

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

August 31, 1938

The July decline in retail trade in the Sixth District was considerably less than seasonal and, contrary to seasonal tendency, the daily rate of cotton consumption increased in May, June and July. Total construction contracts increased in July, but residential awards and building permits declined. Business failures increased in July.

Trade Total sales by 49 reporting retail firms in the Sixth District declined 17.3 per cent from June to July and were 6.1 per cent less than in July last year. On a daily average basis, however, the decrease in July, which had 25 business days, was less than seasonal compared with June, which had 26 business days. The index of daily average sales, after adjustment for seasonal change, rose 8.7 per cent from 104.3 per cent of the 1923-1925 average for June to 113.4 per cent for July, which compares with 114.1 per cent for July last year which also had 26 business days. In the January-July period total sales by these reporting firms were 4.4 per cent less in dollar amount than in the corresponding part of 1937. Preliminary reports for the first three weeks in August indicate a decrease of 3.1 per cent compared with those weeks last year.

Wholesale trade in the Sixth District, according to reports by 160 firms to the United States Department of Commerce, declined 4.5 per cent in July, when there is usually a slight increase. However, an increase of 1.5 per cent was recorded from May to June when in previous years June sales had averaged 5.6 per cent less than those in May. July sales at wholesale were 15.6 per cent less than a year earlier, and in the seven-months period they have been 14.1 per cent less than in that part of 1937.

Business failures increased substantially in July and liabilities of defaulting firms were the largest in more than two years.

Banking Total loans and investments at 22 weekly reporting member banks in leading cities of the Sixth District increased about 16 millions of dollars between July

6 and August 3. About 10 millions of this increase was in loans, largely those for commercial, industrial and agricultural purposes and loans to banks, and about 6 millions was in investments. In the two weeks following August 3 there was a decline of 5.6 millions in loans and a small further increase in investments. Holdings of direct obligations of the United States declined by August 10 to the lowest level in three years. Investments in securities guaranteed by the United States reached the highest level on record on July 27, and have since declined slightly, and holdings of other securities on August 17 were the largest since February last year. Compared with the corresponding Wednesday a year ago, total loans by these banks to their customers on August 17 were 20.7 millions larger, but holdings of investment securities were 15 millions less.

Demand deposits-adjusted rose nearly 16 millions between July 6 and August 10, and declined only slightly the following week, when they were 1.7 millions less than a year earlier. Time deposits have recently increased and on August 17 were the largest since last October, and 3.3 millions larger than on August 18 last year. After declining in May and June, deposits of other banks have recently increased and on August 17 were 23.5 millions larger than a year ago.

At the Federal Reserve Bank of Atlanta borrowings by member banks have recently declined, and reserve deposits maintained by member banks have increased. Discounts for member banks increased on the last Wednesday in July and the first Wednesday in August but declined in the two following weeks to the lowest point, at \$643,000, in about sixteen months. Total reserves of the bank, consisting largely of gold certificates on hand and due from the United States Treasury, have been somewhat larger in the first three weeks of August than in July or June and were, on August 17, slightly larger than a year ago. Reserve deposits maintained by member banks, which declined about 36 millions of dollars between early April (prior to the reduction in reserve requirements) and June 22, increased about 14 millions by August 17, when they were about 3 millions less than a year ago.

Daily average figures of deposits and reserves of all member banks in the District indicate that estimated excess reserves increased in the first two weeks of July but averaged somewhat less in the latter half of the month. In the first half of July reserves averaged 36.8 millions in excess of legal requirements, and in the last two weeks they averaged 33.9 millions. On the basis of latest available figures,

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

	Aug. 17, 1938	Change From : July 13, 1938 Aug. 18, 1937	
Loans and Investments—Total.....	\$551,450	+ 9,173	+ 5,655
Loans—Total.....	282,272	+ 4,891	+ 20,673
Commercial, industrial and agricultural loans.....	153,807	+ 4,087	+ 22,318
Open market paper.....	2,928	— 101	— 1,128
Loans to brokers and dealers in securities.....	5,450	— 706	— 1,873
Other loans for purchasing or carrying securities.....	14,681	— 241	— 1,081
Real estate loans.....	27,482	+ 1,023	+ 822
Loans to banks.....	3,687	— 454	— 1,935
Other loans.....	74,237	+ 1,283	+ 3,550
Investments—Total.....	269,178	+ 4,282	— 15,018
U. S. direct obligations.....	142,355	+ 1,680	— 31,816
Obligations guaranteed by U. S.....	42,874	+ 1,406	+ 9,378
Other securities.....	83,949	+ 4,556	+ 7,420
Reserve with F. R. Bank.....	102,980	+ 4,680	— 4,107
Cash in vault.....	11,070	— 791	+ 55
Balances with domestic banks.....	132,917	+ 1,936	+ 29,427
Demand deposits—adjusted.....	335,426	+ 6,456	— 1,662
Time deposits.....	185,918	+ 1,753	+ 3,296
U. S. Government deposits.....	22,945	— 197	+ 9,194
Deposits of domestic banks.....	195,731	+ 2,084	+ 23,466
Borrowings : From F. R. Bank.....		— 87	— 1,832
From Others.....		— 40	— 2,261

CONDITION OF FEDERAL RESERVE BANK OF ATLANTA
(In Thousands of Dollars)

	Aug. 17, 1938	Change From : July 13, 1938 Aug. 18, 1937	
Bills Discounted.....	\$ 643	— 152	— 807
Bills Bought.....	19	—	— 89
Industrial Advances.....	115	— 2	— 72
United States Securities.....	111,196	—	+ 206
Total Bills and Securities.....	111,974	— 153	— 761
Total Cash Reserves.....	250,281	+ 463	+ 702
F. R. Note Circulation.....	142,130	+ 1,631	— 28,076
Member Bank Reserve Deposits.....	168,306	+ 3,325	— 2,987
U. S. Treasurer—General Account.....	36,038	— 5,048	+ 31,955
Total Deposits.....	213,553	— 1,091	+ 28,526
Commitments to Make Industrial Advances.....	180	— 3	— 134

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	July 1938	June 1938	July 1937
ALABAMA			
Birmingham.....	\$ 73,745	\$ 71,479	\$ 88,369
Dothan.....	2,517	2,399	2,654
Mobile.....	34,346	33,511	40,335
Montgomery.....	17,971	18,813	22,226
FLORIDA			
Jacksonville.....	61,682	67,180	70,246
Miami.....	26,892	27,424	30,194
Pensacola.....	7,981	7,737	8,783
Tampa.....	23,818	24,820	26,460
GEORGIA			
Albany.....	3,463	3,725	4,055
Atlanta.....	174,538	176,262	177,951
Augusta.....	13,980	14,967	17,158
Brunswick.....	2,325	2,326	2,747
Columbus.....	12,282	11,595	14,776
Elberton.....	880	976	1,128
Macon.....	12,884	12,194	14,365
Newnan.....	1,717	1,353	1,796
Savannah.....	26,024	27,582	33,784
Valdosta.....	3,813	3,014	4,911
LOUISIANA			
New Orleans.....	218,650	191,925	207,760
MISSISSIPPI			
Hattiesburg.....	4,140	3,584	4,872
Jackson.....	27,236	23,042	20,168
Meridian.....	8,724	8,288	9,766
Vicksburg.....	6,189	6,166	6,822
TENNESSEE			
Chattanooga.....	38,594	40,966	44,953
Knoxville.....	27,364	25,975	29,297
Nashville.....	74,689	76,039	87,084
TOTAL 26 Cities.....	\$ 907,444	\$ 883,342	\$ 972,660

reserves on August 17, amounting to \$168,306,000, were about 41 millions of dollars, or 32.3 per cent, larger than legal requirements.

Agriculture The August estimates for the six states of this District, by the United States Department of Agriculture, indicate some improvement during July in prospective production of corn, oats, hay, sweet potatoes, pears and grapes, and of rice and sugar cane in Louisiana, but there were declines in the estimates for tobacco, apples, peaches and white potatoes. Estimates for most crops continue larger than last year's production, excepting wheat, apples, grapes and pecans. The August estimate of pecans, the first of the season, indicates a decrease of 15.2 per cent from 1937. The August 1 condition of orange trees in Florida was 76 per cent of normal, the same as a year ago, and that of grapefruit 74 per cent, compared with 52 per cent a year earlier.

The first estimate of the 1938 cotton crop by the Department of Agriculture indicates that, on the basis of August 1 conditions, and an estimated acreage on July 1 about 21 per cent smaller than that harvested last year, the six states of this District will produce 4,473,000 bales, a decrease of 41.4 per cent from the 1937 crop. For the United States as a whole, the 1938 crop is estimated at 11,998,000 bales, a reduction of 6,948,000 bales, or 36.7 per cent from the record crop of last year. The larger percentage decreases are in Mississippi, Louisiana, North Carolina, Alabama and Georgia. The estimate was somewhat larger than had been anticipated, and the ten-market average of spot cotton prices, which rose more than a cent a pound between early June and

July 8, when it was 9.15 cents, declined by August 12 to 8.27 cents, and on August 19 was 8.35 cents. The Bureau of Labor Statistics' index of prices of farm products rose in the first half of July, but between July 16 and August 13 that index declined 5.2 per cent, and the index of food prices had declined 3.0 per cent.

Estimated receipts from the sale of principal farm products declined further in June, but Government payments almost doubled over those in May and were about nine times the amount for June, 1937. In the first half year total receipts from crops and Government payments were about 19 per cent less than in that period a year ago.

Fertilizer tag sales declined further in July, and for the year ending July 31 were 11.4 per cent less than in the previous season.

Industry The value of construction contracts awarded in the Sixth District in July increased 8.4 per cent over June, but was 41.8 per cent smaller than the total for July, 1937, which was the largest for any month since November, 1933, and a total which has been exceeded only twice in the past nine years. Contracts for residential construction declined 7.2 per cent in July but other awards increased 18.9 per cent. Increases over June were reported for Alabama, Florida, Georgia and Louisiana. In the January-July period the total value of contract awards was 22.6 per cent less than in that part of 1937. Residential awards were only 9.8 per cent smaller, while other contracts were 28.9 per cent less for the period. Value of building permits issued at twenty cities declined 6.2 per cent in July, was 24.9 per cent less than in July, 1937, and the seven-months total was 16.1 per cent less than for that period last year. The improvement in the lumber market in the latter part of June extended well into July, and in the five weeks ended August 6 orders at southern pine mills averaged 13.4 per cent, and shipments 10.2 per cent greater than in that period last year, although production was 15.4 per cent smaller.

Cotton mills in Alabama, Georgia and Tennessee consumed an average of 5,441 bales of cotton for each business day in July, allowing for the July 4th holiday in addition to the five Sundays. This was 3.2 per cent larger than that for June, and is the third consecutive monthly increase at a time when operations have usually declined. In the year ending July 31, consumption in these states was 31.4 per cent less than in the previous cotton season. Operations at cotton seed oil mills, however, have been at a level about 23 per cent higher than in the season before, because of the large cotton crop in 1937.

Pig iron production in Alabama declined further in July, but shipments increased. There has been an increase in buying, and by the end of July two additional furnaces were operating, and press reports indicate a further later addition to the number active. Receipts of both turpentine and rosin declined in July, but stocks increased, and both receipts and stocks were larger than a year ago. Press reports indicate that more than 116,000 barrels (50 gallons) of turpentine and 389,102 barrels (500 lbs.) and 60,426 drums (560 lbs.) of rosin have been placed under loan with the Commodity Credit Corporation up to July 31, the total of such loans amounting to about 6.5 millions of dollars. Daily average production of electric power increased 7.4 per cent in June and was slightly larger than a year earlier. Employment and payrolls declined somewhat further in June.

COTTON PRODUCTION — Bales

	Estimate Aug. 1, 1938	1937 Production	Per Cent Change
Alabama.....	998,000	1,681,000	-40.6
Florida.....	28,000	40,000	-30.0
Georgia.....	939,000	1,500,000	-37.4
Louisiana.....	631,000	1,104,000	-42.8
Mississippi.....	1,438,000	2,692,000	-46.6
Tennessee.....	439,000	661,000	-33.6
Six States.....	4,473,000	7,628,000	-41.4
United States.....	11,998,000	18,946,000	-36.7

SIXTH DISTRICT BUSINESS STATISTICS

		SALES		STOCKS		Collection Ratio July 1938
July, 1938 Compared with June, 1938		Jan.-July, 1938 Compared with Year Ago		July, 1938 Compared with July, 1937		
July, 1938	July, 1937	July, 1938	Year Ago	July, 1938	July, 1937	
RETAIL TRADE						
Atlanta.....	-16.9	-1.4	-3.0	-11.9	25.2	
Birmingham.....	-10.3	-9.9	-9.1	-11.0	30.5	
Chattanooga.....	-25.9	-4.0	-7.4	-5.7	28.3	
Montgomery.....	-8.9	-5.4	-12.1	-25.4	24.4	
Nashville.....	-26.0	-6.1	-7.5	-22.5	30.4	
New Orleans.....	-20.3	-3.9	+ 1.5	-10.9	30.0	
Others.....	-14.5	-10.1	-6.1	-6.9	28.1	
DISTRICT (49 Firms).....	-17.3	-6.1	-4.4	-10.8	28.1	
WHOLESALE TRADE						
Groceries.....	-5.3	-14.5	-12.9	-1.0	77.8	
Dry Goods.....	+ 9.7	-16.3	-17.0	-31.6	32.9	
Hardware.....	-3.4	-15.9	-17.3	-12.9	39.9	
Electrical Goods.....	-2.0	-32.5	-31.3	-31.1	69.6	
Drugs.....	-15.5	-12.0	-4.1	-0.4	57.9	
Furniture.....	-2.7	-0.7	-11.7	-	57.9	
TOTAL.....	-4.5	-15.6	-14.1	-13.0	53.4	

(000 Omitted)

	July 1938	June 1938	July 1937	Jan.-July, 1938	Incl. 1937
COMMERCIAL FAILURES—					
DISTRICT					
Number (Actual).....	68	34	25	380	202
Liabilities.....	\$ 1,120	\$ 334	\$ 310	\$ 3,765	\$ 1,951
CONTRACTS AWARDED—					
DISTRICT	\$ 19,770	\$ 18,239	\$ 33,983	\$112,248	\$145,009
Residential.....	6,816	7,348	6,910	43,451	48,196
All Others.....	12,954	10,891	27,073	68,797	96,813
Alabama.....	2,309	1,724	11,670	13,681	20,356
Florida.....	7,381	5,804	5,773	35,820	54,038
Georgia.....	4,364	3,572	3,061	22,604	18,945
Louisiana.....	3,630	2,899	12,509	23,775	35,590
Mississippi.....	1,429	2,045	2,659	11,939	17,103
Tennessee.....	3,843	5,035	3,444	25,440	22,982
BUILDING PERMITS—					
20 CITIES.....	\$ 4,727	\$ 5,039	\$ 6,292	\$ 32,342	\$ 38,548
Atlanta.....	231	342	616	2,085	3,117
Birmingham.....	155	362	325	1,632	2,376
Jacksonville.....	493	582	451	6,209	3,005
Nashville.....	123	77	377	878	2,896
New Orleans.....	247	469	634	2,815	2,667
15 Other Cities.....	3,478	3,206	3,889	18,724	24,487
PIG IRON PRODUCTION—Tons					
Alabama.....	89	96	239	908	1,475
COAL PRODUCTION—Tons					
Alabama.....	742	665	1,119	5,900	6,901
Tennessee.....	280	303	432	2,248	2,974

(000 Omitted)

	July 1938	June 1938	July 1937	Aug. 1 to July 31, 1937-38	Incl. 1936-37
COTTON CONSUMPTION—					
Bales					
Alabama.....	44	41	58	588	857
Georgia.....	80	83	113	1,082	1,561
Tennessee.....	12	13	15	154	191
Total 3 States.....	136	137	186	1,824	2,609
COTTON SEED CRUSHED—					
Tons*	49	67	20	2,315	1,882
FERTILIZER TAG SALES—Tons					
Total 6 States.....	27	61	34	2,389	2,695

*Georgia, Alabama, Louisiana and Mississippi.

	June 1938	May 1938	June 1937	Jan.-June, 1938	Incl. 1937
FARM INCOME*—Six States					
Alabama.....	\$ 37,430	\$ 38,722	\$ 39,886	\$282,103	\$346,936
Florida.....	5,241	4,993	5,181	35,834	49,306
Georgia.....	5,437	9,762	5,691	68,947	89,143
Louisiana.....	8,607	4,751	7,009	34,576	47,352
Mississippi.....	4,002	5,669	5,450	35,375	41,994
Tennessee.....	6,466	5,169	7,489	47,469	56,583
TOTAL.....	7,677	8,378	9,066	59,902	62,558
ELECTRIC POWER PRODUCTION—kw Hours					
Alabama.....	247,058	252,680	233,485	1,432,400	1,404,030
Florida.....	73,513	77,627	72,666	505,977	455,048
Georgia.....	118,442	110,054	136,785	702,871	861,955
Louisiana.....	147,626	137,206	153,285	742,073	776,962
Mississippi.....	4,980	5,970	6,585	35,528	31,605
Tennessee.....	130,500	111,104	110,431	699,914	649,082
Total Six States.....	722,119	694,641	713,237	4,118,763	4,178,682
By Water Power.....	446,608	414,524	322,387	2,322,090	2,564,501
By Fuels.....	275,511	280,117	390,850	1,796,673	1,614,181

*Includes Government payments.

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

	July, 1938	June, 1938	July, 1937
RETAIL SALES*—Unadjusted			
DISTRICT (28 firms).....	79.4	93.9	79.9
Atlanta.....	139.4	160.6	134.7
Birmingham.....	78.1	83.9	82.6
Chattanooga.....	58.7	76.2	58.8
Nashville.....	60.2	78.3	61.7
New Orleans.....	71.2	85.9	71.3
RETAIL SALES*—Adjusted			
DISTRICT (28 firms).....	113.4	104.3	114.1
Atlanta.....	191.0	184.6	184.5
Birmingham.....	107.0	90.2	113.2
Chattanooga.....	79.3	68.6	79.5
Nashville.....	87.2	85.1	89.4
New Orleans.....	103.2	96.5	103.3
RETAIL STOCKS—Unadjusted			
DISTRICT (24 firms).....	60.8	63.7	68.9
Atlanta.....	99.9	98.4	112.7
Birmingham.....	60.9	65.9	66.3
Chattanooga.....	54.3	56.5	57.6
Nashville.....	44.2	46.8	57.0
New Orleans.....	52.8	56.5	59.3
RETAIL STOCKS—Adjusted			
DISTRICT (24 firms).....	66.1	67.1	74.9
Atlanta.....	109.8	102.5	123.8
Birmingham.....	64.1	66.6	69.8
Chattanooga.....	57.8	58.9	61.3
Nashville.....	47.5	48.2	61.3
New Orleans.....	55.6	60.1	62.4
WHOLESALE SALES—Total			
Groceries.....	63.2	66.2	77.8
Dry Goods.....	48.4	51.1	55.0
Hardware.....	45.4	41.4	50.8
Furniture.....	70.7	73.2	87.4
Drugs.....	69.9	71.8	68.0
	84.4	99.9	101.2
CONTRACTS AWARDED—DISTRICT			
Residential.....	56.3	52.0	96.8
All Others.....	48.6	52.4	49.2
Alabama.....	61.5	51.7	128.5
Florida.....	50.5	37.7	255.2
Georgia.....	50.9	40.0	39.8
Louisiana.....	65.5	53.6	45.9
Mississippi.....	57.7	46.1	198.9
Tennessee.....	74.1	106.1	137.9
	69.3	90.8	62.1
BUILDING PERMITS—20 Cities			
Atlanta.....	42.0	44.8	55.9
Birmingham.....	14.9	22.1	39.8
Jacksonville.....	10.5	24.4	21.9
Nashville.....	59.9	70.8	54.8
Nashville.....	19.4	12.1	59.5
New Orleans.....	19.1	36.4	49.3
15 Other Cities.....	63.5	58.5	71.0
PIG IRON PRODUCTION—ALABAMA*			
	37.5	40.5	100.9
COTTON CONSUMPTION—3 STATES*			
Alabama.....	114.7	111.1	150.7
Georgia.....	132.0	117.7	166.7
Tennessee.....	106.5	105.7	144.1
	119.7	131.1	146.9
EMPLOYMENT—(Av. for 1932=100)			
Alabama.....	119.5	125.9	154.0
Florida.....	96.3	103.8	99.4
Georgia.....	127.9	129.8	149.6
Louisiana.....	116.1	118.3	125.2
Mississippi.....	93.9	96.5	117.3
Tennessee.....	116.5	117.7	141.7
Six States.....	117.6	120.9	139.4
PAYROLLS—(Av. for 1932=100)			
Alabama.....	163.2	179.1	241.0
Florida.....	76.1	85.0	83.7
Georgia.....	153.7	152.5	198.5
Louisiana.....	145.0	149.0	154.8
Mississippi.....	116.8	121.5	161.6
Tennessee.....	138.5	140.0	184.3
Six States.....	144.9	150.6	185.0
ELECTRIC POWER PRODUCTION*			
Alabama.....	319.6	316.3	294.6
Florida.....	373.5	381.7	377.0
Georgia.....	203.7	183.2	214.9
Louisiana.....	572.9	515.3	589.2
Mississippi.....	79.4	92.3	109.1
Tennessee.....	214.9	177.1	208.9
Six States.....	291.3	271.2	287.4
By Water Power.....	342.8	307.9	207.7
By Fuels.....	234.3	230.5	375.6

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

National Summary of Business Conditions

Prepared by the Board of Governors of the Federal Reserve System

INDUSTRIAL activity increased in July, when there is usually a considerable decline, and rose somewhat further in the first three weeks of August.

PRODUCTION

Volume of industrial production increased from 77 per cent of the 1923-1925 average in June to 83 per cent in July, according to the Board's index which is adjusted for changes in the number of working days and for usual seasonal variations. Steel output rose sharply, lumber production also increased, and output of cement and glass was maintained. Automobile production declined somewhat further. In the first three weeks of August activity at steel mills was at a rate of around 40 per cent of capacity as compared with an average of 35 per cent in July, while in the automobile industry there was more than the usual seasonal reduction in output as producers closed plants somewhat earlier than in other recent years to prepare for the shift to new model production.

At textile mills activity in July showed a further rise, marked increases being reported in mill consumption of cotton and wool and in shipments of rayon yarn. Shoe production also increased substantially, following a decline in June.

Bituminous coal production advanced somewhat in July, and output of crude petroleum was at a much higher rate, reflecting chiefly a return to production on a six-day week basis in Texas. Anthracite production decreased sharply following a considerable volume of output during May and June.

Value of construction contracts awarded in 37 Eastern States showed little change from June to July, according to figures of the F. W. Dodge Corporation. Contracts for residential building continued to increase, and there was an increase also in commercial building, reflecting the award of a contract for a large office building. Factory construction remained at a low level and declines were reported in most other types of construction.

EMPLOYMENT

Factory employment and payrolls, which usually decline at this season increased somewhat from the middle of June to the middle of July. There were substantial increases in the number employed at textile mills, clothing establishments, and shoe factories, and at railroad repair shops there was a slight increase. In the machinery and automobile industries employment declined somewhat further. In nonmanufacturing industries the principal changes in employment were a decrease at mines and an increase on the railroads.

AGRICULTURE

A domestic cotton crop of 12,000,000 bales was indicated on August 1, according to the Department of Agriculture. Last season the crop was 19,000,000 bales and, with world consumption of American cotton about 11,000,000 bales, the carry-over increased sharply to 13,500,000 bales. The wheat crop was forecast at 956,000,000 bushels, as compared with 874,000,000 bushels harvested last year and usual domestic consumption of about 670,000,000 bushels. Production estimates for most other major crops were slightly under the large harvests of a year ago. Preliminary estimates by the Department of Agriculture indicate that cash farm income, including Government payments, will total \$7,500,000,000 for the calendar year 1938, a decline of 12 per cent from last year, which was the highest since 1929.

DISTRIBUTION

In July department store sales declined by less than the usual seasonal amount, while sales at variety stores and mail-order houses decreased seasonally. Retail sales of automobiles increased somewhat, although there is ordinarily a decline in July. In the first half of August sales at department stores showed less than the usual seasonal rise.

Freight-car loadings increased from June to July, reflecting chiefly larger shipments of grain, coal, and miscellaneous freight.

COMMODITY PRICES

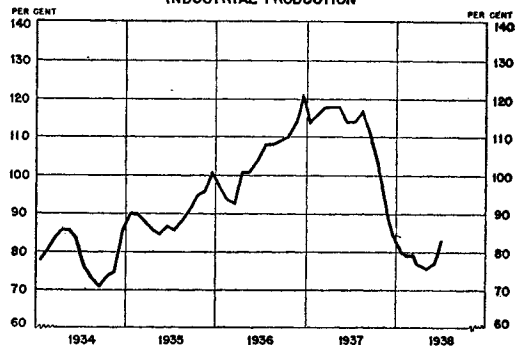
Prices of grains, cotton, livestock, and meats were lower in the third week of August than in the middle of July, while prices of most industrial commodities were unchanged. Steel scrap advanced further in July, then declined somewhat in the first half of August. Cotton gray goods also declined in the early part of August, while prices of copper and rubber were maintained, following increases in the latter part of July.

BANK CREDIT

Excess reserves of member banks declined by about \$230,000,000 in the five weeks ending August 17 to a total of \$2,930,000,000, following a steady growth from the middle of April to a peak on July 13. The decline in reserves was largely the result of an increase in Treasury deposits with the reserve banks, reflecting receipts from weekly Treasury bill offerings in excess of maturities and a sale of Reconstruction Finance Corporation notes. Most of the decrease in excess reserves was at city banks.

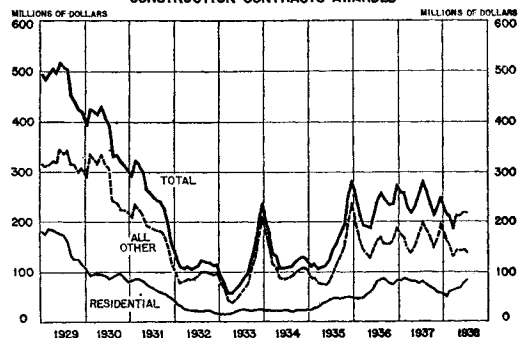
Following substantial declines since the autumn of last year, commercial loans and brokers loans at reporting member banks in 101 leading cities increased somewhat during the first half of August. Member banks in leading cities added about \$170,000,000 to their holdings of investments in the middle of July, mainly United States Government guaranteed obligations, but thereafter their holdings showed little change.

INDUSTRIAL PRODUCTION



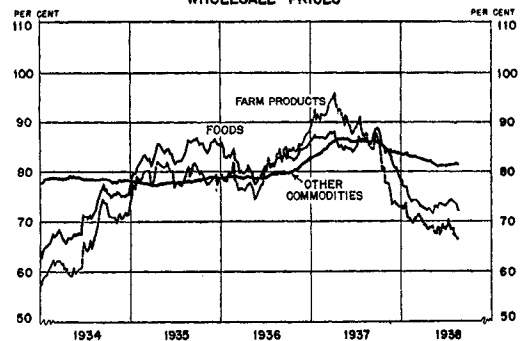
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to July, 1938.

CONSTRUCTION CONTRACTS AWARDED



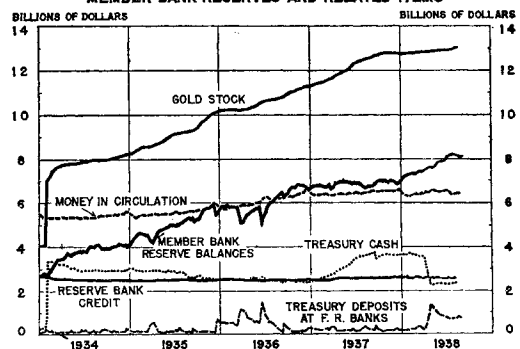
Three-month moving averages of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for June, July and estimate for August.

WHOLESALE PRICES



Indexes compiled by U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1934 to week ending August 20, 1938.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 3, 1934, to August 17, 1938.