

MONTHLY REVIEW

BUSINESS CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

FEDERAL RESERVE BANK OF ATLANTA

June 30, 1940

District Summary Reversing the April decline, the distribution of merchandise through reporting department stores in the Sixth District increased about 7 per cent more in May than might have been expected on the basis of past experience, and wholesale trade was at about the April level. Bank debits to individual accounts increased 5 per cent over April. Total construction contracts awarded in the District recorded a further small gain, although those for residential construction were slightly off, and building permits increased substantially. May output of pig iron and coal, and consumption of cotton, were higher.

Comparing May 1940 with that month a year earlier, department store sales were up 9 per cent, wholesale trade was 5 per cent larger, and bank debits increased 17 per cent. Substantial gains were reported in pig iron output and coal production and in building permits, and construction contract awards were also larger.

Business failures in the District declined 21 per cent in number and 44 per cent in liabilities from April, and were less than a year ago by 11 per cent in number and 35 per cent in liabilities.

Trade In contrast to the unsatisfactory showing in April, the seasonally adjusted index of Sixth District department store sales rose about 7 per cent in May and was 9 per cent above that for May of last year. The April decline was due, in all probability, to unseasonably cool weather, and it should be noted that this condition prevailed, but to a lesser degree, in May. In the first half of June reported sales were 9 per cent above that period a year ago. For the country as a whole, the Board's seasonally adjusted index declined 2 per cent in May but was 2 per cent above that for May last year.

► May sales reported to the United States Department of Commerce by 147 wholesale firms in the Sixth District were at about the April level, when there was a decline smaller

than usually occurs, and were 5 per cent greater than a year ago.

► In the January-May period this year, department store sales have been 9 per cent larger than in that part of 1939 and wholesale trade has been up 6 per cent.

► May inventories at department stores and at wholesale firms declined 5 per cent from April, but Department store inventories were 15 per cent larger than a year ago and wholesale stocks were 6 per cent larger.

Banking At weekly reporting member banks in leading cities of the Sixth District both loans and investments increased slightly in the latter part of May and early June, and demand and time deposits continued at a high level, but interbank deposits declined.

► Since the middle of May loans for commercial, industrial and agricultural purposes have declined about 6.5 millions of dollars and loans to brokers and dealers in securities have also declined, but other reported classes of loans have increased and the rise in "Other Loans" amounted to nearly 6.9 millions. Commercial loans, including those for industrial and agricultural purposes, were on June 12 the smallest since last August and were 27.9 millions less than on the corresponding Wednesday in June last year when the banks had a substantial volume of cotton loans that were later transferred to the Commodity Credit Corporation. On the other hand, "Other Loans" were about 28.4 millions greater than they were a year ago and were the largest that have been reported for any Wednesday since the present classification was adopted in May three years ago. Total holdings of investment securities, after declining from March 20 through May 22, have increased in the past three weeks because of larger holdings of "Other Securities" which were larger on June 12 than at any previous time.

► Demand deposits-adjusted at these weekly reporting member banks reached a new high level on May 29 and were only slightly less two weeks later when they were about 51.5 millions greater than a year earlier, and time deposits reached a new peak on June 12. Interbank deposits have recently been somewhat below the high level reached in April, but continue substantially larger than a year ago.

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

	June 12, 1940	Change From : May 15, 1940	June 14, 1939
Loans and Investments—Total	\$628,531	+ 2,330	+ 26,178
Loans—Total	307,566	+ 745	— 610
Commercial, industrial and agricultural loans	151,331	— 6,479	— 27,890
Open market paper	3,973	+ 145	+ 1,083
Loans to brokers and dealers in securities	4,818	— 353	— 2,076
Other loans for purchasing and carrying securities	10,713	+ 59	— 1,699
Real estate loans	32,231	+ 424	+ 1,792
Loans to banks	758	+ 98	— 198
Other loans	103,742	+ 6,851	+ 28,378
Investments—Total	320,965	+ 1,585	+ 26,788
U. S. direct obligations	149,806	+ 1,521	+ 3,824
Obligations guaranteed by U. S.	64,985	— 1,552	+ 7,677
Other securities	106,174	+ 1,616	+ 15,287
Reserve with F. R. Bank	150,154	+ 5,277	+ 35,160
Cash in vault	14,011	+ 1,269	+ 997
Balances with domestic banks	236,216	— 4,494	+ 57,298
Demand deposits-adjusted	430,748	+ 17,550	+ 51,461
Time deposits	191,604	+ 584	+ 6,967
U. S. Government deposits	44,873	— 2,638	+ 4,859
Deposits of domestic banks	305,900	— 10,046	+ 53,838
Borrowings			

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

	June 12, 1940	Change From : May 15, 1940	June 14, 1939
Bills discounted	\$ 119	+ 12	+ 14
Bills bought			— 19
Industrial advances	258	— 30	— 524
United States securities, direct and guaranteed	104,550	+ 104	— 11,872
Total bills and securities	104,928	+ 87	— 12,401
F. R. note circulation	164,099	+ 3,714	+ 16,338
Member bank reserve deposits	240,537	+ 330	+ 50,772
U. S. Government general deposits	13,172	— 13,675	— 34,910
Foreign bank deposits	16,176	+ 2,286	+ 3,920
Other deposits	5,353	— 277	— 3,938
Total deposits	275,238	— 11,336	+ 15,843
Total reserves	340,688	— 7,120	+ 45,420
Commitments to make industrial advances	515	— 1	+ 365

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	May		Apr.		May		Percent Change	
	1940		1940		1939		May 1940 From :	May 1939
ALABAMA—								
Birmingham.....	\$ 97,937	\$	97,336	\$	83,933		+ 0.1	+16.7
Dothan.....	3,039		2,935		3,012		+ 3.5	+ 0.9
Mobile.....	44,300		40,864		37,092		+ 8.4	+19.4
Montgomery.....	25,137		22,438		25,145		+12.0	— 0.0
FLORIDA—								
Jacksonville.....	86,535		85,237		77,575		+ 1.5	+11.6
Miami.....	57,318		62,873		44,279		— 8.8	+29.4
Pensacola.....	10,291		9,267		8,587		+11.0	+19.8
Tampa.....	33,513		32,717		27,974		+ 2.4	+19.8
GEORGIA—								
Albany.....	5,471		5,423		4,387		+ 0.9	+24.7
Atlanta.....	238,820		216,241		201,031		+10.4	+18.8
Augusta.....	19,557		19,625		17,817		— 0.3	+ 9.8
Brunswick.....	3,235		3,227		2,918		+ 0.2	+10.9
Columbus.....	19,401		16,621		13,714		+16.7	+41.5
Elberton.....	1,295		1,218		1,100		+ 6.3	+17.7
Macon.....	16,933		15,554		14,091		+ 8.9	+20.2
Newnan.....	1,887		1,939		1,886		— 2.7	+ 0.1
Savannah.....	31,357		28,937		28,550		+ 8.4	+ 9.8
Valdosta.....	4,739		3,895		4,260		+21.7	+11.2
LOUISIANA—								
New Orleans.....	241,825		217,299		200,499		+11.3	+20.6
MISSISSIPPI—								
Hattiesburg.....	5,148		5,187		4,554		— 0.8	+13.0
Jackson.....	30,321		29,121		24,764		+ 4.1	+22.4
Meridian.....	12,969		12,397		10,240		+ 4.6	+26.7
Vicksburg.....	8,080		8,051		6,277		+ 0.4	+28.7
TENNESSEE—								
Chattanooga.....	44,074		44,011		39,337		+ 0.1	+12.0
Knoxville.....	28,598		32,252		26,323		—11.3	+ 8.6
Nashville.....	86,287		85,288		80,368		+ 1.2	+ 7.4
SIXTH DISTRICT—								
26 Cities.....	1,158,067		1,099,953		989,713		+ 5.3	+17.0
UNITED STATES—								
274 Cities.....	\$37,257,000		\$37,780,000		\$34,656,000		— 1.4	+ 7.5

▶ At the Federal Reserve Bank of Atlanta member bank reserve deposits and total deposits reached a new high level on June 5, and Federal Reserve note circulation has increased to the highest level since December. Discounts for member banks continue in negligible volume, and industrial advances have recently declined.

▶ In the first half of May reserve deposits of all member banks in the District averaged 83.6 millions of dollars larger than legal requirements, an excess larger than at any previous time, and on June 12 the estimated excess was 83.5 millions.

▶ Check transactions in May at 26 reporting cities in the District increased 5 per cent in contrast to a decline of 1 per cent for the 274 reporting centers throughout the country, and the District gain of 17 per cent over May last year compares with an increase for the country of 8 per cent. Transit clearings at the Federal Reserve Bank of Atlanta and its branches declined 4 per cent in number of items handled but increased 3 per cent in dollar amount in May, and were larger by 4 per cent in number and 17 per cent in amount than in May 1939.

Agriculture In the first three weeks of June weather conditions have been much more favorable to growing crops than previously, and most sections have had needed rains. According to the United States Department of Agriculture, practically the whole Cotton Belt, but particularly the area east of the Mississippi River, has suffered from cold weather or drought this season. Early vegetables had several severe setbacks, fruits were damaged in some sections, corn has made a rather poor start and most crops and pastures had made less than the usual growth to the end of May.

▶ In Florida dropping of citrus fruit was heavy especially oranges in groves that had been defoliated by the freeze. Re-

cent rainfall has brought improvement, but prospects for the coming orange crop continue materially below those of a year ago. For grapefruit and tangerines prospects declined in May but are better than a year ago. Prospects for peaches improved during May in Georgia, but declined further in Alabama, Mississippi and Tennessee where the estimates are smaller than last year's production by 72 per cent, 62 per cent and 80 per cent, respectively.

▶ The May decline in wholesale prices of farm products continued into June, when they were the lowest since the middle of October. The ten-market average of spot cotton prices rose by June 14 to 10.68 cents per pound following a decline to 9.58 cents on May 17.

▶ Farm income in the six states of the District increased in March, because of a substantial rise in Government payments, but continued less than a year earlier. Totals for the first three months of 1940 show declines of 20 per cent in income from crops and 6 per cent from livestock, but a gain of 43 per cent in Government payments, so that total receipts were about 5 per cent smaller than in that part of 1939.

Industry In May the total value of construction contracts awarded increased slightly over the revised total for April and the January-May total was 16 per cent greater than for that period last year. Of the May total of 31.3 millions of dollars, about half was for residential construction, and for the five months of 1940 residential contracts increased 24 per cent over that period a year ago. Included in the May total are some large housing and industrial projects. State totals increased from April to May, excepting for Louisiana and Tennessee, but only Florida and Georgia recorded increases over May 1939. The May total of building permits issued at twenty reporting cities, which also included some large housing projects, increased 90 per cent over April, was 80 per cent larger than for May last year, and was larger than for any other month since October, 1926. The five-month total is 40 per cent greater than for that part of last year, and is also larger than for the corresponding period in any recent year.

▶ Cotton mills in Alabama, Georgia and Tennessee consumed 5 per cent more cotton in May than in April but, because of the longer month, the daily rate was up only 1 per cent. May consumption was nearly 6 per cent larger than in May last year, and the ten-month total for the current season, August through May, is 18 per cent larger than for that part of the previous season.

▶ In the Birmingham area steel mill activity has recently been at 92 per cent of capacity, according to The Iron Age, after averaging 79.1 per cent in April and 81.5 per cent in May. The national rate was 87 per cent in the third week of June, following averages of 60 per cent in April and about 71 per cent in May. The rate of pig iron production in Alabama advanced 7 per cent in May, when it was only 3 per cent under the fifteen-year high for January and 61 per cent above May last year. Alabama output in the January-May period has been 25 per cent larger than in that part of 1939 and is larger than for the corresponding period of any recent year.

▶ Coal production in Alabama and Tennessee increased 2 per cent in May, and continued well above the corresponding time a year ago when output was curtailed in the first three weeks of the month by an industrial dispute.

SIXTH DISTRICT BUSINESS STATISTICS

	SALES			STOCKS	COLLEC-
					TION
		May 1940	Jan.-May,	May 1940	RATIO
	Compared with :	Compared	Incl.	Compared	
	Apr. 1940	May 1939	with :	with :	May
			Year Ago	May 1939	1940
RETAIL TRADE					
Atlanta.....	+14.3	+ 6.1	+ 8.0	+16.9	24.8
Birmingham.....	+17.3	+ 7.2	+ 6.8	+ 2.3	32.9
Montgomery.....	+16.0	+12.4	+11.8	— 0.2
Nashville.....	+26.8	+ 4.1	+ 0.9	+ 9.3	29.4
New Orleans.....	+ 7.4	+ 9.4	+ 8.7	+ 9.1	31.6
Others.....	+ 3.1	+ 9.3	+11.1	+27.9	34.9
DISTRICT (46 Firms).....	+ 9.8	+ 8.0	+ 8.8	+15.1	30.3
WHOLESALE TRADE					
Groceries.....	+ 0.4	+ 7.6	+ 8.3	+ 6.9	79.0
Dry Goods.....	— 1.1	+ 0.2	+ 1.7	+ 8.0	39.6
Hardware.....	+ 4.2	+ 7.8	+ 3.3	+ 7.5	54.7
Drugs.....	— 6.9	+ 3.2	+ 7.2	+ 5.1	61.4
Shoes.....	— 1.8	—27.8	—15.1	21.6
Auto Supplies.....	— 3.1	— 7.5	— 7.4	47.0
Furniture.....	—12.1	—21.3	— 4.3
Tobacco and Its					
Products.....	+ 6.7	+11.4	+12.8
Miscellaneous.....	+ 2.8	+19.7	+13.1	+ 1.6	69.6
TOTAL.....	— 0.5	+ 4.6	+ 5.9	+ 5.9	57.8

(000 OMITTED)

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
COMMERCIAL FAILURES—					
DISTRICT.....	15,770	15,826r	15,321	60,440	48,737
Number (actual).....	55	70	62	302	326
Liabilities.....	\$ 462	\$ 829	\$ 715	\$ 3,077	\$ 3,831

CONTRACTS AWARDED—

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
DISTRICT.....	\$ 31,297	\$ 30,608r	\$ 29,731	\$138,252	\$119,440
Residential.....	15,570	15,826r	15,321	60,440	48,737
All Others.....	15,727	14,782	14,410	77,812	70,703
Alabama.....	4,225	3,698	4,903	16,026	16,772
Florida.....	10,918	8,722	7,579	45,682	34,648
Georgia.....	9,214	6,559	4,349	33,564	24,935
Louisiana.....	2,520	8,928	9,863	23,473	30,550
Mississippi.....	3,300	1,132	4,253	14,615	17,034
Tennessee.....	4,615	5,046	5,154	24,994	18,571

BUILDING PERMITS—

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
20 CITIES.....	\$ 15,174	\$ 7,984	\$ 8,413	\$ 40,906	\$ 29,297
Atlanta.....	3,717	374	334	5,874	1,928
Birmingham.....	2,366	288	480	3,567	1,472
Jacksonville.....	624	688	720	3,000	3,101
Nashville.....	294	293	251	1,933	1,877
New Orleans.....	428	412	779	2,339	2,301
15 Other Cities.....	7,746	5,927	5,849	24,193	18,619

PIG IRON PRODUCTION—Tons

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
Alabama.....	285	258	176r	1,368	1,096

COAL PRODUCTION—Tons

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
Alabama.....	1,344	1,280	317	6,628	3,965
Tennessee.....	513	472	237	2,617	1,788

(000 OMITTED)

	May 1940	Apr. 1940	May 1939	Aug. 1-May 1939-40	31 Incl. 1938-39
COTTON CONSUMPTION—					
Bales.....	65	66	65	727	609
Alabama.....	130	122	121	1,341	1,138
Georgia.....	151,991	151,567	136,453	637,825	541,297
Tennessee.....	17	15	16	158	145
TOTAL THREE STATES.....	212	203	201	2,226	1,891

COTTON SEED CRUSHED—

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
Tons.....	41	69	107	1,440	1,479

FERTILIZER TAG SALES—Tons

	May 1940	Apr. 1940	May 1939	Jan.-May, Incl. 1940	1939
TOTAL SIX STATES.....	204	533	171	2,447	2,351

*Georgia, Alabama, Louisiana and Mississippi.

(000 OMITTED)

	Apr. 1940	Mar. 1940	Apr. 1939	Jan. 1-Apr. 30, Incl. 1940	1939
ELECTRIC POWER PRODUCTION—kw hours					
Alabama.....	412,816	420,165	283,478	1,641,723	1,110,852
Florida.....	102,555	114,153	88,744	460,967	378,558
Georgia.....	130,551	136,632	136,196	521,754	551,759
Louisiana.....	151,991	151,567	136,453	637,825	541,297
Mississippi.....	4,049	3,945	4,684	17,536	18,800
Tennessee.....	154,808	161,696	152,847	638,014	668,682
TOTAL SIX STATES.....	956,770	988,158	802,402	3,917,819	3,269,948
By Water Power.....	628,326	625,259	531,983	2,196,581	2,027,086
By Fuels.....	328,444	362,899	270,419	1,721,238	1,242,862

r = revised.

Correction: In the May Review the indexes of Employment and Payrolls shown comparatively for April 1939 were in error.

SIXTH DISTRICT BUSINESS INDEXES

(1923-1925 = 100 except as noted)

	May 1940	Apr. 1940	May 1939
RETAIL SALES*—Unadjusted			
DISTRICT (25 Firms).....	128.5	118.2	117.6
Atlanta.....	233.4	211.2	218.3
Birmingham.....	115.2	101.1	105.4
Nashville.....	122.2	100.1	117.4
New Orleans.....	102.6	99.2	93.8

RETAIL SALES*—Adjusted

	May 1940	Apr. 1940	May 1939
DISTRICT (25 Firms).....	127.2	119.4	116.4
Atlanta.....	222.3	207.1	206.0
Birmingham.....	114.1	105.3	105.9
Nashville.....	110.1	103.2	105.8
New Orleans.....	105.8	98.2	96.7

RETAIL STOCKS—Unadjusted

	May 1940	Apr. 1940	May 1939
DISTRICT (23 Firms).....	77.1	81.8	70.5
Atlanta.....	138.6	147.6	116.7
Birmingham.....	74.2	80.1	71.5
Nashville.....	57.9	62.0	52.9
New Orleans.....	65.8	69.2	60.4

RETAIL STOCKS—Adjusted

	May 1940	Apr. 1940	May 1939
DISTRICT (23 Firms).....	75.6	77.9	69.1
Atlanta.....	137.2	140.6	115.5
Birmingham.....	72.7	76.3	70.1
Nashville.....	57.3	59.6	52.4
New Orleans.....	65.1	66.5	59.8

WHOLESALE SALES—Total

	May 1940	Apr. 1940	May 1939
WHOLESALE SALES—Total.....	66.5	66.8	67.4
Groceries.....	55.4	55.2	52.1
Dry Goods.....	50.6	51.2	53.4
Hardware.....	103.4	99.2	90.8
Drugs.....	109.2	117.3	98.4

CONTRACTS AWARDED—DISTRICT

	May 1940	Apr. 1940	May 1939
CONTRACTS AWARDED—DISTRICT.....	89.2	87.2r	84.7
Residential.....	111.0	112.8r	109.2
All Others.....	74.7	70.2	68.4
Alabama.....	92.4	80.9	107.2
Florida.....	75.3	60.1	52.3
Georgia.....	138.2	98.4	65.3
Louisiana.....	40.1	142.0	156.8
Mississippi.....	171.1	58.7	220.6
Tennessee.....	83.2	91.0	93.0

BUILDING PERMITS—20 Cities

	May 1940	Apr. 1940	May 1939
BUILDING PERMITS—20 Cities.....	134.0	71.0	74.8
Atlanta.....	240.3	24.2	21.6
Birmingham.....	159.6	19.4	32.4
Jacksonville.....	75.9	83.7	87.5
Nashville.....	46.3	46.2	39.5
New Orleans.....	33.2	32.0	60.5
15 Other Cities.....	141.4	108.2	106.8

PIG IRON PRODUCTION—ALABAMA*

	May 1940	Apr. 1940	May 1939
PIG IRON PRODUCTION—ALABAMA*.....	120.3	112.7	74.5r

COTTON CONSUMPTION—3 STATES*

	May 1940	Apr. 1940	May 1939
COTTON CONSUMPTION—3 STATES*.....	166.0	164.3	157.2
Alabama.....	181.2	189.7	180.2
Georgia.....	159.7	154.6	147.8
Tennessee.....	161.9	151.6	151.0

EMPLOYMENT (Av. for 1932=100)

	May 1940	Apr. 1940	May 1939
EMPLOYMENT (Av. for 1932=100).....	133.9	136.1	121.1
Alabama.....	94.2	110.1	106.5
Florida.....	141.7	145.0	138.9
Georgia.....	121.9	119.0	126.0
Louisiana.....	102.8	109.9	103.3
Mississippi.....	130.9	131.7	127.7
Tennessee.....	128.5	132.1	126.7

PAYROLLS (Av. for 1932=100)

	May 1940	Apr. 1940	May 1939
PAYROLLS (Av. for 1932=100).....	222.6	222.4	182.7
Alabama.....	89.7	100.0	88.2
Florida.....	196.4	200.2	176.1
Georgia.....	149.8	145.4	143.4
Louisiana.....	135.3	144.5	126.0
Mississippi.....	168.2	169.0	160.9
Tennessee.....	175.6	178.6	162.5

ELECTRIC POWER PRODUCTION*

	Apr. 1940	Mar. 1940	Apr. 1939
ELECTRIC POWER PRODUCTION*.....	534.0	526.0	366.7
Alabama.....	521.2	561.3	450.9
Florida.....	224.6	227.4	234.3
Georgia.....	589.8	569.2	529.5
Louisiana.....	64.6	60.8	74.6
Mississippi.....	254.9	257.7	251.7
Tennessee.....	386.0	385.8	323.7
SIX STATES.....	482.2	464.4	408.3
By Water Power.....	279.3	298.6	229.9
By Fuels.....	202.9	165.8	178.8

*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

INDUSTRIAL activity increased considerably in May and the first half of June, while prices of commodities and securities declined sharply in the middle of May and fluctuated near the lower levels after that time. Distribution of commodities to consumers was maintained at levels prevailing earlier this year.

Production

Volume of industrial production increased in May and the Board's seasonally adjusted index advanced from 102 to 105. The rise in May reflected chiefly sharp increases in activity at steel mills and woolen mills. Steel production in May was at about 71 per cent of capacity, as compared with 60 in April, and by the third week of June activity had risen further to 88 per cent. Lumber production also increased. In the automobile industry, where output had been at a high rate in the first four months of the year, dealers' stocks were in large volume and production was curtailed in May and the first half of June. Retail sales of automobiles continued at a high level during most of May, although in the middle of the month a temporary sharp reduction was reported.

In the woolen textile industry activity in May rose sharply from the low level reached in April. At cotton mills activity was maintained at about the rate prevailing in March and April and was somewhat lower than in the early months of the year. Rayon production continued large, while mill takings of raw silk declined to the lowest level in nearly twenty years. In other industries producing nondurable manufactures activity generally showed little change from April to May.

Coal production in May continued at a high level for this time of the year, reflecting in part increased exports and unusually large shipments of coal to Upper Lake ports. Iron ore shipments down the Lakes were also large for this season. Petroleum production in May declined somewhat from the high rate maintained in March and April.

Value of construction contract awards increased further in May, according to figures of the F. W. Dodge Corporation, reflecting principally continued growth of private building. Private residential contracts rose to the highest level in the past 10 years. Awards for commercial buildings advanced somewhat further while those for factory construction continued at about the level reached in April. Both were considerably larger than a year ago. Contracts for public construction increased slightly in May but were about one-sixth lower than a year earlier.

Distribution

Department store sales in May declined from the level prevailing in the past three months, while sales at variety stores and mail-order houses were largely maintained at earlier levels. In the first week of June department store sales increased considerably.

Volume of railroad freight traffic increased in May, reflecting larger shipments of miscellaneous merchandise, coal, and forest products. Loadings of grains declined.

Foreign Trade

Total exports of United States merchandise showed little change from April to May. Increases were reported in shipments to Canada and Australia and to Italy and Finland, while exports to other European nations showed declines. Exports of industrial machinery in May declined somewhat from the high level reached in April, while exports of steel, copper, chemicals, and commercial vehicles increased, following declines in the previous month. Coal shipments, largely to Canada, rose to the highest level in recent years. Cotton exports continued to decline from the high level of last winter.

The monetary gold stock of the United States increased by \$439,000,000 in May and by \$250,000,000 in the first two weeks of June.

Commodity Prices

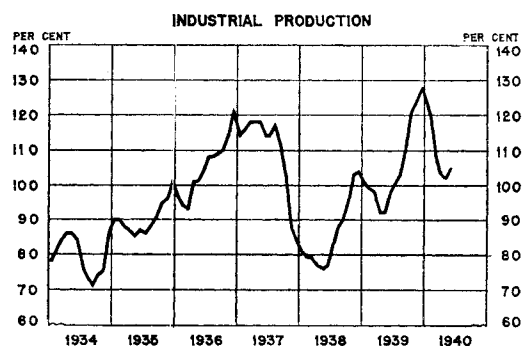
Following a general decline in basic commodity prices around the middle of May, prices of industrial materials, particularly steel scrap, zinc, tin, and wool, advanced and by the middle of June were in some instances above the levels of early May. Raw cotton prices also increased, and in the second week of June prices of cotton gray goods likewise advanced as sales of these goods were in exceptionally large volume. Prices of a number of foodstuffs continued to decline.

Bank Credit

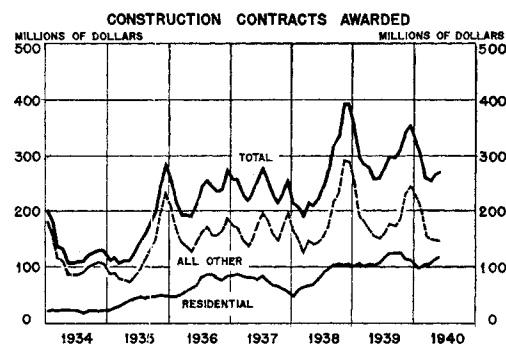
Total loans and investments at reporting member banks in 101 leading cities showed little net change during the four weeks ending June 5. Holdings of United States Government obligations increased further at New York City banks, while loans to security brokers and dealers declined considerably. Deposits and reserves of member banks continued to increase sharply as a result mainly of heavy gold imports.

Government Security Market

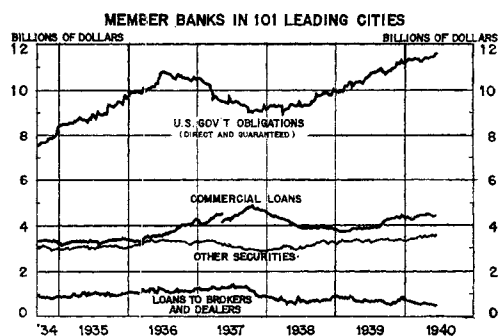
Prices of Government securities held relatively steady during the latter part of May and the first part of June, after a reaction at the time of the invasion of Belgium and Holland. Subsequently prices increased sharply, and on June 15 the yield on the 1960-1965 bonds was 2.40 per cent, compared with 2.52 per cent on June 10 and 2.26 per cent at this year's peak in prices on April 2.



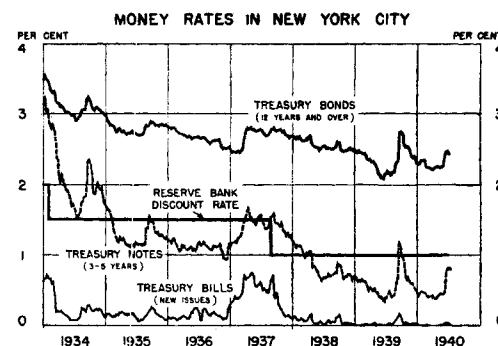
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January, 1934, to May, 1940.



Three-month moving average of F. W. Dodge data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for April, May, and estimates for June.



Wednesday figures, September 5, 1934, to June 12, 1940. Commercial loans based on new classification beginning May 19, 1937.



For weeks ending January 6, 1934, to June 15, 1940.