

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

March 31, 1938

ONLY an insignificant change in discounts at the Federal Reserve Bank of Richmond occurred between February 15 and March 15, but there was a rise in the actual circulation of Federal Reserve notes, an unusual development at this season. Inquiries and applications received indicate increased interest in industrial loans made by the Reserve bank direct to business for working capital. Member bank reserve deposits rose further during the past month. In reporting member banks, the only marked change in condition figures between the middle of February and the middle of March was a substantial decline in demand deposits. On the other hand, time deposits showed a small increase in member banks during the month, but declined in mutual savings banks from the record high figure at the end of January. Debits to individual accounts in leading cities of the Fifth district continued the decline which began in the second half of 1937, and in February showed the largest percentage decrease in comparison with debits in the corresponding month of the preceding year of any month since the banking holiday.

All lines of business continued in the recession which developed last fall, and February showed few signs of improvement, but the recession appears to have leveled out since the turn of the year. Employment data show a larger number of idle workers than at any other time for a year or more, and shortened hours reduced payrolls in many industries which have not reduced numbers on the rolls materially. Bankruptcies in the Fifth district increased slightly in number and moderately in liabilities in comparison with the figures for February 1937, but the record of the Fifth district was better in both number and liabilities than the National record. Registrations of new automobiles in February fell 38.3 per cent below the figures for February last year, but the record for last month was better than the one for January when a decline of 48.3 per cent was reported. Construction continues to lag far below normal levels, although the estimated value of building permits issued in 31 Fifth district cities in February exceeded February 1937 valuation by 1.3 per cent. On the other hand, contracts actu-

ally awarded for construction in the district last month totaled 33.3 per cent less than the aggregate amount of contracts awarded in February last year. Coal production declined further in February, both on a monthly and daily basis, in line with lessened demand for fuel from industry, and was approximately 36 per cent below production in the corresponding month in 1937. In cotton textiles, the rate of operations in February declined slightly from the January rate, and production exceeded sales, inventories at mills increasing after falling in January. Rayon manufacturers, on the contrary, increased shipments substantially over January shipments, and only a small increase in inventories occurred. Reports indicate that rayon weavers and knitters further reduced stocks on hand. Spot cotton prices rose during February but turned downward at the end of the month and continued to decline in the first half of March. Toward the end of February when spot cotton prices went above 9 cents per pound a considerable amount of cotton was withdrawn from Government loans and sold on the market. Tobacco sales in February were small, most markets having closed for the season. Producers of tobacco received approximately \$187,518,330 for the 1937 crop, an increase of \$48,651,870, or 35 per cent, over \$138,866,460 received for the 1936 crop. Retail trade in department stores in February declined about 1 per cent under February 1937 sales, but held up better than most other lines of business. Stocks in department stores at the end of February averaged 8.4 per cent less than stocks a year earlier, and in most wholesale lines inventories were also somewhat lower this year.

There follows a statistical summary of conditions described above:

	Feb. 1938	Feb. 1937	% Change
Debits to individual accounts (24 cities)	\$ 998,445,000	\$1,145,612,000	-12.8
No. of busines failures, 5th district	45	44	+2.3
Liabilities in failures, 5th district... ..	\$ 491,000	\$ 402,000	+22.1
Sales, 53 dept. stores, 5th district... ..	\$ 7,228,625	\$ 7,303,561	-1.0
Sales, 125 wholesale firms, 5th dist... ..	\$ 8,583,000	\$ 9,511,000	-9.8
Registrations, new passenger autos.	8,543	13,849	-38.3
Value bldg. permits (31 cities).....	\$ 7,218,914	\$ 7,127,198	+1.3
Value of contracts awarded, 5th dist. ..	\$ 14,741,000	\$ 22,103,000	-33.3
Cotton consumption, 5th dist. (bales) ..	208,857	311,195	-32.9
Soft coal mined, U. S. (tons).....	27,000,000	42,110,000	-35.9

BANKING CONDITIONS

RESERVE BANK STATEMENT: Discounts at the Federal Reserve Bank of Richmond rose by \$38,000 between the middle of February and the middle of March, and on the latter date were \$412,000 above discounts a year earlier. Industrial advances declined further by \$8,000 during the month and \$552,000 during the year, but interest in industrial loans has recently increased. No change occurred in holdings of Government securities last month, but there was an increase of \$2,880,000 during the year. Total earning assets rose \$30,000 between February 15 and March 15, 1938, and \$2,739,000 between March 15, 1937, and March 15, 1938. The actual circulation of Federal Reserve notes rose by \$992,000 since the middle of February, an unseasonal development, but during the year the volume of Federal Reserve notes in actual circulation decreased by \$1,786,000. Member bank reserve deposits continued to rise last month, increasing by \$4,468,000, and on March 15 reserve balances exceeded those on March 15 last year by \$2,299,000. Cash reserves of the Federal Reserve Bank of Richmond rose \$3,590,000 during the past month, but were substantially the same as at mid-March 1937.

ITEMS	000 omitted		
	Mar. 15 1938	Feb. 15 1938	Mar. 15 1937
Discounts held	\$ 561	\$ 523	\$ 149
Open market paper	24	24	25
Industrial advances	1,699	1,707	2,251
Government securities	136,297	136,297	133,417
Total earning assets	138,581	138,551	135,842
Circulation of Fed. Res. notes	196,369	195,377	198,155
Members' reserve deposits	226,482	222,014	224,183
Cash reserves	311,520	307,930	311,518
Reserve ratio	70.05	69.81	70.54

STATEMENT OF 41 REPORTING MEMBER BANKS: Condition figures reported by 41 member banks in 12 Fifth district cities show two material changes during the past month. Between February 16 and March 16, both this year, investments in securities declined by \$19,078,000, but nearly all of this drop occurred in one bank. At the same time, the reporting banks showed a decrease of \$12,381,000 in demand deposits, a drop which was distributed rather evenly among the several institutions. Other changes in the statement between February 16 and March 16 were small, loans and time deposits rising while reserve balance at the Reserve bank and cash in vaults declined.

Between March 17, 1937, and March 16, 1938, loans and discounts in the 41 banks rose \$10,567,000, but all other items declined. Holdings of securities decreased \$48,528,000 during the year, and reserve balance at the reserve bank dropped \$4,261,000. Deposits declined substantially, demand deposits with a decrease of \$33,933,000 accounting for nearly all of it, time deposits falling only \$324,000 during the year.

ITEMS	000 omitted		
	Mar. 16 1938	Feb. 16 1938	Mar. 17 1937
Loans & discounts	\$243,798	\$243,670	\$233,231
Investments in securities	365,449	384,528	413,977
Reserve bal. with F. R. bank	136,582	136,854	140,843
Cash in vaults	16,172	16,194	17,692
Demand deposits	423,730	441,111	462,663
Time deposits	196,189	195,731	196,513
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: Aggregate deposits in 10 mutual savings banks in Baltimore declined slightly during February, totaling \$219,508,921 on February 28 in

comparison with the record figure of \$219,551,305 on January 31, 1938, but continued higher than deposits a year earlier, which totaled \$214,538,516 on February 28, 1937. Deposits in 4 of the 10 banks rose during February, but declined in 6 of them.

DEBITS TO INDIVIDUAL ACCOUNTS: Checks cashed against depositors' accounts in banks in 24 Fifth district cities in February 1938 decreased seasonally by 16.9 per cent from January debits, and also totaled 12.8 per cent less than debits in February 1937. Every reporting city returned lower figures for February 1938 than for January, and all except Portsmouth, Va., reported lower figures than for February 1937. The February decline in debits in comparison with February 1937 debits was larger on a percentage basis than in any other month since the banking holiday, and reflects the decreased volume of general business activity this year.

CITIES	000 omitted			%	
	Feb. 1938	Jan. 1938	Feb. 1937	of Month	Change Year
Maryland					
Baltimore	\$ 230,982	\$ 333,781	\$ 333,259	-15.8	-15.7
Cumberland	6,111	6,291	7,456	- 2.9	-18.0
Hagerstown	6,533	7,538	7,412	-13.3	-11.9
Dist. of Col.					
Washington	207,524	246,204	236,526	-15.7	-12.3
Virginia					
Danville	6,660	9,396	9,097	-29.1	-26.8
Lynchburg	12,421	15,281	13,437	-18.7	- 7.6
Newport News	7,477	8,208	8,819	- 8.9	-15.2
Norfolk	40,880	48,509	47,018	-15.7	-13.1
Portsmouth	3,487	4,089	3,476	-14.7	+ .3
Richmond	123,049	160,984	131,888	-23.6	- 6.7
Roanoke	20,913	24,308	25,286	-14.0	-17.3
West Virginia					
Charleston	42,714	49,657	44,570	-14.0	- 4.2
Huntington	13,686	15,602	15,573	-12.3	-12.1
North Carolina					
Asheville	9,954	12,296	10,896	-19.0	- 8.6
Charlotte	45,096	51,749	54,915	-12.9	-17.9
Durham	22,463	28,612	25,946	-21.5	-13.4
Greensboro	15,170	17,571	17,540	-13.7	-13.5
Raleigh	33,544	39,959	35,768	-16.1	- 6.2
Wilmington	9,148	10,196	10,137	-10.3	- 9.8
Winston-Salem	31,744	40,702	35,106	-22.0	- 9.6
South Carolina					
Charleston	13,743	16,766	16,405	-18.0	-16.2
Columbia	22,503	26,472	26,557	-15.0	-15.3
Greenville	14,983	18,707	19,606	-19.9	-23.6
Spartanburg	7,660	9,054	8,919	-15.4	-14.1
District Totals ..	\$ 998,445	\$1,201,932	\$1,145,612	-16.9	-12.8

BUSINESS CONDITIONS

EMPLOYMENT: Conditions in employment in the Fifth district continue unsatisfactory, with many people idle and others working shortened hours. Conditions in Baltimore and in the Hampton Roads ports are apparently better than elsewhere, with conditions probably worse in coal mining sections of West Virginia and textile areas in the Carolinas. Construction work is giving employment to only a portion of the workers in building trades, and unskilled labor finds it especially hard to secure work. 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 January to February:

STATES	Percentage change from Jan. 1938 to Feb. 1938	
	In number on payroll	In amount of payroll
Maryland	+ 1.7	+ .2
D. of Columbia	+ 1.0	+ 1.0
Virginia	+ .4	+ 3.7
West Virginia	+ 2.1	+ 8.6
North Carolina	- .6	+ 4.5
South Carolina	+ .1	+ 2.0

COMMERCIAL FAILURES: Bankruptcies in both the Fifth district and the United States declined seasonally in February in comparison with January, when year-end settlements usually cause a rise in failures, but the February record this year was worse than the February 1937 record. The number of insolvencies rose 2.3 per cent in the district and 48.5 per cent in the Nation in February 1938 over those in February 1937, and liabilities involved in failures rose 22.1 per cent in the district and 36.7 per cent in the Nation. The Fifth district showed the smallest percentage increase in number of failures of all the twelve Federal Reserve districts, but five districts reported a better record on liabilities involved. *Dun & Bradstreet* insolvency figures are as follows:

PERIOD	Number of failures		Total Liabilities	
	District	U. S.	District	U. S.
February 1938	45	1,071	\$ 491,000	\$13,359,000
January 1938	49	1,320	719,000	15,035,000
February 1937	44	721	402,000	9,771,000
2 Months, 1938	104	2,391	\$1,210,000	\$28,394,000
2 Months, 1937	105	1,532	925,000	18,432,000

AUTOMOBILE NEW CAR REGISTRATIONS: Automobile sales in February continued to lag far behind sales a year earlier, but the comparison in February with the corresponding month of 1937 was better than the comparison in January. Last month sales of new passenger cars in the Fifth district declined 38.3 per cent from the number sold in February 1937. Virginia made the best record with a decline of 30.7 per cent, while South Carolina with a decrease of 44.3 per cent showed the largest drop. January registrations of new cars declined 48.3 per cent from January 1937 registrations, giving a combined decrease for the first two months of 1938 of 44.1 per cent. The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

STATES	Registrations of New Passenger Cars		% Change	2 Months		% Change
	Feb. 1938	Feb. 1937		1938	1937	
Maryland	1,512	2,341	-35.4	3,160	5,714	-44.7
D. of Col.	1,063	1,880	-43.5	2,178	4,017	-45.8
Virginia	2,023	2,921	-30.7	4,464	6,997	-36.2
West Virginia ..	1,015	1,664	-39.0	2,139	3,967	-46.1
No. Carolina ...	1,825	3,060	-40.4	4,229	8,051	-47.5
So. Carolina	1,105	1,983	-44.3	2,289	4,291	-46.7
District	8,543	13,849	-38.3	18,459	33,037	-44.1

CONSTRUCTION: Building permits issued in 31 Fifth district cities in February 1938 numbered 1,807, with estimated valuation of \$7,218,914, compared with 2,101 permits issued in February 1937, valued at \$7,127,198, a decrease of 14.0 per cent in number of permits but an increase of 1.3 per cent in valuation in the 1938 month. However, the increase in valuation is chiefly accounted for by a rise of 114 per cent in Baltimore, where one permit for a group of apartments was issued for more than \$1,000,000. Other large increases in valuation figures were reported for Charleston, W. Va., High Point, N. C., and Columbia, S. C. The five highest valuation figures for February were reported as follows: Baltimore \$3,339,507, Washington \$1,396,435, Charleston, W. Va. \$452,706, Richmond \$282,379, and Columbia, S. C. \$248,965.

Contracts actually awarded for all types of construction work in the Fifth district in February totaled only \$14,741,000, according to figures collected by the *F. W. Dodge Corporation*. Last year February contract awards

totaled \$22,103,000. February 1938 figures therefore show a decline of 33.3 per cent. Of the February contract awards this year, 39.2 per cent represented residential construction, compared with 40.3 per cent in February last year.

Contract award figures are now available by States for January 1938 and 1937, and are as follows:

STATES	Construction Contracts Awarded		% Change
	Jan. 1938	Jan. 1937	
Maryland	\$ 2,935,000	\$ 8,978,000	- 67.3
Dist. of Col.	1,565,000	3,650,000	- 57.1
Virginia	8,736,000	6,710,000	+ 30.2
West Virginia	1,684,000	760,000	+121.6
North Carolina	2,839,000	5,046,000	- 43.7
South Carolina	1,921,000	7,586,000	- 74.7
Fifth District	\$19,680,000	\$32,730,000	- 39.9

COAL MINING: Bituminous coal production declined further in February and was 35.9 per cent below February 1937 output. Coal mined in February 1938 in the United States totaled 27,000,000 net tons, compared with 30,880,000 tons in January 1938 and 42,110,000 tons in February 1937. Total production of bituminous coal during the present coal year to the latest available date—April 1, 1937, to March 12, 1938—amounting to 381,141,000 net tons shows a decrease of 11.3 per cent from 429,738,000 tons dug during the corresponding period of the 1936-1937 season. Shipments of coal through Hampton Roads ports totaled 3,561,288 tons from January 1, 1938, to March 12, 1938, a decrease of 29.2 per cent from 5,032,305 tons shipped through the same ports in the corresponding period ended March 13, 1937.

COTTON TEXTILES: There was little change in the rate of operations in cotton textile mills in the Fifth district in February and early March, but the slight change noted was downward. Trade reports indicate that sales of unfinished cloth did not equal production during most of February and the first half of March, and mill stocks consequently increased again after declining in January. Prices of textiles sagged further in early March, and mill margins narrowed somewhat. Consumption of cotton by States in the Fifth district in February 1938, January 1938, and February 1937, in bales, is shown in the accompanying table:

MONTHS	No. Carolina	So. Carolina	Virginia	District
February 1938	112,662	86,242	9,953	208,857
January 1938	116,448	89,303	10,552	216,303
February 1937	171,997	125,472	13,726	311,196
2 Months, 1938	229,110	175,545	20,505	425,160
2 Months, 1937	346,412	253,171	27,032	626,615

Spindle activity in January was the same as in December, an average of 214 hours per spindle in place for the United States as a whole. However, South Carolina with an average of 272 hours dropped from first to third place among the cotton manufacturing states, while Virginia with 231 hours was seventh and North Carolina with 217 hours was eighth. Both South Carolina and Virginia showed lower figures for January than for December, but North Carolina hours of operation rose slightly in the later month. Total spindle hours of operation in January numbered 5,682,452,696 hours, of which the Carolinas and Virginia accounted for 3,012,465,647 hours, or 53 per cent, compared with 53.4 per cent in December 1937.

RAYON: The *Rayon Organon* index of deliveries of rayon yarn by manufacturers to weavers and knitters rose from 240 in December through 372 in January to 493 in February, but shipments in February were far below those of February last year when the index stood at 721. These figures are based on average monthly shipments in 1923-1925 as 100. Inventories of yarn rose slightly during February, in spite of sharply increased shipments, and the supply on hand at the end of the month represented 3 months' requirements compared with 2.8 months' supply on hand at the end of January. Reports indicate that rayon grey goods and finished goods continued to decline in February, the increased shipments of yarn during the month having been used to meet current requirements. Loom activity showed substantial increase during February, and at the middle of the month reached the highest point since last October in most constructions.

COTTON: Spot cotton prices advanced during February and middling grade upland cotton averaged 9.20 cents per pound on ten Southern markets on February 25, but after that date the price weakened and gradually declined to an average of 8.58 cents on March 18, a decrease of approximately \$3 per bale. While the price was above 9 cents some cotton was withdrawn from Government loan stocks and sold by the growers. The Commodity Credit Corporation reports that about 5,112,000 bales from the 1937 crop were pledged on Government loans through March 18, of which 114,000 bales had been repossessed by producers for sale on the market. Consumption of cotton in American mills in February was the lowest for any month since July 1935, and exports were also low. Japan again led in cotton taken with 107,878 bales, the United Kingdom ranking second with 97,610 bales.

Cotton Consumed and On Hand
(Bales)

	Feb. 1938	Feb. 1937	Aug. 1 to Feb. 28 This Year Last Year	
Fifth district states:				
Cotton consumed	208,857	311,195	1,720,450	2,112,672
Cotton growing states:				
Cotton consumed	360,558	555,118	2,992,415	3,778,643
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,529,373	1,723,964		
Storage & Compresses	11,565,954	5,851,494		
United States:				
Cotton consumed	427,528	665,677	3,512,826	4,520,965
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,814,997	2,061,120		
Storage & Compresses	11,655,837	5,961,745		
Exports of cotton	398,744	486,411	4,230,991	3,921,493

TOBACCO MARKETING: Only a little tobacco was sold during February in the Fifth district, most of the markets

having closed prior to or early in that month. However, a few markets in Virginia did not close until the second week in March, and therefore total sales figures for the 1937-1938 season are not yet available. On the basis of sales made to the end of February, cash receipts by tobacco growers from the 1937 crop were approximately as follows, in comparison with receipts from the 1936 crop:

STATES	1937-1938	1936-1937	% Increase
North Carolina	\$141,056,845	\$100,132,806	41
South Carolina	21,112,830	13,890,189	52
Virginia	25,348,655	24,843,465	2
3 States	\$187,518,330	\$138,866,460	35

TOBACCO MANUFACTURING: The Bureau of Internal Revenue reports tobacco products manufactured in February 1938 and 1937 as follows:

	Feb. 1938	Feb. 1937	% Change
Smoking & Chewing			
Tobacco, Pounds	22,239,585	23,518,885	- 5.4
Cigarettes, Number	11,492,025,877	12,328,242,420	- 6.8
Cigars, Number	338,887,418	362,935,056	- 6.6
Snuff, Pounds	2,837,798	2,924,683	- 3.0

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales Feb. 1938 comp. with February 1937	Net Sales Jan. 1 to date compared with same period last year	Stocks Feb. 28, 1938 compared with Feb. 28, 1937	Ratio Feb. collections to accounts outstanding February 1	
Richmond (3)	+11.5	+10.1	+ 3.5	+ 4.8	30.1
Baltimore (8)	- 4.5	- 1.8	- 9.8	+11.8	30.3
Washington (6)	- 1.2	- 1.7	-11.6	+ 8.8	26.1
Other Cities (13)	- 6.6	- 3.4	- 2.4	+10.7	26.6
District (30)	- 1.3	- .5	- 8.4	+ 9.6	27.9
Same stores by States, with 23 stores added:					
Virginia (11)...	+ 9.5	+ 8.9			
West Va. (9)...	- 3.8	+ 2.9			
No. Carolina (7)	- 4.8	- 3.7			
So. Carolina (11)	- .9	- 3.7			
District (53)...	- 1.0	- .2			

WHOLESALE TRADE, 125 FIRMS:

LINES	Net Sales Feb. 1938 comp. with Feb. 1937	Net Sales Jan. 1938	Stocks Feb. 28, 1938 compared with Jan 31, 1938	Ratio Feb. collections to accounts February 1	
Shoes (4)	-15.7	+65.7	-19.6	- 2.1	40.8
Drugs (13)	-10.0	-11.1	+ .5	+ 1.5	93.2
Dry Goods (7)	-13.5	- 1.0	-14.5	0.0	38.7
Elec. Goods (20)	-25.2	+ 8.9	+14.7	+ 1.5	82.1
Groceries (23)	- 5.3	- 4.9	- 9.1	- 3.1	93.2
Gen. Hardware (21)	- 6.8	- 9.9	+ 4.4	+ 2.2	45.6
Indus. Supplies (11)	-30.8	- 2.0	- 4.1	- 2.9	63.9
Plumbing & Heating (9)	-12.3	- 8.9	-27.8	-22.1	48.1
Paper & Products (6)	-15.9	- 3.8	+ 7.6	+ 4.1	61.5
Miscellaneous (11)	+ 5.4	+ 1.8	+ 1.1	- 4.1	60.9
All Firms (125)	- 9.8	+ .9	- 5.6	- 2.1	60.3

Note: The wholesale trade figures are included through the courtesy of the Bureau of Foreign & Domestic Commerce. Only 97 of the 125 wholesale firms reported on receivables and collections, and only 76 on stocks.

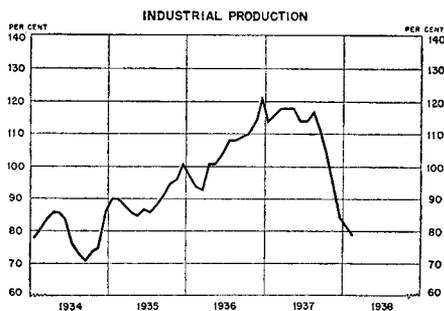
LIVE STOCK ON FARMS, JANUARY 1, 1938 AND 1937:

KINDS	Maryland	Virginia	W. Virginia	No. Carolina	So. Carolina	District	U. S.
Horses & colts.....1938	80,000	167,000	96,000	69,000	20,000	432,000	11,163,000
1937	81,000	167,000	96,000	69,000	20,000	433,000	11,445,000
Mules & mule colts....1938	28,000	94,000	12,000	305,000	187,000	626,000	4,477,000
1937	28,000	96,000	12,000	301,000	189,000	626,000	4,571,000
Cattle & calves.....1938	310,000	869,000	588,000	638,000	352,000	2,757,000	65,930,000
1937	307,000	852,000	576,000	651,000	374,000	2,760,000	66,448,000
Sheep & lambs.....1938	81,000	391,000	552,000	62,000	11,000	1,097,000	52,918,000
1937	84,000	395,000	547,000	62,000	11,000	1,099,000	52,588,000
Hogs & pigs.....1938	191,000	663,000	209,000	1,133,000	540,000	2,736,000	44,418,000
1937	184,000	663,000	213,000	1,111,000	550,000	2,721,000	42,948,000

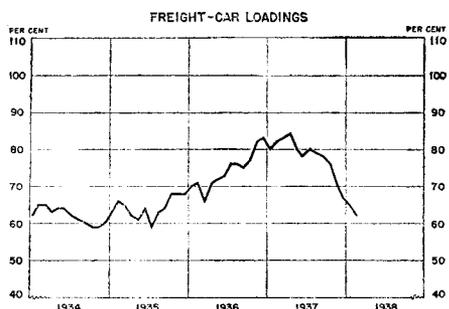
(Compiled March 21, 1938)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

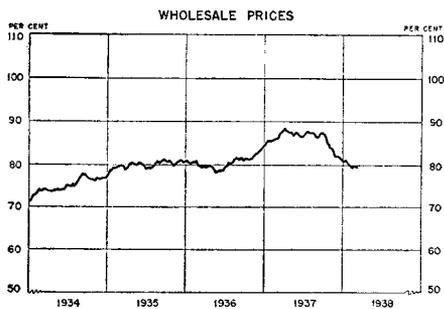
(Compiled by the Board of Governors of the Federal Reserve System)



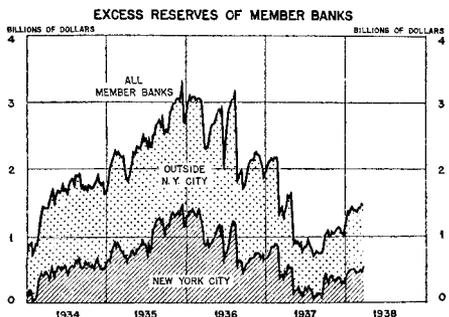
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to February 1938.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to February 1938.



Index compiled by the U. S. Bureau of Labor Statistics, 1926 =100. By weeks, 1934 to week ending March 19, 1938.



Wednesday figures of estimated excess reserves of all member banks and for selected New York City banks, January 3, 1934, to March 12, 1938.

Volume of manufacturing production showed little change from January to February, while output of minerals declined further. Awards for residential building increased somewhat in February and rose considerably in the first half of March.

PRODUCTION

The Board's seasonally adjusted index of industrial production, which includes both manufacturing and mining, was 79 percent of the 1923-1925 average in February as compared with 80 percent in January. The decline in the total index was accounted for chiefly by a reduction in output of minerals, particularly of crude petroleum. Steel ingot production showed about the usual seasonal increase and averaged 32 percent of capacity in February. Automobile production decreased slightly further, and output of plate glass continued to decline. Lumber production rose seasonally. In the first three weeks of March activity at steel mills and automobile factories was at about the same average rate as in February. In the nondurable goods industries there were moderate increases in output in February at textile mills and shoe factories, where production has recently been at low levels, while at meat-packing establishments activity declined.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a sharp decline from January to February, reflecting chiefly a marked reduction in awards for publicly-financed projects. Contracts for residential building increased moderately. In the first half of March there was a considerable further increase reported for residential building and awards for other construction also increased.

EMPLOYMENT

Factory employment and payrolls increased by somewhat less than the usual seasonal amount between the middle of January and the middle of February. The Board's seasonally adjusted index of factory employment was at 83 percent of the 1923-1925 average in February as compared with 84 in January. In the durable goods industries decreases were general in February, though not so large as in preceding months. Employment in nondurable goods industries increased somewhat following a period of rapid decline. Employment in trade, at mines, on the railroads, and in the construction and public utility industries decreased somewhat from the January level.

DISTRIBUTION

Value of department store sales, as measured by the Board's seasonally adjusted index, declined from 90 percent of the 1923-1925 average in January to 88 percent in February, and in the first three weeks of March there was a further decrease. Sales at variety stores and mail order houses in February showed somewhat less than the usual seasonal increase.

Freight-car loadings decreased further in February, reflecting chiefly reduced shipments of coal and grain, and showed a seasonal increase in the first two weeks of March. The current level of carloadings is about 25 percent less than a year ago.

COMMODITY PRICES

The general level of wholesale commodity prices, as measured by the Bureau of Labor Statistics' index, showed little change from the middle of February to the third week of March. There were seasonal increases in prices of livestock and meats, while prices of such basic commodities as wheat, cotton, rubber, zinc, and bituminous coal declined.

BANK CREDIT

Excess reserves of member banks increased during the first three weeks of March to over \$1,500,000,000, the highest level since last April. The bulk of the increase occurred at New York City banks, which in the third week of the month held over \$700,000,000 of excess reserves.

During February and the first half of March, there was little net change in deposits and in total loans and investments at reporting member banks in 101 leading cities. Holdings of United States Government obligations declined at banks in New York but increased in Chicago. Commercial loans, which had decreased sharply in the four preceding months, showed a further moderate decline.

MONEY RATES AND BOND YIELDS

Conditions in the short-term money market continued easy in March. Rates on Treasury bills were slightly lower and prime commercial paper was quoted at a range of from $\frac{3}{4}$ to 1 percent as against the flat 1 percent rate which had prevailed since a year ago. Yields on Treasury bonds and notes, after declining for the past six months, advanced slightly around the middle of March. Yields on corporate bonds also advanced in March, reflecting principally declines in prices of railroad bonds.