

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

August 31, 1939

District Summary In July merchandise distribution through department stores in the Sixth District declined less than usual, wholesale trade was only slightly lower, and there were notable gains in building permits, in contracts awarded for residential construction and in the rate of pig iron and coal production. Textile operations declined and there was a decrease in the total value of contract awards because of a decline in "All Other" contracts.

In July the changes in this District in department store sales, residential contracts and in output of pig iron were more favorable than those for the country, while the changes in total contract awards, textile operations and coal production were less favorable. Comparing July this year with July 1938 the District gain in total contract awards was slightly less than for the country, but in other available statistical series the District gains were appreciably larger than those for the country as a whole.

Trade Distribution of merchandise in the Sixth District at both retail and wholesale declined in July. Stocks at department stores were slightly lower, but wholesale inventories increased. Business failures increased over June but were less than in July last year.

▶ Department store sales in July, on a daily average basis, were 18.0 per cent lower than in June, a decline somewhat smaller than usually occurs at that time of year, and after seasonal adjustment the index rose from 119.4 per cent of the 1923-1925 average for June to 125.9 for July. This is 11.0 per cent above the index for July last year and the highest for that month in the series. July sales by wholesale firms in this District reporting to the United States Department of Commerce were off 2.1 per cent from June, but were 8.3 per cent greater than a year ago. For the seven months of 1939 department store sales have been 8.3 per cent, and wholesale trade 7.3 per cent, larger than in that part of 1938.

▶ Inventories at department stores declined less than usual in July and were 4.7 per cent larger than for July 1938, while wholesale stocks increased 4.7 per cent over June and were 2.5 per cent larger than a year ago.

▶ The collection ratio, for both department stores and wholesale firms, declined slightly in July.

Banking In early August the Commodity Credit Corporation took over from the commercial banks a considerable volume of loans on cotton, and loans at weekly reporting member banks declined, investments increased somewhat, interbank deposits increased after declining in July, and demand deposits-adjusted rose to a new peak at the middle of the month. Total loans and investments at these banks on August 16 were lower than on any other Wednesday since October 5 last year.

▶ Since December total loans have declined about 36 millions of dollars, while investments were at about the same level as in late December. Most of the decline in loans has been in those for commercial, industrial and agricultural purposes and in "All Other" loans. Investments declined early in July but have since increased because of larger holdings of securities guaranteed by the United States. At the middle of August total investments were about 27.4 millions greater than they were a year ago, and of this increase 21.9 millions is in guaranteed securities and 6.2 millions is in other securities, while holdings of United States direct obligations were slightly smaller.

▶ Following the transfer of cotton loans to the Commodity Credit Corporation, demand deposits-adjusted increased to a new high level on August 16, when they were 49.6 millions greater than a year ago, and reserve deposits at the Federal Reserve Bank to the credit of these weekly reporting member banks increased about 20 millions of dollars and on August 16 were 33.6 millions greater than at the same time last year. Deposits held for other banks were at the middle of August about 61 millions greater than a year ago, and balances maintained with other banks were 66 millions greater.

▶ At the Federal Reserve Bank of Atlanta total cash reserves and reserve deposits of all member banks in the District reached record high levels on August 9 and declined some-

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

	Aug. 16, 1939	Change From: July 12, 1939	Aug. 17, 1938
Loans and Investments—Total.....	\$578,566	-16,870	+27,116
Loans—Total.....	282,001	-25,458	- 271
Commercial, industrial and agricultural loans.....	152,577	-24,665	- 1,230
Open market paper.....	3,040	+ 87	+ 112
Loans to brokers and dealers in securities.....	5,607	-1,676	+ 157
Other loans for purchasing or carrying securities.....	11,209	+ 681	+ 3,472
Real estate loans.....	30,869	+ 142	+ 3,387
Loans to banks.....	1,377	+ 245	- 2,310
Other loans.....	77,322	+ 1,090	+ 3,085
Investments—Total.....	296,565	+ 8,588	+27,385
U. S. direct obligations.....	141,654	+ 1,268	- 701
Obligations guaranteed by U. S.....	64,786	+ 6,734	+21,912
Other securities.....	90,135	+ 596	+ 6,186
Reserve with F. R. Bank.....	136,568	+24,782	+33,588
Cash in vault.....	11,410	- 1,722	+ 340
Balances with domestic banks.....	198,987	+19,933	+66,070
Demand deposits—adjusted.....	385,132	+11,696	+49,706
Time deposits.....	186,917	+ 1,895	+ 999
U. S. Government deposits.....	38,488	- 1,557	+15,543
Deposits of domestic banks.....	256,725	+10,757	+60,994
Borrowings.....			

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

	Aug. 16, 1939	Change From: July 12, 1939	Aug. 17, 1938
Bills discounted.....	\$ 154	+ 33	- 489
Bills bought.....	19	- 14	+ 640
Industrial advances.....	755	- 3,762	- 8,048
United States securities.....	103,148	- 3,742	- 7,897
Total bills and securities.....	104,077	+17,551	+72,361
Total cash reserves.....	322,642	+ 739	+11,229
F. R. Note circulation.....	153,359	+23,701	+40,522
Member bank reserve accounts.....	208,828	-10,297	+ 5,424
U. S. Treasurer general account.....	41,463	+12,915	+52,948
Total deposits.....	266,501		
Commitments to make industrial advances.....	139	- 1	- 41

DEBITS TO INDIVIDUAL ACCOUNTS
 (In Thousands of Dollars)

	July		June		July		Per Cent Change	
	1939	1939	1939	1938	July 1939	From July 1938	July 1939	July 1938
ALABAMA—								
Birmingham.....\$	84,459	\$ 80,798	\$ 73,745		+ 4.5	+14.5		
Dothan.....	2,376	2,685	2,517		-11.5	- 5.6		
Mobile.....	34,870	34,220	34,346		+ 1.9	+ 1.5		
Montgomery.....	21,701	20,983	17,971		+ 3.4	+20.8		
FLORIDA—								
Jacksonville.....	71,156	74,298	61,682		- 4.2	+15.4		
Miami.....	42,808	40,698	32,653		+ 5.2	+31.1		
Pensacola.....	8,156	8,758	7,981		- 6.9	+ 2.2		
Tampa.....	26,718	26,762	23,818		- 0.2	+12.2		
GEORGIA—								
Albany.....	3,848	4,251	3,463		- 9.5	+11.1		
Atlanta.....	192,974	202,056	174,538		- 4.5	+10.6		
Augusta.....	16,779	17,942	13,980		- 6.5	+20.0		
Brunswick.....	2,429	2,422	2,325		+ 0.3	+ 4.5		
Columbus.....	13,400	13,879	12,282		- 3.5	+ 9.1		
Elberton.....	940	1,004	880		- 6.4	+ 6.8		
Macon.....	14,597	14,714	12,884		- 0.8	+13.3		
Newnan.....	1,884	1,646	1,717		+14.5	+ 9.7		
Savannah.....	25,705	27,335	26,024		- 6.0	+ 1.2		
Valdosta.....	4,737	3,432	3,813		+38.0	+24.2		
LOUISIANA—								
New Orleans.....	202,332	219,872	218,650		- 8.0	+ 7.5		
MISSISSIPPI—								
Hattiesburg.....	4,389	4,417	4,140		- 0.6	+ 6.0		
Jackson.....	26,480	22,547	27,236		+17.4	+ 2.8		
Meridian.....	10,665	10,459	8,724		+ 2.0	+22.2		
Vicksburg.....	6,542	5,996	6,189		+ 9.1	+ 5.7		
TENNESSEE—								
Chattanooga.....	42,855	44,991	38,594		+ 4.8	+11.0		
Knoxville.....	28,363	28,192	27,364		+ 0.6	+ 3.7		
Nashville.....	81,842	80,421	74,689		+ 1.8	+ 9.6		
SIXTH DISTRICT								
26 Cities.....	973,005	994,778	912,205		- 2.2	+ 6.7		
UNITED STATES—								
141 Cities.....	\$30,476,737	\$33,987,920	\$30,505,060		+ 3.4	+20.8		

what the following week. Discounts for member banks have shown a further gain although the volume continues small, while industrial advances have declined somewhat. Holdings of United States securities have declined about 12.8 millions since June.

► Excess reserves of all member banks in the District, estimated on the basis of latest available data, amounted on August 16 to about 70 millions of dollars, or 45.7 per cent of legal requirements. In the latter half of July excess reserves in the District averaged about 47 millions.

► Check transactions at 26 cities in the District declined 2.2 per cent in July, while at 141 reporting centers throughout the country they dropped 10.3 per cent.

Agriculture In the first half of 1939 total farm income in the six states of this District was 1.2 per cent larger than in that part of last year. The gain was due to a large increase in Government benefit payments. Receipts from crops were 27.3 per cent less, while income from livestock and livestock products rose 3.7 per cent.

► The first estimate of the season by the United States Department of Agriculture indicates a cotton crop in the six states of this District of 4,707,000 bales, smaller by 2.5 per cent than that of last year, and 38.3 per cent smaller than the 1937 crop. Comparisons for these states follow:

Cotton Production	Estimate	Production	Production
000 Bales	Aug. 1, 1939	1938	1937
Alabama.....	946	1,081	1,631
Florida.....	17	26	40
Georgia.....	1,000	852	1,500
Louisiana.....	702	676	1,104
Mississippi.....	1,612	1,704	2,692
Tennessee.....	430	490	661
Six States.....	4,707	4,829	7,628
United States.....	11,412	11,943	18,946

► Between July 1 and August 1 there were increases in the official estimates of wheat, rice and potatoes in this District, but declines were indicated in corn, hay, tobacco, sweet potatoes and peaches. Growing conditions in Florida during July were favorable for development of citrus fruits from the 1939 bloom. Prospects for oranges are relatively better than for grapefruit. 1939 production of pecans is indicated at 13.5 per cent larger than in 1938, but a decrease of 13.0 per cent is shown for peanuts. The Georgia peach crop was about 21.0 per cent smaller than last year, but the estimate for peaches in Tennessee is nearly three times that of 1938. In the year ending July 31 farmers apparently used about 35.0 per cent less fertilizer than they did in the previous year.

Industry For the fifth consecutive month the value of building permits issued at twenty reporting cities increased in July over the preceding month and was substantially larger than a year earlier. An increase in residential contracts was, however, more than offset by a decline in other awards. The rate of textile activity declined, but output of coal and pig iron increased further in July.

► Residential contracts increased 6.6 per cent in July and were 68.0 per cent greater than a year ago, while other awards declined 19.2 per cent from June and were about the same as in July last year. For the seven months period total awards were up 51.9 per cent from that period last year, residential awards were 63.3 per cent larger, and other awards increased 44.8 per cent. Value of building permits increased further in July by 9.4 per cent, were two and one-quarter times the July 1938 total and the largest for any month since December 1928. The seven month total of \$49,735,307 was the largest for that period since 1929.

► In the year that ended July 31 cotton mills in Georgia, Alabama and Tennessee consumed 2,251,373 bales of cotton, a gain of 23.4 per cent over the preceding cotton year. Only in the cotton year of 1936-1937 was total consumption in these states greater.

► Steel mill activity in the Birmingham area declined from 82.0 per cent of capacity in the last week of July and the first week of August to 75.0 per cent in the following two weeks. For the first three weeks of August, however, the average of 77.3 per cent was about 6.0 per cent higher than the average for July and compares with a national average of about 61.2 per cent. Alabama production of pig iron increased further in July by about 12.0 per cent, was larger by 138.2 per cent than in July last year, and for the seven months of 1939 has been 59.6 per cent greater than in that part of 1938. In the United States July production increased 7.6 per cent over June, was 96.1 per cent greater than in July last year, and for the seven months the gain over that part of last year was 64.0 per cent. Coal production in Alabama and Tennessee increased further in July and was about half again as large as in July last year.

► The rate of electric power production increased 6.2 per cent in this District to a new high level in June, compared with a gain of 5.2 per cent for the country. In the District June production was 19.9 per cent greater than a year ago while the country's gain was 14.0 per cent.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		STOCKS COLLECTED		RATIO	
	June 1939	July 1939 Compared with July 1938	Jan.-July Incl. Compared with Year Ago	July 1939 Compared with July 1938		July 1939
RETAIL TRADE						
Atlanta.....	-21.5	+ 7.3	+11.1	+15.3	25.4	
Birmingham.....	-18.2	+11.7	+10.3	+ 4.0	30.4	
Montgomery.....	-19.6	+11.7	+11.1	-21.5	..	
Nashville.....	-23.2	+10.1	+ 8.2	- 1.3	26.6	
New Orleans.....	-19.9	+ 8.3	+ 4.8	+ 5.2	30.5	
Others.....	-18.7	+12.2	+ 7.6	+ 3.9	31.0	
DISTRICT (46 Firms).....	-20.7	+ 9.5	+ 8.3	+ 4.7	28.6	
WHOLESALE TRADE						
Groceries.....	- 3.8	- 1.5	- 2.2	- 4.3	74.5	
Dry Goods.....	- 6.9	- 2.1	+ 7.2	+ 4.5	33.2	
Hardware.....	+ 2.9	+20.6	+17.6	+ 4.5	47.7	
Electrical Goods.....	- 4.5	+26.2	+18.9	+ 9.5	60.8	
Drugs.....	- 1.4	+11.9	+13.5	-12.4	66.8	
Shoes.....	+40.2	+18.6	- 4.2	..	26.5	
TOTAL.....	- 2.1	+ 8.3	+ 7.3	+ 2.5	55.1	

(000 OMITTED)

COMMERCIAL FAILURES—	July 1939	June 1939	July 1938	Jan.-July, Incl. 1938	Jan.-July, Incl. 1938
DISTRICT.....	48	38	68	405	394
Liabilities.....	\$ 608	\$ 482	\$ 1,120	\$ 4,921	\$ 4,245

CONTRACTS AWARDED—

DISTRICT.....	\$ 24,361	\$ 26,728	\$ 19,770	\$170,529	\$112,248
Residential.....	11,451	10,746	6,816	70,934	43,451
All Others.....	12,910	15,982	12,954	99,595	68,797
Alabama.....	3,070	4,295	2,309	24,137	13,681
Florida.....	9,295	7,781	7,381	51,724	35,820
Georgia.....	5,840	6,608	4,364	37,383	22,604
Louisiana.....	2,418	4,928	3,630	37,896	23,775
Mississippi.....	2,092	2,162	1,429	21,288	11,939
Tennessee.....	6,780	5,745	3,843	31,096	25,440

BUILDING PERMITS—

20 CITIES.....	\$ 10,676	\$ 9,762	\$ 4,727	\$ 49,735	\$ 32,342
Atlanta.....	955	592	231	3,475	2,085
Birmingham.....	725	286	155	2,482	1,632
Jacksonville.....	603	773	493	4,477	6,209
Nashville.....	244	564	123	2,685	878
New Orleans.....	989	627	247	3,918	2,815
15 Other Cities.....	7,160	6,920	3,478	32,699	18,724

PIG IRON PRODUCTION—Tons

Alabama.....	211	183r	89	1,448	908
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COAL PRODUCTION—Tons

Alabama.....	972	960r	654	5,897	5,782
Tennessee.....	418	377	302	2,583	2,269

(000 OMITTED)

COTTON CONSUMPTION—	July 1939	June 1939	July 1938	Aug.-July, Incl. 1938-39	Aug.-July, Incl. 1937-38
Bales					
Alabama.....	53	62	44	723	588
Georgia.....	101	116	80	1,355	1,083
Tennessee.....	13	15	12	173	153
TOTAL THREE STATES.....	167	193	136	2,251	1,824

COTTON SEED CRUSHED—

Tons*.....	25	55	49	1,558	2,315
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FERTILIZER TAG SALES—Tons

TOTAL SIX STATES.....	36	35	27	1,545	2,389
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*Georgia, Alabama, Louisiana and Mississippi.

(000 Omitted)

FARM INCOME*—Six States.....	June 1939	May 1939	June 1938	Jan.-June, Incl. 1939	Jan.-June, Incl. 1938
Alabama.....	\$ 38,930	\$ 51,567	\$ 37,430	\$285,441	\$282,103
Florida.....	4,990	9,560	5,241	35,872	35,834
Georgia.....	8,068	11,807	5,437	72,302	68,947
Louisiana.....	5,897	6,384	8,607	36,347	34,576
Mississippi.....	5,373	8,689	4,002	35,879	35,375
Tennessee.....	4,847	5,111	6,466	48,052	47,469
TOTAL SIX STATES.....	9,755	10,016	7,677	56,989	59,902

ELECTRIC POWER

PRODUCTION—kw hours	June 1939	May 1939	June 1938	Jan.-June, Incl. 1939	Jan.-June, Incl. 1938
Alabama.....	347,770	301,759	250,425	1,760,381	1,449,271
Florida.....	86,585	87,181	73,483	552,324	506,346
Georgia.....	139,743	151,767	118,590	843,269	704,175
Louisiana.....	157,423	155,635	148,301	854,355	745,926
Mississippi.....	5,024	4,696	5,005	28,520	35,624
Tennessee.....	136,462	148,277	132,035	953,421	700,121
TOTAL SIX STATES.....	873,007	849,315	727,839	4,992,270	4,141,463
By Water Power.....	555,106	525,628	446,453	3,107,820	2,321,537
By Fuels.....	317,901	323,687	281,386	1,884,450	1,819,926

*Includes Government payments. r = revised.

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

RETAIL SALES*—Unadjusted	July 1939	June 1939	July 1938
DISTRICT (27 Firms).....	88.1	107.5	79.4
Atlanta.....	152.4	183.2	139.4
Birmingham.....	87.2	103.1	78.1
Nashville.....	77.3	96.8	60.2
New Orleans.....	77.1	92.8	71.2

RETAIL SALES*—Adjusted

DISTRICT (27 Firms).....	125.9	119.4	113.4
Atlanta.....	208.8	210.6	191.0
Birmingham.....	119.5	110.9	107.0
Nashville.....	112.0	105.2	87.2
New Orleans.....	111.7	104.0	103.2

RETAIL STOCKS*—Unadjusted

DISTRICT (24 Firms).....	64.4	65.1	60.8
Atlanta.....	119.2	113.3	99.9
Birmingham.....	64.7	64.9	60.9
Nashville.....	43.6	49.4	44.2
New Orleans.....	55.6	54.7	52.8

RETAIL STOCKS—Adjusted

DISTRICT (24 Firms).....	70.0	68.5	66.1
Atlanta.....	131.0	118.0	109.8
Birmingham.....	68.1	65.6	64.1
Nashville.....	46.9	50.9	47.5
New Orleans.....	58.5	58.2	55.6

WHOLESALE SALES—Total

Groceries.....	62.8	64.1	63.1
Dry Goods.....	48.5	50.4	48.4
Hardware.....	43.2	46.4	45.4
Drugs.....	92.5	89.9	70.7
Drugs.....	90.2	92.0	84.4

CONTRACTS AWARDED—DISTRICT

Residential.....	69.4	76.2	56.3
All Others.....	81.6	78.6	48.6
Alabama.....	61.3	75.9	61.5
Florida.....	67.1	93.9	50.5
Georgia.....	64.1	53.6	50.9
Louisiana.....	87.6	99.1	65.5
Mississippi.....	38.5	78.4	57.7
Tennessee.....	108.5	112.1	74.1
Tennessee.....	122.3	103.6	69.3

BUILDING PERMITS—20 Cities

Atlanta.....	94.9	86.8	42.0
Birmingham.....	61.7	38.3	14.9
Jacksonville.....	48.9	19.3	10.5
Nashville.....	73.4	93.9	59.9
New Orleans.....	38.4	88.9	19.4
15 Other Cities.....	76.9	48.7	19.1
15 Other Cities.....	130.7	126.3	63.5

PIG IRON PRODUCTION—ALABAMA*

Alabama.....	89.3	79.8r	37.5
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COTTON CONSUMPTION—3 STATES

Alabama.....	141.2	156.4	114.7
Georgia.....	159.6	177.2	132.0
Tennessee.....	133.4	147.8	106.5
Tennessee.....	138.9	151.0	119.7

EMPLOYMENT (Av. for 1932=100)

Alabama.....	128.3	125.8	114.1
Florida.....	96.8	101.7	88.5
Georgia.....	137.4	137.5	127.9
Louisiana.....	125.0	126.4	116.0
Mississippi.....	103.9	100.2	101.0
Tennessee.....	129.8	129.0	114.6
SIX STATES.....	126.8	126.8	115.5

PAYROLLS (Av. for 1932=100)

Alabama.....	192.5	186.9	159.3
Florida.....	83.0	84.8	73.1
Georgia.....	176.1	177.2	158.3
Louisiana.....	144.3	146.6	147.3
Mississippi.....	128.5	124.2	125.9
Tennessee.....	162.2	163.0	139.5
SIX STATES.....	162.0	163.6	145.8

ELECTRIC POWER PRODUCTION*

	June 1939	May 1939	June 1938
Alabama.....	449.8	377.7	323.9
Florida.....	439.9	428.7	373.3
Georgia.....	240.4	252.6	204.0
Louisiana.....	610.8	584.4	575.4
Mississippi.....	82.8	72.2	79.9
Tennessee.....	224.8	236.3	217.4
SIX STATES.....	352.2	331.6	293.6
By Water Power.....	426.1	390.4	342.7
By Fuels.....	270.3	266.4	239.3

*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

IN JULY industrial activity, seasonally adjusted, rose sharply and was close to the level reached last December. Prices of some industrial materials increased in recent weeks while those for agricultural products continued to decline.

Production

The Board's index of industrial production, according to preliminary returns, advanced to 102.0 per cent of the 1923-1925 average in July as compared with 98.0 in June and 92.0 in April and May. The advance in July reflected chiefly a considerable further increase in output of iron and steel, which usually declines at this season. Steel ingot production rose from an average rate of 52.0 per cent of capacity in June to 57.0 per cent in July and in the first three weeks of August was maintained around 60.0 per cent which for the month would represent about the usual seasonal increase. Lumber production showed little change in July, although a decline is usual.

In the automobile industry output showed a sharp seasonal curtailment during July and the first half of August, reflecting preparations for the shift to new model production which will be made about a month earlier this year than in other recent years. Retail sales of new cars continued in excess of production and dealers' stocks were greatly reduced. Plate glass production declined sharply in July, following a substantial increase in June.

Changes in output of nondurable manufactures in July were largely of a seasonal nature. At cotton textile mills and meat-packing establishments activity showed somewhat less than the usual declines and at sugar refineries output increased from the low level reached in June. Flour production continued in substantial volume.

Mineral production expanded further in July as output of bituminous coal continued to increase and petroleum production, which had been reduced in June, rose sharply. On August 14 the Texas Railroad Commission ordered a shutdown of most Texas oil wells for 15 days, beginning August 15, and subsequently similar shutdowns were ordered in several other important oil producing States.

Value of construction contracts, as reported by the F. W. Dodge Corporation, increased somewhat in July, owing principally to a small rise in contracts for public projects. Awards for residential work, both public and private, were practically unchanged from the June total.

Employment

Factory employment, which usually declines in July, was maintained this year at about the June level and payrolls showed a less than seasonal decrease, according to reports from a number of leading industrial States.

Distribution

Sales at department and variety stores in July showed about the customary seasonal decline. In the first half of August department store sales increased.

Freight-car loadings increased further from June to July. Loadings of coal continued to expand and shipments of miscellaneous freight, which usually decline at this season, showed little change.

Commodity Prices

Prices of most farm products and foods declined from the beginning of July to the middle of August. Some industrial materials, principally steel scrap, nonferrous metals, and textile fabrics, showed advances in this period, while crude petroleum prices were reduced.

Agriculture

On August 1 prospects for major crops were about the same as a month earlier, according to the Department of Agriculture. The first official estimate on cotton indicated a crop of 11,400,000 bales, somewhat smaller than last year's crop and 2,400,000 bales less than the 1928-1937 average. World carryover of American cotton, however, was estimated to have been somewhat larger on August 1 than the record volume of a year ago.

Bank Credit

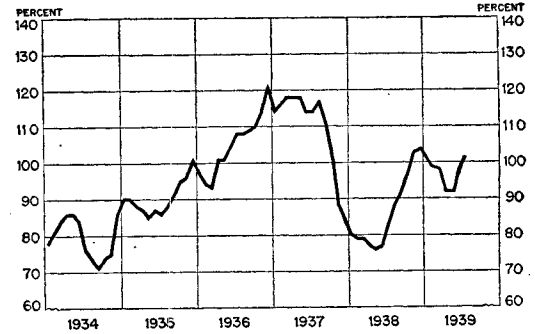
Total loans and investments of member banks in 101 leading cities increased substantially during the four weeks ending August 9, reflecting chiefly increases in holdings of United States Government obligations and the purchase by New York banks of a large share of a new issue of New York State short-term notes. Commercial loans continued to increase at New York banks but declined at banks in 100 other leading cities as corn and cotton loans that were approaching maturity were taken over by the Commodity Credit Corporation in accordance with a standing agreement. Deposits at reporting banks remained at high levels.

Excess reserves of member banks increased further to new high levels in the latter part of July and the first half of August, owing principally to gold imports and net Treasury disbursements, partly offset by a reduction in Federal Reserve bank holdings of Treasury bills.

Money Rates

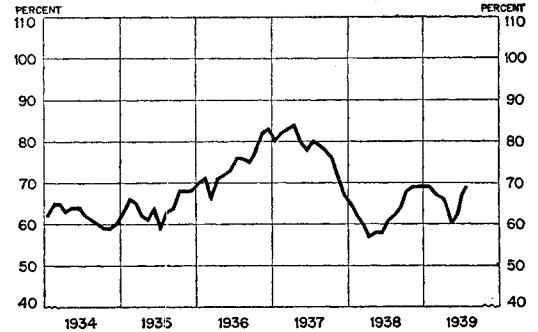
The average rate on new issues of 90-day Treasury bills has increased slightly in recent weeks and on August 10 was 0.032 per cent. Prices of Treasury bonds showed little change from the middle of July to the middle of August.

INDUSTRIAL PRODUCTION



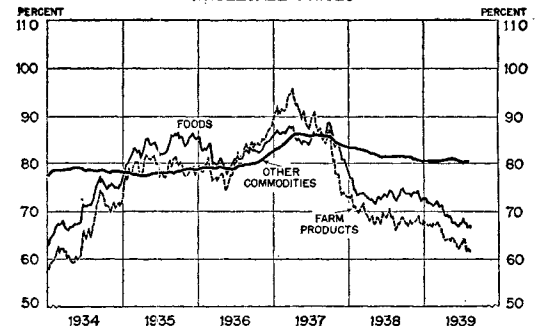
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to July, 1939.

FREIGHT-CAR LOADINGS



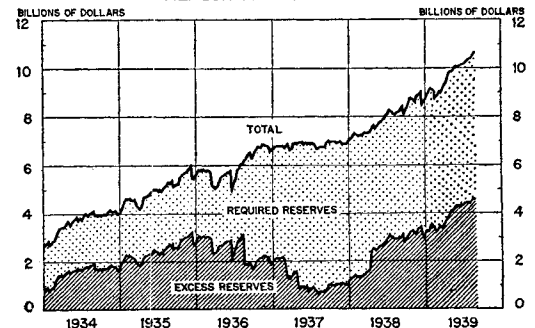
Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to July, 1939.

WHOLESALE PRICES



Indexes compiled by U. S. Bureau of Labor Statistics, 1928 = 100. By weeks, 1934, to week ending August 12, 1939.

MEMBER BANK RESERVES



Wednesday figures of total member bank reserve balances at Federal Reserve Banks, with estimates of required and excess reserves, January 3, 1934, to August 16, 1939.