop in Florida, now being marketed, indicate a total of 25,250,000 boxes of oranges and 13,500,000 boxes of grapefruit. These figures represent increases of 800,000 boxes of oranges and 500,000 boxes of grapefruit, over the April estimates, and are larger by 12.2 per cent and smaller by 25.4 per cent, respectively, than production in the previous season. Prospects for the 1938-39 season were materially lowered by continued dry and warm weather in April, and droppage has been abnormally heavy in all sections. Drouth conditions have become serious in all parts of the state except west Florida where rainfall has been sufficient and crops have made favorable progress. More recently, weather conditions in other states have been more favorable for progress in farm work.

May estimates of peach production in the ten southern peach states indicate an increase of 31 per cent over the 1937 crop, and in the five states of this District which are included in this group, production is expected to be 92.4 per cent larger than last year. Large increases are indicated for Mississippi, Alabama, and for Georgia which had a small crop in 1937. In the eight early potato states production this year is estimated to be slightly less than last year. Small increases are reported for Florida and Alabama, but in Louisiana frost injury, excessive rains and poor seed have served to reduce the estimated crop 19.9 per cent from that of last year.

Estimated receipts from the sale of principal farm products in the six states of this District, including Government payments, increased 9.6 per cent from February to March, but were 29.6 per cent less than in March last year. Income from crops and livestock was 15 per cent less than a year ago, but Government payments were 71.5 per cent less, although substantially larger than in February. For the first quarter of 1938, income from crops and livestock was 10.2 per cent less than in that part of 1937, but Government payments were 73.2 per cent smaller.

The ten-market average of spot cotton prices on May 13 was 8.79 cents per pound, slightly higher than in the two preceding weeks. In the second and third weeks of April the price was 8.95 cents. The averages for March and February were 8.89 cents and 8.92 cents, respectively. After rising slightly on April 16 and 23, wholesale prices of farm products have since resumed the decline, according to the index of the Bureau of Labor Statistics. On May 7 and 14, at 67.4 per cent of the 1926 average, the farm products index was more than 8 per cent below the index for the middle of January, and 25.9 per cent lower than on May 8 last year. The index is lower than it has been since the summer of 1934.

**Industry** There were small net changes in employment and payrolls at 6,227 firms in the Sixth District reporting to the Bureau of Labor Statistics for March, compared with February. Small increases in number of workers in Alabama, Georgia and Tennessee in March were slightly more than offset by decreases in Florida, Louisiana and Mississippi. Increased payrolls in Alabama, Georgia, Louisiana and Tennessee were slightly more than sufficient to offset decreases in Florida and Mississippi. Both employment and payrolls continued less than a year ago.

The value of construction contracts awarded in the Sixth District increased slightly in April, when there is usually a decline of about 6 per cent. Contracts for residential building increased 18.6 per cent, but other contracts declined 9.5 per cent, from March, and total awards were 9.0 per cent less than a year ago. Totals for the first four months of the year show declines of 23.8 per cent in total awards, 14.7 per cent in residential contracts and 28.8 per cent in other contracts, compared with that part of last year. Value of building permits issued at twenty reporting cities increased 7.4 per cent in March, and was slightly larger than in April, 1937, but for the four months total permits have been 4.5 per cent less than in that period a year ago. Press reports reflect a continued lack of demand for lumber. In April production at mills reporting to the Southern Pine Association averaged 11 per cent larger than orders, and 7.1 per cent larger than shipments.

Cotton mills in Alabama, Georgia and Tennessee consumed an average of 4,975 bales of cotton for each business day in April, a decline of 13.3 per cent from March and 44.6 per cent less than in April last year. Operations at cotton seed oil mills declined about 30 per cent in April, but continued at a substantially higher level than a year earlier.

Coal production in Alabama and Tennessee declined 9.1 per cent in April, but was greater than in April last year when output was curtailed by labor difficulties. Pig iron production in Alabama, on a daily average basis, declined 0.6 per cent from March to April, when it was 20.8 per cent less than a year ago. The four month total for 1938, through April, is 25.7 per cent less than for that part of 1937, which compares with a decrease of 57.5 per cent for the United States as a whole. Active furnaces were reduced from 12 on April 1 to 9 a month later, and to 7 at the middle of May, compared with 14 active a year ago. Daily average production of electric power increased slightly in March over February, and over March last year. Receipts of both turpentine and rosin at the three principal markets of the District were larger in April, the first month of the naval stores year, than in that month of other years since 1931. Price quotations on both commodities averaged slightly lower in recent weeks.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		Jan.-Apr. Incl. Compared with Year Ago	STOCKS Apr. 1938 Compared with Apr. 1937	Collection Ratio April 1938
	Apr. 1938	Compared with Mar. 1938			
	Apr. 1937	Apr. 1937			
<b>RETAIL TRADE</b>					
Atlanta	— 0.2	+ 4.1	— 1.9	— 9.6	26.6
Birmingham	+ 1.8	+ 4.6	— 5.7	— 6.4	33.6
Chattanooga	+ 12.0	+ 8.8	— 9.1	— 4.6	31.7
Montgomery	+ 23.9	+ 3.3	— 10.8	— 16.5	...
Nashville	— 6.2	— 7.2	— 5.7	— 19.0	28.3
New Orleans	+ 13.0	+ 5.8	+ 5.2	— 2.7	32.1
Other Cities	— 6.4	+ 2.1	— 3.6	— 11.5	35.9
DISTRICT (49 firms)	+ 1.3	+ 3.3	— 2.2	— 8.4	31.1
<b>WHOLESALE TRADE</b>					
Groceries	— 9.0	— 17.6	— 12.8	— 10.1	80.4
Dry Goods	— 14.5	— 16.3	— 17.9	— 29.1	37.7
Hardware	— 6.2	— 20.5	— 17.4	— 3.6	45.1
Electrical Goods	+ 10.3	— 35.3	— 26.9	— 22.3	78.3
Drugs	— 20.1	— 5.4	— 3.4	— 0.8	68.7
Shoes	— 21.3	+ 1.5	...	...	27.9
TOTAL	— 11.3	— 16.1	— 13.8	— 8.3	54.6

(000 Omitted)

	April 1938	March 1938	April 1937	Jan.-April, Incl. 1938	1937
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<b>COMMERCIAL FAILURES—DISTRICT</b>					
Number (Actual)	45	55	35	244	123
Liabilities	\$ 546	\$ 494	\$ 355	\$ 2,027	\$ 1,138

<b>CONTRACTS AWARDED—DISTRICT</b>					
Residential	\$ 7,509	\$ 6,329	\$ 7,741	\$ 21,660	\$ 25,406
All Others	8,571	9,466	9,923	32,422	45,542
Alabama	1,225	2,216	1,408	7,295	5,522
Florida	5,636	4,795	5,809	17,543	31,012
Georgia	2,812	3,247	3,636	9,454	11,175
Louisiana	4,431	3,936	3,156	13,115	11,685
Mississippi	1,661	989	2,230	4,493	8,671
Tennessee	2,991	3,078	3,926	13,037	14,213

<b>BUILDING PERMITS—20 CITIES</b>					
Atlanta	298	277	352	1,200	1,398
Birmingham	139	157	272	918	1,300
Jacksonville	915	751	467	4,548	1,889
Nashville	88	195	185	490	824
New Orleans	260	648	231	1,630	1,167
15 Other Cities	3,350	2,675	3,460	9,341	12,408

<b>PIG IRON PRODUCTION—Tons</b>					
Alabama	158	164	200	614	826

<b>COAL PRODUCTION—Tons</b>					
Alabama	860	980r	116	3,760	3,953
Tennessee	300	296r	176	1,324	1,724

(000 Omitted)

	April 1938	March 1938	April 1937	Aug. 1 to Apr. 30 1937-38	Incl. 1936-37
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<b>COTTON CONSUMPTION—Bales</b>					
Alabama	46	52	76	458	649
Georgia	73	89	141	842	1,181
Tennessee	10	14	17	117	145
Total 3 States	129	155	234	1,417	1,975

<b>COTTON SEED CRUSHED—Tons*</b>					
	148	210	91	2,098	1,759

<b>FERTILIZER TAG SALES—Tons</b>					
Total 6 States	522	719	692	2,129	2,463

\*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

	Mar. 1938	Feb. 1938	Mar. 1937	Jan.-March, Incl. 1938	Incl. 1937
<b>FARM INCOME*—Six States</b>					
Alabama	\$ 52,908	\$ 48,254	\$ 75,113	\$ 161,168	\$ 204,292
Florida	7,209	6,505	12,824	20,008	28,942
Georgia	15,378	14,690	20,640	40,684	49,357
Louisiana	5,954	5,154	9,170	17,363	29,664
Mississippi	5,355	4,024	7,315	17,868	21,140
Tennessee	7,047	9,744	13,539	29,253	36,468
Tennessee	11,965	8,137	11,625	35,992	38,721

<b>ELECTRIC POWER PRODUCTION—kw Hours</b>					
Alabama	248,300	224,616	247,969	698,282	700,566
Florida	92,068	86,715	79,744	271,551	236,032
Georgia	129,537	104,090	138,648	360,036	425,428
Louisiana	123,739	109,056	122,586	348,628	361,409
Mississippi	6,011	6,133	4,877	18,822	15,237
Tennessee	117,477	114,505	121,309	351,881	332,294
Total Six States	717,132	646,115	715,133	2,049,200	2,070,966
By Water Power	379,204	308,669	468,177	1,050,264	1,348,910
By Fuels	337,928	337,446	246,956	998,936	722,056

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

April 1938 March 1938 April 1937

<b>RETAIL SALES* Unadjusted</b>			
DISTRICT (28 firms)			
Atlanta	110.0	100.5	106.2
Birmingham	187.9	181.1	182.6
Chattanooga	100.7	93.7	94.1
Nashville	80.9	69.6	74.4
New Orleans	83.7	85.9	90.2
New Orleans	97.1	86.0	91.8

<b>RETAIL SALES* Adjusted</b>			
DISTRICT (28 firms)			
Atlanta	104.8	109.2	107.3
Birmingham	174.0	194.7	179.0
Chattanooga	99.7	98.6	98.0
Nashville	79.3	78.2	77.5
New Orleans	81.3	95.4	93.0
New Orleans	90.7	95.6	90.9

<b>RETAIL STOCKS Unadjusted</b>			
DISTRICT (24 firms)			
Atlanta	72.3	73.1	78.5
Birmingham	113.4	117.5	126.5
Chattanooga	74.2	72.5	77.0
Nashville	65.1	65.3	68.3
New Orleans	55.5	56.3	68.5
New Orleans	63.3	61.8	65.0

<b>RETAIL STOCKS Adjusted</b>			
DISTRICT (24 firms)			
Atlanta	68.9	71.0	74.8
Birmingham	108.0	115.2	120.5
Chattanooga	70.7	71.1	73.3
Nashville	62.0	61.6	65.0
New Orleans	53.4	55.2	65.9
New Orleans	60.9	59.4	62.5

<b>WHOLESALE SALES—Total</b>			
Groceries	66.3	74.7	89.0
Dry Goods	49.3	54.2	59.1
Hardware	50.2	58.7	64.7
Furniture	73.5	78.4	99.3
Drugs	101.7	127.3	86.0

<b>CONTRACTS AWARDED—DISTRICT</b>			
Residential	45.8	45.0	50.3
All Others	53.5	45.1	55.2
Alabama	40.7	44.9	47.1
Florida	26.8	48.5	30.8
Georgia	38.9	33.1	40.1
Louisiana	42.2	48.7	54.6
Mississippi	70.5	62.6	50.2
Tennessee	88.1	51.3	115.7
Tennessee	53.9	55.5	70.8

<b>BUILDING PERMITS—20 Cities</b>			
Atlanta	44.9	41.8	44.1
Birmingham	19.2	17.9	22.8
Jacksonville	9.4	10.6	18.4
Nashville	111.2	91.3	56.8
New Orleans	13.9	30.8	29.2
15 Other Cities	20.2	50.3	17.9
15 Other Cities	61.1	48.8	63.2

<b>PIG IRON PRODUCTION—ALABAMA*</b>			
	69.0	69.5	87.2

<b>COTTON CONSUMPTION—3 STATES*</b>			
Alabama	104.9	121.0	189.4
Georgia	133.8	143.9	217.8
Tennessee	92.3	109.4	179.4
Tennessee	104.1	133.4	170.5

Mar. 1938 Feb. 1938 Mar. 1937

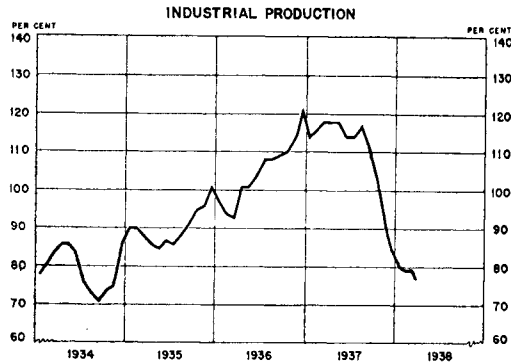
<b>EMPLOYMENT—(Av. for 1932=100)</b>			
Alabama	131.9	131.0	156.2
Florida	127.6	128.0	125.8
Georgia	135.9	135.8	151.5
Louisiana	120.1	122.3	124.5
Mississippi	109.5	111.5	119.8
Tennessee	118.0	117.3	140.2
Six States	127.8	127.9	143.5

<b>PAYROLLS—(Av. for 1932=100)</b>			
Alabama	189.8	188.5	235.3
Florida	98.5	99.6	97.2
Georgia	161.7	160.4	199.8
Louisiana	151.7	149.5	148.4
Mississippi	134.8	152.0	164.5
Tennessee	146.3	144.0	179.0
Six States	160.3	159.8	185.4

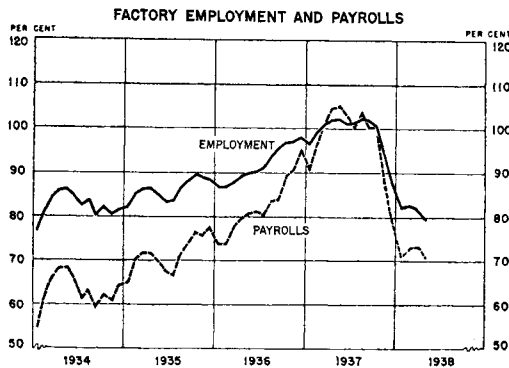
<b>ELECTRIC POWER PRODUCTION*</b>			
Alabama	310.8	311.3r	310.4
Florida	452.7	477.6	392.2
Georgia	215.6	191.8	230.8
Louisiana	464.7	453.4r	460.3
Mississippi	92.8	104.8	75.1
Tennessee	187.3	202.0r	193.3
Six States	280.0	279.3r	279.2
By Water Power	281.6	253.8r	347.7
By Fuels	278.1	307.4r	203.2

\*Includes Government benefit payments. r = revised.

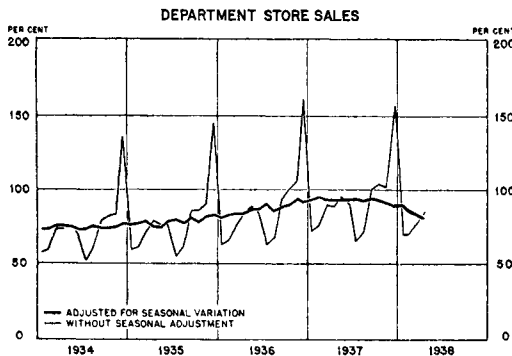
\*Indexes of retail sales, electric power and pig iron production and of cotton consumption are on a daily average basis. r = revised.



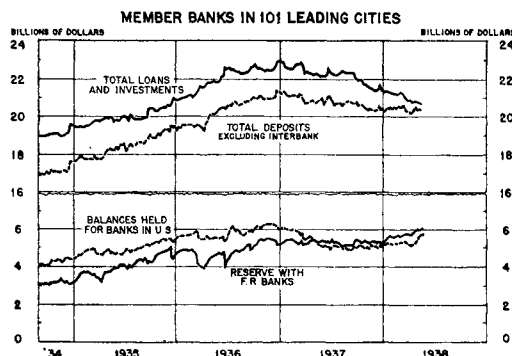
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 1938.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to April, 1938. Indexes compiled by U. S. Bureau of Labor Statistics.



Indexes of value of sales, 1923-1925 average = 100. By months, January, 1934, to April, 1938.



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to May 18, 1938. Total deposits, excluding interbank, are adjusted to exclude float.

## National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System.

**I**NDUSTRIAL production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

In April volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 per cent of the 1923-1925 average as compared with the level of about 79 per cent maintained during the first quarter of the year. The decline reflected, chiefly, considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued at around 33 per cent of capacity and in the automobile industry showed little change, amounting in April to about 40 per cent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April, while bituminous coal production showed somewhat less than the usual seasonal decrease. Crude petroleum production continued in large volume.

Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction, was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

### EMPLOYMENT

Factory employment and payrolls declined from the middle of March to the middle of April, and the Board's seasonally adjusted index of employment was at 79 per cent of the 1923-1925 average as compared with 82 in March and 84 at the beginning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, reflecting partly increased business at the Easter season.

### DISTRIBUTION

Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.

Freight-car loadings also declined from March to April reflecting largely reduced shipments of miscellaneous freight, and were about 30 per cent less than in April, 1937.

### COMMODITY RATES

Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

### BANK CREDIT

Total loans and investments of reporting member banks in 101 leading cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the Reserve Banks. Interbank deposits also increased substantially.

Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the Reserve Banks, including retirement of \$50,000,000 of Treasury bills each week.

### MONEY RATES AND BOND YIELDS

Yields on Government securities declined slightly further in the four weeks ending May 21 to an average for longer-term Treasury bonds of 2.28 per cent. The average yield on 3- to 5-year Treasury notes declined to a new low of 0.73 per cent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.