# MONTHLY REVIEW

## BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA — April 30, 1939

**District Summary** *Business activity in the Sixth Federal Reserve District, reflected in the retail and wholesale distribution of merchandise, increased more than seasonally in March. The seasonally adjusted index of department store sales was higher than for March of any other year. A substantial increase in building and construction activity was indicated in the large volume of permits issued and contracts awarded, and textile operations also increased. Coal output declined seasonally in March, however, and operations in the iron and steel industry in Alabama were also reduced. Business and industrial activity continued in March well above the corresponding period last year.*

*The March increases in department store sales, construction contract awards and textile activity in this District were larger, and the decline in the rate of coal production was smaller, than the national averages, but the District decrease in pig iron output was larger than for the country.*

*In comparison with March last year the same series of figures are more favorable for this District than for the country at large except that the increase in coal output was about the same. The District production of electric power in February was 17 per cent greater than a year earlier, compared with a gain of 10.4 per cent for the United States.*

**Trade** In March, department store sales and the distribution of merchandise through wholesale channels in the Sixth District increased more than they usually do at that time of year. Business failures declined, and were smaller for the month and for the first quarter than in corresponding periods of last year.

The daily average rate of sales by reporting department stores, after allowance is made for usual seasonal tendency and the fact that Easter was a week earlier this year than last, rose 8.2 per cent from February to March, and was 14.0 per cent greater than for March 1938. The adjusted index for March, at 124.5 per cent of the 1923-1925 average, has been exceeded in the past twenty years only by the indexes for August and September of the past two years. March sales reported to the United States Department of Commerce by 138 wholesale firms in the District were 19.4 per cent larger than in February and 6.1 per cent greater than in March 1938.

▸ First quarter sales by reporting department stores were 6.3 per cent larger than in that period last year, and for wholesale firms the increase was 7.9 per cent.

▸ March inventories at department stores increased 5.4 per cent over February and were about the same as a year earlier. Wholesale stocks changed only slightly from February and were 4.6 per cent smaller than for March last year. The wholesale price index of the Bureau of Labor Statistics averaged 3.4 per cent lower in March this year than last.

▸ The collection ratio for reporting department stores rose from 30.0 per cent for February to 32.1 per cent for March, which compares with 31.9 per cent for March last year. The collection ratio for wholesale trade declined slightly in March.

**Banking** At weekly reporting member banks in leading cities of the Sixth District, demand deposits-adjusted increased on April 12 to the highest level on record and time deposits were the largest in a year and a half. Loans and investments at these weekly reporting banks have not changed materially in recent weeks. Loans for commercial, industrial and agricultural purposes, loans on real estate, loans to banks and Other loans have risen slightly while security loans and open market paper have declined, and a reduction in holdings of United States direct obligations was somewhat larger than increases in those guaranteed by the United States and Other securities.

▸ Demand deposits-adjusted on April 12 reached another new all-time high level, and were 47 millions of dollars greater than they were a year earlier. Time deposits increased to the largest total since October 1937.

▸ In comparison with the same time a year earlier, total loans and investments show an increase of 51.9 millions of dollars. The increase was about equally divided between loans and investments.

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

| | April 12, 1939 | Change From: Mar.15,1939 | Apr.13,1938 |
|---|---|---|---|
| Loans and Investments—Total | $603,697 | + 700 | +51,860 |
| Loans—Total | 308,616 | + 2,221 | +26,080 |
| Commercial, industrial and agricultural loans | 171,772 | + 879 | +18,355 |
| Open market paper | 2,658 | — 295 | — 756 |
| Loans to brokers and dealers in securities | 5,931 | — 722 | + 133 |
| Other loans for purchasing or carrying securities | 13,268 | + 517 | — 1,713 |
| Real estate loans | 28,324 | + 833 | + 551 |
| Loans to banks | 901 | + 85 | — 1,443 |
| Other loans | 85,762 | + 924 | +10,953 |
| Investments—Total | 295,081 | — 1,521 | +25,780 |
| U. S. direct obligations | 150,137 | — 5,102 | —10,778 |
| Obligations guaranteed by U. S. | 59,871 | + 2,338 | +26,597 |
| Other securities | 85,073 | + 1,243 | + 9,961 |
| Reserve with F. R. Bank | 117,586 | + 4,536 | +11,986 |
| Cash in vault | 12,938 | + 1,418 | + 1,403 |
| Balances with domestic banks | 174,523 | + 1,629 | +52,204 |
| Demand deposits-adjusted | 371,375 | + 4,365 | +46,960 |
| Time deposits | 186,464 | + 2,385 | + 5,054 |
| U. S. Government deposits | 38,782 | — 962 | +15,386 |
| Deposits of domestic banks | 259,636 | + 749 | +56,500 |
| Borrowings | ..... | ..... | — 242 |

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

| | April 12, 1939 | Change From: Mar.15,1939 | Apr.13,1938 |
|---|---|---|---|
| Bills discounted | $ 56 | — 86 | — 884 |
| Bills bought | 19 | ..... | ..... |
| Industrial advances | 818 | — 3 | + 697 |
| United States securities | 116,422 | — 1,981 | + 5,006 |
| Total bills and securities | 117,316 | — 2,070 | + 3,820 |
| Total cash reserves | 297,921 | + 4,337 | +57,260 |
| F. R. note circulation | 148,413 | + 446 | — 1,088 |
| Member bank reserve account | 195,405 | + 1,864 | + 7,744 |
| U. S. Treasurer general account | 46,645 | + 836 | +43,919 |
| Total deposits | 261,648 | + 1,854 | +64,632 |
| Commitments to make industrial advances | 151 | + 1 | — 30 |

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**DEBITS TO INDIVIDUAL ACCOUNTS**
**(In Thousands of Dollars)**

| | March 1939 | Feb. 1939 | March 1938 | Per Cent Change March 1939 From: Feb.1939 | Mar.1938 |
|---|---|---|---|---|---|
| **ALABAMA—** | | | | | |
| Birmingham | $ 88,674 | $ 74,826 | $ 76,988 | +18.5 | +15.2 |
| Dothan | 3,393 | 2,963 | 3,285 | +14.5 | + 3.3 |
| Mobile | 35,295 | 29,563 | 35,962 | +19.4 | — 1.9 |
| Montgomery | 20,818 | 19,223 | 20,045 | + 8.3 | + 3.9 |
| **FLORIDA—** | | | | | |
| Jacksonville | 83,933 | 71,018 | 77,967 | +18.2 | + 7.7 |
| Miami | 63,589 | 55,999 | 59,277 | +13.6 | + 7.3 |
| Pensacola | 8,413 | 7,291 | 7,636 | +15.4 | +10.2 |
| Tampa | 30,418 | 27,420 | 29,445 | +10.9 | + 3.3 |
| **GEORGIA—** | | | | | |
| Albany | 5,376 | 4,879 | 5,284 | +10.2 | + 1.8 |
| Atlanta | 201,079 | 174,232 | 200,557 | +15.4 | + 0.3 |
| Augusta | 16,563 | 14,024 | 15,743 | +18.1 | + 5.2 |
| Brunswick | 2,691 | 2,304 | 2,766 | +16.8 | — 2.7 |
| Columbus | 13,501 | 12,295 | 12,717 | + 9.8 | + 6.2 |
| Elberton | 1,120 | 983 | 1,051 | +13.9 | + 6.6 |
| Macon | 14,368 | 12,488 | 12,991 | +15.1 | +10.6 |
| Newnan | 1,868 | 1,557 | 1,939 | +20.0 | — 3.7 |
| Savannah | 27,747 | 24,765 | 27,781 | +12.0 | — 0.1 |
| Valdosta | 3,864 | 3,164 | 3,434 | +22.1 | +12.5 |
| **LOUISIANA—** | | | | | |
| New Orleans | 233,338 | 198,868 | 225,938 | +17.3 | + 3.3 |
| **MISSISSIPPI—** | | | | | |
| Hattiesburg | 5,448 | 4,225 | 4,443 | +28.9 | +22.6 |
| Jackson | 27,209 | 27,464 | 35,407 | — 0.9 | —23.2 |
| Meridian | 11,166 | 9,899 | 10,659 | +12.8 | + 4.8 |
| Vicksburg | 7,687 | 6,569 | 8,183 | +17.0 | — 6.1 |
| **TENNESSEE—** | | | | | |
| Chattanooga | 44,552 | 35,698 | 40,949 | +24.8 | + 8.8 |
| Knoxville | 30,804 | 28,196 | 29,484 | + 9.2 | + 4.5 |
| Nashville | 80,984 | 81,931 | 82,209 | — 1.2 | — 1.5 |
| **SIXTH DISTRICT—** | | | | | |
| 26 Cities | 1,063,898 | 931,844 | 1,022,281 | +14.2 | + 4.1 |
| **UNITED STATES—** | | | | | |
| 141 Cities | $34,437,717 | $27,490,293 | $32,119,885 | +26.3 | + 7.2 |

▶ Holdings of United States securities by the Federal Reserve Bank of Atlanta were reduced slightly at the beginning of April as a result of the quarterly adjustment of the System account. Discounts continued in small volume, while member bank reserve deposits established another record total on April 12.

▶ Estimates based on latest available figures of deposits for all member banks in the District indicate that reserve deposits on April 12, amounting to 195.4 millions of dollars, were about 51.3 millions, or 35.6 per cent, in excess of legal requirements. This is the largest volume of excess reserves in this District since reserve requirements were raised at the middle of August 1936.

▶ Check transactions at 26 cities in the District increased 14.2 per cent in March and were 4.1 per cent larger than a year ago.

**Agriculture** Because larger quantities of cotton than usual were sold or placed under commodity credit loans during the fall of 1938, farmers' receipts from crop marketings in January and February have declined substantially in comparison with earlier months and have been considerably below receipts in those months a year ago. Cash receipts from crops declined 34 per cent in January and 24 per cent further in February, and were 42 per cent smaller than in February last year. Receipts from livestock and livestock products have also declined, but are slightly larger than a year ago. For the first two months of 1939 combined, receipts from marketings were 30 per cent less than in those months last year, but this was partly offset by a proportionately large increase in Government payments.

▶ Production of wheat in Tennessee, Georgia and Alabama this year is expected to be about 28.6 per cent less than in 1938, according to the April Crop Report of the United States Department of Agriculture. Estimates of citrus fruit production in Florida continue at 29.9 million boxes of oranges and 21 million boxes of grapefruit. The April 1 condition of peaches in Georgia, Florida and Alabama was lower than a year ago, in Mississippi it was the same, and in Louisiana slightly higher. The condition of early potatoes on April 1 was lower than a year ago in the five early states of the District, and in the country as a whole. The 1939 Tennessee strawberry crop is expected to be half again as large as that of last year, and the Louisiana crop, while not so early as in 1938, is expected to be larger.

**Industry** In March, textile operations in the District increased and building and construction activity recorded a substantial gain, but the rate of operations in the iron and steel industry, and of coal output, averaged lower.

▶ The value of construction contracts awarded in March rose 41.1 per cent over the February total. The March total was 75.6 per cent larger than for March last year. It had been exceeded only twice in 1938, once in 1937 and twice in 1936. Prior to 1936 it had been exceeded only three times since the summer of 1929. Residential contracts rose 42.6 per cent in March. In comparison with March last year, residential awards increased 51.7 per cent, while other contracts were 91.6 per cent larger. In the first quarter of 1939, total contracts in the District were 77.8 per cent larger than in that part of 1938, compared with a gain of 43.6 per cent for the 37 Eastern States. The increase of 58.9 per cent in residential awards in the District for the first quarter, however, was smaller than the gain of 82.8 per cent for the country.

▶ Cotton mills in Alabama, Georgia and Tennessee consumed an average of 7,904 bales of cotton for each business day in March. This represents an increase of 3.3 per cent over February, was 37.7 per cent larger than a year ago, and larger than for any month since June 1937. Operations at cotton seed oil mills increased somewhat in March.

▶ After steady operations at 72 per cent of capacity for five weeks, steel mill activity in the Birmingham area declined to 60.5 per cent in the last week of March and to 50.5 per cent the following week. The March rate of pig iron production in Alabama declined 5.9 per cent, in contrast to an increase of 5.5 per cent for the country. Alabama output was 41.3 per cent larger than a year earlier, while the increase for the United States was 65.7 per cent. The rate of coal production in the District, and in the country, averaged lower in March, and was reduced substantially by the strike at the beginning of the new coal year April 1. March production in the District, and in the country as a whole, was 32 per cent greater than in that month last year.

▶ The daily rate of electric power production in the District declined 2.3 per cent in February, as against an increase of 0.5 per cent for the country. The District rate was 17.0 per cent above that for February 1938, however, while the gain for the country was 10.4 per cent.

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## SIXTH DISTRICT BUSINESS STATISTICS

| RETAIL TRADE | SALES: Feb. 1939 | SALES: March 1939 Compared With Mar. 1938 | SALES: Incl. Compared With Year Ago Jan.-Mar. | STOCKS Mar. 1939 Compared With Mar. 1938 | COLLECTION RATIO Mar.1939 |
|---|---|---|---|---|---|
| Atlanta | +26.0 | +16.7 | +11.7 | + 3.0 | 28.1 |
| Birmingham | +28.4 | +12.0 | + 7.1 | — 5.0 | 36.4 |
| Chattanooga | +40.4 | +24.4 | +12.8 | — 5.7 | ... |
| Montgomery | +35.1 | +22.0 | + 6.3 | —13.6 | ... |
| Nashville | +26.7 | + 7.5 | + 7.9 | + 1.9 | 28.5 |
| New Orleans | +32.4 | +11.0 | + 2.3 | + 0.5 | 32.6 |
| Others | +20.0 | + 7.3 | + 3.9 | + 1.3 | 35.9 |
| DISTRICT (46 Firms) | +26.4 | +11.7 | + 6.3 | — 0.4 | 32.1 |
| **WHOLESALE TRADE** | | | | | |
| Groceries | +21.7 | — 0.6 | — 4.6 | —10.6 | 86.8 |
| Dry Goods | +27.9 | + 7.4 | + 5.6 | + 6.3 | 43.0 |
| Hardware | +23.6 | +14.6 | +18.9 | — 2.8 | 48.3 |
| Electrical Goods | —10.5 | +14.5 | +10.8 | —38.4 | 51.6 |
| Drugs | +11.7 | +16.3 | +14.1 | ... | 70.6 |
| Shoes | +57.0 | — 6.9 | + 6.1 | ... | 27.6 |
| TOTAL | +19.4 | + 6.1 | + 7.9 | — 4.6 | 57.6 |

(000 Omitted)

| | Mar. 1939 | Feb. 1939 | Mar. 1938 | Jan.-Mar., Incl. 1939 | 1938 |
|---|---|---|---|---|---|
| **COMMERCIAL FAILURES—DISTRICT** | | | | | |
| Number | 47 | 69 | 56 | 191 | 206 |
| Liabilities | $ 377 | $ 679 | $ 504 | $ 2,168 | $ 2,387 |
| **CONTRACTS AWARDED—** | | | | | |
| DISTRICT | $ 27,742 | $ 19,665 | $ 15,795 | $ 67,563 | $ 38,002 |
| Residential | 9,604 | 6,733 | 6,329 | 22,481 | 14,151 |
| All Others | 18,138 | 12,932 | 9,466 | 45,082 | 23,851 |
| Alabama | 4,418 | 1,814 | 2,216 | 9,647 | 6,070 |
| Florida | 9,095 | 5,026 | 4,795 | 19,267 | 11,907 |
| Georgia | 6,831 | 5,257 | 3,247 | 16,583 | 6,642 |
| Louisiana | 4,656 | 4,893 | 3,936 | 13,312 | 8,684 |
| Mississippi | 2,700 | 4,556 | 989 | 10,789 | 2,832 |
| Tennessee | 3,839 | 3,201 | 3,078 | 10,849 | 10,046 |
| **BUILDING PERMITS—** | | | | | |
| 20 CITIES | $ 5,564 | $ 4,245 | $ 4,703 | $ 14,073 | $ 13,078 |
| Atlanta | 438 | 228 | 277 | 1,107 | 903 |
| Birmingham | 303 | 205 | 157 | 649 | 779 |
| Jacksonville | 523 | 507 | 751 | 1,360 | 3,633 |
| Nashville | 371 | 103 | 195 | 589 | 402 |
| New Orleans | 436 | 455 | 648 | 1,256 | 1,370 |
| 15 Other Cities | 3,494 | 2,747 | 2,675 | 9,113 | 5,991 |
| **PIG IRON PRODUCTION—Tons** | | | | | |
| Alabama | 232 | 223 | 164 | 706 | 456 |
| **COAL PRODUCTION—Tons** | | | | | |
| Alabama | 1,213 | 1,105 | 980 | 3,518 | 2,900 |
| Tennessee | 468 | 478 | 296 | 1,407 | 1,024 |

(000 Omitted)

| | Mar. 1939 | Feb. 1939 | Mar. 1938 | Aug.-Mar., Incl. 1938-39 | 1937-38 |
|---|---|---|---|---|---|
| **COTTON CONSUMPTION—Bales** | | | | | |
| Alabama | 70 | 60 | 52 | 486 | 411 |
| Georgia | 127 | 110 | 89 | 905 | 770 |
| Tennessee | 16 | 14 | 14 | 115 | 107 |
| TOTAL THREE STATES | 213 | 184 | 155 | 1,506 | 1,288 |
| **COTTON SEED CRUSHED—Tons*** | 134 | 110 | 210 | 1,266 | 1,950 |
| **FERTILIZER TAG SALES—Tons** | | | | | |
| TOTAL SIX STATES | 710 | 309 | 719 | 1,303 | 1,607 |

*Georgia, Alabama, Louisiana, and Mississippi.

(000 Omitted)

| | Feb. 1939 | Jan. 1939 | Feb. 1938 | Jan.-Feb., Incl. 1939 | 1938 |
|---|---|---|---|---|---|
| **FARM INCOME*—Six States** | $ 42,715 | $ 43,936 | $ 48,254 | $ 86,651 | $108,260 |
| Alabama | 3,404 | 3,807 | 6,505 | 7,211 | 12,799 |
| Florida | 11,931 | 9,516 | 14,690 | 21,447 | 25,306 |
| Georgia | 4,024 | 4,372 | 5,154 | 8,396 | 11,409 |
| Louisiana | 3,632 | 4,557 | 4,024 | 8,189 | 12,513 |
| Mississippi | 12,727 | 8,130 | 9,744 | 20,857 | 22,206 |
| Tennessee | 6,997 | 13,554 | 8,137 | 20,551 | 24,027 |
| **ELECTRIC POWER PRODUCTION—kw hours** | | | | | |
| Alabama | 246,696 | 303,979 | 224,620 | 550,675 | 449,986 |
| Florida | 90,675 | 100,335 | 87,715 | 191,010 | 179,683 |
| Georgia | 137,319 | 123,855 | 104,090 | 261,174 | 230,499 |
| Louisiana | 124,261 | 149,131 | 109,009 | 273,392 | 224,842 |
| Mississippi | 3,871 | 5,692 | 6,138 | 9,563 | 12,816 |
| Tennessee | 153,349 | 173,751 | 114,505 | 327,100 | 234,404 |
| TOTAL SIX STATES | 756,171 | 856,743 | 646,077 | 1,612,914 | 1,332,230 |
| By Water Power | 469,025 | 455,093 | 308,669 | 924,118 | 671,060 |
| By Fuels | 287,146 | 401,650 | 337,408 | 688,796 | 660,970 |

*Includes Government payments.

## SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

| | Mar.1939 | Feb.1939 | Mar.1938 |
|---|---|---|---|
| **RETAIL SALES*—Unadjusted** | | | |
| DISTRICT (27 Firms) | 115.8 | 101.3 | 100.5 |
| Atlanta | 211.8 | 192.5 | 181.1 |
| Birmingham | 103.4 | 92.4 | 93.7 |
| Chattanooga | 86.6 | 69.4 | 69.6 |
| Nashville | 108.6 | 96.4 | 85.3 |
| New Orleans | 91.1 | 78.1 | 86.0 |
| **RETAIL SALES*—Adjusted** | | | |
| DISTRICT (27 Firms) | 124.5 | 115.1 | 109.2 |
| Atlanta | 225.3 | 226.5 | 194.7 |
| Birmingham | 107.7 | 102.7 | 98.6 |
| Chattanooga | 96.2 | 87.8 | 78.2 |
| Nashville | 119.3 | 113.4 | 95.4 |
| New Orleans | 101.0 | 88.8 | 95.6 |
| **RETAIL STOCKS—Unadjusted** | | | |
| DISTRICT (24 Firms) | 72.8 | 69.0 | 73.1 |
| Atlanta | 123.4 | 114.5 | 117.5 |
| Birmingham | 69.9 | 64.9 | 72.5 |
| Chattanooga | 61.7 | 59.7 | 65.3 |
| Nashville | 57.4 | 54.0 | 56.3 |
| New Orleans | 62.1 | 60.0 | 61.8 |
| **RETAIL STOCKS—Adjusted** | | | |
| DISTRICT (24 Firms) | 70.7 | 70.4 | 71.0 |
| Atlanta | 121.0 | 119.3 | 115.2 |
| Birmingham | 68.5 | 67.6 | 71.1 |
| Chattanooga | 58.2 | 61.5 | 61.6 |
| Nashville | 56.3 | 56.8 | 55.2 |
| New Orleans | 59.7 | 60.0 | 59.4 |
| **WHOLESALE SALES—Total** | 72.4 | 60.6 | 74.7 |
| Groceries | 54.9 | 45.1 | 54.2 |
| Dry Goods | 62.5 | 48.9 | 58.7 |
| Hardware | 96.5 | 78.1 | 78.4 |
| Furniture | ... | ... | 66.9 |
| Drugs | 116.4 | 104.2 | 127.3 |
| **CONTRACTS AWARDED—DISTRICT** | 79.0 | 56.0 | 45.0 |
| Residential | 68.4 | 48.0 | 45.1 |
| All Others | 86.1 | 61.4 | 44.9 |
| Alabama | 96.6 | 39.7 | 48.5 |
| Florida | 62.6 | 34.7 | 33.1 |
| Georgia | 102.5 | 78.9 | 48.7 |
| Louisiana | 74.0 | 77.8 | 62.6 |
| Mississippi | 140.0 | 236.3 | 51.3 |
| Tennessee | 69.2 | 57.7 | 55.5 |
| **BUILDING PERMITS—20 Cities** | 49.5 | 37.7 | 41.8 |
| Atlanta | 28.3 | 14.7 | 17.9 |
| Birmingham | 20.4 | 13.8 | 10.6 |
| Jacksonville | 63.6 | 61.6 | 91.3 |
| Nashville | 58.5 | 16.2 | 30.8 |
| New Orleans | 33.9 | 35.3 | 50.3 |
| 15 Other Cities | 63.8 | 50.1 | 48.8 |
| **PIG IRON PRODUCTION—ALABAMA*** | 98.2 | 104.3 | 69.5 |
| **COTTON CONSUMPTION—3 STATES*** | 166.7 | 161.4 | 121.0 |
| Alabama | 195.0 | 188.6 | 143.9 |
| Georgia | 155.3 | 151.0 | 109.4 |
| Tennessee | 157.5 | 148.7 | 133.4 |
| **EMPLOYMENT (Av. for 1932 = 100)** | | | |
| Alabama | 132.5 | 131.7 | 131.9 |
| Florida | 118.1 | 115.6 | 127.6 |
| Georgia | 141.9 | 140.5 | 135.9 |
| Louisiana | 125.2 | 126.2 | 120.1 |
| Mississippi | 112.8 | 110.9 | 109.5 |
| Tennessee | 127.6 | 126.1 | 118.0 |
| SIX STATES | 131.5 | 130.5 | 127.8 |
| **PAYROLLS (Av. for 1932 = 100)** | | | |
| Alabama | 204.6 | 206.2 | 189.8 |
| Florida | 96.5 | 93.4 | 98.5 |
| Georgia | 182.5 | 181.8 | 161.7 |
| Louisiana | 143.4 | 143.4 | 151.7 |
| Mississippi | 138.7 | 137.3 | 134.8 |
| Tennessee | 161.6 | 160.2 | 146.3 |
| SIX STATES | 170.0 | 169.0 | 160.3 |

| ELECTRIC POWER PRODUCTION* | Feb.1939 | Jan.1939 | Feb.1938 |
|---|---|---|---|
| Alabama | 340.9 | 380.5 | 311.3 |
| Florida | 493.6 | 493.4 | 477.6 |
| Georgia | 253.0 | 206.1 | 191.8 |
| Louisiana | 516.6 | 560.1 | 453.2 |
| Mississippi | 66.0 | 88.0 | 104.8 |
| Tennessee | 270.6 | 276.9 | 202.0 |
| SIX STATES | 326.8 | 334.5 | 279.2 |
| By Water Power | 385.7 | 338.0 | 253.8 |
| By Fuels | 261.6 | 330.5 | 307.4 |

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

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# NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

IN APRIL, manufacturing production was maintained at about the same rate as in March but mineral production declined, reflecting a sharp reduction in output of bituminous coal pending settlement of negotiations between operators and miners. In the first quarter of this year indusrial output, after a rapid rise in the latter half of 1938, increased less than is usual at this season.

## *Production*

Volume of industrial production showed little change in March and the Board's seasonally adjusted index remained at 98 per cent of the 1923-1925 average. The index for the first quarter averaged 99, compared with 101 in the final quarter of last year. Activity at steel mills in March was at 54 per cent of capacity, a slightly higher level than in January and February. Automobile production increased less than seasonally, retail sales of cars continued to fluctuate around a level considerably higher than last year but lower than in 1936 and 1937. Dealers' stocks of new cars began to decline in March, following an increase to a seasonally high level. Activity in machinery industries increased further in March, continuing the rise that began last summer. Lumber production increased less than seasonally from the relatively low level of other recent months.

Production of nondurable goods in March continued at about the level that has prevailed since last autumn. In the woolen textile industry activity showed a decrease from the high level of recent months, while at cotton mills and shoe factories, output was maintained in large volume. At meat-packing establishments and sugar refineries increases in activity were reported, following earlier declines.

Value of construction contract awards increased in March, according to F. W. Dodge Corporation figures, reflecting a seasonal rise in residential and other private building. Awards for public projects showed little change.

In the first three weeks of April, bituminous coal production declined to a low level as most mines were closed, pending the settlement of biennial contract negotiations between mine operators and workers. Steel ingot production was reduced somewhat averaging about 52 per cent of capacity, and automobile production showed little change from the rate reached in the latter part of March.

## *Distribution*

Sales at department stores and mail order houses increased somewhat more than seasonally in March, while variety store sales showed about the usual rise. For the first quarter as a whole, retail sales were in about the same volume as in the final quarter of 1938, after allowance for seasonal changes.

Freight-car loadings showed less than the customary advance from February to March as loadings of coal declined and shipments of miscellaneous freight increased less than seasonally. In the first half of April, there was a marked decrease in freight traffic, reflecting in large part a sharp decline in coal shipments.

## *Commodity Prices*

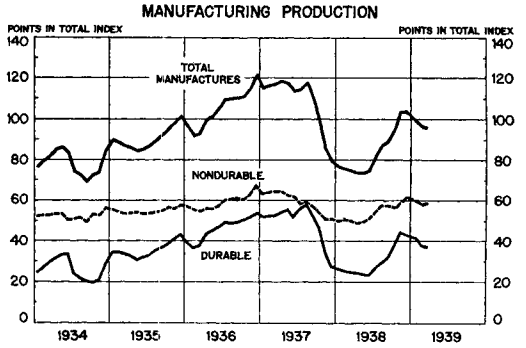
Prices of steel scrap, copper, hides, and some other industrial raw materials declined from the middle of March to the third week of April, and there were decreases also in prices of livestock and dairy products. Silk prices rose considerably. The general level of wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined to 76 per cent of the 1926 average as compared with 77 in the middle of March and at the beginning of the year.

## *Bank Credit*

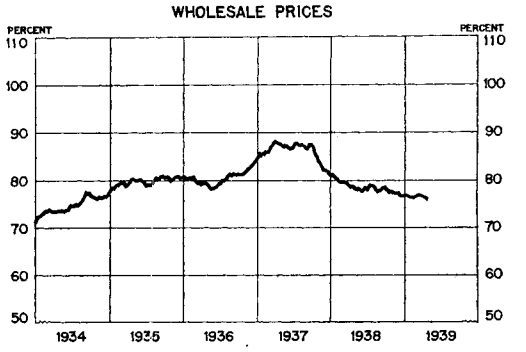
Reflecting continued heavy gold imports and Treasury disbursements from its balances at the reserve banks, member bank reserves and deposits increased sharply during the four weeks ending April 19. Excess reserves rose to a record high level of $4,000,000,000. Total loans and investments at banks in 101 leading cities, which had shown little change during March, increased somewhat during the first three weeks of April, reflecting principally continued purchases of United States Government obligations by New York City Banks. Loans to brokers and dealers in securities declined.

## *Money Rates and Security Prices*

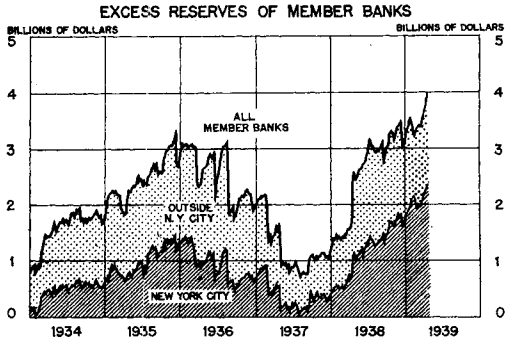
Prices of Government bonds and of other bonds of highest grades continued firm at high levels during March and the first three weeks of April, while prices of the lower-grade corporate bonds and of corporate stocks declined. The average discount rate on new issues of 91-day Treasury bills continued at a low level and other open-market rates remained unchanged.



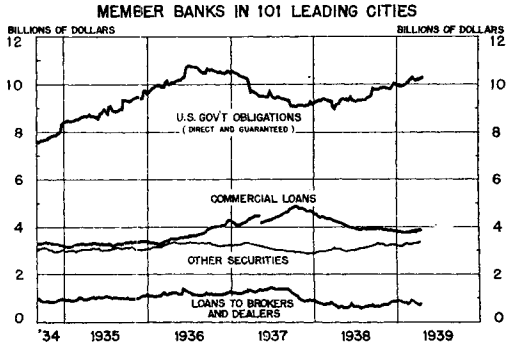

**Index of physical volume of production, adjusted for seasonal variations, 1923-1925 average = 100. Durable and nondurable series expressed in terms of points in total index. By months, January, 1934, to March, 1939.**




**Index compiled by U. S. Bureau of Labor Statistics. 1926 = 100. By weeks, 1934, to week ending April 15, 1939.**




**Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to April 19, 1939.**




**Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to April 19, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.**

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