

FEDERAL RESERVE BANK OF ATLANTA

Monthly Review

Volume XXVI

Atlanta, Georgia, November 30, 1941

Number 11

District Summary of Business Conditions

October was the third consecutive month in which the value of construction contracts awarded in the Sixth Federal Reserve District exceeded all previous high levels. The October total was nearly three times that for October 1940 and the January-October total was 60 per cent greater than for that part of last year. Pig iron production was up 5 per cent from September, and textile operations increased slightly. Department store sales, however, following an unusual rise in August and a smaller than seasonal gain in September, actually declined in October, and wholesale trade changed little from September.

▶ Department store sales, although down from September when there is usually an increase, continued well above the corresponding month of last year. It is reasonable to assume that a part, at least, of the August gain was probably the result of buying in anticipation of the effective date of the Consumer Credit Regulations, and the less-than-seasonal rise in September seems to support this line of reasoning. It may well be that the decline from September to October was partly a result of the imposition of excise taxes effective October 1. The unadjusted October index, however, is the highest for that month since the year 1927, and the adjusted index, at 125 per cent of the 1935-1939 average, has been equalled in October only in the year 1920, and never exceeded in that month. In the list of reporting cities Birmingham, Chattanooga, and Jackson had the largest increases, 27 per cent,

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Some Aspects of the Cotton Situation

During the past year, the cotton outlook has greatly improved. Prices have risen to the highest level in more than twelve years. This has been the result chiefly of a tremendous increase in domestic cotton consumption that offset a drastic decline in the volume of cotton exported.

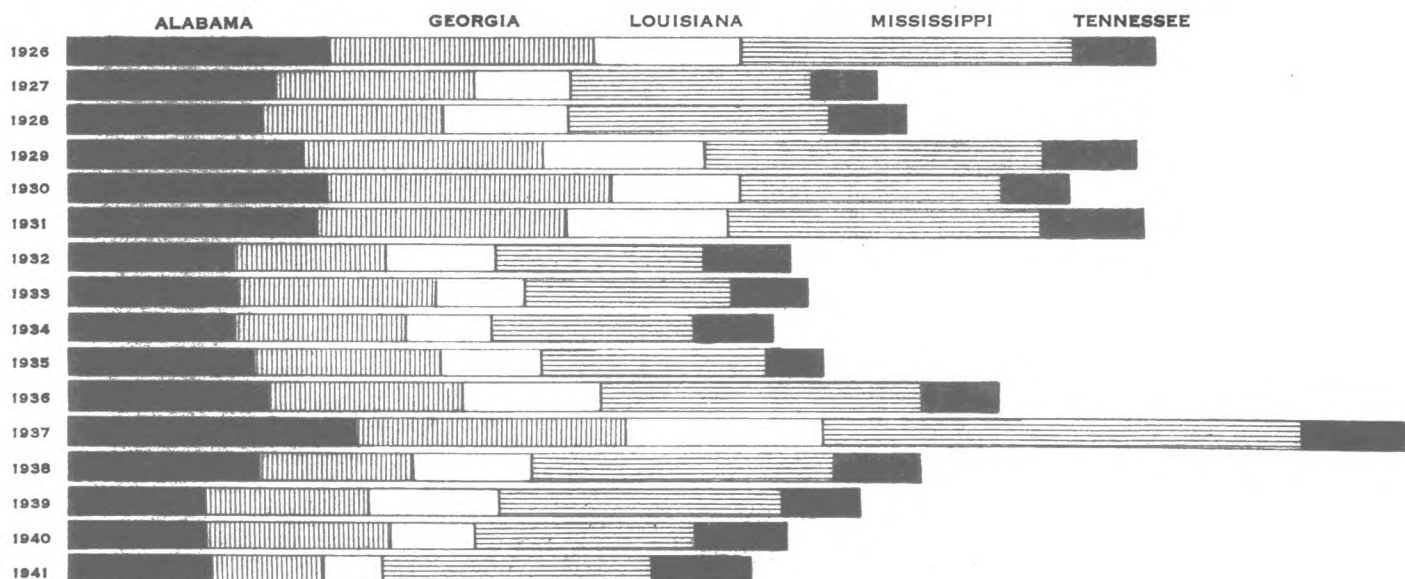
The current high level of cotton consumption has a doubly stimulative effect on the economy of the Southeastern States. Not only does it tend to strengthen the market price of raw cotton, but it results in a high level of industrial activity in the textile manufacturing centers as well. The table on page 61 gives the figures on cotton consumption in Alabama, Georgia, and Tennessee from August 1922 to October 1941, inclusive.

▶ The primary cause of the great increase in cotton consumption in the last twelve months has been the tremendous demands of the defense program, both direct and indirect. The direct demand has taken the form of War Department orders for uniforms, tents, et cetera, while the indirect demand represents increased civilian purchases of cotton goods brought about by the great rise in consumer incomes since the inception of the defense program.

The United States Department of Commerce estimates, on the basis of consumption in the first eight months of 1941, that total cotton consumption in the United States for the full calendar year will be about 37.2 pounds per capita. This is an astonishingly high rate of consumption. In the two war years

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COTTON PRODUCTION IN THE SIXTH FEDERAL RESERVE DISTRICT
BY STATES, 1926 - 1941



☐ = ONE MILLION BALES

National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

Industrial activity continued to increase in October and the first half of November and there was some further advance in prices of industrial materials and finished products. Distribution of commodities to consumers declined in this period following an unusually large volume of trade in the preceding three months.

Production

Volume of industrial production increased further in October and the Board's seasonally adjusted index advanced from 161 to 164 per cent of the 1935-39 average. Increases in activity occurred mainly in industries producing machinery, armament, and other durable manufactures required under the defense program. In the meatpacking industry activity also advanced considerably and output of other manufactured food products, which has been unusually large in recent months, declined less than seasonally.

Automobile production increased during October and in the first half of November was sustained at about the rate reached at the beginning of the month. Production in October approximated the quota permitted for the month, whereas in August and September output had been considerably below the quotas set, owing in part to delays incident to the changeover to new model production and to difficulties in obtaining certain materials. Since the beginning of the model year production has been substantially in excess of retail sales and dealers' stocks have risen sharply. Output of cars and trucks in October was about one-fourth smaller than in October last year; in the industry as a whole, however, activity, as measured by man-hours worked, was about the same as a year ago, apparently reflecting a shift to armament production.

In most other manufacturing industries output in October was maintained at or near the rates prevailing in other recent months. At cotton mills activity increased, following some reduction in the previous month, while at wool mills there was a slight decline from the peak reached in September. Steel production rose to an average rate of about 99 per cent of capacity during October but declined slightly in the first half of November.

Coal production declined somewhat in October and early November, while output of crude petroleum increased further to new record levels. Iron ore shipments down the Lakes were maintained at a high rate and through the end of October amounted to 71,600,000 gross tons, a larger volume than had previously been transported in any complete shipping season.

Value of construction contract awards decreased slightly in October, according to figures of the F. W. Dodge Corporation. Declines in awards for publicly-financed work were partly offset in the total by an increase in privately-financed projects. Awards for residential building showed little change, although an increase is customary in this month. Contract awards in October continued in larger volume than a year ago. Total awards were 60 per cent larger, reflecting increases of 13 per cent in private construction and of 112 per cent in public work.

Distribution

Distribution of commodities to consumers declined in October following an unusually large volume of trade in the preceding three months. During the third quarter sales had been stimulated considerably by several factors, notably apprehension that there might be shortages and higher prices of many consumers' goods later on, as well as desire to avoid stricter installment credit terms, effective September 1, and higher taxes on many products effective October 1.

Railroad freight-car loadings declined somewhat from September to October, owing principally to decreased shipments of grain products and coal. Shipments of livestock increased and ore loadings showed less than the usual seasonal decline.

Commodity Prices

Prices of agricultural commodities, which had declined from the early part of September to the middle of October, have advanced somewhat since that time and prices of industrial commodities have increased further. Recent advances for industrial raw materials and finished products have been more restricted than in earlier periods, reflecting partly an extension of Federal maximum price action particularly to petroleum products and to selected metal, chemical, and textile products.

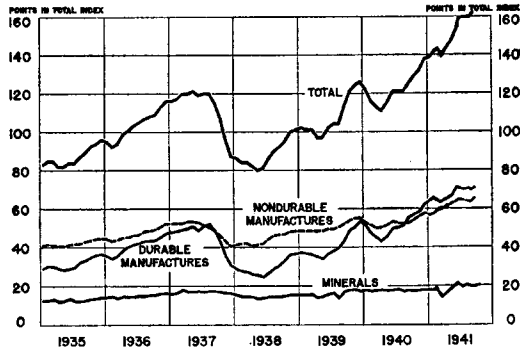
Prices in retail markets have continued to advance sharply. In September the cost of living, as measured by the Bureau of Labor Statistics' index, increased 2 points to 108 per cent of the 1935-39 average and was 7 per cent above the level of last March. Since September retail food prices, which usually decline at this season, have increased further and preliminary data indicate that retail prices of other commodities have continued to rise.

Bank Credit

Total loans and investments at reporting member banks rose further during October and the first two weeks in November. Holdings of United States Government securities increased and commercial loans continued to advance.

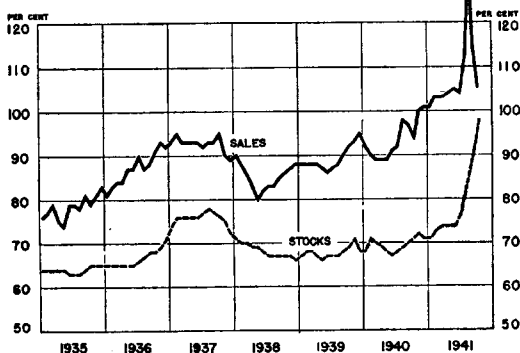
Excess reserves of member banks declined from 4.7 billion dollars to 3.5 billion on November 1, reflecting the increase in reserve requirements previously announced by the Board to be effective on that date.

INDUSTRIAL PRODUCTION



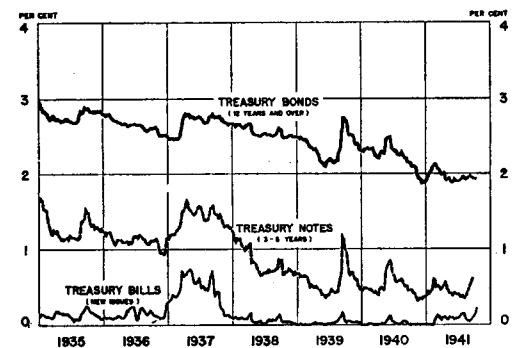
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to October 1941.

DEPARTMENT STORE SALES AND STOCKS



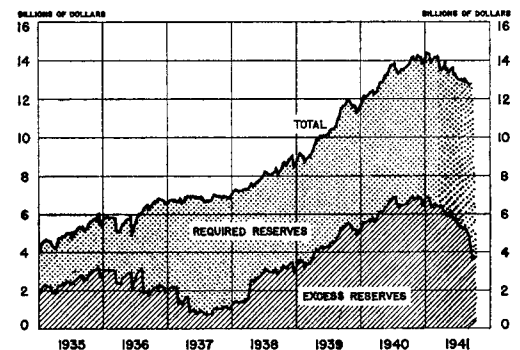
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1935 to October 1941.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds, and average discount on new issues of Treasury bills offered within the week. For weeks ending Jan. 5, 1935, to Nov. 15, 1941.

MEMBER BANK RESERVES



Wednesday figures, January 2, 1935, to Nov. 12, 1941.

COTTON CONSUMPTION IN ALABAMA, GEORGIA, AND TENNESSEE

1923 — 1941

BALES CONSUMED

CROP YEAR ENDING JULY 31	Alabama	Georgia	Tennessee	Total
1923	414,880	974,662	123,052	1,512,594
1924	L 392,705	L 864,328	120,053	L 1,377,086
1925	430,051	966,324	L 115,202	1,511,577
1926	494,283	1,012,980	130,619	1,637,882
1927	570,409	1,152,855	150,914	1,874,178
1928	552,020	1,168,431	158,387	1,878,838
1929	617,249	1,269,578	176,092	2,062,919
1930	583,439	1,089,665	169,407	1,842,511
1931	525,057	928,506	150,115	1,603,678
1932	531,854	873,199	139,478	1,544,531
1933	660,910	1,104,881	153,149	1,918,940
1934	584,916	1,059,745	122,271	1,766,932
1935	551,338	954,699	124,491	1,630,528
1936	689,319	1,226,608	154,773	2,070,700
1937	857,252	1,561,269	190,849	2,609,370
1938	587,858	1,082,533	153,578	1,823,969
1939	723,301	1,354,873	173,199	2,251,373
1940	854,697	1,568,613	189,166	2,612,476
1941	H 1,127,526	H 1,915,809	H 252,407	H 3,295,407

(By Months)

1940

Jan.	81,554	149,707	16,542	247,803
Feb.	72,689	134,236	16,181	223,106
Mar.	70,103	127,356	15,681	213,140
Apr.	65,766	121,554	15,208	202,528
May	65,233	130,377	16,881	212,491
June	L 61,530	L 110,394	L 15,022	L 186,946
July	65,853	117,610	15,891	199,354
Aug.	76,218	124,558	19,494	220,270
Sept.	71,820	122,512	17,316	211,648
Oct.	89,461	152,371	20,952	262,784
Nov.	88,646	151,315	17,849	257,810
Dec.	88,566	151,412	17,792	257,770

1941

Jan.	96,873	167,979	20,583	285,435
Feb.	95,954	156,180	18,985	271,119
Mar.	96,749	173,611	18,872	289,232
Apr.	102,087	178,757	23,061	303,905
May	H 112,467	183,704	H 26,987	H 323,158
June	102,968	171,877	25,201	300,046
July	105,717	181,533	24,980	312,230
Aug.	101,789	175,233	22,885	299,907
Sept.	100,983	174,829	21,016	296,828
Oct.	108,990	H 189,413	23,133	321,536

NOTE: "H" denotes the high figure and "L" the low.

Some Aspects of the Cotton Situation

Continued from page 59

of 1917 and 1918, average per capita cotton consumption was only 29.1 pounds and, in the prosperous years of 1927-29, only 26.5 pounds per year. The accompanying table of figures on cotton consumption in Alabama, Georgia, and Tennessee—the only states in this District in which the cotton textile industry is important—reflect the trend. This table has been carried back to August 1, 1922, so that it also serves to picture, in a rough way, the growth of the industry in this area during the past two decades.

Over the long term, of course, the discovery of new uses for cotton is one of the most important factors in bringing about per capita increases in cotton consumption. Several research organizations, such as the Cotton-Textile Institute, the National Cotton Council, the Textile Foundation, and the United States Institute of Textile Research, are working to develop new domestic uses and markets for cotton and its products. New technical developments have played an important part in bringing about the great increase in domestic cotton consumption in recent years.

▶ Apart from Government crop loan programs, the export market has traditionally been the factor that, with domestic consumption, made up the cotton demand picture. However, the crop year just past—that ended July 31, 1941—saw cotton exports fall to 1.1 million bales, the lowest figure since the 1860's.

The high point of cotton exports during the past two decades was reached in the crop year ended July 31, 1927, when 10.9 million bales of domestic lint cotton was exported. In the late 1920's and early 1930's, annual cotton exports fluctuated between about 6.5 and 8.5 million bales. Exports declined in the latter half of the 1930's and reached a low of 3.3 million bales in the year ended July 31, 1939. The following year saw a tremendous increase in cotton exports percentage-wise and 6.2 million bales were sold abroad. Then came last year's collapse of the export market. Currently, cotton exports are running at a rate which indicates that the 1942 crop year will be somewhat better than 1941 so far as exports are concerned. Nevertheless, it seems likely that for the duration of the war, at least, cotton exports will remain at relatively low figures.

The war is, of course, the reason that exports of cotton from this country declined so precipitously in the 1941 crop year. However, in recent years Brazilian, Indian, and Egyptian cotton growers have been gradually taking over larger proportions of the world cotton market. This has resulted primarily from the fact that the price of American cotton in world markets has been above that of the other growers. In order to counteract this trend and to encourage the use of American cotton in world markets, the government has recently instituted a program of cotton export subsidies. This program aims at making it possible for American growers to compete on a price basis in world cotton markets.

▶ Two programs have been announced to expedite this policy. The first provides that "the persons who furnish satisfactory evidence of having exported cotton within a fixed period, or who executed a bond guaranteeing the exportation of cotton, will be offered 1937 crop cotton now owned by the Commodity Credit Corporation." To come within the terms of this program the cotton has to be exported between September 18,

1941, and July 31, 1942. Sales of Commodity Credit Corporation cotton are now limited by law to 1.5 million bales per year. The base price of cotton released under this program has been set at 13.25 cents per pound for Middling 15/16 inch cotton "at warehouse locations in the Group B mill area of the Carolinas." The price obtaining at other locations is computed by a system of differentials based on locations and freight rates.

The second program for encouraging the sale of American cotton abroad was announced on September 27, 1941, and became effective on September 29. This program is designed to encourage the sale of American cotton to Canada particularly, and at first involved a subsidy of 2.5 cents per pound, net weight basis, on cotton exported to Canada. On October 22, 1941, however, the subsidy was raised to 3 cents per pound. It has been estimated that "this will in effect make the price of 1937 crop cotton, released by the Commodity Credit Corporation for export, 10.25 cents per pound, compared with the current domestic market price of 16 cents."

It is worthy of comment that whereas price disparities are all-important in peace-time in determining relative sales of the exporting nations, in war-time other factors become important, too. At the present time, for instance, international cotton purchasers are governed by the impact of foreign exchange regulations and the availability of shipping space, as well as by price differentials.

▶ The high rate of domestic consumption and the high price of cotton—on November 14 the ten-market price for Middling 15/16 cotton was 16.39 cents, up 68 per cent over November 1940—are bringing about a reduction in the government stock piles built up under the cotton loan policies of recent years. On August 31, 1941, total government holdings of cotton were 6.4 million bales, including 6.1 million bales from the 1934 and 1937 crops, and 0.3 million bales held as collateral on loans to growers. This was the result of a very rapid reduction from the government holdings of 11.1 million bales earlier in the year.

The greatly improved price situation in the cotton markets is reflected by the decline in Commodity Credit Corporation loans this year as compared with 1940. Through November 15, 1941, the Commodity Credit Corporation had made a total of 389.1 thousand loans on 664.9 thousand bales of 1941 crop cotton. Almost half of this loan cotton was grown in the Texas area. In the corresponding period of 1940 loans were made on about 1900.0 thousand bales of cotton, approximately three times the number of bales that have entered the loan so far this year. On the basis of this year's crop estimate, the current high demand for cotton, and the increased price, it is expected that only 2 million bales of the 1941 crop will be put under loan.

The current supply of cotton for domestic use is 22.9 million bales. This is about the same as in the previous year. The carry-over on August 1, 1941, was more than 12 million bales, larger than any previous year with the single exception of 1939, when it ran 13 million bales. In 1942 planted acreage will approximate 22 to 24 million acres. The total for 1941 was 23.5 million. With average yield and continued consumption at present levels a further reduction of stocks held should be effected. Cotton production in the Southeast since 1926 is pictured in the chart on page 59.

B. B.

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

	Nov. 19 1941	Oct. 15 1941	Nov. 20 1940	Per Cent Change Nov. 19, 1941 from	
				Oct. 15 1941	Nov. 20 1940
Bills discounted.....	.03	.04	.04
Industrial advances.....	.5	.3	.3	0	+ 9
U. S. securities.....	93.2	93.2	85.4	+ 0	+ 38
Total bills and securities.....	93.7	93.6	85.7	+ 0	+ 35
F. R. note circulation.....	253.8	246.9	184.2	+ 3	+ 63
Member bank reserve deposits.....	304.2	308.8	225.4	- 1	+ 35
U. S. Gov't deposits.....	33.5	20.3	20.6	+ 65	+ 35
Foreign bank deposits.....	36.2	41.3	26.9	- 12	+ 15
Other deposits.....	7.1	8.2	6.2	- 13	+ 37
Total deposits.....	381.0	378.6	279.1	+ 1	+ 43
Total reserves.....	546.2	534.2	383.2	+ 2	+ 43
Industrial advance commitments.....	1.8	1.0	.5

CONDITION OF 20 MEMBER BANKS IN SELECTED CITIES
(In Millions of Dollars)

	Nov. 19 1941	Oct. 15 1941	Nov. 20 1940	Per Cent Change Nov. 19, 1941 from	
				Oct. 15 1941	Nov. 20 1940
Loans and Investments—Total.....	794.5	766.0	690.0	+ 4	+ 15
Loans—Total.....	422.0	414.7	359.4	+ 2	+ 17
Commercial, industrial, and agricultural loans.....	218.2	213.6	187.7	+ 2	+ 16
Open market paper.....	5.7	5.1	2.9	+ 12	+ 97
Loans to brokers and dealers in securities.....	7.1	8.0	7.0	- 11	+ 1
Other loans for purchasing and carrying securities.....	12.8	13.9	10.5	- 8	+ 22
Real estate loans.....	37.9	38.1	33.2	- 1	+ 14
Loans to banks.....	1.2	1.7	1.8	- 29	- 33
Other loans.....	139.2	134.2	116.4	+ 4	+ 20
Investments—Total.....	372.4	351.4	331.5	+ 6	+ 12
U. S. direct obligations.....	196.9	165.9	150.9	+ 19	+ 30
Obligations guaranteed by U. S.	62.3	71.6	65.9	- 13	- 5
Other securities.....	113.2	113.9	114.6	- 1	- 1
Reserve with F. R. Bank.....	190.7	197.3	143.0	- 3	+ 33
Cash in vault.....	17.0	16.4	15.0	+ 4	+ 13
Balances with domestic banks.....	256.0	257.2	205.6	- 0	+ 25
Demand deposits—adjusted.....	552.6	557.8	446.9	- 1	+ 24
Time deposits.....	198.3	195.4	191.1	+ 1	+ 4
U. S. Gov't deposits.....	39.7	15.1	42.4	+ 163	- 6
Deposits of domestic banks.....	402.3	403.9	314.9	- 0	+ 28
Borrowings.....

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Oct. 1941	Sept. 1941	Oct. 1940	Per Cent Change Oct. 1941 from	
				Sept. 1941	Oct. 1940
ALABAMA					
Birmingham.....	164,814	141,995	114,043	+ 16	+ 45
Dothan.....	6,438	5,473	4,018	+ 18	+ 60
Mobile.....	76,998	68,691	49,580	+ 12	+ 55
Montgomery.....	38,789	31,849	30,995	+ 22	+ 25
FLORIDA					
Jacksonville.....	112,321	98,395	89,541	+ 14	+ 25
Miami.....	60,864	55,802	54,148	+ 9	+ 12
Pensacola.....	14,375	13,940	11,088	+ 3	+ 30
Tampa.....	40,663	37,103	32,681	+ 10	+ 24
GEORGIA					
Albany.....	8,837	7,785	5,955	+ 14	+ 48
Atlanta.....	335,825	274,301	250,303	+ 22	+ 34
Augusta.....	33,233	26,203	22,655	+ 27	+ 47
Brunswick.....	3,956	3,609	3,018	+ 10	+ 31
Columbus.....	28,779	25,260	22,180	+ 14	+ 30
Elberton.....	1,844	1,380	1,880	+ 34	- 2
Macon.....	31,805	26,902	19,539	+ 18	+ 63
Newnan.....	4,009	3,277	2,801	+ 22	+ 43
Savannah.....	42,465	38,743	32,503	+ 10	+ 31
Valdosta.....	7,447	6,604	4,346	+ 13	+ 71
LOUISIANA					
New Orleans.....	332,786	298,697	234,593	+ 11	+ 42
MISSISSIPPI					
Hattiesburg.....	11,434	11,854	10,267	- 4	+ 11
Jackson.....	41,006	36,359	31,114	+ 13	+ 32
Meridian.....	19,104	17,722	15,539	+ 8	+ 23
Victorburg.....	13,780	9,712	8,958	+ 42	+ 54
TENNESSEE					
Chattanooga.....	69,748	61,528	50,399	+ 13	+ 38
Knoxville.....	41,636	39,755	34,680	+ 5	+ 20
Nashville.....	134,370	118,424	95,590	+ 13	+ 41
SIXTH DISTRICT					
26 Cities.....	1,677,326	1,461,363	1,232,414	+ 15	+ 36
UNITED STATES					
274 Cities.....	50,874,000	43,870,000	39,695,000	+ 16	+ 28

RETAIL TRADE — OCTOBER 1941

(Cities for which no indexes are compiled)

Sales for October compared with:

	Sept. 1941	Oct. 1940	Sept. 1941	Oct. 1940	
Baton Rouge.....	- 12	+ 8	Knoxville.....	+ 0	+ 13
Chattanooga.....	+ 8	+ 27	Macon.....	+ 1	+ 17
Jackson.....	+ 1	+ 27	Montgomery.....	+ 0	+ 15
Jacksonville.....	+ 9	+ 10	Tampa.....	+ 11	+ 7

SIXTH DISTRICT BUSINESS INDICATORS
Indexes

(1923-1925 Average = 100, except as noted)

	Adjusted			Unadjusted		
	Oct. 1941	Sept. 1941	Oct. 1940	Oct. 1941	Sept. 1941	Oct. 1940
RETAIL SALES* (1935-1939 Av. = 100)						
DISTRICT (47 Firms).....	125	146	112	138	158	125
Atlanta.....	152	177	134	152	177	134
Birmingham.....	139	176	121	139	176	121
Nashville.....	133	136	117	133	136	117
New Orleans.....	121	148	116	121	148	116
RETAIL STOCKS						
DISTRICT (21 Firms).....	115	107	81	127	114	90
Atlanta.....	226	215	158	254	236	177
Birmingham.....	109	80	77	120	82	85
Nashville.....	100	96	59	113	103	67
New Orleans.....	92	91	66	101	96	72

WHOLESALE SALES

TOTAL.....	99	99	80
Groceries.....	73	73	58
Dry Goods.....	90	103	76
Hardware.....	183	171	148
Drugs.....	157	145	117

CONTRACTS AWARDED

DISTRICT.....	415	330	150
Residential.....	148	94	112
Others.....	593	488	175
Alabama.....	931	260	143
Florida.....	217	59	142
Georgia.....	542	271	113
Louisiana.....	156	141	43
Mississippi.....	129	107	105
Tennessee.....	610	1319	293

BUILDING PERMITS

20 CITIES.....	73	110	91
Atlanta.....	28	78	115
Birmingham.....	25	26	27
Jacksonville.....	93	85	278
Nashville.....	11	23	30
New Orleans.....	53	425	33

PIG IRON PRODUCTION*

Alabama.....	142	135	132
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COAL PRODUCTION (1935-1939 Av. = 100)

TWO STATES.....	123	138	118	133	135	127
Alabama.....	122	125	134	122	125	134
Tennessee.....	158	152	111	158	152	111

COTTON CONSUMPTION*

THREE STATES.....	251	250	205
Alabama.....	303	303	248
Georgia.....	232	231	187
Tennessee.....	222	218	201

EMPLOYMENT (1932 Av. = 100)

SIX STATES.....	158	156	137
Alabama.....	176	173	148
Florida.....	103	99	96
Georgia.....	174	174	153
Louisiana.....	148	145	132
Mississippi.....	136	134	112
Tennessee.....	156	155	136

PAYROLLS (1932 Av. = 100)

SIX STATES.....	267	252	196
Alabama.....	403	384	266
Florida.....	112	106	96
Georgia.....	289	284	219
Louisiana.....	209	201	166
Mississippi.....	226	211	148
Tennessee.....	280	251	182

ELECTRIC POWER PRODUCTION* (1935-1939 Av. = 100)

TOTAL.....	173	175	151
By Water Power.....	110	127	140
By Fuel.....	257	238r	166

Statistics
(000 Omitted)

COMMERCIAL FAILURES

Number (Actual, not thousands).....	36	30	53	400	563
Liabilities.....	\$ 456	\$ 632	\$ 858	\$ 4,667	\$ 5,868

FARM INCOME**

	Sept. 1941		Aug. 1941		Year to Date	
	1941	1940	1941	1940	1941	1940
SIX STATES.....	127,446	58,110	75,695	592,657	476,421	
Alabama.....	22,826	7,080	12,089	81,835	62,568	
Florida.....	3,927	4,736	3,355	99,749	81,046	
Georgia.....	29,010	21,246	28,861	111,353	103,235	
Louisiana.....	14,230	5,737	9,528	80,212	69,432	
Mississippi.....	36,935	7,900	15,679	108,684	75,368	
Tennessee.....	18,518	11,411	9,693	110,824	84,752	

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

**Includes Government benefit payments.

r = revised.

District Summary of Business Conditions

Continued from page 59

over October 1940; Macon followed with an increase of 17 per cent; Montgomery had a 15 per cent gain; Atlanta and Nashville sales were up 14 per cent; and Knoxville reported an increase of 13 per cent. Total sales in the January-October period this year in the District were 19 per cent greater than in that part of last year, and for this cumulative period the larger increases were reported from Jacksonville, Macon, Birmingham, Chattanooga, Jackson, Nashville, Tampa, and Knoxville. Reports of sales classified by departments from a smaller number of stores reflect the reduced buying in October. The largest increases over October last year were reported in sales of girls' wear and furniture (including beds, mattresses, and springs), while sales of major household appliances were down 3 per cent, and sales of furs were 48 per cent less.

Wholesale trade in October continued at the September level and was 26 per cent greater than in October 1940. In the previous four months the gains over corresponding months of last year had been between 36 per cent and 48 per cent. In the first half of November department store sales averaged 16 per cent greater than in that period a year ago, and if this relation should be true of the entire month it will mean that a substantial upward reaction from the October decline has taken place. October inventories at department stores were 39 per cent greater than they were a year ago, and wholesale stocks were up 26 per cent.

► In October, for the third consecutive month, the value of construction contracts awarded in the Sixth District broke all previous records. The total of \$145.7 million was 26 per cent larger than that for September and nearly three times the total for October last year. It was, furthermore, larger than the combined total for the first five months of last year or that for the first four months of the current year.

If the totals for the last three months—August, September, and October—are added together, the amount of about \$365 million accounts for 58 per cent of the year's total through October, is about 75 per cent as large as the total for the entire year 1940, and, except for 1940, is larger than the total for any other whole year since 1927. In October residential contracts increased substantially over September and were the largest since last December, although only 14 per cent of the month's total. In comparison with October last year residential awards were up 33 per cent and other contracts were nearly three and one-half times as large. In the ten months of 1941 total awards have been 60 per cent greater than in that part of last year, residential contracts were down about 2 per cent, and other awards were nearly twice as large.

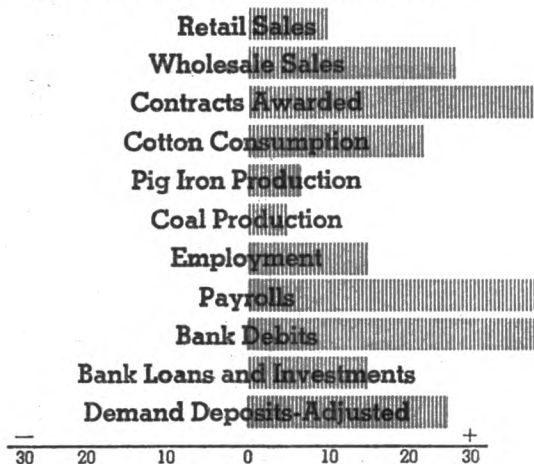
► The rate of steel mill activity in the Birmingham-Gadsden area advanced from 96 per cent of capacity in the first week of October to 99 per cent two weeks later, according to *The Iron Age*. It continued at 99 per cent for four weeks but at the middle of November declined to 95.5 per cent. In the United States as a whole the rate has averaged 97.5 per cent of capacity since the third week in September. October production of pig iron in Alabama was at a rate 5 per cent above that of September and 13 per cent greater than in October last year. The daily rate of 10,796 tons for October is higher than for any previous month on record with the exception of February of this year, when it was 10,937 tons. There was a reduction of one in the number of Alabama blast furnaces in active operation between October 1 and November 1 and, according to press reports, around the middle of November two other furnaces were blown out or banked, following the latest curtailment of coal mining.

The rate of coal production declined slightly further in October but was 4 per cent above that month a year ago. In September operations at some of the Alabama mines were temporarily suspended, resulting in a decrease of 19 per cent compared with August, and again in the latter part of October production in Alabama was similarly curtailed. Tennessee output increased in both September and October, the latter month showing an increase of 42 per cent over October 1940. For the country as a whole the Board's index indicates a decline of 1 per cent from September to October, but an increase of 29 per cent over October last year.

► Cash farm income in the six states of this District more than doubled from August to September, and was 68 per cent greater than in September 1940. Government benefit payments were less than half as large as in September last year, but receipts from marketings of crops and livestock and livestock products were 93 per cent greater than a year ago. Wholesale prices of farm products, according to the index of the Bureau of Labor Statistics, averaged 37.5 per cent higher in September this year than last. Cumulated totals for the first nine months of this year show that receipts from marketings were 37 per cent greater than in that part of 1940, but government payments were 26 per cent less, and the combined total is up 24 per cent.

Reconnaissance

PER CENT DECREASE ▼ PER CENT INCREASE



Sixth District statistics for October 1941 compared with October 1940.