

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1938

	August 1938	September 1938	September 1937	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,125,303,000	\$1,184,526,000	\$1,272,240,000	+ 5	- 7
Number of business failures, 5th district.....	70	43	31	-39	+39
Liabilities in failures, 5th district.....	\$ 514,000	\$ 455,000	\$ 426,000	-11	+ 7
Sales, 30 department stores, 5th district.....	\$ 6,965,706	\$ 9,657,214	\$ 10,050,248	+39	- 4
Sales, 193 wholesale firms, 5th district.....	\$ 12,149,000	\$ 12,790,000	\$ 14,007,000	+ 5	- 9
Registrations, new passenger autos.....	10,903	6,874	16,693	-37	-59
Value of bldg. permits (31 cities).....	\$ 6,757,976	\$ 10,030,113	\$ 7,891,998	+48	+27
Value of contracts awarded, 5th district.....	\$ 32,347,000	\$ 27,955,000	\$ 27,476,000	-14	+ 2
Cotton consumption, 5th district (Bales).....	273,351	260,260	297,279	- 5	-12
Tobacco sold in district (Pounds).....	140,430,629	215,561,791	234,545,984	+54	- 8
Cash received for tobacco, 5th district.....	\$ 33,563,964	\$ 45,747,891	\$ 51,598,825	+36	-11
Coal mined, U. S. (Tons).....	28,280,000	32,010,000	39,177,000	+13	-18

TRADE in the Fifth Reserve district showed marked improvement in September over the previous month this year, though it continued somewhat behind September 1937. Department store sales showed an increase of 39 per cent over those for August 1938, and wholesale trade also showed some improvement, about 5 per cent. The increase in retail sales was partly attributable to seasonal factors, but was greater than the normal seasonal rise, which is usually about 25 per cent between August and September. The improvement is perhaps accounted for in part by partial recovery in building construction. The value of building contracts awarded increased from the low level of February 1938 to a volume for August about equal to April 1937. The contract awards index shows considerable fluctuation, but the general trend has been upward. However, the recovery in building construction was not sufficient to offset the declines in purchasing power resulting from materially lower production of tobacco and cotton. Tobacco production is approximately 7 per cent lower than in 1937, and prices paid growers are also slightly lower this season. With a declining cotton yield equal to 38 per cent in the Fifth district, and prices at about the same level as in 1937, farmers apparently will receive much less for the current

crop. A favorable factor in the situation has been the improvement in the textile industry, though the progress made has been somewhat mixed. Cotton textile mills are operating on increased schedules and most mills are working two eight-hour shifts five days per week. The status of rayon and hosiery mills is more favorable than that of cotton mills, in that the demand for rayon and hosiery has been sufficiently strong to absorb current production without much increase in inventories, while some cotton textile mills have produced more for inventory than for distribution. Nevertheless, there has been considerable improvement in employment in the textile industry, with consequent increase in consumer demand for goods of all sorts. Farm crops other than tobacco and cotton show decreased production from 1937, especially the other leading cash crops, Irish potatoes, apples and peanuts, but production on the whole is up to or slightly above the 10-year average. The farmers in the district, while faced with lowered cash incomes, are in a better position than a year ago for farm products which they consume at home. Food and feed crops this year turned out well, and grain carried over from last year exceeded the carry-over of most years. Pastures are also much better this fall than usual, and are providing late grazing for live stock.

RESERVE BANK STATEMENT: Allotment of Government securities to the Federal Reserve Bank of Richmond by the System Open Market Committee declined by \$7,552,000 between the middle of September and the middle of October, but most other changes in the bank's statement were upward. Federal Reserve notes in actual circulation rose seasonally by \$9,589,000 during the month, and cash reserves of the bank rose by \$36,024,000.

ITEMS	000 omitted		
	Oct. 15 1938	Sept. 15 1938	Oct. 15 1937
Discounts held .....	\$ 324	\$ 553	\$ 769
Open market paper .....	23	23	23
Industrial advances .....	1,461	1,472	1,884
Government securities .....	120,321	127,873	133,035
Total earning assets .....	\$122,129	\$129,921	\$135,711
Circulation of Fed. Res. notes .....	208,740	199,151	212,734
Members' reserve deposits .....	224,898	221,881	220,486
Cash reserves .....	389,278	353,254	384,486
Reserve ratio .....	76.99	74.00	72.02

STATEMENT OF 41 REPORTING MEMBER BANKS: Loans in reporting member banks registered a small increase between September 14 and October 12, this year, while investments in securities rose 10 per cent. There was also a substantial increase in demand deposits amounting to 3 per cent. In comparison with figures a year ago, on October 13, 1937, those on October 12, 1938, show increases of 15 per cent in both investments in securities and in reserve balances, and decreases of 5 per cent in loans and 1 per cent in demand deposits.

ITEMS	000 omitted		
	Oct. 12 1938	Sept. 14 1938	Oct. 13 1937
Loans & discounts .....	\$237,763	\$234,138	\$250,207
Investments in securities .....	422,107	384,509	366,845
Reserve bal. with Fed. Res. bank .....	146,965	148,342	127,976
Cash in vaults .....	19,903	19,212	20,499
Demand deposits .....	471,987	458,960	478,746
Time deposits .....	198,800	197,934	197,312
Money borrowed .....	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: After declining for four months, total deposits in ten mutual savings banks in Baltimore turned upward in September, and on September 30 amounted to \$217,903,802, compared with \$217,598,810 on August 31, 1938, and \$217,676,535 on September 30, 1937. The increase last month occurred in only three banks, but these more than offset decreases in the other seven.

EMPLOYMENT: While concrete data on employment are generally lacking, all signs point to improvement in labor circles in the Fifth district during the past month. A seasonal increase in coal output added to mine payrolls, building construction increased further and gave work to nearly all skilled workers in building trades, textile mills held operations at approximately the August level, and distributing outlets such as retail stores began seasonal additions to their employees for fall trade. Opening of Virginia tobacco markets provided employment for some hundreds of tobacco handlers, and harvesting of apples required additional help. The following figures, compiled chiefly 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 August to September, the latest available figures:

STATES	Percentage change from Aug. 1938 to Sept. 1938	
	In number on payroll	In amount of payroll
Maryland .....	+ 1.7	+ 0.7
Dist. of Columbia .....	+ 3.8	+ 3.7
Virginia .....	+ 5.8	+ 5.0
West Virginia .....	+ 2.6	+ 7.7
North Carolina .....	+ 0.8	+ 2.3
South Carolina .....	+ 2.3	+ 1.4

DEBITS TO INDIVIDUAL ACCOUNTS: The figures in the accompanying table show debits to individual, firm and corporation accounts in twenty-four Fifth district cities, and are a measure of business passing through the banks.

CITIES	000 omitted			% of Change Month	Year
	Sept. 1938	Aug. 1938	Sept. 1937		
<b>Maryland</b>					
Baltimore .....	\$ 306,963	\$ 303,924	\$ 346,830	+ 1	-11
Cumberland .....	7,472	7,485	9,546	0	-22
Hagerstown .....	8,410	7,717	8,934	+ 9	- 6
<b>Dist. of Col.</b>					
Washington ...	231,490	221,504	231,540	+ 5	0
<b>Virginia</b>					
Danville .....	10,399	8,749	9,453	+19	+10
Lynchburg .....	14,599	13,443	15,271	+ 9	- 4
Newport News .....	7,630	7,683	8,241	- 1	- 7
Norfolk .....	43,779	42,439	47,833	+ 3	+ 8
Portsmouth .....	3,982	3,738	3,919	+ 7	+ 2
Richmond .....	184,248	164,377	185,495	+12	- 1
Roanoke .....	23,825	22,223	26,692	+ 7	-11
<b>West Virginia</b>					
Charleston .....	41,110	38,701	51,346	+ 6	-20
Huntington .....	14,285	14,252	17,427	0	-18
<b>North Carolina</b>					
Asheville .....	12,234	11,707	13,946	+ 5	-12
Charlotte .....	55,547	51,250	60,432	+ 8	- 8
Durham .....	44,326	46,634	43,176	- 5	+ 3
Greensboro .....	17,557	15,556	17,957	+13	- 2
Raleigh .....	39,612	36,448	35,471	+ 9	+12
Wilmington .....	11,582	11,350	12,505	+ 2	- 7
Winston-Salem ..	39,914	36,658	42,728	+ 9	- 7
<b>South Carolina</b>					
Charleston .....	14,821	13,938	20,147	+ 6	-26
Columbia .....	24,795	21,738	32,372	+14	-23
Greenville .....	17,512	15,814	21,335	+11	-18
Spartanburg .....	8,434	7,975	9,644	+ 6	-13
<b>District Totals</b> ..	<b>\$1,184,526</b>	<b>\$1,125,303</b>	<b>\$1,272,240</b>	<b>+ 5</b>	<b>- 7</b>

0 indicates change of less than ½ of 1%.

COMMERCIAL FAILURES: The insolvency record in both the Fifth district and the United States was better in September than in August, but compared unfavorably with September last year. The number of failures in September rose 39 per cent in the district and 48 per cent in the United States over those in September 1937, and liabilities rose 7 per cent in the district and 47 per cent in the Nation. Total liabilities involved in failures in the first nine months of 1938 were 58 per cent higher in the Fifth district and 51 per cent in the United States than aggregate liabilities in the corresponding period in 1937. *Dun & Bradstreet* insolvency figures are as follows:

PERIODS	Number of failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1938 .....	43	866	\$ 455,000	\$ 14,341,000
August 1938 .....	72	1,015	727,000	16,382,000
September 1937 .....	31	534	426,000	9,818,000
9 Months, 1938 .....	473	9,527	\$4,998,000	\$127,688,000
9 Months, 1937 .....	357	6,551	3,171,000	84,315,000

AUTOMOBILE NEW CAR REGISTRATIONS: With automobile manufacturers changing over to new models during September, buyers were inclined to wait for appearance of 1939 cars before purchasing new ones. The number of registrations of new cars in the district consequently dropped from 10,903 in August to 6,874 in September, the latter figure being 59 per cent below September 1937 registrations. The following figures, compiled by R. L.

Polk & Co., of Detroit, show September and 9 months' registration figures for new passenger cars in Fifth district states:

Registration of New Passenger Cars

STATES	Sept. 1938	Sept. 1937	% Change	9 Months 1938	9 Months 1937	% Change
Maryland .....	1,169	2,879	-59	18,836	37,917	-50
D. of Col. ....	712	1,549	-54	12,613	23,583	-47
Virginia .....	1,709	3,921	-56	22,879	41,366	-45
West Va. ....	764	2,340	-67	12,059	30,183	-60
No. Carolina ...	1,680	4,038	-58	22,469	42,943	-48
So. Carolina ...	840	1,966	-57	10,710	22,499	-52
District .....	6,874	16,693	-59	99,566	198,491	-50

COAL PRODUCTION: Output of bituminous coal in September totaling 32,010,000 net tons increased 11 per cent over 28,710,000 tons in August 1938, but was 18 per cent less than 39,177,000 tons mined in September 1937. On a work-day basis, production of 1,280,000 tons per day in September showed an increase of 20 per cent over output in August this year. Total production of bituminous coal this calendar year to October 8 of 242,894,000 tons compares with 338,762,000 tons mined in 1937 and 400,262,000 tons in 1929 to the same date. Shipments of coal through Hampton Roads to October 8 totaled 12,391,038 tons this year, 16,261,081 tons in 1937, and 16,720,139 tons in 1929.

COTTON TEXTILES: Output of textile mills in late August having exceeded distribution, mills reduced operations to some extent in September. However, operating time last month exceeded that of any month except August since September last year. Cotton consumption figures in Fifth district states in September 1938, August 1938, September 1937, and in the first 9 months of this year and last are shown herewith:

MONTHS	No. Carolina	So. Carolina	Virginia	District
September 1938 .....	138,826	110,280	11,154	260,260
August 1938 .....	143,560	114,916	14,875	273,351
September 1937 .....	152,295	129,095	15,889	297,279
9 Months, 1938 .....	1,102,986	855,271	102,665	2,060,922
9 Months, 1937 .....	1,507,683	1,160,558	136,656	2,804,897

RAYON: The *Rayon Organon* index of daily shipments of rayon yarn was 874 for September, compared with a revised figure of 877 for August this year and 562 in September last year, the index being based on average daily shipments of yarn in 1923-1925. With a slightly lower daily rate of shipments and fewer days in September, it is clear that a decrease in poundage sales occurred last month in comparison with August. However, shipments exceeded production, and surplus rayon stocks declined from 2.3 months' supply at the end of August to 1.8 month's supply on September 30. The *Organon* says that deliveries in September were unfavorably affected by the truck strike in New York City, the general disruption of business by the hurricane and floods, especially in New England, and September religious holidays.

CONSTRUCTION: Building permits issued in 31 Fifth district cities totaled \$10,030,113 in September 1938, an increase of 48 per cent over \$6,757,976 in August this year and a gain of 27 per cent over \$7,891,998 in September

1937. Most of the increase in September was accounted for by a total of \$5,347,890 reported for Washington. Only 15 of the 31 cities showed higher figures last month than a year ago.

Contracts actually awarded in the district in September 1938, including all types of both rural and urban construction, totaled \$27,955,000, a decrease of 14 per cent under \$32,347,000 in August 1938 but 2 per cent above \$27,476,000 in September 1937.

COTTON: Uncertainty in the European situation exerted considerable influence on the cotton market in September, and the average price on ten Southern spot markets was just over 8 cents per pound on September 9th, 16th and 23rd. When arrangements were made which removed immediate danger of war, cotton rose to 8.51 cents per pound by October 7 and remained at practically the same level through October 14. The third condition report on the 1938 crop, issued by the Department of Agriculture on October 8, estimated the yield at 12,212,000 bales, an increase of 387,000 bales over the September estimate but 6,734,000 bales below the 1937 record crop. In the Fifth district, South Carolina's production estimate rose 32,000 bales during September, Virginia's remained unchanged, and North Carolina's declined 3,000 bales.

Cotton Consumed and On Hand (Bales)

	Sept. 1938	Sept. 1937	Aug. 1 to Sept. 30 This Year	Sept. 30 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	260,260	297,279	533,611	587,120
<b>Cotton growing states:</b>				
Cotton consumed .....	456,669	511,690	929,362	1,017,055
Cotton on hand Sept. 30 in				
Consuming establishments ..	930,306	802,104	.....	.....
Storage & compresses .....	12,954,163	6,817,955	.....	.....
<b>United States:</b>				
Cotton consumed .....	534,037	601,305	1,095,443	1,204,922
Cotton on hand Sept. 30 in				
Consuming establishments ..	1,107,388	986,249	.....	.....
Storage & compresses .....	13,013,410	6,880,029	.....	.....
Exports of cotton .....	388,658	617,444	589,509	837,859
Spindles active, U. S. ....	22,188,618	23,888,686	.....	.....

TOBACCO MARKETING: Additional auction tobacco markets in the Fifth district opened in September and capacity sales were reported several days. Prices, while slightly lower than in 1937, were considered moderately satisfactory by a majority of growers. All tobacco sold in September was flue-cured, and figures were as follows:

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	Sept. 1938	Sept. 1937	1938	1937
South Carolina .....	26,729,841	46,186,607	\$19.01	\$19.31
North Carolina .....	178,257,688	185,197,869	21.50	22.60
Virginia .....	10,574,262	3,161,508	22.14	26.11
District .....	215,561,791	234,545,984	\$21.22	\$22.00

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

	Sept. 1938	Sept. 1937	% Change
<b>Smoking &amp; Chewing</b>			
Tobacco, Pounds .....	27,056,195	26,317,580	+3
Cigarettes, Number .....	14,710,977,947	14,853,803,420	-1
Cigars, Number .....	486,481,938	498,835,303	-2
Snuff, Pounds .....	3,520,488	3,279,023	+7

## RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales Sept. 1938 comp. with Sept. 1937	Net Sales Jan. 1 to date comp. with same period last year	Stocks Sept. 30, 1938 comp. with Sept. 30 1937	Ratio Sept. collections to accounts outstanding Sept. 1	
Richmond (3) ...	-3.1	- .3	+ .8	+ 9.4	28.6
Baltimore (8) ..	-7.3	- 6.1	-10.7	+12.3	28.2
Washington (6)..	- .3	- 2.2	- 5.6	+13.9	25.0
Other Cities (13)	-9.5	-10.1	- 6.2	+ 7.8	24.4
District (30) ..	-3.9	- 4.1	- 7.0	+12.1	26.3
Same stores by States, with 24 stores added:					
Virginia (13) ..	-4.5	- 1.5			
West Va. (9) ...	-9.6	-14.2			
No. Carolina (6)	-9.4	- 8.3			
So. Carolina (10)	-8.3	- 7.3			
District (54)..	-4.3	- 4.4			

## WHOLESALE TRADE, 193 FIRMS:

	Net Sales Sept. 1938 comp. with Sept. 1937	Net Sales Aug. 1938	Stocks Sept. 30, 1938 comp. with Sept. 30 1937	Ratio Sept. collections to accounts outstanding Sept. 1	
Shoes (4) .....	+ 4	- 7	-27	-14	51
Drugs (13) .....	- 4	+ 7	0	+ 1	77
Dry Goods (7) .....	-16	+32	-32	- 5	41
Elec. Goods (30) .....	-21	0	-22	- 2	69
Groceries (67) .....	-12	+ 2	-15	+ 4	97
Hardware (23) .....	-10	+ 9	- 4	+ 1	46
Indus. Supplies (11) .....	- 4	- 8	- 8	- 6	60
Plumbing & Heating (3)	+27	+48	..	..	57
Paper & Products (6) ..	+ 8	0	-13	0	60
Tobacco & Prod. (12)...	+ 6	+ 2	+ 4	+ 2	81
Miscellaneous (17) ....	-14	+13	-12	+ 4	47
All Firms (193) .....	- 9	+ 5	-15	- 2	64

## AGRICULTURAL NOTES

Weather in the Fifth district in August and the first two-thirds of September was unusually dry, and growth of many crops was retarded and maturity hastened, which tended to reduce prospective yields. During the third week in September heavy rains fell in nearly all parts of the district, and late crops were materially benefitted. Pastures came out well after the rains, and furnished more feed during October than in most years. The rains also put the soil in condition for fall plowing and sowing of grain. The principal changes in prospective yield figures during September were increases in hay in all Fifth district states except Maryland and in tobacco in the three leading states, Virginia and the Carolinas, and reductions in apples in Virginia, West Virginia and North Carolina.

The accompanying figures show forecasts based on October 1 conditions, compared with yields in 1937 and in

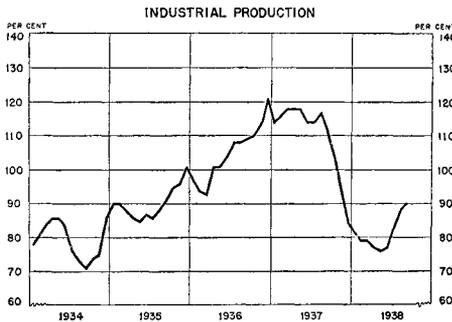
the 10-year period 1927-1936. Estimates which were increased or decreased last month are indicated by + or - signs, respectively.

Cotton (Bales)				
	% Change Acreage	Yield 1938	Yield 1937	Yield 1927-1936
Virginia .....	-35	18,000	43,000	40,000
North Carolina .....	-18	450,000-	780,000	710,000
South Carolina .....	-23	675,000+	1,023,000	798,000
District .....	..	1,143,000	1,846,000	1,548,000
Corn (Bushels)				
Maryland .....	- 2	18,216,000	18,576,000	15,477,000
Virginia .....	- 2	33,350,000	37,740,000	32,199,000
West Virginia .....	-10	12,116,000	14,245,000	12,104,000
North Carolina .....	+ 1	43,475,000	45,357,000	40,787,000
South Carolina .....	+12	27,014,000	24,945,000	21,161,000
District .....	..	134,171,000	140,863,000	121,728,000
Oats (Bushels)				
Maryland .....	+ 3	1,248,000+	1,083,000	1,407,000
Virginia .....	+10	1,892,000	1,680,000	2,389,000
West Virginia .....	0	1,596,000	1,520,000	2,366,000
North Carolina .....	0	5,060,000	4,830,000	3,682,000
South Carolina .....	+ 2	10,648,000	10,076,000	8,316,000
District .....	..	20,444,000	19,189,000	18,160,000
Hay (Tons)				
Maryland .....	+ 3	564,000-	518,000	468,000
Virginia .....	+ 4	1,200,000+	1,204,000	907,000
West Virginia .....	+ 5	817,000+	741,000	661,000
North Carolina .....	+ 6	972,000+	824,000	630,000
South Carolina .....	+ 4	489,000+	502,000	309,000
District .....	..	4,042,000	3,271,000	2,975,000
White Potatoes (Bushels)				
Maryland .....	- 7	3,388,000+	3,480,000	3,348,000
Virginia .....	-13	10,243,000	10,920,000	12,998,000
West Virginia .....	0	2,720,000	3,264,000	3,150,000
North Carolina .....	-13	9,744,000-	9,894,000	7,729,000
South Carolina .....	-15	2,596,000	3,120,000	2,419,000
District .....	..	28,691,000	30,678,000	29,644,000
Sweet Potatoes (Bushels)				
Maryland .....	0	1,040,000	1,000,000	1,205,000
Virginia .....	- 3	3,990,000	5,070,000	4,282,000
North Carolina .....	+ 1	8,600,000	8,160,000	7,915,000
South Carolina .....	+16	5,610,000	5,130,000	4,898,000
District .....	..	19,240,000	19,360,000	18,300,000
Tobacco (Pounds)				
Maryland .....	+ 7	30,030,000	25,200,000	25,560,000
Virginia .....	0	101,995,000+	107,276,000	99,838,000
West Virginia .....	+17	3,552,000-	3,408,000	3,304,000
North Carolina .....	- 4	548,890,000+	595,530,000	481,939,000
South Carolina .....	- 7	95,950,000	108,080,000	76,724,000
District .....	..	780,417,000	839,494,000	687,365,000
Peanuts (Pounds)				
Virginia .....	+ 5	141,300,000	173,650,000	145,288,000
North Carolina .....	+ 5	262,500,000	278,460,000	228,950,000
South Carolina .....	+ 9	7,800,000-	7,865,000	8,539,000
District .....	..	411,600,000	459,975,000	382,787,000
Commercial Apples (Bushels)				
Maryland .....	..	1,400,000	1,750,000	1,266,000
Virginia .....	..	7,000,000-	10,391,000	7,609,000
West Virginia .....	..	3,150,000-	5,500,000	3,410,000
North Carolina .....	..	480,000-	875,000	597,000
District .....	..	12,030,000	18,516,000	12,882,000

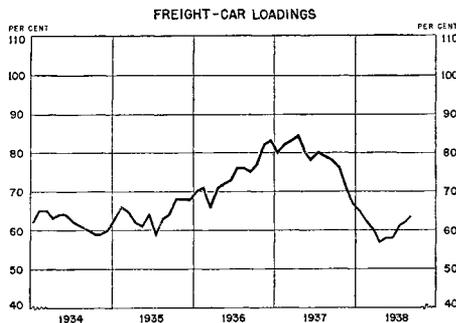
(Compiled October 21, 1938)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

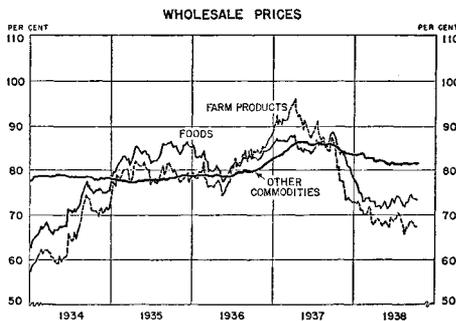
(Compiled by the Board of Governors of the Federal Reserve System)



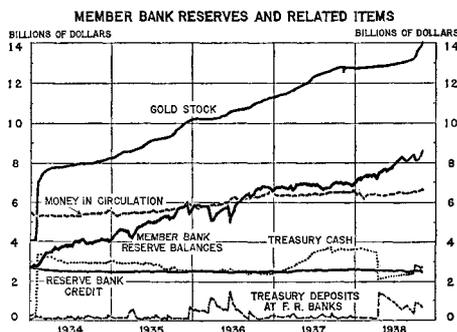
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to September 1938.



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



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending October 15, 1938.



Wednesday figures, January 3, 1934 to October 19, 1938.

In September industrial production and employment continued to advance, and there was also an increase in the volume of retail trade. Building activity continued at the increased level reached in August, reflecting a large volume of awards for publicly-financed projects.

### PRODUCTION

Volume of industrial production increased further in September and the Board's seasonally adjusted index advanced to 90 percent of the 1923-1925 average as compared with 88 percent in August. There was a substantial rise in pig iron production and output of steel ingots continued to increase, averaging 45 percent of capacity. In the first three weeks of October activity at steel mills showed a further increase and was at a rate of about 50 percent of capacity. Plate glass production continued to advance rapidly in September. Output of lumber and cement was maintained, although at this season activity in these industries usually declines. Automobile production in September remained at about the same low rate as in August; in October, however, output increased rapidly as most manufacturers began the assembly of new model cars. In the nondurable goods industries there were substantial increases in activity at meat-packing establishments, sugar refineries, and tire factories. Output of shoes declined somewhat. Textile production, which had been rising sharply since spring, showed little change in September, although an increase is usual. Activity increased further at silk mills but at woolen mills there was a decline, and at cotton mills output did not show the usual seasonal rise.

At mines, coal production increased considerably in September and there was also an increase in output of copper. Crude petroleum output declined as wells in Texas were shut down on both Saturdays and Sundays whereas in August only Sunday shutdowns had been in effect.

Value of construction contracts awarded, which had increased considerably in August, showed little change in September, according to figures of the F. W. Dodge Corporation. Awards for private residential building continued at the advanced level prevailing since early summer and contracts for public residential projects were also maintained following a rise in the previous month. Other public projects continued in substantial volume.

### EMPLOYMENT

Employment and payrolls increased further between the middle of August and the middle of September, reflecting principally increases at manufacturing concerns. Employment rose sharply at automobile factories and increased moderately in other durable goods industries. At factories producing nondurable goods there was slightly more than the usual seasonal rise in the number employed.

### DISTRIBUTION

Distribution of commodities to consumers showed a more than seasonal rise in September. There were increases in sales at department and variety stores and mail order sales also increased. Department store sales for the first three weeks of October showed somewhat less than the usual seasonal rise.

Freight-car loadings continued to increase in September and the first half of October, reflecting chiefly a further rise in shipments of coal and miscellaneous freight.

### COMMODITY PRICES

Prices of a number of industrial raw materials, particularly hides and copper, advanced from the middle of September to the third week of October. Crude oil and gasoline prices, on the other hand, were reduced. Livestock and meat prices showed large seasonal declines in this period. In the first half of October there were sales of many finished steel products at prices below those announced for the fourth quarter, but in the third week of the month it was reported that prices had been restored to former levels.

### BANK CREDIT

During the four weeks ended October 19 there were further substantial increases in the gold stock of this country. As a result largely of these gold acquisitions and of net expenditures by the Treasury from its deposits with the Reserve banks, excess reserves of member banks increased to a total of \$3,270,000,000 on October 19.

Demand deposits at reporting member banks in 101 leading cities were also increased by the inward gold movement and on October 19 amounted to \$15,750,000,000, the largest volume ever reported by these banks. Following substantial increases during September, reflecting purchases of new issues of United States Government obligations, total loans and investments at reporting banks showed little change during October.

### MONEY RATES AND BOND YIELDS

The average yield on long-term Treasury bonds declined from 2.48 percent on September 27 to 2.28 on October 21. Yields on Treasury notes and Treasury bills also declined in the period.