

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*May 31, 1938*

THERE was some seasonal rise in trade in the Fifth Reserve district in April, due chiefly to the occurrence of Easter in that month, but industry in general declined further. Retail trade as reflected in department store sales rose in April approximately 10 per cent above April 1937 sales, but sales in the first four months of this year were 1.6 per cent less than sales in the corresponding period last year, and after Easter retail trade dropped back to a level considerably below that of 1937. One of the outstanding developments in April and early May was a further decline in operations in cotton textiles, going so far as to shut down a number of mills temporarily. Coal production also decreased further, but probably not more than seasonally. Construction provided for in April through permits issued and contracts awarded made less than seasonal advance over March figures, and most of the work provided for was of a public or semi-public nature or was financed with public funds. Unemployment apparently increased materially in April, especially in textile regions of the district. Discounts at the Federal Reserve Bank of Richmond, after a moderate rise in the preceding month, dropped back between the middle of April and the middle of May to about the level before the rise. Circulation of Federal Reserve notes declined last month and there was also a small decrease in cash reserves, but reserve deposits of member banks were practically unchanged. Reporting member banks in leading cities reduced loans and discounts and cash in vaults, but their investments in securities rose and demand deposits increased about 2 per cent between April 13 and

May 11. Debits to individual accounts in April were seasonally less than March debits, and reflected the decline in general business this year by falling 12.8 per cent below debits in April 1937. Commercial failures were more numerous and liabilities were greater in the district in April than in April last year, but the increases were less than the average increases for the United States. Registration of new automobile figures showed a moderate rise in April over March, but were 46 per cent below April 1937 registrations. Rayon production in April was approximately equal to shipments, but shipments were slightly lower than in March and materially smaller than deliveries in April 1937. Spot cotton prices declined around the first of May, but recovered most of the recession by the middle of the month. Agricultural work is well advanced for this season, grains are in good condition, fruit prospects, while lower than a year ago, are probably above average, and rains around the middle of May relieved excessive dryness which was developing early in the month.

There follows a statistical summary of conditions described above:

	April 1938	April 1937	% Change
Debits to individual accounts (24 cities) .....	\$1,146,409,000	\$1,314,915,000	-12.8
No. of business failures, 5th district	39	36	+ 8.3
Liabilities in failures, 5th district..	\$ 421,000	\$ 348,000	+21.0
Sales, 54 dept. stores, 5th district..	\$ 10,444,659	\$ 9,469,089	+10.3
Sales, 160 wholesale firms, 5th dist..	\$ 11,035,000	\$ 13,196,000	-16.4
Registrations, new passenger autos.	14,092	26,987	-47.8
Value bldg. permits (31 cities).....	\$ 8,861,313	\$ 8,677,686	+ 2.1
Value of contracts awarded, 5th dist.	\$ 25,114,000	\$ 32,606,300	-23.0
Cotton consumption, 5th dist. (bales)	204,154	332,253	-38.6
Soft coal mined, U. S. (tons).....	22,195,000	26,041,000	-14.8

## BANKING CONDITIONS

**RESERVE BANK STATEMENT:** After a moderate rise between the middle of March and the middle of April, discounts at the Federal Reserve Bank of Richmond declined between April 15 and May 15 by a little more than the previous increase, and there was also a slight decrease in industrial loans for working capital following an upturn in the preceding month. These two changes reduced total earning assets of the Richmond bank by \$838,000 between April 15 and May 15, but on the latter date earning assets were \$6,371,000 higher than on May 15 a year ago, due chiefly to increased holdings of Government securities this year. Federal Reserve notes in actual circulation declined by \$3,176,000 last month, and at mid-May were \$5,226,000 less than notes in circulation on May 15, 1937. Practically no change occurred in member bank reserve deposits between April 15 and May 15, but there was a decline of \$11,962,000 during the past year. Cash reserves of the Federal Reserve Bank of Richmond dropped slightly last month, but rose by \$35,013,000 between May 15 last year and this. The balance to the credit of the Treasurer of the United States increased from \$5,172,000 to \$55,381,000.

ITEMS	000 omitted		
	May 15 1938	Apr. 15 1938	May 15 1937
Discounts held .....	\$ 510	\$ 1,083	\$ 363
Open market paper .....	24	24	54
Industrial advances .....	1,477	1,742	2,167
Government securities .....	139,979	139,979	133,035
Total earning assets .....	141,990	142,828	135,619
Circulation of Fed. Res. notes .....	190,248	193,424	195,474
Members' reserve deposits .....	214,585	214,737	226,547
Cash reserves .....	337,742	340,117	302,729
Reserve ratio .....	71.32	71.51	69.66

**STATEMENT OF 41 REPORTING MEMBER BANKS:** Member banks in 12 Fifth district cities reported a decrease in loans between April 13 and May 11 of \$3,137,000 and a drop of \$3,919,000 during the year. Investments in securities rose by \$4,235,000 last month, but declined \$6,808,000 since May 12, 1937. On the other hand, reserve balances of the 41 banks declined \$1,835,000 during the month but rose \$2,823,000 during the year. Cash in vaults declined \$1,213,000 after the Easter holiday season. Demand deposits rose by \$9,253,000 between April 13 and May 11, but on the latter date showed a decrease of \$31,213,000 in comparison with demand deposits on May 12, 1937. Changes in time deposits were immaterial in both the past month and year.

ITEMS	000 omitted		
	May 11 1938	Apr. 13 1938	May 12 1937
Loans and discounts .....	\$237,586	\$240,723	\$241,505
Investments in securities .....	377,690	373,455	384,498
Reserve bal. with Fed. Res. bank .....	137,571	139,406	134,748
Cash in vaults .....	18,605	19,818	19,688
Demand deposits .....	444,409	435,156	475,622
Time deposits .....	198,355	198,179	198,825
Money borrowed .....	23	0	4,500

**MUTUAL SAVINGS BANK DEPOSITS:** Deposits in ten mutual savings banks in Baltimore rose to a record total of \$219,926,013 on April 30, 1938, compared with \$219,742,124 on March 31 this year and \$216,372,167 on April 30 last year. Increases during the past month occurred in only three banks, however, seven of the ten reporting slightly lower figures at the end of April than a month earlier.

**DEBITS TO INDIVIDUAL ACCOUNTS:** Total debits to depositors' accounts in the banks in 24 Fifth district cities declined seasonally by 2.4 per cent in April in comparison with the preceding month of March, income tax payments in March normally exceeding quarterly payments debited early in April. In comparison with April 1937 debits, those for April 1938 were lower in every reporting city, the average decline being 12.8 per cent and reflecting the reduced volume of business this year.

CITIES	000 omitted			% of Change Month	Change Year
	Apr. 1938	Mar. 1938	Apr. 1937		
<b>Maryland</b>					
Baltimore .....	\$ 337,582	\$ 337,581	\$ 370,813	+ .0	- 9.0
Cumberland .....	7,249	7,148	9,122	+ 1.4	-20.5
Hagerstown .....	8,165	8,348	9,309	- 2.2	-12.3
<b>Dist. of Col.</b>					
Washington ...	253,283	245,401	280,253	+ 3.2	- 9.6
<b>Virginia</b>					
Danville .....	7,000	7,224	8,460	- 3.1	-17.3
Lynchburg .....	13,496	13,856	15,732	- 2.6	-14.2
Newport News .....	7,886	8,101	9,954	- 2.7	-20.8
Norfolk .....	45,774	45,823	52,591	- .1	-13.0
Portsmouth .....	4,047	3,991	4,240	+ 1.4	- 4.6
Richmond .....	133,041	138,751	150,047	- 4.1	-11.3
Roanoke .....	23,297	23,097	33,375	+ .9	-30.2
<b>West Virginia</b>					
Charleston .....	43,607	47,172	55,157	- 7.6	-20.9
Huntington .....	16,662	15,898	19,744	+ 4.8	-15.6
<b>North Carolina</b>					
Asheville .....	11,236	11,480	13,884	- 2.1	-19.1
Charlotte .....	50,687	53,947	62,930	- 6.0	-19.5
Durham .....	23,580	25,945	24,238	- 9.1	- 2.7
Greensboro .....	16,819	17,462	18,741	- 3.7	-10.3
Raleigh .....	35,530	45,192	40,096	-21.4	-11.4
Wilmington .....	9,753	10,447	12,240	- 6.6	-20.3
Winston-Salem ..	34,851	38,835	42,419	-10.3	-17.8
<b>South Carolina</b>					
Charleston .....	16,181	16,522	19,577	- 2.1	-17.3
Columbia .....	22,541	25,784	28,937	-12.6	-22.1
Greenville .....	16,125	17,329	22,325	- 6.9	-27.3
Spartanburg .....	8,017	9,144	10,731	-12.3	-25.3
<b>District Totals</b>	<b>\$1,146,409</b>	<b>\$1,174,478</b>	<b>\$1,314,915</b>	<b>- 2.4</b>	<b>-12.8</b>

## BUSINESS CONDITIONS

**EMPLOYMENT:** Statistics on employment are not available, but indications are that unemployment increased materially in the Fifth district in April and the first half of May. Cotton textile mills restricted operating time further in the second half of April, and many thousands of workers were temporarily laid off. Coal miners also worked fewer hours, with consequent reduction in pay received. The number of people employed in tobacco manufacturing plants remain moderately constant, but many other less important industries are working small forces. There has been some increase recently in employment in construction fields, but probably less than seasonal trends should bring. Agricultural workers are scarce in some sections of the district.

The following figures, compiled for the most part by the Bureau of Labor Statistics from reports furnished by a large number of identical industries, show the trends of employment and payrolls in the Fifth district geographical divisions from March to April 1938, the latest available figures:

STATES	Percentage change from Mar. 1938 to Apr. 1938	
	In number on payroll	In amount of payroll
Maryland .....	+ 1.1	- .8
D. of Columbia .....	+ 4.5	+ 2.4
Virginia .....	- .9	- 3.9
West Virginia .....	- 5.5	- 9.9
North Carolina .....	- 2.4	- 4.7
South Carolina .....	- 1.2	- 2.9

**COMMERCIAL FAILURES:** The number of business failures in the Fifth district in April rose 8.3 per cent above the number of bankruptcies in April last year, but the United States as a whole increased 42.0 per cent. Likewise, an increase in liabilities involved in Fifth district failures amounting to 21.0 per cent made a better record than the National rise of 125.8 per cent in April liabilities. The district record for four months this year is also better than that of the Nation in both number of insolvencies and liabilities involved. *Dun & Bradstreet* insolvency figures are as follows:

PERIOD	Number of failures		Total Liabilities	
	District	U. S.	District	U. S.
April 1938 .....	39	1,116	\$ 421,000	\$20,106,000
March 1938 .....	50	1,088	823,000	15,567,000
April 1937 .....	36	786	343,000	8,906,000
4 Months, 1938 .....	193	4,595	\$2,454,000	\$64,067,000
4 Months, 1937 .....	194	3,138	1,632,000	38,260,000

**CONSTRUCTION:** Building permits issued in 31 Fifth district cities in April 1938 totaled \$8,861,313, an increase of 2.1 per cent over \$8,677,686 for April 1937 permits, in spite of decreases of approximately \$1,000,000 in each of the two largest cities, Baltimore and Washington. Several smaller cities reported exceptionally high figures, due chiefly to work done partly with public funds. Raleigh reported two large apartment house projects, Charleston, S. C., reported college buildings at the Citadel, and Rock Hill reported an auditorium at Winthrop College. The six highest figures reported for April were Washington \$1,819,410, Raleigh \$1,274,276, Baltimore \$1,141,381, Charleston, S. C., \$1,036,597, Winston-Salem \$585,005, and Rock Hill \$403,845. Total permits issued in the first four months of 1938 amounted to \$27,737,332, compared with \$31,170,374 in the corresponding period last year.

Contracts actually awarded for construction in the Fifth district in April totaled \$25,114,000, in comparison with contracts totaling \$32,606,300 in April 1937, a decline of 23 per cent. Contract awards broken down by states are now available for March in *F. W. Dodge Corporation* reports, and are as follows for the Fifth district:

STATES	Construction Contracts Awarded		
	March 1938	March 1937	% Change
Maryland .....	\$ 5,211,000	\$ 3,772,000	+ 38.1
Dist. of Col. ....	3,077,000	3,687,000	- 20.8
Virginia .....	4,883,000	5,488,000	- 11.0
West Virginia .....	3,566,000	1,332,000	+167.7
North Carolina .....	4,459,000	7,908,000	- 43.6
South Carolina .....	3,896,000	2,171,000	+ 56.4
Fifth District .....	\$24,592,000	\$24,558,000	+ .1

Some large contracts let in the Fifth district in March were Buckingham Apartments at Arlington, Va., \$700,000; U. S. Government Hangars at Washington, D. C., \$448,000; a Du Pont plant at Belle, W. Va., \$500,000; municipal auditorium at Charleston, W. Va., \$450,000; an apartment house at Raleigh, N. C., \$650,000; and college buildings at Charleston, S. C., \$525,000.

**AUTOMOBILE NEW CAR REGISTRATIONS:** Sales of new passenger automobiles in April increased 12.7 per cent over March sales in the Fifth Reserve district, but ran 47.8 per cent behind sales in April last year. Cumulative sales in the first four months of 1938 fell 46.2 per cent below sales in the corresponding period in 1937. Virginia with a decrease of 39.9 per cent has the best record for the four months, while West Virginia shows the largest

decrease with 55.4 per cent. The market for second hand cars is very poor, especially for the older models which a year ago sold more readily than cars only one or two years old.

	Registration of New Passenger Cars					
	April 1938	April 1937	% Change	4 Months 1938	4 Months 1937	% Change
Maryland .....	2,686	4,671	-42.5	8,714	15,630	-44.2
Dist. of Col. ....	1,936	3,061	-36.8	5,921	10,236	-42.2
Virginia .....	3,383	6,001	-43.6	10,611	17,642	-39.9
West Va. ....	1,698	4,590	-63.0	5,196	11,653	-55.4
No. Carolina ...	3,144	5,995	-47.6	9,733	18,692	-49.7
So. Carolina ...	1,245	2,669	-53.4	4,876	9,882	-50.6
District .....	14,092	26,987	-47.8	45,051	83,735	-46.2

**COAL MINING:** Production of bituminous coal in April continued to decline, falling to 22,195,000 net tons in comparison with 26,745,000 tons in March 1938 and 26,041,000 tons in April 1937. On a daily basis, production in April totaled 881,000 tons, compared with 991,000 tons in March this year and 1,033,000 tons in April last year. The total production this calendar year through April amounted to 107,233,000 net tons, a decrease of 33.4 per cent below 161,064,000 tons mined in the first four months of 1937. Shipments of coal through Hampton Roads ports to May 7 totaled 6,142,373 tons this year and 8,217,216 tons last year. Reserve stocks of bituminous coal declined in the first quarter of 1938, and on April 1 stood at 35,380,000 net tons. This was a decrease of 11,694,000 tons, or 24.8 per cent, below the reserves on the first day of the year. Compared with the stocks on April 1 a year ago, the decrease amounted to 17,773,000 tons, or 33.4 per cent.

**COTTON TEXTILES:** Cotton mills in the Fifth district reduced operations further in the second half of April, and cotton consumption on a daily basis totaling 20,000 bales in the United States compared with daily consumption of 22,200 bales in March 1938 and 32,700 bales in April 1937. Demand for cotton textiles was very slow last month and even the limited mill production exceeded sales except in the week ended May 13. Goods in retail establishments are not excessive, but trade has declined since Easter and stores are buying for immediate needs only. The marked recession in the automobile industry has seriously affected the cotton textile industry, automobile and tire manufacturers being the largest industrial consumers of textile products. Consumption of cotton by states in the Fifth district in April 1938, March 1938, April 1937, and in the first four months of this year and last is shown in the accompanying table:

MONTHS	No. Carolina	So. Carolina	Virginia	District
April 1938 .....	109,676	84,296	10,182	204,154
March 1938 ..	135,218	102,411	13,520	251,149
April 1937 .....	183,425	133,230	15,589	332,253
4 months, 1938 .....	474,004	362,252	44,207	880,463
4 months, 1937 .....	728,229	530,283	58,473	1,316,985

Spindle activity in March was somewhat greater than in February, and with the added influence of the longer month the average hours of operation per spindle in place rose from 210 hours to 245 hours. South Carolina led the district with an average of 302 hours, but was second to Tennessee's 314 hours in the United States. Virginia mills averaged 280 hours for fourth place in the Nation, and North Carolina 247 hours for eighth place. Total spindle hours of operation in March numbered 6,485,416,003 hours, of which the Fifth district reported 3,392,131,-

533 hours, or 52.3 per cent. South Carolina led all states in total hours of operation in March 1938 with 1,716,099,029 hours, or 26.5 per cent of the total for the United States.

**RAYON:** The daily rate of rayon yarn deliveries by producers during April is measured by the *Rayon Organon* index of 444, which represents a slight decline from the March index of 455 and compares with 702 for April 1937. Producers' stocks at the end of April represented a 3.5 months' supply, based on average shipments over the previous 12 months. According to figures of the National Rayon Weavers Association, loom activity in April was somewhat lower than in March, but a relatively stable operating rate is now in effect. Loom activity since February fluctuated between the narrow limits of 45 to 55 per cent of capacity. During the first quarter of 1938, production of rayon yarn in the United States totaled 57,500,000 pounds, compared with 73,800,000 pounds in the preceding quarter, ended December 31, 1937, and 76,800,000 pounds in the first quarter of 1937. Rayon pulp prices, which were raised last Fall from \$72.50 per ton to \$97.50 per ton, were lowered to \$85.00 per ton for the period from May to December 1938.

**COTTON:** Spot cotton prices on 10 Southern markets declined during the last week in April and the first week in May, but rose slightly in the second week of May. The

average price for middling grade short staple cotton dropped from 8.95 cents per pound on April 22 to 8.72 cents on May 6, but rose to 8.79 cents on May 13, the latest date for which official quotations are available. Consumption of cotton in American mills in April was off 42 per cent from figures for April 1937, but exports of cotton were slightly higher in the 1938 month.

#### Cotton Consumed and On Hand

	(Bales)			
	April 1938	April 1937	Aug. 1 to Apr. 30 This Year Last Year	
<b>Fifth District States:</b>				
Cotton consumed .....	204,154	332,253	2,175,753	2,803,042
<b>Cotton growing states:</b>				
Cotton consumed .....	351,934	595,675	3,772,658	5,014,136
Cotton on hand April 30 in				
Consuming establishments ..	1,417,131	1,630,480	.....	.....
Storage & compresses .....	10,399,273	4,105,737	.....	.....
<b>United States:</b>				
Cotton consumed .....	414,392	718,975	4,438,159	6,016,882
Cotton on hand April 30 in				
Consuming establishments ..	1,703,045	1,986,694	.....	.....
Storage & compresses .....	10,485,880	4,214,825	.....	.....
Exports of cotton .....	377,250	373,158	5,034,129	4,762,357

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

	April 1938	April 1937	% Change
<b>Smoking &amp; Chewing</b>			
Tobacco, Pounds .....	24,571,202	26,785,686	- 8.3
Cigarettes, Number .....	12,526,722,723	12,209,822,610	+ 2.6
Cigars, Number .....	384,918,261	453,007,930	-15.0
Snuff, Pounds .....	2,937,411	3,242,079	- 9.4

#### RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales	Net Sales	Stocks		Ratio Apr. collections to accounts outstanding Apr. 1
	Apr. 1938 comp. with April 1937	Jan. 1 to date comp. with Same period Last year	Apr. 30, 1938 comp. with Apr. 30 1937	Mar. 31 1938	
Richmond (3) ..	+15.3	+ 4.9	+ 2.7	+ .9	31.4
Baltimore (8) ..	+12.3	- 2.0	- 8.4	- .7	30.6
Washington (6)	+ 9.5	- 1.8	- 9.1	+ .6	27.2
Other Cities (13)	- 1.2	- 6.9	- 3.9	+ .5	27.9
District (30) ..	+10.2	- 1.6	- 7.0	+ .1	28.8
Same stores by States, with 24 stores added:					
Virginia (13) ..	+12.6	+ 3.8			
West Va. (9) ...	- 1.0	- 9.6			
No. Carolina (7)	+ 1.5	- 5.5			
So. Carolin (10)	- 1.0	- 9.1			

#### WHOLESALE TRADE, 160 FIRMS:

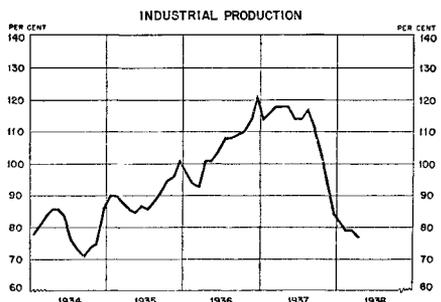
	Net Sales		Stocks		Ratio Apr. collections to accounts outstanding Apr. 1
	Apr. 1938 comp. with Apr. 1937	Mar. 1938	Apr. 30 1937	Mar. 31 1938	
Shoes (4) .....	-10.2	-24.8	-35.7	-20.0	63.6
Drugs (14) .....	- 7.4	- 5.8	+ 2.5	+ 4.0	100.8
Dry Goods (7) .....	-24.9	- 8.6	-22.0	- 4.3	42.3
Electrical Goods (27) ..	-31.9	+10.0	- 5.3	- 1.9	85.6
Groceries (42) .....	-14.8	- 6.9	-14.1	- 4.1	110.5
Gen. Hardware (22) ..	-25.0	- 9.6	- 1.8	+ .3	48.2
Indus. Supplies (10) ..	-30.8	+10.8	- 7.3	+ .6	71.9
Plumbing & Heating (8)	-17.9	+18.3	-11.7	+ 4.7	58.7
Paper & Products (6) ..	- 4.4	+ 5.5	- 3.6	- 5.1	36.6
Tobacco Products (5) ..	+ .5	+ 1.9	....	....	76.1
Miscellaneous (15) .....	- 5.1	+ 4.4	- 4.8	- 1.0	63.9
All Firms (160) .....	-16.4	- 3.4	-11.1	- 2.9	68.0

Note: The wholesale trade figures are included by arrangement with the Bureau of Foreign & Domestic Commerce. Only 122 of the 160 wholesale firms reported on receivables and collections, and only 94 on stocks.

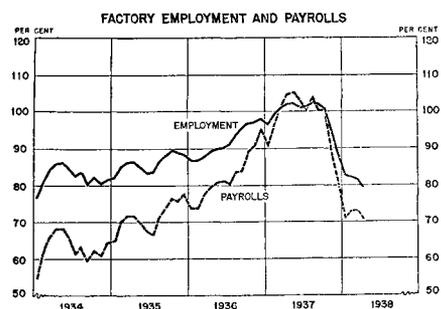
(Compiled May 21, 1938)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

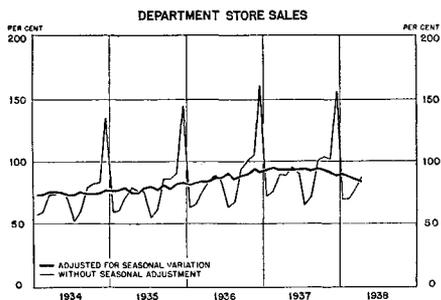
(Compiled by the Board of Governors of the Federal Reserve System)



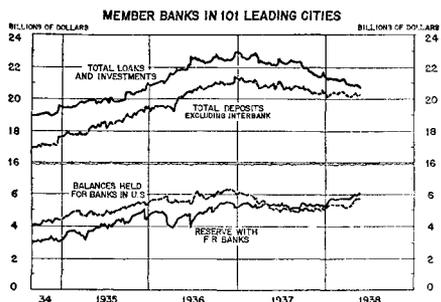
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to April 1938.



Indexes of number employed and payrolls, with-out adjustment for seasonal variation, 1923-1925 average=100. By months, January 1934 to April 1938. Indexes compiled by U. S. Bureau of Labor Statistics.



Indexes of value of sales, 1923-1925 average=100. By months, January 1934 to April 1938.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to May 18, 1938. Total deposits, excluding interbank, are adjusted to exclude "float".

Industrial production declined in April, reflecting chiefly reduced activity in the cotton textile and lumber industries. Distribution of commodities increased less than seasonally but continued to be somewhat in excess of production. Commodity prices showed a further decrease.

### PRODUCTION

In April volume of industrial production, as measured by the Board's seasonally adjusted index, was at 77 percent of the 1923-1925 average as compared with the level of about 79 percent maintained during the first quarter of the year. The decline reflected, chiefly, considerable reductions in output at cotton textile mills and lumber mills, where there had been moderate increases in production in March. In most other manufacturing industries changes in activity were largely seasonal in character. Output at steel mills continued at around 33 percent of capacity and in the automobile industry showed little change, amounting in April to about 40 percent of the volume of a year ago. In the first three weeks of May production of steel and automobiles was at a lower rate than in April. At mines there was a considerable decline in output of anthracite in April, while bituminous coal production showed somewhat less than the usual seasonal decrease. Crude petroleum production continued in large volume.

Value of construction contracts awarded, which had increased considerably in March, showed little change in April, according to figures of the F. W. Dodge Corporation. Awards usually increase somewhat further in April. In the first four months of this year private residential building was about one-fourth less than in the corresponding period last year, while other private work, particularly industrial and utility construction, was only about one-half as large as a year ago. Awards for public projects were somewhat larger than last year.

### EMPLOYMENT

Factory employment and payrolls declined from the middle of March to the middle of April, and the Board's seasonally adjusted index of employment was at 79 percent of the 1923-1925 average as compared with 82 in March and 84 at the beginning of the year. The number employed at automobile factories declined sharply and there were further substantial decreases in the steel and machinery industries and at railroad repair shops. Smaller declines were reported in most other manufacturing industries. Employment at mines and on the railroads also decreased, while in trade there was some increase in the number employed, reflecting partly increased business at the Easter season.

### DISTRIBUTION

Distribution of commodities to consumers showed less than the usual seasonal rise in April. The Board's adjusted index of department store sales was 83 in April compared with 86 in March and 90 at the beginning of the year, and figures for the first half of May indicate a further decrease.

Freight-car loadings also declined from March to April, reflecting largely reduced shipments of miscellaneous freight, and were about 30 percent less than in April 1937.

### COMMODITY PRICES

Wholesale prices of industrial commodities continued to decline from the middle of April to the third week of May and prices of agricultural products also decreased somewhat further. Steel scrap, copper, and rayon showed considerable declines and there were reductions in prices of some finished industrial products. It was announced that prices of most finished steel products would be unchanged for third quarter delivery.

### BANK CREDIT

Total loans and investments of reporting member banks in 101 leading cities showed little change during April and the first half of May. Holdings of United States Government obligations increased somewhat, while holdings of other securities and loans declined. Adjusted demand deposits in leading cities increased during the period as a result of expenditures by the Treasury from its balances with the Reserve banks. Interbank deposits also increased substantially.

Member bank reserves increased further, reflecting principally Treasury disbursements from its deposits at the Reserve banks, including retirement of \$50,000,000 of Treasury bills each week.

### MONEY RATES AND BOND YIELDS

Yields on Government securities declined slightly further in the four weeks ending May 21 to an average for longer-term Treasury bonds of 2.28 percent. The average yield on 3- to 5-year Treasury notes declined to a new low of 0.73 percent. The rate on three-month Treasury bills continued at record low levels, and other open-market money rates remained unchanged.