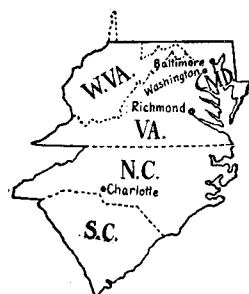


# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*November 30, 1937*

THE most interesting change in the statement of the Federal Reserve Bank of Richmond between the middle of October and the middle of November was an increase in holdings of Government securities, resulting from purchases made on the open market by the Reserve System in order to provide funds to meet seasonal withdrawals of currency from the banks and other seasonal requirements. Discounts for member banks declined during the month, but continued higher than discounts a year earlier. Circulation of Federal Reserve notes showed a further seasonal rise, but rather less than is expected at this time of year. Reporting member banks showed an increase in loans and a material rise in investments in securities, but on the contrary they also reported a sharp decline in demand deposits which was general in the reporting banks. Debits to individual accounts figures in the chief cities of the Fifth district increased by 12.1 per cent over debits in September, caused chiefly by quarterly payments falling due early in October, and debits in October this year also exceeded those reported for October last year by 3.5 per cent.

General business failed to make seasonal gains in October and early November, and a number of indicators were more unfavorable than for many months. Employment slumped badly, and from the entire district, except West Virginia coal fields, come reports of reduced forces, shortened hours, or both. Commercial failures in the Fifth district last month were relatively more numerous than in the Nation as a whole, and exceeded October 1936 figures by a larger percentage, but in total liabilities involved the district record was better than the record for the United States. Registrations of new passenger automobiles in the Fifth district in October declined from the September level, but exceeded October 1936 registrations by 11.8 per cent. Construction activity, in both building permits issued and contracts actually awarded, not only showed a seasonal decline from September, but also dropped materially below October 1936 figures. The estimated value of permits issued in 31 cities in October 1937 was 6.6 percent below October 1936 figures, and October contract awards were 35.1 per cent less than awards in October 1936. Coal production increased sea-

sonally in October in comparison with September, but was 7.6 per cent below October 1936 production. Textile mills in the Fifth district were forced to curtail operations by lack of new orders and many cancellations of old orders, accompanied by burdensome inventories built up in two or three recent months. Both cotton and rayon mills have made or are planning to make material reductions in manufacture until inventories can be reduced. Retail trade in department stores held up better through October than most other lines, but was in slightly less volume than in October 1936, and wholesale trade in four of five reporting lines declined from last year's figures.

The Department of Agriculture on November 8 forecast a record cotton yield of 18,243,000 bales this year, but spot cotton prices, already slightly below 8 cents per pound, were not affected by the unfavorable report, Government loan plans serving to peg prices at present levels. It appears that cotton growers will receive less cash this fall from their crop than they received in the fall of 1936, but if and when proposed subsidies are paid on part of the 1937 crop the total receipts from this year's crop may approximate the 1936 receipts. Tobacco growers are in a much more favorable position, having materially larger yields which are selling for slightly higher prices than a year ago. Apple and potato growers got much larger yields this year than in 1936, but prices were better last year and the crops were probably more profitable in that year. On the whole, tobacco and cattle people will have more cash to spend this fall than they had a year ago, but all other farmers will have less, and general business in the Fifth district will be affected accordingly.

There follows a statistical summary of conditions described above:

	Oct. 1937	Oct. 1936	% Change
Debits to individual accounts (24 cities) .....	\$1,426,155,000	\$1,378,433,000	+ 3.5
No. of business failures, 5th district .....	38	27	+40.7
Liabilities in failures, 5th district..	\$ 564,000	\$ 694,000	-18.7
Sales, 57 dept. stores, 5th district...	\$ 12,723,068	\$ 12,982,415	- 2.0
Sales, 57 wholesale firms in 5 lines ..	\$ 5,612,398	\$ 5,928,852	- 5.3
Registrations, new passenger autos. ....	15,176	13,570	+11.8
Value bldg. permits (31 cities).....	\$ 5,665,087	\$ 6,064,906	- 6.6
Value of contracts awarded, 5th dist. ..	\$ 15,943,500	\$ 24,585,100	-35.1
Cotton consumption, 5th dist. (Bales) ..	255,925	304,419	-15.9
Soft coal mined, U. S. (Tons) .....	40,040,000	43,321,000	- 7.6

## BANKING CONDITIONS

**RESERVE BANK STATEMENT:** In order to provide funds to meet seasonal withdrawals of currency from the banks and other seasonal requirements, the Federal Reserve System entered the open market during the first half of November and purchased a limited amount of Government securities. The System allotted \$1,026,000 of these purchases to the Federal Reserve Bank of Richmond, and the Bank's holdings of Governments were thereby increased by the amount mentioned. Discounts for member banks at the Richmond Reserve bank declined by \$254,000 last month and industrial advances for working capital dropped by \$61,000, these changes partly offsetting the rise in Government security holdings. Federal Reserve notes in circulation continued a seasonal rise, but somewhat less than in most years. Member bank reserve deposits rose by \$11,985,000 between the middle of October and the middle of November, and the cash reserves of the Federal Reserve Bank of Richmond increased by \$10,752,000. There was a small rise in the ratio of cash reserves to note and deposit liabilities combined.

Items	000 omitted		
	Nov. 15 1937	Oct. 15 1937	Nov. 15 1936
Discounts held .....	\$ 515	\$ 769	\$ 34
Open market paper .....	110	109	121
Industrial advances .....	2,374	2,435	3,360
Government securities .....	134,061	133,035	125,510
Total earning assets .....	137,060	136,348	129,025
Circulation of Fed. Res. notes .....	213,936	212,734	205,813
Members' reserve deposits .....	232,471	220,486	220,898
Cash reserves .....	345,238	334,486	324,575
Reserve ratio .....	72.46	72.02	72.63

**STATEMENT OF 41 REPORTING MEMBER BANKS:** Loans continued to rise moderately in 41 regularly reporting member banks in 12 Fifth district cities between October 13 and November 10, and there were also increases in investments in securities and in reserve balances with the Reserve bank. On the other hand, an unusually large decline occurred in demand deposits during the period, and small decreases were also indicated for cash in vaults and for time deposits. The increase in security holdings was due almost entirely to more or less temporary fluctuations in three large banks, but the decline in demand deposits was general among the 41 banks.

ITEMS	000 omitted		
	Nov. 10 1937	Oct. 13 1937	Nov. 11 1936
Loans & discounts .....	\$252,835	\$250,207	\$217,048
Investments in securities .....	394,573	366,845	446,907
Reserve bal. with F. R. Bank .....	129,331	127,976	141,578
Cash in vaults .....	20,143	20,499	18,919
Demand deposits .....	462,962	478,746	469,162
Time deposits .....	196,840	197,312	196,999
Money borrowed .....	0	0	0

**DEBITS TO INDIVIDUAL ACCOUNT:** Fall trade, beginning in September, continues to increase in October, and a rise of 12.1 per cent in aggregate debits to individual accounts in October over those in September is a seasonal development. Last month's debits also exceeded October 1936 debits by 3.5 per cent. All of the 24 cities showed higher figures for October than for September except four, and all showed higher figures than for October 1936 except seven. Danville debits rose 101.7 per cent in October over September, due to the operation of auction

tobacco markets last month, and increased tobacco sales also accounted for increases of 33.6 per cent and 14.7 per cent in Durham and Winston-Salem, respectively.

CITIES	000 omitted			% of Month	Change Year
	Oct. 1937	Sept. 1937	Oct. 1936		
<b>Maryland</b>					
Baltimore .....	\$ 378,930	\$ 346,830	\$ 386,628	+ 9.3	- 2.0
Cumberland .....	9,350	9,546	9,879	- 2.1	- 5.4
Hagerstown .....	9,459	8,934	8,179	+ 5.9	+15.6
<b>Dist. of Col.</b>					
Washington ..	259,753	231,540	258,049	+12.2	+ .7
<b>Virginia</b>					
Danville .....	19,069	9,453	15,558	+101.7	+22.6
Lynchburg .....	16,664	15,271	16,672	+ 9.1	- .1
Newport News ..	9,102	8,241	9,681	+10.4	- 6.0
Norfolk .....	51,553	47,833	49,857	+ 7.8	+ 3.4
Portsmouth .....	3,995	3,919	3,882	+ 1.9	+ 2.9
Richmond .....	217,476	185,495	198,662	+17.2	+ 9.5
Roanoke .....	27,757	26,692	31,686	+ 4.0	-12.4
<b>West Virginia</b>					
Charleston .....	57,592	51,346	47,310	+12.2	+21.7
Huntington .....	19,954	17,427	19,550	+14.5	+ 2.1
<b>North Carolina</b>					
Asheville .....	13,687	13,946	12,889	- 1.9	+ 6.2
Charlotte .....	65,879	60,432	63,072	+ 9.0	+ 4.5
Durham .....	57,686	43,176	50,172	+33.6	+15.0
Greensboro .....	19,001	17,957	17,805	+ 5.8	+ 6.7
Raleigh .....	43,025	35,471	37,058	+21.3	+16.1
Wilmington .....	12,256	12,505	12,831	- 2.0	- 4.5
Winston-Salem ..	48,990	42,728	43,982	+14.7	+11.4
<b>South Carolina</b>					
Charleston .....	20,765	20,147	19,215	+ 3.1	+ 8.1
Columbia .....	31,376	32,372	30,230	- 3.1	+ 3.8
Greenville .....	21,913	21,335	25,515	+ 2.7	-14.1
Spartanburg .....	10,923	9,644	10,071	+13.3	+ 8.5
<b>Fifth District ...</b>	<b>\$1,426,155</b>	<b>\$1,272,240</b>	<b>\$1,378,433</b>	<b>+12.1</b>	<b>+ 3.5</b>

**MUTUAL SAVINGS BANK DEPOSITS:** Ten mutual savings banks in Baltimore had deposits totaling \$218,355,228 on October 31, 1937, an increase of three-tenths of 1 per cent over \$217,676,535 on deposit on September 30, 1937, and 3.1 per cent above \$211,848,824 on October 31, 1936. Aggregate deposits in the ten reporting banks set new records at the end of each of the past three months.

## BUSINESS CONDITIONS

**EMPLOYMENT:** Marked changes occurred during the past month in employment, and signs indicate a falling off in enrollment or payrolls, or both, in most of the industries in the Fifth district. Coal mining increased seasonally during recent weeks, and tobacco manufacturing continued at approximately the same level, but activity declined at both cotton and rayon textile mills, railroad shops, lumber plants, in all types of construction work, and in miscellaneous fields. Many plants which have not yet reduced operating time are planning curtailment in the near future, chiefly by reducing average hours of work for all employees rather than laying off part of the workers. The following figures, compiled by the Bureau of Labor Statistics from records submitted by a large number of identical industries, show the trends of employment and payrolls in the Fifth district from September to October, the latest available figures:

STATES	Percentage change from Sept. to Oct. 1937	
	In number on payroll	In amount of payroll
Maryland .....	- 2.7	- .3
D. of Columbia .....	+ 2.6	+ 3.2
Virginia .....	- 1.1	+ 1.6
West Virginia .....	+ .2	+ 3.2
North Carolina .....	- 2.8	- 3.6
South Carolina .....	- 1.3	- 2.9

**COMMERCIAL FAILURES:** Figures compiled by *Dun & Bradstreet* on business failures show an increase of 40.7 per cent in October 1937 over October 1936 in the number of insolvencies in the Fifth Reserve district, compared with an increase of 25.7 per cent for the United States, but in aggregate liabilities involved in failures the district showed a decrease of 18.7 per cent while the Nation showed an increase of 12.9 per cent.

PERIOD	Number of failures		Total Liabilities	
	District U. S.		District U. S.	
October 1937.....	38	768	\$ 564,000	\$ 9,335,000
September 1937.....	30	564	347,000	8,393,000
October 1936.....	27	611	694,000	8,266,000
10 Months, 1937.....	394	7,299	\$3,657,000	\$ 92,225,000
10 Months, 1936.....	391	7,805	6,524,000	123,433,000

**AUTOMOBILE NEW CAR REGISTRATIONS:** The number of new cars sold in the Fifth district in October did not equal the number sold in September, probably due to the fact that many new models did not come out until late in the month, but October registrations of new cars exceeded October 1936 registrations by 11.8 per cent. Among Fifth district states, North Carolina led with an increase of 27.5 per cent in registrations of new cars over October 1936. The three most popular makes comprised 62.6 per cent of all Fifth district registrations last month, compared with 68.3 per cent in October 1936. The following figures were collected by *R. L. Polk & Co.*:

Registration of New Passenger Cars						
STATES	Oct. 1937	Oct. 1936	% Change	10 Months 1937	10 Months 1936	% Change
	1937	1936		1937	1936	
Maryland .....	2,747	2,469	+11.3	40,664	36,719	+10.7
D. of Col. ....	1,465	1,633	-10.3	25,048	27,672	-9.5
Virginia .....	3,134	2,956	+6.0	44,500	42,515	+4.7
West Va. ....	1,973	1,721	+14.6	32,156	32,050	+0.3
No. Carolina ..	4,153	3,256	+27.5	47,096	39,428	+19.4
So. Carolina ....	1,704	1,535	+11.0	24,203	19,747	+22.5
District .....	15,176	13,570	+11.8	213,667	198,131	+7.8

**CONSTRUCTION:** Building permits issued last month not only showed a seasonal decrease from those issued in September, but were 19.8 per cent fewer in number and 6.6 per cent less in estimated valuation than permits issued in October 1936. There were 2,681 permits issued in 31 Fifth district cities in October 1937, with estimated valuation of \$5,665,087, compared with 3,341 permits and valuation of \$6,064,906 issued in October 1936. Only 11 of the 31 reporting cities showed higher valuation figures for the 1937 month.

Contract award figures for October, available by States in *F. W. Dodge Corporation* reports, show a decrease in the Fifth district of 35.1 per cent under awards in October 1936.

Construction Contracts Awarded			
STATES	Oct. 1937	Oct. 1936	% Change
Maryland .....	\$ 4,095,400	\$ 4,468,300	-8.3
D. of Col. ....	2,647,800	2,483,300	+6.9
Virginia .....	2,537,700	4,823,000	-47.4
West Virginia ..	1,806,100	2,185,800	-17.4
North Carolina ..	3,173,300	4,256,000	-25.4
South Carolina ..	1,683,200	4,368,700	-61.5
District .....	\$15,943,500	\$24,585,100	-35.1

**COAL MINING:** Production of bituminous coal in October 1937 totaling 40,040,000 net tons was less than 43,321,000 tons dug in October last year, but 367,102,000 tons mined this calendar year prior to October 31 exceeded 346,435,000 tons dug in the corresponding 10 months last year. On October 1, 1937, consumers' stocks of coal totaled 46,036,000 tons, an increase of 33 per

cent over stocks totaling 34,604,000 tons on October 1, 1936, Hampton Roads ports shipped 17,817,434 tons of soft coal between January 1 and October 31, 1937, compared with 16,009,170 tons shipped in the corresponding 1936 period. Official figures by states for September production in tons this year and last are now available from reports of the *National Bituminous Coal Commission*:

STATES	Soft Coal Production in Tons		Percentage Change
	Sept. 1937	Sept. 1936	
West Virginia .....	10,668,000	10,440,000	+2.3
Virginia .....	1,276,000	1,060,000	+20.4
Maryland .....	135,000	142,000	-4.9
5th District .....	12,099,000	11,642,000	+3.9
United States .....	39,055,000	37,192,000	+5.0

**TEXTILES:** Demand for textile products, which began to decline last spring and continued during the summer, weakened further in October, and cancellations of orders increased. Cotton and rayon cloth, yarn and knitting mills were reluctant to curtail operations and consequently built up inventories until they became unduly large. In the past four to six weeks mills have found curtailment of output necessary, and this has finally reached all the way back to manufacturers of rayon thread. Consumption of cotton by states in the Fifth district in October 1937, September 1937, and October 1936, in bales, is shown below:

MONTHS	No. Carolina So. Carolina Virginia District			
	October 1937	September 1937	October 1936	
October 1937.....	130,789	110,507	14,629	255,925
September 1937.....	152,295	129,095	15,889	297,279
October 1936.....	167,628	122,234	14,557	304,419
10 Months, 1937.....	1,638,472	1,271,065	151,285	3,060,822
10 Months, 1936.....	1,493,660	1,122,238	139,315	2,755,213

Figures on spindle activity in September were released by the Bureau of the Census on October 20. There were 26,843,000 spindles in place in American mills on September 30, of which Fifth district mills had 12,363,342 spindles. Actual spindle hours of operation in September totaled 7,658,339,165 hours in the United States, South Carolina ranking first with 2,163,346,604 hours and North Carolina second with 1,763,762,710 hours. For the first time in many months, South Carolina with average operations of 381 hours per spindle in place lost the lead to Tennessee, which had an average of 403 hours per spindle. Virginia ranked third with 359 hours per spindle, while North Carolina with 292 hours ranked seventh. All Fifth district cotton manufacturing states were above the National average of 285 hours of operation per spindle in place.

**COTTON:** Spot cotton prices receded further between the middle of October and the middle of November, falling to an average of 7.75 cents per pound for middling grade on November 5 on ten Southern markets, but there was a partial recovery to 7.98 cents on November 12. At these low prices, growers withheld considerable cotton from the market and substantial quantities were pledged on Government loans. The Commodity Credit Corporation reported a total of 2,270,000 bales of the 1937 crop pledged on loans through November 18. On November 8, the Department of Agriculture's forecast of production for 1937 of 18,243,000 bales indicated that this year's crop is the largest on record, and showed an increase of 47.1 per cent over 12,399,000 bales picked in 1936. Every

cotton growing state in the United States reported a higher figure for 1937 production. Fifth district states averaged an increase of 18.3 per cent. Production figures by states for the district will be found elsewhere on this page.

#### Cotton Consumed and On Hand

(Bales)

	Oct. 1937	Oct. 1936	Aug. 1 to Oct. 31 This Year Last Year	
<b>Fifth district states:</b>				
Cotton consumed .....	255,925	304,419	843,045	872,941
<b>Cotton growing states:</b>				
Cotton consumed .....	449,797	546,129	1,467,084	1,553,316
Cotton on hand Oct. 31 in				
Consuming establishments .	1,216,736	1,249,847	....	....
Storage & Compresses ....	9,693,248	7,986,914	....	....
<b>United States:</b>				
Cotton consumed .....	526,464	651,086	1,732,681	1,855,867
Cotton on hand Oct. 31 in				
Consuming establishments .	1,418,602	1,412,603	....	....
Storage & compresses .....	9,758,419	8,034,194	....	....
Exports of cotton .....	798,921	861,016	1,636,780	1,613,127

**TOBACCO MARKETING:** Auction tobacco markets in the Carolinas and Virginia reported sales and prices for October 1937 and 1936 as follows:

STATES	Producers' Tobacco Sales, Pounds		Price Per Hundred	
	Oct. 1937	Oct. 1936	1937	1936
South Carolina ...	13,793,448	12,352,984	\$17.74	\$14.02
North Carolina ...	205,971,995	168,948,337	27.96	23.79
Virginia .....	34,995,088	31,083,244	26.13	23.86

**TOBACCO MANUFACTURING:** The Bureau of Internal Revenue reports tobacco products manufactured in October 1937 and 1936 as follows:

	Oct. 1937	Oct. 1936	% Change
<b>Smoking &amp; Chewing</b>			
Tobacco, Pounds .....	26,078,781	28,425,928	- 8.3
Cigarettes, Number .....	13,892,142,613	13,203,851,027	+ 5.2
Cigars, Number .....	517,565,260	551,114,413	- 6.1
Snuff, Pounds .....	2,987,947	3,620,453	-17.5

#### RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales Oct. 1937 comp. with October 1936	Net Sales Jan. 1 to date compared with same period last year	Stocks Oct. 31, 1937 compared with Oct. 31, 1936	Ratio Oct. collections to accounts outstanding October 1
Richmond (3) ..	+ .9	....	+16.4	34.2
Baltimore (8) ..	+ 2.3	+ 7.5	+ 4.0	+5.9
Washington (6) ..	- 7.7	+ .3	+ 4.2	+5.8
Other Cities (14) ..	- 4.0	+ 6.4	+10.0	+9.9
District (29) ..	- 3.4	+ 4.0	+ 5.1	+6.5
Same stores by States, with 28 stores added:				
Virginia (13) ..	+ 2.4	+ 7.7		
West Va. (10) ..	- 2.5	+10.5		
No. Carolina (7) ..	- 4.4	+ 7.5		
So. Carolina (12) ..	+ 4.3	+12.8		
District (57) ..	- 2.0	+ 4.8		

#### WHOLESALE TRADE, 57 FIRMS:

LINES	Net Sales Oct. 1937 comp. with Oct. 1936		Net Sales Jan. 1 to date compared with same period last year	Stocks Oct. 31, 1937 compared with Oct. 31, 1936		Ratio Oct. collections to accounts outstanding October 1
	Oct. 1936	Sept. 1937		1936	1937	
Groceries (21) ..	- 1.0	- 9.5	+10.1	+ 8.1	+11.2	117.6
Dry Goods (7) ..	-10.9	-20.4	+ 2.5	+44.8	-12.3	38.4
Shoes (6) ....	-13.2	-29.8	+ 7.1	+33.4	-22.7	62.3
Hardware (12) ..	+ 3.1	- 5.6	+20.0	+ 5.6	- 4.4	52.1
Drugs (11) ...	- 2.5	- 7.5	+11.3	+10.2	+ 5.7	82.0

Note: All figures in Retail & Wholesale tables represent percentage changes except the collection ratios. Number of reporting firms shown in parentheses.

#### AGRICULTURAL CONDITIONS

**CROP CONDITIONS AND ESTIMATES:** Estimates of production as released by the Department of Agriculture early in November are included in the tables below, 1937 yields being shown in comparison with 1936 figures and those for the base years 1928-1932. Figures are omitted for crops harvested prior to November, such as wheat, oats, and hay.

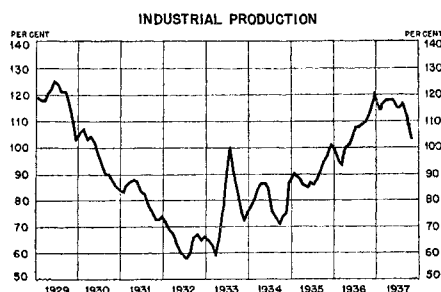
Cotton (Bales)			
	1937	1936	1928-1932
Virginia .....	40,000	33,000	45,000
North Carolina .....	720,000+	597,000	752,000
South Carolina .....	950,000+	816,000	856,000
United States .....	18,243,000+	12,399,000	14,667,000
Corn (Bushels)			
Maryland .....	18,576,000+	18,396,000	14,431,000
Virginia .....	38,844,000+	30,014,000	30,388,000
West Virginia .....	14,784,000+	11,569,000	11,054,000
North Carolina .....	45,357,000+	43,475,000	38,415,000
South Carolina .....	25,017,000	23,635,000	20,240,000
United States .....	2,651,393,000+	1,529,327,000	2,554,772,000
Irish Potatoes (Bushels)			
Maryland .....	3,304,000	2,940,000	3,339,000
Virginia .....	10,998,000	7,380,000	14,328,000
West Virginia .....	3,264,000-	1,920,000	3,445,000
North Carolina .....	9,384,000	5,986,000	7,540,000
South Carolina .....	2,875,000	1,656,000	2,748,000
United States .....	391,707,000-	329,997,000	372,115,000
Sweet Potatoes (Bushels)			
Maryland .....	1,040,000-	1,200,000	1,299,000
Virginia .....	5,070,000+	4,366,000	4,270,000
North Carolina .....	8,160,000-	7,560,000	7,141,000
South Carolina .....	4,860,000	4,845,000	4,648,000
United States .....	73,774,000-	64,144,000	66,368,000
Tobacco (Pounds)			
Maryland .....	24,850,000	29,600,000	24,318,000
Virginia .....	106,156,000+	96,734,000	98,409,000
West Virginia .....	2,380,000-	1,282,000	4,224,000
North Carolina .....	577,190,000+	457,373,000	469,135,000
South Carolina .....	106,400,000	73,350,000	75,918,000
United States .....	1,485,148,000+	1,153,083,000	1,427,174,000
Apples (Bushels)			
Maryland .....	2,847,000-	2,014,000	2,067,000
Virginia .....	18,000,000	8,500,000	13,116,000
West Virginia .....	10,004,000+	4,395,000	6,837,000
North Carolina .....	4,505,000	1,890,000	3,199,000
United States .....	211,100,000+	117,506,000	164,355,000
Peanuts (Pounds)			
Virginia .....	173,880,000+	151,200,000	148,324,000
North Carolina .....	258,750,000+	243,960,000	223,450,000
South Carolina .....	8,580,000	8,160,000	8,760,000
United States .....	1,277,130,000+	1,309,540,000	946,231,000

Note: Estimates marked (+) were raised last month, those marked (-) were lowered, and others remained unchanged from October 1 to November 1.

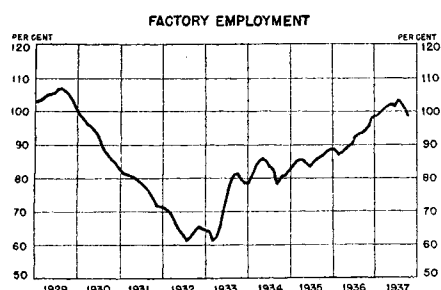
(Compiled November 20, 1937)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

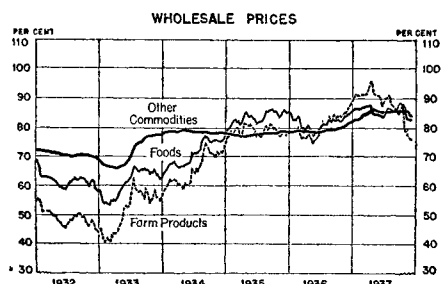
(Compiled by the Board of Governors of the Federal Reserve System)



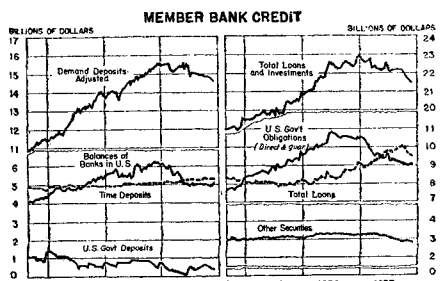
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1929 to October 1937.



Index of number employed, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1929 to October 1937.



Indexes compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1932 to date. Latest figure, week ending November 20, 1937.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to Nov. 17, 1937.

Volume of industrial production showed a further sharp decrease in October and the first three weeks of November, and there was a reduction in employment. Commodity prices continued to decline. Distribution of commodities to consumers was maintained at the level of other recent months.

## PRODUCTION AND EMPLOYMENT

In October the Board's seasonally adjusted index of industrial production was 103 per cent of the 1923-1925 average as compared with 111 per cent in September and an average of 116 per cent in the first eight months of this year. There was a marked curtailment of activity in the durable goods industries. Output of steel ingots, which had shown a steady decline since August, was at an average rate of 59 per cent of capacity in October and by the third week in November the rate had declined to 36 per cent. Automobile production increased considerably in October as most manufacturers began assembly of 1938 model cars. In the first three weeks of November output of automobiles showed little change from the level reached at the end of October, with assemblies by one leading manufacturer continuing in exceptionally small volume. Production of lumber and of plate glass declined further in October. In the non-durable goods industries, where output had been declining since the spring of this year, there was a further decrease in October. Cotton consumption showed a sharp reduction and activity at woolen mills and shoe factories continued to decline. There was an increase in output at sugar refineries, where activity had been at a low level in September. In most other lines changes in output were largely seasonal. Mineral production continued at about the level reached at the close of 1936 and maintained throughout this year.

Value of construction contracts awarded in October and the first half of November was smaller than in the preceding six weeks, according to figures of the F. W. Dodge Corporation. The decline was chiefly in private non-residential construction.

Factory employment declined substantially in October and payrolls showed little change, although an increase is usual at this season. Declines in the number employed were reported by factories producing steel, machinery, lumber and textiles, and in many smaller industries. There was a seasonal increase in employment at automobile factories. Employment and payrolls increased seasonally at mines and at establishments engaged in wholesale and retail trade.

## DISTRIBUTION

Sales at department stores and mail order sales increased seasonally in October. Throughout the year sales at department stores have been sustained, with seasonal fluctuations, and the Board's adjusted index of these sales has shown little change.

Freight car loadings declined in October and the first half of November, reflecting smaller shipments of forest products, ore, and miscellaneous freight.

## COMMODITY PRICES

Prices of industrial materials, particularly non-ferrous metals, steel scrap, rubber and hides, declined further from the middle of October to the third week of November, and there were some decreases in the prices of finished industrial products. Livestock and meat prices declined substantially and coffee prices dropped sharply following the announcement by Brazil of modification of its control policy.

## BANK CREDIT

During the first half of November the Federal Reserve banks purchased \$28,525,000 of United States Government securities, in accordance with the policy adopted in September to provide additional reserves for meeting seasonal currency and other requirements. From the middle of October to November 17, excess reserves of member banks increased from about \$1,000,000,000 to \$1,100,000,000, reflecting the Federal Reserve security purchases and a considerable decline in required reserves at member banks in New York City, caused partly by a reduction in demand deposits arising from a liquidation of brokers' loans.

Loans to brokers and dealers reported by banks in leading cities declined by \$250,000,000 during the four weeks ending November 17. Commercial loans, following a steady increase for several months, declined after the middle of October. Member banks in New York City increased their holdings of United States Government securities by over \$150,000,000 while banks outside New York City showed a further reduction. Deposits continued to show moderate reductions.