

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

March 31, 1940

District Summary *In the Sixth Federal Reserve District trade increased in February more than it usually does, but industrial activity declined. Both trade and industrial operations, however, continue well above the corresponding time last year.*

Merchandise distribution through department stores, after allowing for the number of business days and the seasonal trend, increased 6.9 per cent in February, and wholesale sales rose 0.1 per cent. Construction contracts awarded in the District declined about 21.0 per cent, building permits were down 7.2 per cent, textile activity dropped 6.4 per cent, pig iron output declined further by 5.0 per cent, and coal production was 2.2 per cent lower.

The February changes in the District are more favorable than those for the country as a whole with the exception of construction contracts awarded and textile activity, and the District comparisons with February last year are more favorable than for the country excepting in pig iron production.

Trade In the first two months of 1940 distribution of merchandise through department stores in the Sixth District was 9.9 per cent greater than in that part of last year, and sales by wholesale firms were 7.8 per cent larger.

► February sales by reporting department stores increased considerably more than seasonally, and wholesale trade, which usually declines in February, was maintained at the January level. The February index of daily average sales by department stores rose 19.0 per cent over that for January, and after allowance for seasonal influences there remained a gain of 6.9 per cent. Effects of extreme weather in the latter half of January were reflected in the January decline, and are also, at least in part, evident from the February rise in the index. Daily average sales in February were 9.3 per cent greater than in February last year and, like other recent months, the February index is the highest for that month in the series. The February rise in this Dis-

trict is in contrast to a decline of 2.2 per cent from January in the index for the country as a whole.

► Sales reported to the United States Department of Commerce by 157 wholesale firms in this District were at about the January level, and 9.5 per cent greater than a year ago. Proportionately large gains over January in electrical goods, shoes and furniture were offset in the average by smaller increases in some other lines and by decreases in drugs and hardware.

► Department store inventories at the end of February were 10.4 per cent larger than a month earlier, probably in anticipation of earlier Easter business this year, and were 10.6 per cent larger than a year ago. Wholesale stocks rose 1.7 per cent in February and were 8.5 per cent larger than for February 1939.

Banking Total loans and investments at weekly reporting member banks in leading cities of the Sixth District increased somewhat in the first half of March, after declining in January and February. In the ten weeks ending March 13 there was a rather consistent decline in the volume of total loans, while holdings of investment securities increased. From the relatively high level recorded on January 3, loans for commercial, industrial and agricultural purposes declined about 17 millions of dollars by March 13, security loans are somewhat larger than at the beginning of the year, and there has been no substantial change in other classes of loans. In this period last year, there was a small decline in "All Other" loans and only a negligible decrease in commercial loans.

► In contrast to the recent downward trend in loans, these banks have enlarged their holdings of investment securities to a total on March 13 larger than on any other report date in more than three years. Investments in direct obligations of the United States, which declined in the first half of 1939, increased by the middle of March to the largest total in nearly a year, holdings of securities carrying the guarantee of the United States increased to a new high level late in January and have since fluctuated only slightly, and holdings of "Other Securities" on March 13 were the largest on record.

► Demand deposits-adjusted and time deposits have in recent weeks continued in large volume, and deposits of cor-

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

	March 13, 1940	Change From:	
		Feb. 14, 1940	Mar. 15, 1939
Loans and Investments—Total	\$633,367	+ 4,724	+30,370
Loans—Total	307,581	— 3,190	+ 1,186
Commercial, industrial and agricultural loans	163,786	— 5,699	— 7,107
Open market paper	3,648	— 461	+ 695
Loans to brokers and dealers in securities	6,398	+ 1,041	— 255
Other loans for purchasing and carrying securities	10,955	+ 145	— 1,796
Real estate loans	31,508	+ 384	+ 4,017
Loans to banks	654	— 33	— 162
Other loans	90,632	+ 1,433	+ 5,794
Investments—Total	325,786	+ 7,914	+29,184
U. S. direct obligations	151,209	+ 7,332	— 4,030
Obligations guaranteed by U. S.	70,612	— 1,517	+13,079
Other securities	103,965	+ 2,099	+20,135
Reserve with F. R. Bank	130,806	— 3,742	+17,756
Cash in vault	14,127	+ 51	+ 2,607
Balances with domestic banks	229,491	+11,843	+56,597
Demand deposits-adjusted	407,062	— 6,994	+40,052
Time deposits	189,242	+ 539	+ 5,163
U. S. Government deposits	44,515	+ 314	+ 4,771
Deposits of domestic banks	309,295	+17,683	+50,408
Borrowings			

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

	March 13, 1940	Change From:	
		Feb. 14, 1940	Mar. 15, 1939
Bills discounted	\$ 132	— 159	— 10
Bills bought			— 19
Industrial advances	800	+ 5	— 21
United States securities, direct and guaranteed	100,440		—17,963
Total bills and securities	101,372	— 154	—18,014
F. R. note circulation	158,671	+ 443	+10,704
Member bank reserve deposits	224,484	+ 3,643	+30,943
U. S. Government general deposits	26,203	+ 1,814	—19,606
Foreign bank deposits	12,882	— 930	+ 3,481
Other deposits	7,192	— 589	+ 3,850
Total deposits	270,761	+ 3,938	+10,967
Total reserves	333,732	+ 5,256	+40,148
Commitments to make industrial advances	17	— 58	— 133

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Feb. 1940		Jan. 1940		Feb. 1939		Percent Change	
					Jan. 1940	Feb. 1939	Feb. 1940	From :
ALABAMA—								
Birmingham.....	\$ 93,950	\$ 107,721	\$ 74,826		—12.8		+25.6	
Dothan.....	2,582	3,067	2,963		—15.8		—12.9	
Mobile.....	39,258	44,687	29,563		—12.2		+32.8	
Montgomery.....	28,505	24,732	19,223		+ 7.2		+37.9	
FLORIDA—								
Jacksonville.....	84,505	90,076	71,018		— 6.2		+19.0	
Miami.....	70,494	70,809	55,999		— .5		+25.9	
Pensacola.....	8,719	9,127	7,291		— 4.5		+19.6	
Tampa.....	33,239	34,367	27,420		— 3.3		+21.2	
GEORGIA—								
Albany.....	4,325	5,151	4,879		—16.0		—11.4	
Atlanta.....	209,360	224,603	174,232		— 6.8		+20.2	
Augusta.....	16,733	24,237	14,024		—31.0		+19.3	
Brunswick.....	2,627	2,777	2,304		— 5.4		+14.0	
Columbus.....	15,070	16,243	12,295		— 7.2		+22.6	
Elberton.....	963	1,007	983		— 4.4		— 2.0	
Macon.....	15,289	16,524	12,488		— 7.5		+22.4	
Newnan.....	1,816	1,894	1,557		— 4.1		+16.6	
Savannah.....	25,896	29,862	24,765		—13.3		+ 4.6	
Valdosta.....	3,661	4,275	3,164		—14.4		+15.7	
LOUISIANA—								
New Orleans.....	218,887	244,447	198,868		—10.5		+10.1	
MISSISSIPPI—								
Hattiesburg.....	4,618	5,010	4,225		— 7.8		+ 9.3	
Jackson.....	29,153	32,174	27,464		— 9.4		+ 6.1	
Meridian.....	11,248	11,934	9,899		— 5.8		+13.6	
Vicksburg.....	7,539	8,295	6,569		— 9.1		+14.8	
TENNESSEE—								
Chattanooga.....	39,019	49,177	35,698		—20.7		+ 9.3	
Knoxville.....	32,908	39,634	28,196		—17.0		+16.7	
Nashville.....	78,303	83,924	81,931		— 6.7		— 4.4	
SIXTH DISTRICT—								
26 Cities.....	1,076,667	1,185,754	931,844		— 9.2		+15.5	
UNITED STATES—								
141 Cities.....	29,482,006	34,717,213	27,581,049		—15.1		+ 6.9	

respondent banks on March 13 were 50.4 millions larger than a year earlier and the largest on record.

► At the Federal Reserve Bank of Atlanta member banks have recently reduced their already small borrowings, and industrial advances have been slightly larger. Member bank reserve deposits have risen to a new high level, Government deposits have increased somewhat, and total deposits and total reserves are the largest on record.

► Excess reserves of all member banks in the District, estimated on the basis of latest available figures, amounted to about 71 millions of dollars, or 46.3 per cent of legal requirements. In actual amount, this is the largest on record with the exception of the first half of August last year.

► Check transactions at 26 cities in the District in February, the largest for the month since 1930, were down 9.2 per cent from January but 15.5 per cent greater than in February last year. At 141 reporting centers throughout the country the February total declined 15.1 per cent from January and was 6.9 per cent larger than in February 1939.

Agriculture Planting of spring crops was delayed in some parts of the District because of heavy rains and temperatures below normal during most of February, and unfavorable weather conditions have continued in the first half of March. Estimated production of oranges in Florida was further reduced in February by 2 million boxes. The March estimate of 25.7 millions boxes is 24.2 per cent smaller than production in the 1938-39 season. Supplies of early and midseason oranges that were suitable for shipment after the freeze were reported at the middle of March to be nearly exhausted, and shipments for the remainder of the season will consist almost entirely of Valencias. It appears certain that the January freeze reduced the Valencia crop by about one-half, and production is now placed at 7 million boxes. Production of grapefruit is ex-

pected to be about one-fifth smaller than was indicated prior to the January freeze, and 42.0 per cent smaller than in the previous season. The Alabama strawberry crop is expected to be about 12.0 per cent larger than in 1939, but in Florida there appears to be a decrease of 43.5 per cent partly due to the freeze, in Mississippi a reduction of 21.7 per cent, and a small decline in Louisiana. The South Florida acreage of tomatoes this spring is indicated to be 6,500 acres, against 18,000 acres last year.

► Farm employment in the South Atlantic and East South Central states increased 6.3 per cent in February, but was 3.3 per cent lower than at the same time last year.

► In the six states of this District farmers are apparently using slightly more fertilizer this year than last. Fertilizer tag sales in February were 6.5 per cent greater than a year ago and in January were 13.4 per cent larger.

Industry The level of industry activity in the Sixth District declined in February, according to available statistical evidence, but continued well above the corresponding time last year.

► The value of construction contracts awarded in February was off about 21.0 per cent from January but was 17.1 per cent greater than a year ago, and the totals for January and February 1940 combined are 30.9 per cent greater than for that period last year. Residential awards declined in February relatively more than other classes of contracts, but for the two months of 1940 were 38.7 per cent greater than a year ago. State totals for Alabama, Florida, Georgia and Tennessee are larger than they were a year ago, for February and for the first two months of the year. In the 37 Eastern States there was a gain of 2.2 per cent from January to February but a decrease of 8.9 per cent from February last year, and for the first two months of 1940 total awards were 15.9 per cent smaller than a year ago. Building permits issued at twenty reporting cities also declined in February but were 25.0 per cent greater than for February last year. Unusually bad weather may have been a partial cause of the February decline; it did, according to press reports, delay spring lumber buying and also retarded lumber mill operations.

► Consumption of cotton in Alabama, Georgia and Tennessee declined 6.4 per cent in February, but the daily average rate of 8,924 bales consumed was 16.6 per cent greater than in February last year, and the cumulative total for the seven months of the current season is 23.6 per cent greater than for that part of the previous cotton year. Operations at cotton seed oil mills declined seasonally in February but were at a level about 35.0 per cent higher than a year ago.

► There has recently been a further reduction in the rate of steel mill activity in the Birmingham area, and pig iron production in Alabama declined in February by 5.0 per cent. Steel mills in the Birmingham area operated at 94.0 per cent of capacity in the first five weeks of the year, at 88.0 per cent in the following four weeks, and in the two weeks ending March 16 the rate has been 80.0 per cent. This compares with the national average for those two weeks of 63.5 per cent. Alabama output of pig iron in January and February combined was the largest for that period in more than twenty years.

► Coal production in Alabama and Tennessee declined 2.2 per cent from January but was 14.8 per cent larger than a year ago. For the country as a whole February output dropped 7.9 per cent and was up 10.7 per cent from February last year.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES		STOCKS COLLEC-TION RATIO	
	Jan. 1940	Feb. 1939	Jan. 1940	Feb. 1940
	Compared with :		Compared with :	
	Jan. 1940	Feb. 1939	Jan. 1940	Feb. 1940
		Year Ago	Feb. 1939	1940
RETAIL TRADE				
Atlanta.....	+34.2	+19.4	+9.6	+21.5
Birmingham.....	+18.4	+8.3	+5.9	+13.2
Montgomery.....	+6.9	+13.7	+11.0	+20.7
Nashville.....	+27.6	+2.4	-3.5	+3.3
New Orleans.....	-3.9	+12.0	+12.6	+7.7
Others.....	+11.2	+12.6	+12.2	+6.0
DISTRICT (44 Firms).....	+14.1	+12.9	+9.9	+10.6
WHOLESALE TRADE				
Groceries.....	+3.4	+14.1	+9.8	+11.4
Dry Goods.....	+3.2	+8.0	+4.1	+17.0
Hardware.....	-8.7	+5.5	+1.6	+6.2
Electrical Goods.....	+36.5	-11.8	-10.5	+31.3
Drugs.....	-3.5	+20.5	+19.2	+7.4
Shoes.....	+35.8	+18.7	+22.5	25.7
Auto Supplies.....	-4.8	-7.8	-9.8	-4.8
Furniture.....	+28.5	+7.7
Tobacco and Its Products.....	+2.8	+18.7	+13.2	...
Miscellaneous.....	-6.8	+6.5	+14.5	-1.7
TOTAL.....	+1	+9.5	+7.8	+8.4

	(000 OMITTED)				
	Feb. 1940	Jan. 1940	Feb. 1939	Jan.-Feb. 1940	Incl. 1939
COMMERCIAL FAILURES—					
DISTRICT	55	67	73	122	151
Number (actual).....	55	67	73	122	151
Liabilities.....	\$ 622	\$ 484	\$ 679	\$ 1,106	\$ 1,791

	CONTRACTS AWARDED—				
	DISTRICT	Residential	All Others	Alabama	Florida
DISTRICT.....	\$ 23,036	\$ 29,086	\$ 19,665	\$ 52,122	\$ 39,821
Residential.....	7,429	10,430	6,733	17,859	12,877
All Others.....	15,607	18,656	12,932	34,263	26,944
Alabama.....	2,543	3,683	1,814	6,226	5,229
Florida.....	7,253	9,680	5,026	16,933	10,182
Georgia.....	6,199	5,727	5,257	11,926	9,752
Louisiana.....	4,132	4,360	4,893	8,492	8,656
Mississippi.....	2,008	4,789	4,556	6,797	8,089
Tennessee.....	4,423	5,969	3,201	10,392	7,010

	BUILDING PERMITS—				
	20 CITIES	Atlanta	Birmingham	Jacksonville	Nashville
20 CITIES.....	\$ 5,306	\$ 5,718	\$ 4,245	\$ 11,024	\$ 8,509
Atlanta.....	687	644	228	1,332	669
Birmingham.....	237	266	205	503	346
Jacksonville.....	496	530	507	1,026	837
Nashville.....	110	297	103	406	218
New Orleans.....	676	403	455	1,079	820
15 Other Cities.....	3,100	3,579	2,747	6,681	5,620

	PIG IRON PRODUCTION—Tons				
	Alabama	Feb. 1940	Jan. 1940	Feb. 1939	Jan.-Feb. 1940
Alabama.....	260	292	223	553	474

	COAL PRODUCTION—Tons				
	Alabama	Feb. 1940	Jan. 1940	Feb. 1939	Jan.-Feb. 1940
Alabama.....	1,327	1,403	1,105	2,730	2,305
Tennessee.....	566	610	478	1,176	939

	(000 OMITTED)				
	Feb. 1940	Jan. 1940	Feb. Aug. 1939	1-Feb. 1938-39	Incl. 1938-39
COTTON CONSUMPTION—					
Bales	73	82	60	526	416
Alabama.....	73	82	60	526	416
Georgia.....	134	150	110	961	778
Tennessee.....	16	17	14	110	98
TOTAL THREE STATES.....	223	248	184	1,598	1,293

	COTTON SEED CRUSHED—				
	Tons*	Jan. 1940	Dec. 1939	Jan. 1939	1938-39
Tons*.....	147	179	110	1,229	1,132

	FERTILIZER TAG SALES—Tons				
	TOTAL SIX STATES	Jan. 1940	Dec. 1939	Jan. 1939	1938-39
TOTAL SIX STATES.....	329	214	309	948	903

*Georgia, Alabama, Louisiana and Mississippi.

	(000 OMITTED)		
	Jan. 1940	Dec. 1939	Jan. 1939
	ELECTRIC POWER PRODUCTION—kw hours		
Alabama.....	410,771	375,566	303,979
Florida.....	128,280	119,568	100,335
Georgia.....	129,730	114,267	123,855
Louisiana.....	178,583	172,388	149,131
Mississippi.....	5,240	7,181	5,692
Tennessee.....	167,295	188,794	173,751
TOTAL SIX STATES.....	1,019,899	977,764	856,743
By Water Power.....	425,291	369,830	455,093
By Fuels.....	594,608	607,934	401,650

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925=100 except as noted)

	RETAIL SALES*—Unadjusted		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
DISTRICT (25 Firms).....	110.7	110.7	93.0	101.3
Atlanta.....	222.4	222.4	159.7	192.5
Birmingham.....	96.6	96.6	78.0	92.4
Nashville.....	94.8	94.8	71.4	96.4
New Orleans.....	84.0	84.0	84.0	78.1

	RETAIL SALES*—Adjusted		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
DISTRICT (25 Firms).....	125.8	125.8	117.7	115.1
Atlanta.....	261.6	261.6	212.9	228.5
Birmingham.....	107.3	107.3	108.3	102.7
Nashville.....	111.5	111.5	95.2	113.4
New Orleans.....	95.5	95.5	100.0	88.8

	RETAIL STOCKS—Unadjusted		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
DISTRICT (23 Firms).....	77.1	77.1	68.6	69.0
Atlanta.....	140.5	140.5	128.6	114.5
Birmingham.....	74.5	74.5	70.1	64.9
Nashville.....	55.8	55.8	50.7	54.0
New Orleans.....	64.5	64.5	54.3	60.0

	RETAIL STOCKS—Adjusted		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
DISTRICT (23 Firms).....	78.7	78.7	75.4	70.4
Atlanta.....	146.4	146.4	139.8	119.3
Birmingham.....	77.6	77.6	77.9	67.6
Nashville.....	58.7	58.7	58.3	56.8
New Orleans.....	64.5	64.5	59.7	60.0

	WHOLESALE SALES—Total		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
WHOLESALE SALES—Total.....	65.7	65.7	65.6	60.6
Groceries.....	53.6	53.6	51.8	45.1
Dry Goods.....	52.4	52.4	50.8	48.9
Hardware.....	90.1	90.1	98.7	78.1
Drugs.....	138.7	138.7	143.7	104.2

	CONTRACTS AWARDED—DISTRICT		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
CONTRACTS AWARDED—DISTRICT.....	65.6	65.6	82.9	56.0
Residential.....	52.9	52.9	74.3	48.0
All Others.....	74.1	74.1	88.6	61.4
Alabama.....	55.6	55.6	80.5	39.7
Florida.....	50.0	50.0	66.7	34.7
Georgia.....	93.0	93.0	85.9	78.9
Louisiana.....	65.7	65.7	69.3	77.8
Mississippi.....	104.1	104.1	248.4	236.3
Tennessee.....	79.8	79.8	107.7	57.7

	BUILDING PERMITS—20 Cities		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
BUILDING PERMITS—20 Cities.....	47.2	47.2	50.8	37.7
Atlanta.....	44.4	44.4	41.7	14.7
Birmingham.....	16.0	16.0	17.9	13.8
Jacksonville.....	60.3	60.3	64.4	61.6
Nashville.....	17.3	17.3	46.8	16.2
New Orleans.....	52.5	52.5	31.3	35.3
15 Other Cities.....	56.6	56.6	65.3	50.1

	PIG IRON PRODUCTION—ALABAMA*		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
PIG IRON PRODUCTION—ALABAMA*.....	117.5 r	117.5 r	123.7 r	104.3

	COTTON CONSUMPTION—3 STATES*		Jan. 1940	Feb. 1939
	Feb. 1940	Jan. 1940		
COTTON CONSUMPTION—3 STATES*.....	188.2	188.2	201.0	161.4
Alabama.....	218.2	218.2	235.3	188.6
Georgia.....	177.6	177.6	190.5	151.0
Tennessee.....	167.6	167.6	164.8	148.7

	EMPLOYMENT (Av. for 1932=100)		Jan. 1940	Dec. 1939
	Feb. 1940	Jan. 1940		
EMPLOYMENT (Av. for 1932=100).....	139.3	139.3	139.4	131.7
Alabama.....	139.3	139.3	139.4	131.7
Florida.....	121.3	121.3	113.6	115.6
Georgia.....	148.7	148.7	149.1	140.5
Louisiana.....	117.5	117.5	119.9	126.2
Mississippi.....	111.1	111.1	104.0	110.9
Tennessee.....	131.2	131.2	130.4	126.1
SIX STATES.....	135.0	135.0	133.9	130.5

	PAYROLLS (Av. for 1932=100)		Jan. 1940	Dec. 1939
	Feb. 1940	Jan. 1940		
PAYROLLS (Av. for 1932=100).....	240.6	240.6	237.7	206.2
Alabama.....	240.6	240.6	237.7	206.2
Florida.....	110.1	110.1	102.0	93.4
Georgia.....	209.5	209.5	211.0	181.8
Louisiana.....	141.3	141.3	145.1	143.4
Mississippi.....	147.5	147.5	134.0	137.3
Tennessee.....	170.6	170.6	172.8	160.2
SIX STATES.....	185.8	185.8	184.7	169.0

	ELECTRIC POWER PRODUCTION*		Jan. 1940	Dec. 1939
	Feb. 1940	Jan. 1940		
ELECTRIC POWER PRODUCTION*.....	514.2	514.2	470.1	380.5
Alabama.....	514.2	514.2	470.1	380.5
Florida.....	630.8	630.8	588.0	493.4
Georgia.....	215.9	215.9	190.2	206.1
Louisiana.....	670.7	670.7	647.4	560.1
Mississippi.....	80.9	80.9	111.0	88.0
Tennessee.....	266.7	266.7	300.9	276.9
SIX STATES.....	398.2	398.2	381.7	334.5
By Water Power.....	315.9	315.9	274.7	338.0
By Fuels.....	489.3	489.3	500.3	330.5

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

► Electric power production in the six states of the District increased 4.3 per cent in January to a new record level, following a decline in December from the previous peak in November.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

Prepared by the Board of Governors of the Federal Reserve System

INDUSTRIAL activity showed a further sharp decline in February and a less marked reduction in the first half of March. Wholesale commodity prices generally were steady, following some decline in January and early February.

Production

In February the Board's seasonally adjusted index of industrial production was 109.0 per cent of the 1923-1925 average as compared with 119.0 in January and 128.0 in December. A further decline at a slower rate is indicated for March on the basis of data now available. In August 1939, the month prior to the outbreak of war, the index was 103.0.

Steel production, which had risen sharply in the latter part of 1939 and then decreased considerably in January, showed a further marked reduction in February to 69.0 per cent of capacity. In the first half of March output was steady at a rate of about 65.0 per cent. Plate glass production declined further in February and output of lumber, which had dropped sharply in January, showed less than the usual seasonal rise. Automobile production in February was maintained at the high level prevailing in January. Dealers' stocks of new cars rose to high levels in this period, notwithstanding the fact that retail sales of cars were in large volume for this time of the year. In the first half of March output of automobiles showed less than the customary sharp increase. In some industries not included directly in the Board's production index, particularly the machinery, aircraft, and rayon industries, activity continued at high levels.

Changes in output of nondurable goods were largely seasonal in February except at textile mills and sugar refineries. At cotton textile mills activity declined somewhat from the high levels prevailing since early last autumn. Activity at woolen mills, which had decreased considerably in December and January, declined further in February and output of silk products was reduced to an exceptionally low level. Sugar refining showed less than the sharp rise usual at this season.

Mineral production declined in February, owing chiefly to a considerable reduction in output of anthracite. Bituminous coal production declined somewhat, following a rise in January, while output of crude petroleum increased to new high levels.

Value of construction contract awards in February showed little change from the January total, reflecting a further decrease in contracts for public construction and contraseasonal increase in private contracts, according to figures of the F. W. Dodge Corporation. The increase in private residential awards nearly equalled the decline that occurred in the previous month when severe storms curtailed building operations in many areas.

Distribution

Retail distribution of general merchandise showed little change from January to February and remained somewhat below the high level of the latter part of last year, with due allowance for seasonal changes. Sales at variety stores and mail-order houses showed about the usual seasonal rise in February, while at department stores, where some increase is also usual at this time of year, sales remained at about the January level.

Freight-car loadings declined considerably from January to February, reflecting for the most part a sharp reduction in coal shipments and some further decrease in loadings of miscellaneous freight.

Foreign Trade

Exports of United States merchandise in February declined less than seasonally from the high levels reached in December and January. The principal decreases were in shipments of cotton, copper, and aircraft, which had been exceptionally large in previous months. Exports to Japan fell sharply and there were declines also in shipments to the United Kingdom, the Netherlands, and Russia, while exports to Belgium and the Scandinavian countries increased.

There has been little change in the rate of gold inflow. The monetary gold stock increased by \$246,000,000 in February and by \$109,000,000 in the first two weeks of March.

Commodity Prices

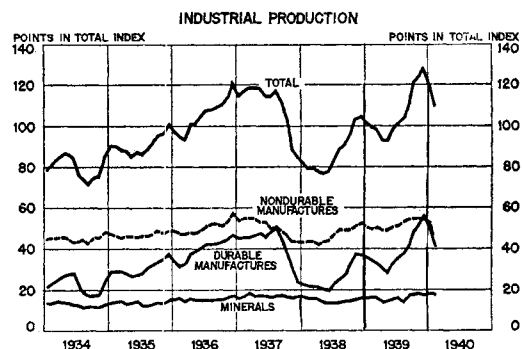
Prices of nonferrous metals advanced from the middle of February to the middle of March, while steel scrap and textile materials declined somewhat further. Most other commodities showed little change and in the week ending March 9 the general index of the Bureau of Labor Statistics was at 78.3 per cent of the 1926 average as compared with 78.5 a month earlier.

Government Security Market

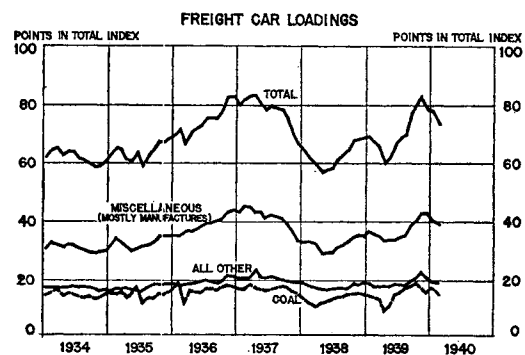
Following a relatively steady market during February, prices of long-term Treasury bonds increased sharply after the announcement by the Treasury early in March that its operations during that month would be limited to the issuance of a five-year note to refund a note maturing next June.

Bank Credit

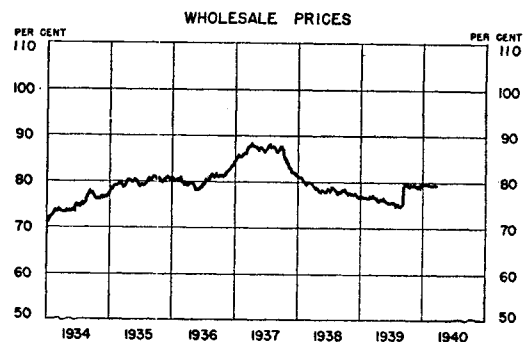
Total loans and investments at reporting member banks in 101 leading cities rose during the six weeks ending March 13, largely as a result of increases in investments at New York City banks. Following a reduction during January, commercial loans increased, mostly at banks in cities outside New York. Bank reserves and deposits continued to increase during the period.



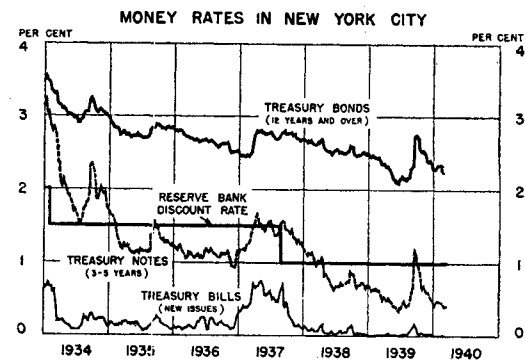
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in total index. By months, January, 1934, to February, 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. Miscellaneous, coal, and all other expressed in terms of points in total index. By months, January, 1934, to February, 1940.



Index compiled by U. S. Bureau of Labor Statistics, 1926 = 100. By weeks, 1934, to week ending March 9, 1940.



For weeks ending January 6, 1934, to March 16, 1940.