

# MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

October 31, 1938

There were further gains in September of about the usual seasonal proportions in the volume of trade, at both retail and wholesale, in the Sixth Federal Reserve District, and business failures declined in both number and liabilities. Pig iron production in Alabama increased substantially, following a large gain in August, and activity at textile mills increased seasonally. Value of construction contracts awarded increased in September, although a decline is usual at that time, and was substantially larger than a year ago. Contracts for residential construction, however, declined after reaching in August the highest level in nine years, and building permits also declined.

**Trade** September sales by 49 reporting retail firms increased 13.8 per cent in actual dollar amount over August. On a daily average basis, however, the increase in September, which had 25 business days, over August, which had 27, was 19.7 per cent, only slightly less than the usual seasonal rise. The daily average index, after adjustment for the seasonal trend, was 127.3 per cent of the 1923-1925 average, a decline of 0.4 per cent from August. Total sales in the first nine months of 1938 were 4.1 per cent less than in that part of last year. Preliminary reports for the first half of October indicate a decrease of less than 1 per cent compared with that period a year ago. September inventories increased slightly more than usual, but were 10 per cent smaller in dollar value than a year earlier.

Wholesale trade, according to reports to the United States Department of Commerce by 154 firms in the Sixth District, increased further in September by 7.9 per cent, but was 12.2 per cent less than in September 1937. According to the index of the United States Bureau of Labor Statistics, wholesale prices in September averaged 10.4 per cent lower than they were a year earlier. Wholesale inventories, reported by 60 firms, increased slightly in September but were 12.3 per cent smaller than for September last year.

**Banking** Total loans and investments at 22 weekly reporting member banks in leading cities of the Sixth District have continued the expansion begun in July. On October 12 they were 17.4 millions of dollars larger than four weeks earlier, and had increased 39 millions since July 6, the lowest point in two years. Of this increase, the larger part has been in holdings of investment securities, which have risen 23.4 millions since July 6, while loans have increased 15.7 millions. In this period of a little more than three months, loans for commercial, industrial and agricultural purposes increased 11.3 millions, Other loans increased about 6 millions, and there were small increases in real estate loans and loans to brokers and dealers in securities, but loans to banks, other security loans and purchased paper declined. In investments, 13.7 millions of the increase was in direct obligations of the United States, 3.6 millions in those guaranteed by the United States, and 6.1 millions in Other Securities. Total loans on October 12 were larger than a year ago by 17.5 millions, and investments were 9.1 millions larger.

Demand deposits-adjusted have continued in recent weeks at a level higher than the averages for previous months; time deposits have declined slightly since mid-September and on October 12 were less than a year earlier, but deposits of correspondent banks were the largest on October 12 in a year and a half.

The statement of the Federal Reserve Bank of Atlanta in recent weeks has shown little fluctuation in discounts for member banks. Total reserves of the bank increased about 25.3 millions in the four weeks ended October 12. There has recently been a further increase in Federal Reserve note circulation, and member bank reserve deposits also increased in the first two weeks of October to a higher level than at any time since the April reduction in reserve requirements. Estimates based on the latest available figures of deposits indicate that member bank reserve deposits on October 12, amounting to \$170,268,000, were about 38.3 millions of dollars, or 29 per cent, in excess of legal requirements. Estimated excess reserves averaged nearly 40 millions in August but declined in September to about 31 millions.

**Agriculture** Favorable weather conditions during September resulted in an increase of 6.2 per cent in the estimated production of cotton in the six states of this District, according to the October 1 report of the

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

	Oct. 12, 1938	Change From :	
		Month Ago	Year Ago
Loans and Investments—Totals	\$579,404	+ 17,396	+ 26,593
Loans—Total	293,674	+ 9,242	+ 17,474
Commercial, industrial and agricultural loans	161,428	+ 7,002	+ 22,017
Open market paper	2,210	— 225	— 2,233
Loans to brokers and dealers in securities	6,732	+ 633	— 883
Other loans for purchasing or carrying securities	14,427	— 158	— 1,040
Real estate loans	28,167	+ 278	— 1,112
Loans to banks	2,466	— 724	— 1,451
Other loans	78,244	+ 2,436	— 48
Investments—Total	285,730	+ 8,154	+ 9,119
U. S. direct obligations	158,412	+ 8,962	— 10,482
Obligations guaranteed by U. S.	42,147	+ 625	+ 8,768
Other securities	85,171	— 1,433	+ 10,813
Reserve with F. R. Bank	102,733	+ 7,816	— 4,769
Cash in vault	11,840	+ 43	— 818
Balances with domestic banks	139,197	— 3,032	+ 25,055
Demand deposits—adjusted	340,907	+ 734	+ 9,295
Time deposits	185,340	— 727	— 786
U. S. Government deposits	34,629	+ 11,385	+ 19,391
Deposits of domestic banks	216,324	+ 12,593	+ 19,298
Borrowings : From F. R. Bank	.....	.....	— 699
From Others	.....	.....	— 311

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

	Oct. 12 1938	Change From :	
		Month Ago	Year Ago
Bills Discounted	\$ 593	+ 12	— 756
Bills Bought in Open Market	19	.....	— 79
Industrial Advances	186	+ 68	+ 30
United States Securities	104,521	— 6,675	— 6,469
Total Bills and Securities	105,320	— 6,594	— 7,274
Total Cash Reserves	266,394	+ 25,271	+ 7,301
F. R. Note Circulation	146,078	+ 5,490	— 22,887
Member Bank Reserve Deposits	170,268	+ 11,709	— 6,397
U. S. Treasurer—General Account	34,698	— 36	+ 31,145
Total Deposits	219,468	+ 13,871	+ 25,738
Commitments to Make Industrial Advances	175	— 3	— 135

DEBITS TO INDIVIDUAL ACCOUNTS  
(In Thousands of Dollars)

	Sept. 1938	Aug. 1938	Sept. 1937
<b>ALABAMA</b>			
Birmingham.....	\$ 75,612	\$ 71,155	\$ 88,315
Dothan.....	3,704	2,782	4,064
Mobile.....	38,786	33,488	42,567
Montgomery.....	22,340	16,868	23,468
<b>FLORIDA</b>			
Jacksonville.....	60,974	62,261	67,260
*Miami.....	31,368	31,963	27,618
Pensacola.....	7,599	8,690	9,016
Tampa.....	22,911	23,097	25,085
<b>GEORGIA</b>			
Albany.....	4,954	3,936	4,807
Atlanta.....	182,783	184,451	170,114
Augusta.....	15,751	14,336	18,269
Brunswick.....	2,237	2,287	3,032
Columbus.....	12,915	11,785	15,600
Elberton.....	1,051	880	1,229
Macon.....	14,116	12,268	16,124
Newnan.....	1,643	1,409	1,947
Savannah.....	28,859	26,610	34,804
Valdosta.....	4,670	10,100	4,293
<b>LOUISIANA</b>			
New Orleans.....	227,056	220,638	249,377
<b>MISSISSIPPI</b>			
Hattiesburg.....	4,904	3,904	5,436
Jackson.....	34,690	25,126	25,959
Meridian.....	10,657	8,109	11,031
Vicksburg.....	7,298	5,323	8,463
<b>TENNESSEE</b>			
Chattanooga.....	40,821	37,771	41,451
Knoxville.....	27,712	26,740	29,669
Nashville.....	80,709	72,159	81,027
<b>TOTAL 26 Cities.....</b>	<b>\$ 956,760</b>	<b>\$ 911,929</b>	<b>\$1,010,025</b>

\*Miami figures include debits for 3 additional reporting banks, beginning with August.

United States Department of Agriculture, compared with the estimate a month earlier, and the estimates for hay increased 2.9 per cent and those of peanuts 5.7 per cent. Estimated production of corn, pecans, potatoes, tobacco, apples, pears and grapes declined in September. While the estimates for most crops in these states indicate increases over 1937, production of wheat was 15 per cent smaller, and other estimates show decreases of 36.1 per cent in cotton, 24.6 per cent in pecans, 40.6 per cent in apples and 23.5 per cent in grapes. In Louisiana rice production is expected to be about 3 per cent larger than last year, and sugar cane increased 22 per cent. The October 1 condition of sugar cane was somewhat higher than a year ago, and the estimated production of sugar is 513,000 tons, an increase of 27.3 per cent over the 1937 production of 403,000 tons.

The first estimate of Florida citrus fruits for the 1938-39 season indicates a total crop of 50.5 million boxes. Of this total, 29.5 million boxes are oranges, an increase of 2.8 million boxes, or 10.5 per cent, over production in the 1937-38 season, and 21 million boxes are grapefruit, an increase of 6.4 million boxes, or 43.8 per cent, over the 14.6 million boxes produced last season. The season is unusual, with a rather early crop from the normal bloom and a late crop of June bloom fruit which is the heaviest in years, and which will probably not begin to move much before March.

Continued dry weather in September checked some of the damage done to cotton in Georgia by the boll weevil, resulting from wet and cool weather in July and early August, but heavy injury to late cotton had already occurred. The estimate for Georgia, which declined 6.5 per cent from August 1 to September 1, was further reduced by 1.4 per cent on October 1. For the six states of the District, however, the combined estimates increased 6.2 per cent. The estimates by states are compared in the table.

Estimated receipts from the sale of principal farm products, including livestock and livestock products, increased substantially in August, with the movement of crops, and

## COTTON PRODUCTION — 000 Bales

	1938 Estimates		1937 Production
	Oct. 1	Sept. 1	
Alabama.....	1,085	1,025	1,631
Florida.....	27	27	40
Georgia.....	866	878	1,500
Louisiana.....	700	647	1,104
Mississippi.....	1,700	1,543	2,692
Tennessee.....	500	473	661
<b>Six States.....</b>	<b>4,878</b>	<b>4,593</b>	<b>7,628</b>
<b>United States.....</b>	<b>12,212</b>	<b>11,825</b>	<b>18,946</b>

was 1.3 per cent larger than in August 1937. For the first eight months of 1938, however, these receipts, together with Government payments, were 12.1 per cent less than in that part of last year. Prices of farm products, according to the index of the Bureau of Labor Statistics, increased 4.6 per cent between August 20, when they were the lowest in about four years, and September 24, but declined 2.2 per cent in the two weeks following.

**Industry** Increased industrial activity in September was indicated by further increases in the value of construction contracts awarded, in the rate of cotton consumption, and in production of pig iron. Total contract awards in September were 8.1 per cent larger than in August, and 83.6 per cent greater than a year ago when there was a decline of 45 per cent from August to September. Residential contracts declined in September, however, and the increase was in other classes of awards. There were substantial gains over August in the totals for Alabama, Louisiana and Mississippi, and increases over September last year occurred in all of the six states of the District. Value of building permits issued at 20 reporting cities declined 22 per cent, and was 3.0 per cent less than in September last year. Press reports early in October indicated increased buying of lumber by railroads and industrial consumers, and in orders placed by retail yards. Orders booked in the week ended October 8 by lumber mills reporting to the Southern Pine Association were 41 per cent larger than in the corresponding week a year ago.

Cotton mills in Alabama, Georgia and Tennessee consumed an average of 6,981 bales of cotton for each of the 25 business days in September, an increase of 6.7 per cent over the average for August and the largest since September last year but 9.5 per cent less than for that month. Operations at cotton seed oil mills showed a further substantial increase in September with the increased movement of cotton.

Following an increase of 69 per cent from July to August, the daily rate of pig iron production in Alabama increased further in September by 35 per cent. September output was more than twice that in July, and was the largest since last October. Fifteen of the eighteen Alabama furnaces are operating, and press reports indicate a strong demand for steel products. Coal production in Alabama and Tennessee has recently increased but continues less than a year ago. The announcement late in September of an additional Government loan on rosin was followed by considerable strength in rosin quotations, and a slight rise in the price of turpentine, which had in the last week of the month reached the lowest level on record. Electric power production in this District increased 9.6 per cent in August to the highest point in available records, and employment and payrolls increased 3.9 per cent, and 6.0 per cent, respectively, in August.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		Jan.-Sept., Incl. with Year Ago	STOCKS Sept. 1938 Compared with Sept. 1937	Collection Ratio Sept. 1938*
	Sept. 1938 Aug. 1938	Compared with Sept. 1937			
<b>RETAIL TRADE</b>					
Atlanta	+16.7	+0.02	-1.8	-8.8	25.7
Birmingham	+15.9	-6.7	-9.2	-14.0	28.7
Chattanooga	+43.1	-3.8	-6.6	-6.3	28.1
Montgomery	+35.4	+5.5	-9.2	-16.7	...
Nashville	+21.9	-7.0	-6.9	-18.4	24.1
New Orleans	-8.2	-5.4	+1.2	-9.1	29.4
Other Cities	+24.4	-12.3	-6.3	-7.5	29.1
DISTRICT (49 Firms)	+13.3	-5.9	-4.1	-10.0	27.6
<b>WHOLESALE TRADE</b>					
Groceries	+5.3	-15.8	-13.8	-10.2	80.3
Dry Goods	+21.4	-6.8	-10.0	-21.8	36.2
Hardware	+5.7	-13.1	-17.2	-10.0	41.2
Electrical Goods	+3.8	-12.1	-20.0	-30.3	57.4
Drugs	+11.4	-8.3	-3.3	-4.8	68.8
Furniture	+16.3	-5.7	-14.0	...	...
Shoes	+2.6	-16.6	-7.0	...	21.0
TOTAL	+7.9	-12.2	-11.6	-12.3	54.1

(000 Omitted)

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>COMMERCIAL FAILURES—</b>					
DISTRICT					
Number (Actual)	54	76r	33	510	264
Liabilities	\$ 748	\$ 780r	\$ 256	\$ 5,293	\$ 2,399

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>CONTRACTS AWARDED—</b>					
DISTRICT					
Residential	\$ 27,548	\$ 25,493	\$ 15,008	\$ 165,289	\$ 186,942
All Others	6,095	8,863	6,541	58,409	61,106
Alabama	21,453	16,630	8,467	106,880	125,836
Florida	4,488	2,976	1,063	21,145	22,998
Georgia	6,843	8,902	5,634	51,565	71,287
Louisiana	4,570	5,018	2,516	32,192	23,194
Mississippi	8,913	4,915	3,943	37,603	51,136
Tennessee	6,937	2,063	2,027	20,939	21,818
15 Other Cities	3,382	5,871	2,619	34,639	28,938

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>BUILDING PERMITS—</b>					
20 CITIES					
Atlanta	\$ 4,984	\$ 6,394	\$ 5,140	\$ 43,721	\$ 51,086
Birmingham	342	367	356	2,794	3,816
Jacksonville	165	186	313	1,984	2,911
Nashville	721	493	513	7,423	4,079
New Orleans	313	1,268	119	2,459	3,910
15 Other Cities	346	470	422	3,631	3,639
	3,097	3,610	3,416	25,430	32,731

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>PIG IRON PRODUCTION—Tons</b>					
Alabama	196	150	221	1,254	1,930

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>COAL PRODUCTION—Tons</b>					
Alabama	850	840	1,102	7,472	9,104
Tennessee	440	370	469	3,058	3,773

(000 Omitted)

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>COTTON CONSUMPTION—</b>					
Bales					
Alabama	56	54	60	110	125
Georgia	105	108	116	212	230
Tennessee	14	15	17	29	32
Total 3 States	175	177	193	351	387

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>COTTON SEED CRUSHED—</b>					
Tons*	237	91	334	328	413

	Sept. 1938	Aug. 1938	Sept. 1937	Jan.-Sept., 1938	Incl. 1937
<b>FERTILIZER TAG SALES—Tons</b>					
Total 6 States	56	22	54	79	77

\*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

	Aug. 1938	July 1938	Aug. 1937	Jan.-Aug., 1938	Incl. 1937
<b>FARM INCOME*—Six States</b>					
Alabama	\$ 47,522	\$ 29,087	\$ 46,904	\$ 329,718	\$ 381,116
Florida	4,992	3,018	5,140	39,777	48,851
Georgia	5,048	2,886	3,923	75,694	94,139
Louisiana	22,705	10,908	20,961	63,606	68,245
Mississippi	4,320	2,018	5,149	37,182	43,361
Tennessee	3,919	2,875	5,057	45,884	56,113
Total Six States	6,538	7,382	6,674	67,575	70,407

	Aug. 1938	July 1938	Aug. 1937	Jan.-Aug., 1938	Incl. 1937
<b>ELECTRIC POWER</b>					
PRODUCTION—kw Hours					
Alabama	266,751	262,932	218,634	1,962,160	1,861,010
Florida	74,692	74,246	74,474	654,841	606,061
Georgia	148,600	117,953	150,674	969,424	1,141,704
Louisiana	154,893	149,726	160,156	1,047,787	1,094,112
Mississippi	5,952	5,334	8,022	46,789	47,600
Tennessee	168,962	137,947	134,577	1,008,459	913,559
Total Six States	819,850	748,138	746,537	5,689,460	5,664,046
By Water Power	512,264	460,363	319,248	3,294,717	3,164,419
By Fuels	307,586	287,775	427,289	2,394,743	2,499,627

\*Farm income from crops, livestock and livestock products. Figures for Government payments for July and August separately not available.

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

	Sept. 1938	Aug. 1938	Sept. 1937
<b>RETAIL SALES*—Unadjusted</b>			
DISTRICT (28 Firms)			
Atlanta	119.7	100.0	123.8
Birmingham	239.9	193.4	236.4
Chattanooga	105.4	87.6	112.1
Nashville	97.6	63.2	101.5
New Orleans	94.8	72.0	101.9
	94.5	95.4	100.0

	Sept. 1938	Aug. 1938	Sept. 1937
<b>RETAIL SALES*—Adjusted</b>			
DISTRICT (28 Firms)			
Atlanta	127.3	128.2	131.7
Birmingham	237.5	235.9	234.1
Chattanooga	108.7	109.5	115.6
Nashville	102.7	82.1	106.8
New Orleans	103.0	86.7	110.8
	102.7	122.3	108.7

	Sept. 1938	Aug. 1938	Sept. 1937
<b>RETAIL STOCKS*—Unadjusted</b>			
DISTRICT (24 Firms)			
Atlanta	74.0	67.1	82.2
Birmingham	124.0	110.9	132.4
Chattanooga	73.3	68.9	82.4
Nashville	64.5	60.9	68.9
New Orleans	58.2	51.2	71.3
	62.8	56.2	69.1

	Sept. 1938	Aug. 1938	Sept. 1937
<b>RETAIL STOCKS*—Adjusted</b>			
DISTRICT (24 Firms)			
Atlanta	69.8	69.2	77.5
Birmingham	112.7	116.7	120.4
Chattanooga	71.2	72.5	80.0
Nashville	62.0	62.8	66.3
New Orleans	54.4	51.7	66.6
	59.8	57.3	65.8

	Sept. 1938	Aug. 1938	Sept. 1937
<b>WHOLESALE SALES—Total</b>			
Groceries	79.0	73.2	97.7
Dry Goods	48.8	50.1	65.1
Hardware	93.0	76.6	101.8
Furniture	85.1	80.5	102.6
Drugs	97.1	83.5	99.2
	107.9	96.9	124.8

	Sept. 1938	Aug. 1938	Sept. 1937
<b>CONTRACTS AWARDED—DISTRICT</b>			
Residential	78.5	72.6	42.8
All Others	43.4	63.2	46.6
Alabama	101.8	78.9	40.2
Florida	98.1	65.1	23.2
Georgia	47.2	61.4	38.8
Louisiana	68.6	75.3	37.7
Mississippi	141.7	78.2	62.7
Tennessee	259.8	107.0	105.1
15 Other Cities	61.0	105.9	47.2

	Sept. 1938	Aug. 1938	Sept. 1937
<b>BUILDING PERMITS—20 Cities</b>			
Atlanta	44.3	56.8	45.7
Birmingham	22.1	23.8	23.0
Jacksonville	11.2	12.6	21.1
Nashville	87.6	59.9	62.4
New Orleans	49.4	199.8	18.8
15 Other Cities	26.9	36.5	32.8
	56.5	65.9	62.4

	Sept. 1938	Aug. 1938	Sept. 1937
<b>PIG IRON PRODUCTION—ALABAMA*</b>			
	85.6	63.4	96.7

	Sept. 1938	Aug. 1938	Sept. 1937
<b>COTTON CONSUMPTION—3 STATES*</b>			
Alabama	147.2	138.0	162.6
Georgia	166.7	150.6	180.3
Tennessee	139.0	131.6	153.6
	144.0	144.6	172.0

Aug. 1938 July 1938 Aug. 1937

	Aug. 1938	July 1938	Aug. 1937
<b>EMPLOYMENT—(Av. for 1932=100)</b>			
Alabama	120.6	114.1	151.9
Florida	90.4	88.5	98.0
Georgia	132.5	127.9	149.6
Louisiana	116.6	116.0	129.0
Mississippi	101.6	101.0	118.0
Tennessee	121.5	114.6	140.5
Six States	120.0	115.5	138.9

	Aug. 1938	July 1938	Aug. 1937
<b>PAYROLLS—(Av. for 1932=100)</b>			
Alabama	174.3	159.3	241.7
Florida	74.5	73.1	84.5
Georgia	163.8	158.3	196.5
Louisiana	149.1	147.3	159.0
Mississippi	128.5	125.9	161.9
Tennessee	155.1	139.5	182.4
Six States	154.5	145.8	185.1

	Aug. 1938	July 1938	Aug. 1937
<b>ELECTRIC POWER PRODUCTION*</b>			
Alabama	333.9	329.1	273.7
Florida	367.2	365.1	366.2
Georgia	247.4	196.3	250.8
Louisiana	581.7	562.3	601.4
Mississippi	91.9	82.3	123.9
Tennessee	269.3	219.9	214.5
Six States	320.1	292.1	291.4
By Water Power	380.5	341.9	237.1
By Fuels	253.1	236.8	351.6

\*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

**I**N September industrial production and employment continued to advance, and there was also an increase in the volume of retail trade. Building activity continued at the increased level reached in August, reflecting a large volume of awards for publicly financed projects.

### PRODUCTION

Volume of industrial production increased further in September and the Board's seasonally adjusted index advanced to 90 per cent of the 1923-1925 average as compared with 88 per cent in August. There was a substantial rise in pig iron production and output of steel ingots continued to increase, averaging 45 per cent of capacity. In the first three weeks of October activity at steel mills showed a further increase and was at a rate of about 50 per cent of capacity. Plate glass production continued to advance rapidly in September. Output of lumber and cement was maintained, although at this season activity in these industries usually declines. Automobile production in September remained at about the same low rate as in August. In October, however, output increased rapidly as most manufacturers began the assembly of new model cars. In the nondurable goods industries there were substantial increases in activity at meat-packing establishments, sugar refineries, and tire factories. Output of shoes declined somewhat. Textile production, which had been rising sharply since spring, showed little change in September, although an increase is usual. Activity increased further at silk mills, but at woolen mills there was a decline, and at cotton mills output did not show the usual seasonal rise. At mines, coal production increased considerably in September and there was also an increase in output of copper. Crude petroleum output declined as wells in Texas were shut down on both Saturdays and Sundays, whereas in August only Sunday shutdowns had been in effect.

Value of construction contracts awarded, which had increased considerably in August, showed little change in September, according to figures of the F. W. Dodge Corporation. Awards for private residential building continued at the advanced level prevailing since early summer and contracts for public residential projects were also maintained following a rise in the previous month. Other public projects continued in substantial volume.

### EMPLOYMENT

Employment and payrolls increased further between the middle of August and the middle of September, reflecting principally increases at manufacturing concerns. Employment rose sharply at automobile factories and increased moderately in other durable goods industries. At factories producing nondurable goods there was slightly more than the usual seasonal rise in the number employed.

### DISTRIBUTION

Distribution of commodities to consumers showed a more than seasonal rise in September. There were increases in sales at department and variety stores and mail order sales increased. Department store sales for the first three weeks of October showed somewhat less than the usual seasonal rise.

Freight car loadings continued to increase in September and the first half of October, reflecting chiefly a further rise in shipments of coal and miscellaneous freight.

### COMMODITY PRICES

Prices of a number of industrial raw materials, particularly hides and copper, advanced from the middle of September to the third week of October. Crude oil and gasoline prices, on the other hand, were reduced. Livestock and meat prices showed large seasonal declines in this period. In the first half of October there were sales of many finished steel products at prices below those announced for the fourth quarter, but in the third week of the month it was reported that prices had been restored to former levels.

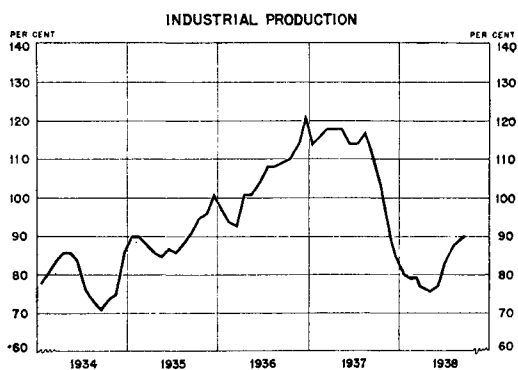
### BANK CREDIT

During the four weeks ended October 19 there were further substantial increases in the gold stock of this country. As a result largely of these gold acquisitions and of net expenditures by the Treasury from its deposits with the Reserve Banks, excess reserves of member banks increased to a total of \$3,270,000,000 on October 19.

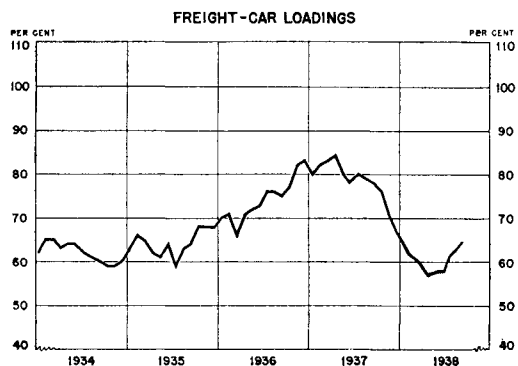
Demand deposits at reporting banks in 101 leading cities were also increased by the inward gold movement and on October 19 amounted to \$15,750,000,000, the largest volume ever reported by these banks. Following substantial increases during September, reflecting purchases of new issues of United States Government obligations, total loans and investments at reporting banks showed little change during October.

### MONEY RATES AND BOND YIELDS

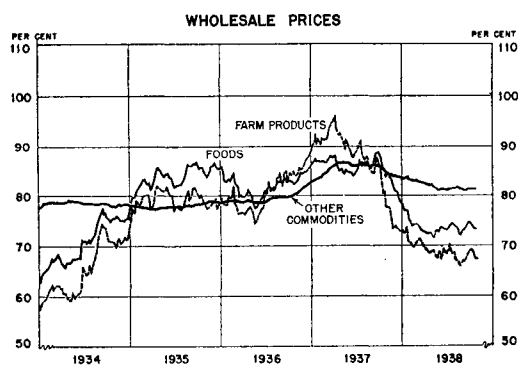
The average yield on long-term Treasury bonds declined from 2.48 per cent on September 27 to 2.28 on October 21. Yields on Treasury notes and Treasury bills also declined in the period.



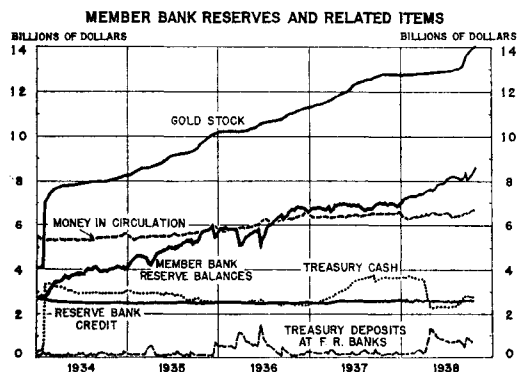
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to September, 1938.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to September, 1938.



Indexes compiled by U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1934, to week ending October 15, 1938.



Wednesday figures, January 8, 1934, to October 19, 1938.