

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

January 31, 1939

District Summary *Business activity in the Sixth Federal Reserve District in December continued its previous upward trend. Most of the available figures show increases over November, and the few decreases were smaller than usual.*

Retail trade increased more than seasonally. Substantial gains occurred in construction contracts and in building permits, and there was a small increase in pig iron production. Employment and payrolls increased in December more than they did in November or in October, and the index of payrolls was slightly higher than for December 1937. Electric power production in November, the latest available data, was at the highest rate on record. Actually, the rate of cotton consumption and wholesale trade declined in December, but the decreases were approximately half those usually taking place in the month.

The Sixth District seems to have made greater gains from November to December than the country as a whole. Comparing December 1938 with December 1937, however, the trend is not so definite. The year-end comparison shows greater gains than the country for retail trade, employment, and pig iron and electric power production. But in construction contracts, payrolls and cotton consumption the United States showed increases greater than the District. The situation in construction contracts represents a shift from last month when the November to November comparison showed the District leading.

► *Reversing a six months' upward trend, total loans and investments of reporting member banks in the Sixth District decreased sharply in the first two weeks of January. The decrease in a two weeks' interval amounted to approximately one-fifth of the entire preceding gain from the middle of 1938.*

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

	January 11, 1939	Change From : Dec. 14, 1938	Jan. 12, 1938
Loans and Investments—Total.....	\$600,993	— 6,149	+ 53,109
Loans—Total.....	310,282	— 5,981	+ 19,658
Commercial, industrial and agricultural loans.....	173,762	— 144	+ 14,067
Open market paper.....	2,992	+ 179	— 951
Loans to brokers and dealers in securities.....	7,206	+ 413	+ 1,408
Other loans for purchasing or carrying securities.....	15,899	+ 471	+ 722
Real estate loans.....	27,970	— 1,039	+ 711
Loans to banks.....	860	— 54	— 1,036
Other loans.....	81,593	— 5,807	+ 4,737
Investments—Total.....	290,711	— 168	+ 33,451
U. S. direct obligations.....	162,240	+ 914	+ 10,138
Obligations guaranteed by U. S.....	42,664	— 581	+ 11,502
Other securities.....	85,807	— 501	+ 11,811
Reserve with F. R. Bank.....	113,993	+ 8,389	+ 8,837
Cash in vault.....	12,886	+ 119	+ 1,265
Balances with domestic banks.....	134,586	— 2,229	+ 24,844
Demand deposits—adjusted.....	348,605	— 5,603	+ 26,595
Time deposits.....	181,463	— 1,341	— 840
U. S. Government deposits.....	41,711	+ 7,173	+ 23,585
Deposits of domestic banks.....	232,714	+ 1,190	+ 39,274
Borrowings : From F. R. Bank.....		— 357	— 337
From Others.....		— 137	— 61

Trade Preliminary retail reports in January are showing a slightly lower level than last January. While the year closed with December retail trade 4.5 per cent and wholesale trade 2.6 per cent above December 1937, the gains in the last half of 1938 did not bring either retail or wholesale trade for the whole year to their 1937 figures.

The 1938 retail total in the Sixth District was about 2 per cent less than in 1937 and the wholesale trade total about 10 per cent less. These declines in retail and wholesale trade should be related to a reduction in price levels that, in the case of retailing, appears to have been of greater magnitude than the reduction of retail business and, in the case of wholesaling, was apparently about the same as the reduction in wholesale business. With the exception of 1937, moreover, the index of annual retail sales is the highest since 1920.

Lower prices also bear on the year-end inventory situation. Retail inventories in the District were 5.7 per cent less in dollar value than a year earlier. The reduction in December, which was somewhat greater than usual for the month, offset a preceding somewhat larger than usual increase in November. Wholesale stocks were 8.8 per cent smaller in December than in the same month a year ago.

Business failures declined in December, but for the year were larger, in both number and liabilities, than they had been since 1933.

Banking Total loans and investments at 22 weekly reporting member banks in leading cities of the District increased about 75 millions of dollars in the last half of 1938.

In this period loans rose about 40 millions, and investments about 35 millions. Of the 40 millions increase in loans, by far the larger part was in those for commercial, industrial and agricultural purposes, and "Other" loans, and about two-thirds of the increase in investments was in direct obligations of the United States.

In the first two weeks of January this upward trend was reversed in both loans and investments. Between December 28 and January 11 loans declined about 8 millions, and investments about 6.4 millions, the decline in loans being largely in "Other" loans, and that in investments principally in Government securities.

Demand deposits-adjusted have declined somewhat after reaching on December 14 the highest level on record. Time deposits have tended to decline since September, and on

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

	January 11, 1939	Change From : Dec. 14, 1938	Jan. 12, 1938
Bills discounted.....	\$ 140	— 143	— 921
Bills bought.....	19	—	—
Industrial advances.....	824	+ 1	+ 698
United States securities.....	118,403	+ 13,882	+ 10,942
Total bills and securities.....	119,387	+ 13,740	+ 10,720
Total cash reserves.....	273,319	— 1,364	+ 27,251
F. R. Note circulation.....	149,402	— 1,008	— 8,913
Member bank reserve deposits.....	185,748	+ 12,013	+ 7,393
U. S. Treasurer general account.....	43,022	+ 4,504	+ 39,367
Total deposits.....	238,882	+ 15,233	+ 48,786
Commitments to make industrial advances.....	156	— 3	— 176

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Dec. 1938	Nov. 1938	Percent Change Dec. 1938 From : 1937 Nov. 1938 Dec. 1937			
ALABAMA—						
Birmingham..... \$	99,999	\$ 82,098	\$ 99,992	+21.8	+ 0.0	
Dothan.....	3,598	3,396	3,673	+ 5.9	+ 2.0	
Mobile.....	44,730	41,292	44,758	+ 8.3	+ 0.1	
Montgomery.....	25,868	22,692	24,184	+14.0	+ 7.0	
FLORIDA—						
Jacksonville.....	92,166	68,145	86,543	+35.2	+ 6.5	
Miami.....	52,595	39,286	41,260	+33.9	+27.5	
Pensacola.....	9,416	8,476	9,575	+11.1	+ 1.7	
Tampa.....	32,259	26,622	32,335	+21.2	+ 0.2	
GEORGIA—						
Albany.....	6,269	5,073	5,928	+23.6	+ 5.8	
Atlanta.....	233,031	190,618	229,936	+22.3	+ 1.3	
Augusta.....	19,075	15,768	18,682	+21.0	+ 2.1	
Brunswick.....	2,890	2,284	3,260	+26.5	+11.3	
Columbus.....	16,779	12,918	15,320	+29.9	+ 9.5	
Elberton.....	1,268	1,060	1,299	+19.6	+ 2.4	
Macon.....	17,237	14,627	16,095	+17.8	+ 7.1	
Newnan.....	2,154	1,945	2,309	+10.7	+ 6.7	
Savannah.....	33,164	26,271	33,655	+26.2	+ 1.5	
Valdosta.....	4,004	3,598	4,146	+11.3	+ 3.4	
LOUISIANA—						
New Orleans.....	248,988	219,150	257,762	+13.6	+ 3.4	
MISSISSIPPI—						
Hattiesburg.....	4,399	4,009	4,686	+ 9.7	+ 6.1	
Jackson.....	29,043	28,567	29,555	+ 1.7	+ 1.7	
Meridian.....	10,975	10,430	9,613	+ 5.2	+14.2	
Vicksburg.....	8,024	8,677	8,905	+ 7.5	+ 9.9	
TENNESSEE—						
Chattanooga.....	52,635	40,883	44,877	+28.7	+17.3	
Knoxville.....	37,116	27,222	33,172	+36.3	+11.9	
Nashville.....	103,712	82,871	88,275	+25.1	+17.5	
SIXTH DISTRICT—						
26 Cities.....	1,191,394	987,978	1,149,795	+20.6	+ 3.6	
UNITED STATES—						
141 Cities.....	\$39,929,600	\$29,405,804	\$39,113,807	+35.8	+ 2.1	

January 11 were slightly less than a year earlier. At the time of the mid-December financing, balances maintained with these banks by the United States Treasury were increased; and deposits of correspondent banks were temporarily reduced, but have since been restored.

At the Federal Reserve Bank of Atlanta there was also a temporary reduction in member bank reserve deposits at the middle of December, as funds were used to purchase Government securities, but reserve deposits have subsequently risen to the highest level on record. As a result of the quarterly adjustment of the System's holdings of United States Securities, this bank's investment increased by \$13,882,000 at the beginning of 1939. Member banks have further reduced their borrowings at the Federal Reserve Bank in recent weeks.

Estimates based on latest available figures of deposits indicate that reserve deposits of all member banks in the District on January 11, amounting to \$185,748,000, were approximately 42.8 millions of dollars, or 30 per cent, in excess of legal requirements. An average of estimated excess reserves of about 37 millions in November was followed by a decrease to an average of about 33 millions in December.

Agriculture In November farmers in the six states of this District received approximately 67.8 millions of dollars from the sale of crops, about 15.4 millions from livestock and livestock products, and about 13 millions in benefit payments from the United States Government. Receipts from crops and livestock were 17.6 per cent less than a year earlier, but because of a very large increase in Government payments, total receipts were only 5.0 per cent smaller.

Notwithstanding a reduction of about 2 per cent in the

acreage planted to principal crops, production of most crops in this District was larger than in 1937, with the important exceptions of cotton, wheat, pecans, apples and grapes. The value of 1938 crops produced in Florida was estimated at \$69,748,000, a decline of 13 per cent from 1937; those in Georgia at \$151,630,000, a decrease of 15 per cent; and those in Mississippi at \$155,281,000, smaller by 22 per cent than in 1937.

Fertilizer tag sales declined somewhat in December, but were 41 per cent greater than a year earlier.

Industry Further improvement in industrial activity in the

District is indicated in the latest available statistics of building and construction, textile operations, pig iron output, electric power production, and employment and payrolls.

► For the year 1938 the total value of construction contracts awarded in the District amounted to 250 million, the largest for any year since 1929, and December recorded the largest volume for any month since November 1933. Building permits in December also increased substantially and the month's total was nearly two and one-half times that for December 1937.

While contracts for residential construction increased 6.2 per cent in December, "Other" awards rose a little more than 70 per cent, and in this group fall most of the publicly financed projects. Residential contracts in December were more than double those a year earlier, and the increase in residential contracts for the entire year 1938 was nearly twice as large percentage-wise as the gain in other awards. Increases over November, and over December a year ago, were reported for each state in the District except Tennessee, and the 1938 totals for Alabama, Georgia, Mississippi and Tennessee were larger than for 1937. In 1938, 32.2 per cent of the District total was for residential construction, a larger proportion than in any year since 1928.

► After a rise of approximately 14 per cent in November, the rate of textile activity in the District declined 4.5 per cent in December. This is about half the amount of the usual decrease in December. Except for December 1936, the daily rate of 7,417 bales of cotton per day consumed by mills in Alabama, Georgia, and Tennessee was the highest for December of any other year, and was 32.7 per cent higher than for December 1937.

► The daily average production of 8,106 tons of pig iron in Alabama during December represents a considerable rise from the rate of 2,859 tons in July, and is the largest for any month since January 1929. The increase from November to December was 3.8 per cent. Of the 18 Alabama furnaces, 16 were active on January 1, the same as a month earlier. Press reports indicate an improvement in orders in early January. Total production in Alabama during 1938, amounting to 1,970, 248 tons, was 21.4 per cent less than in 1937, as against a decline of 48.7 per cent for the United States. In 1937 Alabama recorded a gain of 29 per cent over 1936, compared with an increase of 19.6 per cent for the country as a whole.

► In December, for the first time in sixteen months, coal production in Alabama and Tennessee exceeded output in the corresponding month a year earlier.

► The rate of electric power production in the six states of the District increased further in November to a new high level, and was 19 per cent above that for November 1937.

SIXTH DISTRICT BUSINESS STATISTICS

SALES					
	December 1938 Compared with Nov. 1938 Dec. 1937		Jan.-Dec. Incl. Dec. 1938 Compared with Year Ago	STOCKS Dec. 1938 Compared with Dec. 1937	COLLEC- TION RATIO Dec. 1938
RETAIL TRADE					
Atlanta.....	+ 65.9	+ 5.8	+ 0.4	+ 2.0	28.5
Birmingham.....	+ 61.3	+ 3.6	+ 6.5	+ 8.5	33.2
Chattanooga.....	+ 71.6	+ 9.0	+ 3.4	+ 9.3	33.1
Montgomery.....	+ 89.4	+ 14.8	+ 4.2	+ 22.1	...
Nashville.....	+ 70.5	+ 4.2	+ 4.2	+ 8.2	27.8
New Orleans.....	+ 60.2	+ 4.1	+ 1.6	+ 6.6	33.5
Others.....	+ 76.6	+ 2.9	+ 3.9	+ 5.6	35.0
DISTRICT 49 Firms).	+ 67.9	+ 4.5	+ 2.1	+ 5.7	31.7
WHOLESALE TRADE					
Groceries.....	+ 1.1	+ 8.3	+ 12.8	+ 13.6	91.4
Dry Goods.....	+ 25.6	+ 22.7	+ 9.6	+ 21.2	55.0
Hardware.....	+ 3.3	+ 11.4	+ 11.9	+ 5.9	50.9
Electrical Goods.....	+ 31.1	+ 20.4	+ 2.2	...	77.4
Drugs.....	+ 10.5	+ 14.0	+ 0.8	+ 11.2	66.9
Furniture.....	+ 11.8	+ 15.4	+ 12.4
Shoes.....	+ 49.7	+ 17.0	+ 3.2	...	33.7
TOTAL.....	+ 4.6	+ 2.4	+ 10.8	+ 8.8	63.2

(000 Omitted)					
COMMERCIAL FAILURES—	Dec.	Nov.	Dec.	Jan.-Dec.,	Incl.
DISTRICT	1938	1938	1937	1938	1937
Number (Actual).....	49	55	36	668	386
Liabilities..... \$	589	\$ 694	\$ 415	\$ 7,052	\$ 3,728

CONTRACTS AWARDED—										
DISTRICT	\$	34,430	\$	22,741	\$	20,344	\$	250,542	\$	235,465
Residential		7,092		6,676		3,393		80,599		73,365
All Others		27,338		16,065		16,951		169,943		182,100
Alabama		5,459		3,971		3,679		34,560		29,047
Florida		11,119		5,873		6,128		74,729		86,919
Georgia		7,000		5,238		4,205		50,847		32,946
Louisiana		7,043		4,715		3,940		56,931		62,919
Mississippi		6,609		3,223		2,700		34,894		28,875
Tennessee		3,196		3,510		3,503		46,146		37,284

BUILDING PERMITS—					
20 CITIES	6,756	4,633	2,812	59,722	62,297
Atlanta	179	443	216	3,796	4,622
Birmingham	499	179	129	2,949	3,404
Jacksonville	1,472	501	361	9,990	5,399
Nashville	267	84	55	3,007	4,429
New Orleans	272	249	264	4,359	4,481
15 Other Cities	4,067	3,176	1,786	35,622	39,962

PIG IRON PRODUCTION—Tons					
Alabama.....	251	234	150	1,970	2,506

COAL PRODUCTION—Tons					
Alabama.....	1,155	1,063r	1,151	10,698	12,400
Tennessee.....	469	424r	429	4,417	5,292

		(000 Omitted)			
COTTON CONSUMPTION—		Dec.	Nov.	Dec.	Aug.-Dec., Incl.
Sales		1938	1938	1937	1938 1937
Alabama.....	63	64	47	294	275
Georgia.....	117	116	87	551	519
Tennessee.....	13	15	11	70	69
TOTAL THREE STATES.....	193	194	145	915	863

COTTON SEED CRUSHED—					
Tons*	1938	1937	1936	1935	1934
Alabama	153	189	252	901	1,291

FERTILIZER TAG SALES—Tons					
TOTAL SIX STATES.....	129	135	92	409	334

*Georgia, Alabama, Louisiana, and Mississippi.

(000 Omitted)					
	Nov. 1938	Oct. 1938	Nov. 1937	Jan.-Nov., 1938	Incl. 1937
FARM INCOME*—Six States.	\$ 96,098	\$122,800	\$101,141	\$683,751	\$733,633
Alabama.....	17,044	25,291	19,023	108,097	121,718
Florida.....	8,280	4,846	9,807	93,749	115,852
Georgia.....	12,797	20,834	14,508	123,438	130,328
Louisiana.....	24,170	18,462	24,517	104,867	104,568
Mississippi.....	21,579	37,118	20,548	140,763	145,227
Tennessee.....	12,228	16,249	12,738	112,837	115,940

ELECTRIC POWER					
PRODUCTION—kw hours					
Alabama	262,442	275,180	214,369	2,769,211	2,541,991
Florida	91,613	86,417	78,466	915,756	833,024
Georgia	131,946	125,713	151,949	1,358,099	1,585,693
Louisiana	142,223	148,682	131,745	1,491,303	1,536,692
Mississippi	6,332	7,194	6,740	67,139	70,624
Tennessee	189,815	185,930	109,431	1,552,828	1,279,017
TOTAL SIX STATES	824,371	829,116	692,700	8,154,336	7,847,041
By Water Power	402,895	382,142	390,616	4,496,561	4,280,762
By Fuels	421,476	446,974	302,084	3,657,775	3,566,279

*Includes Government payments. r = revised.

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

RETAIL SALES*—Unadjusted	Dec. 1938	Nov. 1938	Dec. 1937
DISTRICT (28 Firms)	202.8	126.3	193.0
Atlanta	366.9	228.0	342.5
Birmingham	191.4	120.6	184.5
Chattanooga	154.4	93.6	141.6
Nashville	159.7	97.4	153.2
New Orleans	171.5	111.4	164.8

RETAIL SALES*—Adjusted	Dec. 1938	Nov. 1938	Dec. 1937
DISTRICT (28 Firms)	119.3	110.8	113.5
Atlanta	222.4	213.1	207.6
Birmingham	112.6	107.7	108.5
Chattanooga	99.0	84.3	90.8
Nashville	95.6	85.4	91.7
New Orleans	99.7	93.6	95.8

RETAIL STOCKS—Unadjusted	Dec. 1938	Nov. 1938	Dec. 1937
DISTRICT (24 Firms)	61.1	80.1	64.8
Atlanta	101.5	140.5	99.6
Birmingham	60.0	80.5	63.7
Chattanooga	48.6	64.8	53.5
Nashville	44.6	65.5	48.6
New Orleans	53.1	65.6	56.9

RETAIL STOCKS—Adjusted	Dec. 1938	Nov. 1938	Dec. 1937
DISTRICT (24 Firms)	68.7	72.2	72.8
Atlanta	116.7	124.3	114.5
Birmingham	65.9	71.9	70.0
Chattanooga	55.2	58.9	60.8
Nashville	49.6	58.5	54.0
New Orleans	59.7	60.2	63.9

WHOLESALE SALES—Total	Dec. 1938	Nov. 1938	Dec. 1937
Groceries	71.7	75.2	70.4
Dry Goods	50.4	49.9	53.9
Hardware	55.5	74.6	45.2
Furniture	86.6	89.4	73.6
Drugs	69.5	62.2	68.6
	114.6	103.7	133.0

CONTRACTS AWARDED—DISTRICT	Dec. 1938	Nov. 1938	Dec. 1937
Residential	97.8	64.8	58.0
All Others	50.5	47.6	24.2
Alabama	129.8	76.3	80.5
Florida	119.4	86.8	80.5
Georgia	76.7	40.5	42.3
Louisiana	105.0	78.6	63.1
Mississippi	112.0	75.0	62.6
Tennessee	342.8	167.1	140.0
	57.6	63.3	63.2

BUILDING PERMITS—20 Cities	Dec. 1938	Nov. 1938	Dec. 1937
Atlanta	60.0	41.2	25.0
Birmingham	11.6	28.6	14.0
Jacksonville	33.6	12.1	8.7
Nashville	178.9	60.9	43.8
New Orleans	42.1	13.3	8.7
15 Other Cities	21.1	19.3	20.5
	74.2	58.0	32.6

PIG IRON CONSUMPTION—ALABAMA*	Dec. 1938	Nov. 1938	Dec. 1937
Alabama	106.2	102.3	63.4

COTTON CONSUMPTION—3 STATES*	Dec. 1938	Nov. 1938	Dec. 1937
Alabama	156.4	163.8	117.9
Georgia	181.8	190.8	137.4
Tennessee	148.6	153.3	110.3
	129.8	152.6	110.1

EMPLOYMENT (Av. for 1932 = 100)	Dec. 1938	Nov. 1938	Dec. 1937
Alabama	134.3	131.7	145.7
Florida	121.0	108.4	123.4
Georgia	143.5	140.1	142.9
Louisiana	130.8	131.7	123.8
Mississippi	112.3	113.7	112.3
Tennessee	128.5	126.9	127.8
SIX STATES	133.7	130.4	135.1

PAYROLLS (Av. for 1932 = 10)	Dec. 1938	Nov. 1938	Dec. 1937
Alabama	208.0	204.7	215.0
Florida	96.2	84.4	97.9
Georgia	190.9	182.3	177.9
Louisiana	152.0	149.8	150.4
Mississippi	136.1	136.6	145.5
Tennessee	161.8	159.1	156.8
SIX STATES	173.9	167.7	171.3

ELECTRIC POWER PRODUCTION*	Nov. 1938	Oct. 1938	Nov. 1937
Alabama	339.5	344.5	277.3
Florida	465.5	425.0	398.8
Georgia	226.9	209.2	261.4
Louisiana	551.9	558.3	511.3
Mississippi	101.0	111.0	107.7
Tennessee	312.6	296.3	180.2
SIX STATES	332.6	323.7	279.4
By Water Power	309.2	283.8	299.8
By Fuels	358.4	367.8	256.9

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

NATIONAL SUMMARY OF BUSINESS CONDITIONS

Prepared by the Board of Governors of the Federal Reserve System

VOLUME of industrial production declined seasonally in December and showed little change in the first three weeks of January, when an increase is usual. Wholesale commodity prices were steady. Employment and payrolls increased further in December, and retail sales showed more than the usual seasonal rise.

Production

In December volume of industrial production declined by about the usual seasonal amount and the Board's adjusted index was at 104 per cent of the 1923-1925 average, about the level reached in November following an exceptionally rapid advance after the middle of the year. Changes in output in most lines in December were largely seasonal. In the steel industry, however, production showed a greater than seasonal decline, and averaged 54 per cent of capacity in December as compared with 61 per cent in November. Lumber production showed little change from November to December, although usually there is a decline, and at textile mills and shoe factories activity declined less than seasonally. At meat packing establishments there was a reduction in output.

Automobile production increased somewhat further in December. In the fourth quarter of 1938 production and sales of the new model cars were in about the same volume as in 1937—dealer's stocks of new cars increased seasonally in this period but at the year end were much below the high level of a year earlier.

Value of construction contract awards increased considerably from November to December, according to F. W. Dodge Corporation figures for 37 Eastern states. The increase reflected principally a further rise in contracts awarded for Public Works Administration projects, which accounted for most of the sharp increase in awards that occurred in the last half of 1938. Contracts for private residential building decreased less than seasonally in December, while other private construction showed little change and remained at a low level.

Employment

Employment and payrolls rose further between the middle of November and the middle of December. In most manufacturing lines the number employed continued to increase, when allowance is made for the usual seasonal changes, and in the automobile and machinery industries the rise was considerable. Employment and payrolls in trade increased more than is usual in the holiday season and in the construction industry employment showed much less than the usual seasonal decline.

Distribution

Distribution of commodities increased more than seasonally in December. Sales at department stores showed the usual sharp expansion prior to Christmas and sales at variety stores and mail order sales showed a more than seasonal rise.

Freight-car loadings declined seasonally from November to December, reflecting largely the customary decrease at this time of year in shipments of miscellaneous freight.

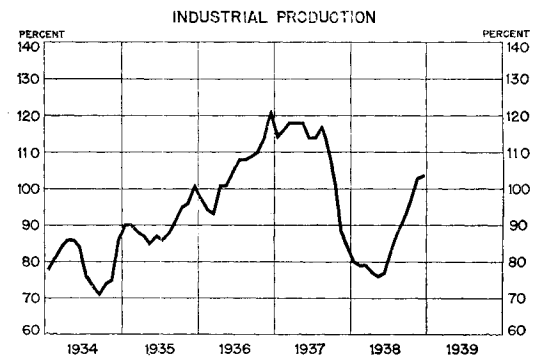
Bank Credit

As the result of the post-holiday return of money from circulation, together with Treasury disbursements from its balances with the reserve banks, and gold imports, excess reserves of member banks increased nearly \$600,000,000 in the four weeks ending January 18 to a new high level of \$3,560,000,000. A large part of the increase occurred at New York City banks.

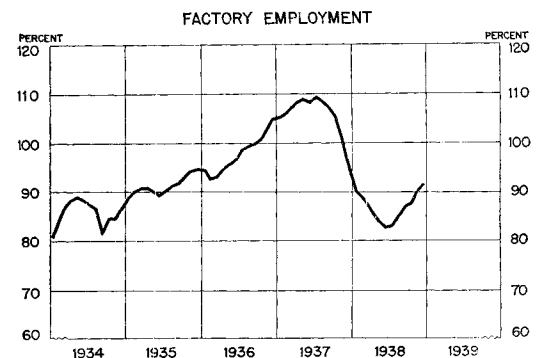
Total loans and investments of reporting member banks in 101 leading cities, which increased substantially in the first three weeks of December, declined in the following four weeks. There was some decline in loans and a reduction in holdings of United States Government obligations, reflecting in part distribution to the public of new securities purchased by banks in December but increased in January.

Money Rates and Bond Yields

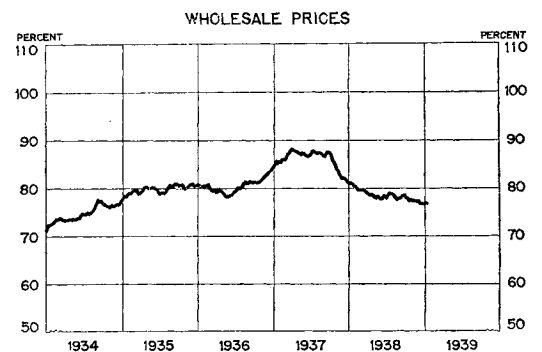
Average yields on United States Government securities declined slightly in December and the first three weeks of January. For three consecutive weeks the entire new issue of 91-day Treasury bills sold on or slightly above a no-yield basis. Commercial paper rates declined slightly in January while other open-market money rates continued unchanged.



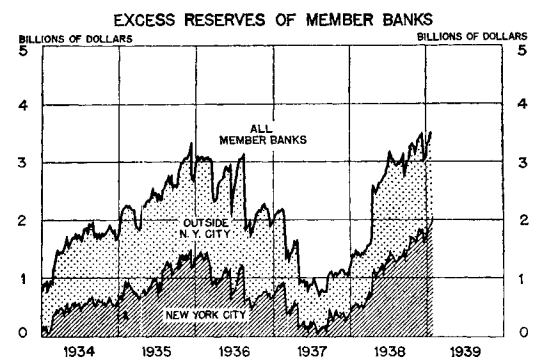
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to December, 1938.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to December, 1938.



Index compiled by U. S. Bureau of Labor Statistics. 1926 = 100. By weeks, 1934, to week ending January 14, 1939.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to January 18, 1939.