Federal Reserve Bank of Atlanta
Monthly Review
Volume XXVI | Atlanta, Georgia, December 31, 1941 | Number 12

District Summary of Business Conditions

In November Sixth District department store sales increased substantially, after declining in October, and continued well above a year ago. In the first half of December, although the effects of the outbreak of war were apparent in a smaller gain, sales nevertheless exceeded the record level of December last year. Wholesale trade declined seasonally in November, pig iron production was slightly lower, and construction contracts were awarded in a volume smaller than the record-breaking totals reported for August, September, and October. Textile activity increased in November to a new high rate.

▶ Department store sales increased in November, following a decline in October that was contrary to seasonal trend, and the index established a new high for that month. Except for the months of January, June, and October, the 1941 indexes of daily average sales have been equal to, or higher than, the indexes for corresponding months of any previous year. The unadjusted index rose 22 per cent from October to November and was 20 per cent above that for November 1940. In the list of reporting cities, Birmingham again had the largest increase, a gain of 34 per cent over November last year, and was followed by these cities: Macon, 31 per cent; Chattanoo-

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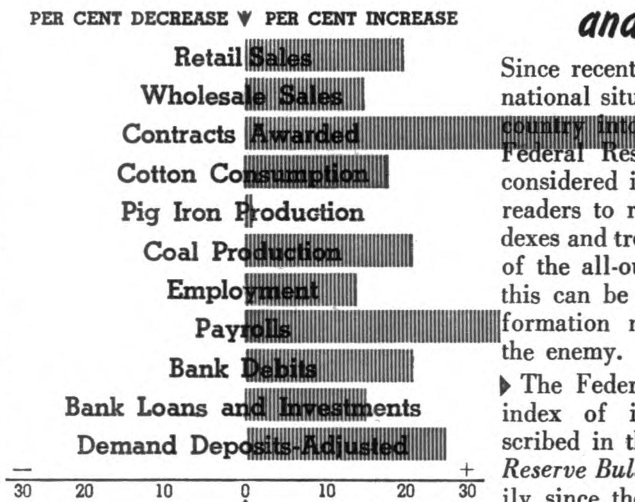
Reconnaissance



Sixth District statistics for November 1941 compared with November 1940.

Expansion of Production and Employment

Since recent developments in the international situation have precipitated this country into a second World War, the Federal Reserve Bank of Atlanta has considered it a matter of interest to its readers to recapitulate some of the indexes and trends that reflect the progress of the all-out defense effort, insofar as this can be done without revealing information not elsewhere available to the enemy.

▶ The Federal Reserve Board's revised index of industrial production (described in the September 1941 *Federal Reserve Bulletin*) has been rising steadily since the beginning of the defense program in June 1940, with the exception of a slight decline in April 1941 resulting from the cessation of activities in most coal mines. Since April, however, the index has shown a steady increase, and preliminary figures for October indicate a further gain. As would be expected, the durable goods division of the index has shown the greatest rise; but the individual components of the durables index have varied considerably in their rate of acceleration.

Space limitations preclude the possibility of a discussion of all the series contained in the industrial production index, and for the purpose of this article, examination will be made only

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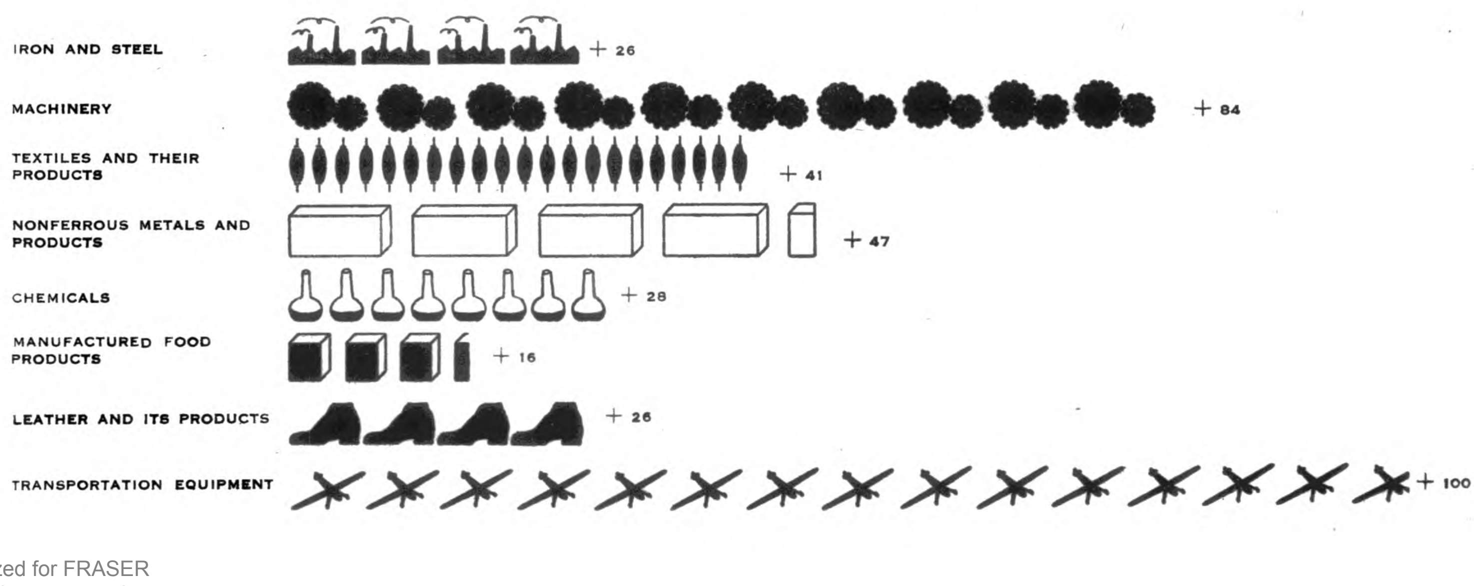
EXPANSION OF PRODUCTION IN VITAL INDUSTRIES

SELECTED COMPONENTS OF THE BOARD OF GOVERNORS' INDEX OF INDUSTRIAL PRODUCTION
PERCENTAGE INCREASE FROM JUNE, 1940 TO OCTOBER, 1941



Expansion of Production and Employment

of those indexes more directly concerned with the defense program and lease-lend activities. The index of total manufactures includes production carried on by the government in arsenals, quartermaster depots, and shipyards (for which separate data are not published). This total index has increased 57 per cent since August 1939, and has attained a point 39 per cent above that of June 1940.

▶ The most pronounced gains in any of the indexes connected with defense production have been those in the transportation equipment series, with a rise of 160 per cent since August 1939, and a gain of 100 per cent since June 1940; while the machinery series has advanced 84 per cent since the latter date and is 127 per cent above the prewar level.

It is true that important increases were registered in a large number of industries from the outbreak of the war to the beginning of the all-out defense effort in June 1940. The pace was unimportant, however, compared to the more rapid acceleration that has been the rule during the past 18 months. It is of interest to note that in some of the nondurable series production actually declined from August 1939 to June 1940. This is particularly true of leather and its products and of textiles and their products that showed a decrease of 7 per cent and 4 per cent, respectively. Of course, gains since June 1940 have been extensive in both durables and nondurables.

Freight-car loadings increased only 10 per cent from the outbreak of the war to the beginning of the defense program; but they have increased 14 per cent since June 1940, and 26 per cent since August 1939. This series reflects the increase in freight movement that of necessity accompanies any large increase in industrial output.

The nonferrous metal series has shown a remarkable gain from June 1940, after a 13 per cent increase from the prewar level to that date; but it apparently attained a plateau in May 1941 and has varied but slightly since then. October 1941 output was 47 per cent above that of June 1940, according to preliminary data from the Federal Reserve Board, and 65 per cent above the August 1939 figure. Despite this expansion, however, supply is still trailing demand, and although direct defense requirements absorb only about one third of the output, the indirect requirements (machinery, construction, etc.) are straining all available sources of supply.

▶ The transportation equipment index referred to above includes armament production in the shipbuilding, aircraft, railroad equipment, and automobile industry series. As would be expected, the aircraft series has risen at an unequalled speed and with no exception for the past eighteen months, and preliminary estimates for October show this as continuing. The shipbuilding series also has had a practically uninterrupted rise for the same period, as is true as well for the railroad cars and locomotives divisions. Automobile factory sales, however, have varied much more than seasonally, maintaining a high level until recent production curtailment occasioned a sharp decline. In the new index, though, only a small part of the weight for the automobile industry has been given to the factory sales series, and the remainder of the weight has been assigned to a new series based on man-hours worked in the entire industry. This index, which reflects armament as well as other production in the automobile industry, has shown much less fluctuation than the factory sales index and currently it is 58 per cent higher than before the war and 34 per cent above June 1940.

The production of machinery has made great strides in the two years of the war, and output is now 127 per cent greater than it was at the outset. Although the progression of the series has been steadily upward, the continued acceleration depends upon the available supplies of materials and skilled labor.

▶ The iron and steel industries have had an almost constant upward movement for the past eighteen months; but they have had a smaller percentage increase than the other durable goods industries since the beginning of the defense program. Iron ore shipments have maintained a high level over the past year, and now are 31 per cent greater than the June 1940 figure and 88 per cent more than that for August 1939.

The textile products division of the nondurables group has shown the sharpest change in that series, with an increase of 41 per cent over the June 1940 production level, after having declined 4 per cent from the August 1939 index number, 111. A great number of textile mills are running at capacity rates (based on an 80-hour week) to fill defense orders, while many more have huge back-logs of consumers' goods orders. Cotton consumption is 35 per cent above that of a year ago, and apparel wool consumption is 50 per cent higher.

The chemical index, which includes ammunition and its components, has risen 48 per cent since August 1939, 28 of

INDUSTRIAL PRODUCTION AND EMPLOYMENT INDEXES,

INDUSTRIAL PRODUCTION*
1935-39 = 100

	October 1941p	June 1940	August 1939	Per Cent Change October 1941 from June 1940	Per Cent Change October 1941 from Aug. 1939	October 1941p
Total Industrial Production	164	122	105	+ 34	+ 56	......
Total Manufactures	170	122	108	+ 39	+ 57	132.5
Durables	209	131	105	+ 60	+ 99	142.0
Nondurables	138	114	108	+ 21	+ 28	123.5
Minerals	132	119	92	+ 11	+ 43	....
Iron and Steel	191	152	113	+ 26	+ 69	138.6
Machinery	236	128	104	+ 84	+127	179.5
Transportation Equipment	270	135	104	+100	+160	201.2
Nonferrous Metals and Products	185	126	112	+ 47	+ 65	143.0
Chemicals	148	116	100	+ 28	+ 48	145.9
Manufactured Food Products	133	115	111	+ 16	+ 20	139.8
Leather and Its Products	121	96	103	+ 26	+ 17	99.7
Textiles and Their Products	151	107	111	+ 41	+ 36	112.6

P—PRELIMINARY
*FEDERAL RESERVE BOARD INDEX
**BUREAU OF LABOR STATISTICS DATA

these percentage points having been added since June 1940. Practically all such plants are now running at full capacity; and other important facilities are under construction that will add substantially to those already operating.

Total factory employment increased but nominally from August 1939 to June 1940, but by October 1941 had risen 38 per cent above the former level and 32 per cent above the latter. As might be expected, the greater increases in employment have been in those industries that have had the most important increases in production. The durable goods employment index has jumped 47 per cent, and the non-durables only 14 per cent, since June 1940. The transportation equipment industry has made the most remarkable gain, 86 per cent, while employment in the manufactured food products industries in the nondurable series increased only 6 per cent. The table below shows the relationship between production, employment, and hours worked in the industries specifically mentioned above.

While industrial production and employment have been showing pronounced gains in the past two years, bank loans for defense purposes have also been rising. According to a survey made by the American Bankers Association of 376 banks in the United States for the quarter ending September 30, 1941, these banks had $873.4 million outstanding in loans for defense purposes, a gain of approximately $191 million over the previous quarter. Of this total, 45 per cent was for supplies and equipment, 31 per cent was for plant facilities and construction, and 24 per cent was for working capital purposes. The 26 banks covered in the Sixth Federal Reserve District showed a somewhat different distribution of uses for their loans outstanding. Plant facilities and construction accounted for 45 per cent of the $34 million outstanding in this District, 32 per cent was used for working capital purposes, and 23 per cent went for supplies and equipment.

It is not possible, of course, to estimate the rate of industrial expansion due to defense causes in the Sixth District as distinct from the rest of the nation. However, defense contracts totaling approximately $1.1 billion have been awarded in this area from June 1, 1940, to September 1, 1941, and the Sixth District index of employment has increased 54 per cent through November 1941, maintaining a steady rise throughout the entire period. Cotton consumption in Georgia, Alabama, and Tennessee since the beginning of the all-out defense effort has increased 56 per cent through November 1941, and every other index of business activity in this District has made important gains.

Since the declaration of war December 7 those firms handling war contracts have been requested to work a 7-day week, 24 hours a day. This will undoubtedly result in more significant strides in all branches of industry, except those dealing exclusively in consumers' durable goods, that are already being curtailed due to lack of strategic materials diverted to war purposes. Any decline in employment, however, will probably be of short duration since the war industries are expected to absorb the slack in most instances.

H. D.

REGISTRATION UNDER REGULATION W, CONSUMER CREDIT

In order to avoid penalties that may be imposed for violation of the registration requirements under Regulation W, the Consumer Credit Regulation of the Board of Governors of the Federal Reserve System issued in accordance with an executive order of the President of the United States, any person required to register and who has failed to do so should immediately file a Registration Statement. The necessary forms are procurable from the Federal Reserve Bank of Atlanta or its branches.

The Regulation provides that no person engaged in the business of making extensions of intalment sale credit or instalment loan credit, or engaged in the business of lending on the security of, or discounting or purchasing obligations or claims arising out of such extensions of credit, shall make any payment or receive any payment arising out of such obligations unless such persons shall have filed a Registration Statement on or before December 31, 1941.

Approximately seven thousand instalment lenders and sellers in the Sixth Federal Reserve District have filed Registration Statements with the Federal Reserve Bank of Atlanta and its branches pursuant to the registration requirements of Regulation W.

AND AVERAGE HOURS WORKED IN SPECIFIED INDUSTRIES

EMPLOYMENT* 1923-25 = 100		Per Cent Change October 1941 from		AVERAGE HOURS WORKED** PER WEEK			Per Cent Change October 1941 from	
June 1940	August 1939	June 1940	Aug. 1939	October 1941p	June 1940	August 1939	June 1940	Aug. 1939
100.4	95.9	+ 32	+ 38	41.1	37.5	38.0	+ 10	+ 8
96.4	85.3	+ 47	+ 66	42.9	38.7	38.4	+ 11	+ 12
108.5	105.9	+ 14	+ 17	39.1	36.4	37.8	+ 7	+ 3
103.7	92.5	+ 34	+ 50	41.5	37.6	37.0	+ 10	+ 12
114.9	97.3	+ 56	+ 84	45.4	40.8	39.0	+ 11	+ 16
108.2	88.3	+ 86	+128	43.0	38.1	38.1	+ 13	+ 13
111.8	96.2	+ 28	+ 49	42.7	39.0	39.0	+ 9	+ 9
122.4	111.9	+ 19	+ 30	40.2	38.5	38.4	+ 4	+ 5
131.9	129.7	+ 6	+ 8	40.9	40.1	40.5	+ 2	+ 1
89.6	97.4	+ 11	+ 2	37.8	33.2	37.7	+ 14	+ 0
96.8	104.6	+ 16	+ 8	37.6	33.5	36.1	+ 12	+ 4

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

	Dec. 17 1941	Nov. 19 1941	Dec. 18 1940	Per Cent Change Dec. 17, 1941, from Nov. 19 1941	Dec. 18 1940
Bills discounted	$ .07	$ .03	$ .04	...	...
Industrial advances	.5	.5	.3	...	...
U. S. securities	95.2	93.2	83.8	+ 2	+ 14
Total bills and securities	95.7	93.7	84.2	+ 2	+ 14
F. R. note circulation	272.2	253.8	194.9	+ 7	+ 40
Member bank reserve deposits	316.6	304.2	226.1	+ 4	+ 40
U. S. Gov't deposits	32.5	33.5	15.0	— 3	+117
Foreign bank deposits	29.3	36.2	27.1	— 19	+ 8
Other deposits	8.4	7.1	5.2	+ 18	+ 62
Total deposits	386.9	381.0	273.4	+ 2	+ 42
Total reserves	564.6	546.2	390.7	+ 3	+ 45
Industrial advance commitments	1.8	1.8	.01	...	...

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

	Dec. 17 1941	Nov. 19 1941	Dec. 18 1940	Per Cent Change Dec. 17, 1941, from Nov. 19 1941	Dec. 18 1940
Loans and Investments—Total	$821.9	$794.5	$713.2	+ 3	+ 15
Loans—Total	427.1	422.0	373.8	+ 1	+ 14
Commercial, industrial, and agricultural loans	223.4	218.2	196.6	+ 2	+ 14
Open market paper	7.0	5.7	3.6	+ 23	+ 94
Loans to brokers and dealers in securities	6.8	7.1	9.3	— 4	— 27
Other loans for purchasing and carrying securities	12.7	12.8	11.2	— 1	+ 13
Real estate loans	37.1	37.9	33.7	— 2	+ 10
Loans to banks	2.0	1.2	1.9	+ 67	+ 5
Other loans	138.2	139.2	117.6	— 1	+ 18
Investments—Total	394.8	372.4	339.4	+ 6	+ 16
U. S. direct obligations	220.8	196.9	157.2	+ 12	+ 40
Obligations guaranteed by U. S.	64.5	62.3	63.4	+ 4	+ 2
Other securities	109.6	113.2	118.7	— 3	— 8
Reserve with F. R. Bank	196.0	190.7	143.1	+ 3	+ 37
Cash in vault	18.3	17.0	16.5	+ 8	+ 11
Balances with domestic banks	243.3	256.0	196.8	— 5	+ 24
Demand deposits-adjusted	558.2	552.6	449.6	+ 1	+ 24
Time deposits	194.2	198.3	189.2	— 2	+ 3
U. S. Gov't deposits	57.5	39.7	40.3	+ 45	+ 43
Deposits of domestic banks	404.3	402.3	330.0	+ 0	+ 23
Borrowings	.1	....	....	...	...

DEBITS TO INDIVIDUAL ACCOUNTS
(In Thousands of Dollars)

	Nov. 1941	Oct. 1941	Nov. 1940	Per Cent Change Nov. 1941, from Oct. 1941	Nov. 1940
ALABAMA					
Birmingham	$ 150,457	$ 164,814	$ 107,657	— 9	+ 40
Dothan	5,409	6,438	3,430	— 16	+ 58
Mobile	68,064	76,998	46,112	— 12	+ 48
Montgomery	34,592	38,789	29,363	— 11	+ 18
FLORIDA					
Jacksonville	104,680	112,321	93,469	— 7	+ 12
Miami	58,936	60,864	57,877	— 3	+ 2
Pensacola	12,949	14,375	11,059	— 10	+ 17
Tampa	37,985	40,663	38,809	— 7	— 2
GEORGIA					
Albany	8,599	8,837	6,454	— 3	+ 33
Atlanta	311,715	335,825	251,918	— 7	+ 24
Augusta	33,139	33,233	22,430	— 0	+ 48
Brunswick	3,535	3,956	2,983	— 11	+ 19
Columbus	26,594	28,779	21,928	— 8	+ 21
Elberton	1,501	1,844	1,663	— 19	— 10
Macon	27,878	31,805	19,411	— 12	+ 44
Newnan	3,244	4,009	2,466	— 19	+ 32
Savannah	38,746	42,465	32,433	— 9	+ 19
Valdosta	7,070	7,447	4,473	— 5	+ 58
LOUISIANA					
New Orleans	268,137	332,786	239,601	— 19	+ 12
MISSISSIPPI					
Hattiesburg	9,931	11,434	15,805	— 13	— 37
Jackson	37,531	41,006	30,673	— 8	+ 22
Meridian	17,501	19,104	13,804	— 8	+ 27
Vicksburg	10,795	13,780	9,215	— 22	+ 17
TENNESSEE					
Chattanooga	59,774	69.748	47,293	— 14	+ 26
Knoxville	39,308	41,636	33,551	— 6	+ 17
Nashville	118,481	134,370	92,350	— 12	+ 28
SIXTH DISTRICT					
26 Cities	1,496,551	1,677,326	1,238,227	— 11	+ 21
UNITED STATES					
274 Cities	45,081,000	50,874,000	39,088,000	— 11	+ 15

RETAIL TRADE — NOVEMBER 1941
(Cities for which no indexes are compiled)

Sales for November compared with:

	Oct. 1941	Nov. 1940		Oct. 1941	Nov. 1940
Baton Rouge	— 3	+ 5	Knoxville	— 1	+ 20
Chattanooga	— 0	+ 24	Macon	+ 8	+ 31
Jackson	+ 1	+ 23	Montgomery	+ 5	+ 15
Jacksonville	+ 3	+ 15	Tampa	+ 26	+ 20

District Summary of Business Conditions

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ga, 24 per cent; Jackson, 23 per cent; Knoxville and Tampa, 20 per cent; Nashville, 19 per cent; Atlanta, Jacksonville, New Orleans, and Montgomery, 15 per cent; and Baton Rouge, 5 per cent. For the January-November period total sales this year were up 18 per cent over that part of 1940, and in this cumulative comparison Jacksonville led with a gain of 26 per cent. Other cities registered gains as follows: Macon, 25 per cent; Birmingham, 24 per cent; Chattanooga, 23 per cent, Jackson, 22 per cent; Tampa, 21 per cent; Nashville and Knoxville, 20 per cent; Atlanta, 18 per cent; New Orleans, 17 per cent; Montgomery, 15 per cent; and Baton Rouge, 14 per cent. Reports of sales classified by departments from a smaller number of firms showed smaller gains in most classifications than those of earlier months and sales of furs, furniture, and major household appliances were smaller than in November a year ago. In the early part of December it seems apparent that the outbreak of war had a dampening effect on retail trade; although sales continued larger than the record-breaking figures for December a year ago, the gain for the first two weeks of the month was less than half as large as the average for the first eleven months. Wholesale trade in the District declined 12 per cent in November, about the usual seasonal amount, and was 15 per cent greater than it was a year earlier.

Inventories at both department stores and wholesale firms changed less than one per cent from October to November. Stocks at department stores were slightly smaller at the close of November, but were 31 per cent larger in dollar value than a year ago, and wholesale stocks increased slightly in November and were up 23 per cent from a year ago.

Life Insurance sales in this District declined 4 per cent in November but were 17 per cent greater than the same month last year and the largest reported for November since 1930. In the United States November sales were down 12 per cent from October and were 15 per cent greater than a year ago.

In November business failures in the District declined in both number and liabilities. November liabilities were 32 per cent less than those for October and were down 58 per cent from November 1940. In the January-November period failures in this District were 29 per cent fewer than in that part of 1940 and liabilities were 25 per cent less, and in the country as a whole the number of failures was 12 per cent smaller and liabilities were down 18 per cent.

Following three consecutive record-breaking months—August, September, and October—the value of construction contracts awarded in the Sixth District declined substantially in November. The total of about $53 million compares with the record amount reported for October of nearly $146 million. Residential contracts declined nearly one-half in November and other awards were down 66 per cent. In comparison with November 1940, the total for November this year is larger by 50 per cent, and while residential awards were about a fifth less, other contracts were almost twice as large. November awards increased over October in Louisiana and Mississippi, and over November last year in Alabama, Louisiana, Mississippi, and Tennessee. In the eleven month period, January through November, total awards in the District amounted to $676.6 million, a gain of 59 per cent over the corresponding part of 1940. Residential awards were down 4 per cent, but other contracts were nearly double those of last year. State totals for the January-November period were also larger, ex-

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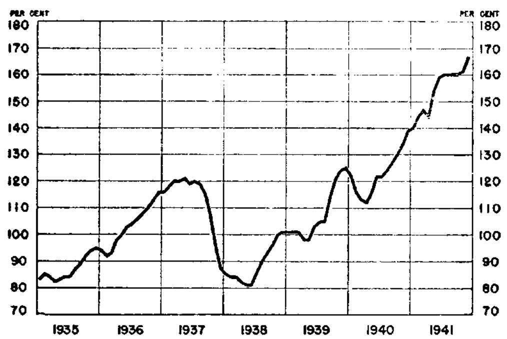
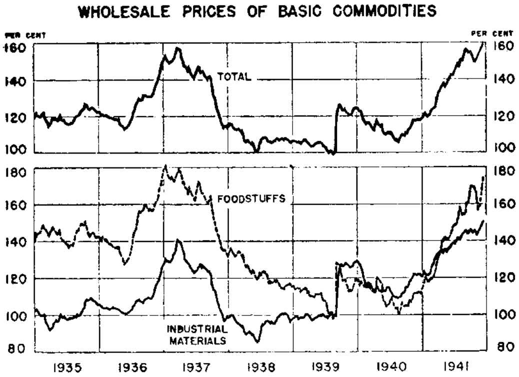
INDUSTRIAL PRODUCTION



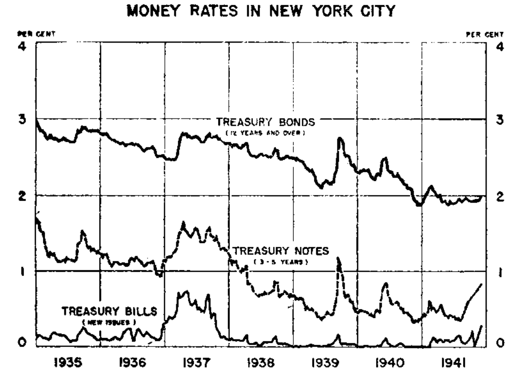
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. By months, January 1935 to November 1941.

WHOLESALE PRICES OF BASIC COMMODITIES



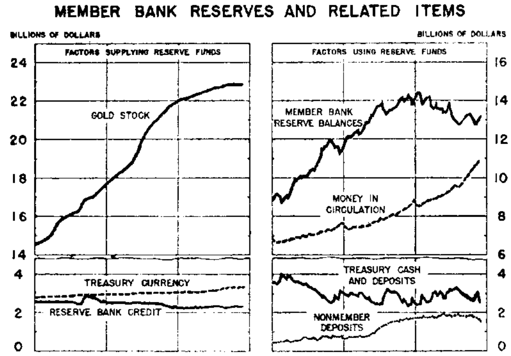
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939 = 100. Thursday figures, January 3, 1935, to December 11, 1941.

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, to Dec. 13, 1941.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 4, 1939, to December 10, 1941.

National Summary of Business

Prepared by the Board of Governors of the Federal Reserve System

Industrial activity was maintained at a high rate in November and the first half of December and distribution of commodities continued in large volume. Our entry into the war was reflected in a sharp advance in the prices of some commodities, some decline in security prices, and further curtailment of nonmilitary production.

Production

Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167 per cent of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewaht owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80 million tons of ore were brought down the Lakes as compared with the previous record of 65 million tons in 1929. Stocks of ore at lower Lake ports on November 30 amounted to about a seven months' supply at the current consumption rate of around 6.5 million tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of nondefense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corporation. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first ten months of the year they were three-fifths larger.

Distribution

Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115 per cent of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

Commodity Prices

Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as measured by the Bureau of Labor Statistics' index, increased 1½ per cent further from the middle of October to the middle of November to a level 18 per cent above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

Bank Credit

Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing

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cept for a small decrease reported for Florida where 1940 contracts were in large volume. The increases for the other five states ranged from 70 per cent for Tennessee to 180 per cent for Alabama. In the 37 Eastern States for which F. W. Dodge figures are compiled, November awards were down 24 per cent from October and were 21 per cent greater than in November last year, and the January-November total was 57 per cent larger than for that part of 1940.

▶ In November cotton textile mills in Alabama, Georgia, and Tennessee consumed 291,679 bales of cotton. This is somewhat less than the number used in October; but because of the smaller number of working days in November, the daily average rate increased 2 per cent and was the highest on record for any month in available statistics. The November rate in this District was 18 per cent above that month last year and, according to the Board's index, consumption in the United States as a whole was 20 per cent greater than it was a year ago.

Steel mill activity in the Birmingham-Gadsden area was reported by *The Iron Age* at 99.0 per cent of capacity from the middle of October to the middle of November, and at 95.5 per cent from then until the middle of December. In the third week of December it rose to 98.5 per cent. In the country as a whole activity averaged 97 per cent of capacity in November and the first week of December and 97.5 per cent in the following week. November production of pig iron in Alabama was at a daily rate 4 per cent below that of October and only slightly above the rate for November last year. In November two Alabama furnaces were blown out or banked, and on December 1 there were 17 in active operation.

▶ Coal production increased substantially in November and was at a daily rate that had been exceeded only once—in March this year—in nearly twelve years. The November increase was in Alabama where output had been seriously curtailed in September and October by labor difficulties. November output in Alabama and Tennessee combined was up 17 per cent from October and was 21 per cent greater than in November last year. In the country as a whole November production was down 1 per cent from October and was 9 per cent greater than a year ago.

National Summary of Business

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little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on December 15 when these balances were replenished in connection with the issue of 1.6 billion dollars of new Government securities. Money in circulation has continued to show a marked increase.

Yields on United States Government Securities

The yield on $2\frac{1}{2}$ per cent United States Government bonds of 1967-72, which reached a record low level of 2.32 per cent on November 5, advanced somewhat in November and, after the entry of the United States into the war, rose to 2.50 per cent. Yields on short-term Government securities increased further. The yield on Treasury notes of December 1945 advanced to 0.93 per cent on December 17, compared with 0.62 per cent on September 15, and the rate on three-month bills rose to .295 per cent.

SIXTH DISTRICT BUSINESS INDICATORS
Indexes

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

	Adjusted			Unadjusted		
	Nov. 1941	Oct. 1941	Nov. 1940	Nov. 1941	Oct. 1941	Nov. 1940
RETAIL SALES* (1935-1939 Av. = 100)						
DISTRICT (47 Firms)	154	125	129	169	138	141
Atlanta				180	152	151
Birmingham				174	139	147
Nashville				157	133	128
New Orleans				163	121	136
RETAIL STOCKS						
DISTRICT (21 Firms)	113	115	84	126	127	94
Atlanta	217	226	166	245	254	188
Birmingham	105	109	79	118	120	88
Nashville	98	100	63	110	113	70
New Orleans	91	92	68	100	101	74
WHOLESALE SALES						
TOTAL				87	99	74
Groceries				61	73	52
Dry Goods				76	90	68
Hardware				148	183	125
Drugs				137	157	115
CONTRACTS AWARDED						
DISTRICT				151	415	101
Residential				77	148	99
Others				200	593	102
Alabama				341	931	116
Florida				81	217	85
Georgia				96	542	169
Louisiana				201	156	54
Mississippi				479	129	154
Tennessee				127	610	95
BUILDING PERMITS						
20 CITIES				117p	73	49
Atlanta				57	28	21
Birmingham				41	25	33
Jacksonville				62	93	110
Nashville				20	11	23
New Orleans				271	53	42
PIG IRON PRODUCTION*						
Alabama				136	142	134
COAL PRODUCTION* (1935-1939 Av. = 100)						
TWO STATES	146	123	120	156	133	129
Alabama				152	122	135
Tennessee				158	158	117
COTTON CONSUMPTION*						
THREE STATES				256	251	217
Alabama				302	303	266
Georgia				239	232	200
Tennessee				238	222	185
EMPLOYMENT (1932 Av. = 100)						
SIX STATES				159	158	140
Alabama				178	176	152
Florida				109	103	104
Georgia				175	174	157
Louisiana				149	148	131
Mississippi				135	136	113
Tennessee				156	156	136
PAYROLLS (1932 Av. = 100)						
SIX STATES				267	267	202
Alabama				389	403	278
Florida				118	112	104
Georgia				291	289	227
Louisiana				215	209	164
Mississippi				233	226	145
Tennessee				277	280	184
ELECTRIC POWER PRODUCTION* (1935-1939 Av. = 100)						
TOTAL				160	173	155
By Water Power				84	110	143
By Fuel				260	257	172

Statistics
(000 Omitted)

COMMERCIAL FAILURES	Nov. 1941	Oct. 1941	Nov. 1940	Year to Date 1941	Year to Date 1940
Number (Actual, not thousands)	29	36	38	429	601
Liabilities	$ 310	$ 456	$ 744	$ 4,977	$ 6,612

FARM INCOME

Farm income data were not received in time for publication in this issue of the *Monthly Review*. When they become available, however, the Federal Reserve Bank of Atlanta will be glad to furnish them upon request.

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

p = Preliminary.