

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1938

	September 1938	October 1938	October 1937	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,184,526,000	\$1,330,878,000	\$1,426,155,000	+12	- 7
Number of business failures, 5th district.....	43	51	38	+19	+34
Liabilities in failures, 5th district.....	\$ 455,000	\$ 442,000	\$ 564,000	- 3	-22
Sales, 30 department stores, 5th district.....	\$ 9,657,214	\$ 10,848,373	\$ 11,453,036	+12	- 5
Sales, 207 wholesale firms, 5th district.....	\$ 14,193,000	\$ 13,035,000	\$ 13,987,000	- 8	- 7
Registrations, new passenger autos.....	6,874	8,575	15,176	+25	-43
Value of bldg. permits, 31 cities.....	\$ 10,030,113	\$ 8,383,620	\$ 5,665,087	-16	+48
Value of contracts awarded, 5th district.....	\$ 27,955,000	\$ 34,205,000	\$ 15,944,000	+22	+115
Cotton consumption, 5th district (Bales).....	260,260	260,773	255,925	0	+ 2
Tomacco sold in district (Pounds).....	215,561,791	206,215,820	255,275,129	- 4	-19
Cash received for tobacco, 5th district.....	\$ 45,747,891	\$ 51,587,098	\$ 70,153,919	+13	-26
Coal mined, U. S. (Tons).....	32,276,000	34,900,000	40,833,000	+ 8	-15

SEASONAL expansion of trade and industry continued in the Fifth Federal Reserve district in October and early November, although the extent of the improvement varied considerably. In some lines the increase in activity was not up to seasonal average, while in others marked gains were registered. A sharp rise in construction work during October was perhaps the outstanding development of the month, building permits issued in 31 cities totaling 48 per cent more than permits issued in October last year, and contracts actually awarded reaching the second highest figure reported for any month in eight years. The Government's construction program is chiefly responsible for the high contract award figures, but private construction is at a higher level also than in most recent years. From preliminary figures it appears that the expansion in construction has carried over into November, and some projects, such as contracts awarded to Hampton Roads shipyards for two battle ships to cost approximately \$45,000,000 each, will employ a large number of skilled workers over a long period of time. There was a material increase in automobile sales in October in the Fifth district, only partly attributable to the introduction of new models. Coal production rose 8 per cent

in October over production in September, but the rise was somewhat less than seasonal average. In retail trade circles, the weather during October and early November was exceptionally mild, and sales of fall goods were materially retarded. October department store sales in the district advanced 12 per cent over September sales, but over the past ten years the average increase between these two months was approximately 20 per cent. Auction tobacco markets sold fewer pounds last month than in September, but the better grades predominated and a resulting improvement in prices brought the growers a higher total amount in October than in September. However, developments in agriculture during October were on the whole unfavorable to purchasing power in farming sections. The two leading cash crops in the district, tobacco and cotton, declined in prospective yield, and peanuts and commercial apples also yielded less than had been expected. There was a small increase in the yield of white potatoes, and sweet potato prospects also improved in the Carolinas. The final yield of corn turned out better than had been forecast, which will give farmers additional feed for stock during the winter.

RESERVE BANK STATEMENT: Federal Reserve notes in actual circulation increased seasonally by \$3,774,000 between October 15 and November 15, to supply additional needs for currency to market fall crops and to take care of fall trade. Member bank reserve deposits at the Reserve bank increased by \$5,389,000 during the month.

ITEMS	000 omitted		
	Nov. 15 1938	Oct. 15 1938	Nov. 15 1937
Discounts held	\$ 89	\$ 324	\$ 515
Open market paper	23	23	23
Industrial advances	1,421	1,461	1,827
Government securities	120,321	120,321	134,061
Total earning assets	\$121,854	\$122,129	\$136,426
Circulation of Fed. Res. notes	212,514	208,740	213,936
Members' reserve deposits	230,287	224,898	232,471
Cash reserves	385,853	389,278	345,238
Reserve ratio	76.84	76.99	72.46

STATEMENT OF 41 MEMBER BANKS: Forty-one regularly reporting member banks in 12 Fifth district cities increased their loans and discounts between the middle of October and the middle of November, and also added to their holdings of securities. Deposits, both demand and time, rose during the month. In comparison with November 17, 1937, figures, the 41 banks reported large increases in investments in securities on November 16, 1938, and also materially higher demand deposits, but loans and discounts declined during the year.

ITEMS	000 omitted		
	Nov. 16 1938	Oct. 12 1938	Nov. 17 1937
Loans & discounts	\$240,548	\$237,768	\$252,840
Investments in securities	429,097	422,107	367,234
Reserve bal. with Fed. Res. bank	146,548	146,965	138,954
Cash in vaults	17,696	19,908	18,551
Demand deposits	475,854	471,987	454,380
Time deposits	199,294	198,800	197,160
Money borrowed	200	0	0

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore increased during October, and at the end of that month totaled \$218,785,221, compared with \$217,903,802 on September 30, 1938, and \$218,355,228 on October 31, 1937. Eight of the 10 banks showed gains in deposits in October.

EMPLOYMENT: Industry in the Fifth district either increased rates of operation in October and early November or held at the level of recent months, and these changes resulted in increased employment or payrolls, or both, in Fifth district states. Construction work expanded materially in October, coal output rose over September output, textile mills continued on about the same schedules as in the preceding two months, and ship-building activities increased substantially in the Hampton Roads area. Retail outlets added temporary employees for the early holiday trade. The following figures, compiled chiefly by the Bureau of Labor Statistics from reports furnished by a large number of industries, show the trends of employment and payrolls in the Fifth district geographical divisions from September to October, the latest available figures:

STATES	Percentage change from Sept. 1938 to Oct. 1938	
	In number on payroll	In amount of payroll
Maryland	+ 1.4	+ 3.6
Dist. of Columbia	+ 4.2	+ 4.2
Virginia	+ 0.5	+ 0.7
West Virginia	+ 2.7	+ 7.1
North Carolina	+ 1.3	+ 2.4
South Carolina	+ 1.3	+ 2.8

DEBITS TO INDIVIDUAL ACCOUNTS: Debits to individual, firm and corporation accounts in the banks in 24 Fifth district cities rose by 12 per cent in October in comparison with debits in September, a seasonal increase of approximately normal amount, the average increase between these two months being 13 per cent for the past 7 years. On the contrary, October 1938 debits were 7 per cent less than those of October 1937.

CITIES	000 omitted			% of Month	Change Year
	Oct. 1938	Sept. 1938	Oct. 1937		
Maryland					
Baltimore	\$ 355,242	\$ 306,963	\$ 378,930	+16	- 6
Cumberland	7,467	7,472	9,350	0	-20
Hagerstown	8,541	8,410	9,459	+ 2	-10
Dist. of Col.					
Washington ..	252,503	231,490	259,753	+ 9	- 3
Virginia					
Danville	20,484	10,399	19,069	+97	+ 7
Lynchburg	14,384	14,599	16,664	- 1	-14
Newport News ..	8,039	7,630	9,102	+ 5	-12
Norfolk	47,626	43,779	51,553	+ 9	- 8
Portsmouth	4,183	3,982	3,995	+ 5	+ 5
Richmond	211,579	184,248	217,476	+15	- 3
Roanoke	25,100	23,825	27,757	+ 5	-10
West Virginia					
Charleston	46,417	41,110	57,592	+13	-19
Huntington	17,303	14,285	19,954	+21	-13
North Carolina					
Asheville	12,283	12,234	13,687	0	-10
Charlotte	59,175	55,547	65,879	+ 7	-10
Durham	51,058	44,326	57,686	+15	-11
Greensboro	18,488	17,557	19,001	+ 5	- 3
Raleigh	41,141	39,612	43,025	+ 4	- 4
Wilmington	11,607	11,582	12,256	0	- 5
Winston-Salem ..	46,835	39,914	48,990	+17	- 4
South Carolina					
Charleston	16,064	14,821	20,765	+ 8	-23
Columbia	24,290	24,795	31,376	- 2	-23
Greenville	20,111	17,512	21,913	+15	- 8
Spartanburg	10,958	8,434	10,923	+30	0
District Totals ..	\$1,330,878	\$1,184,526	\$1,426,155	+12	- 7

0 indicates change of less than 1/2 of 1%.

COMMERCIAL FAILURES: The number of bankruptcies in October 1938 rose 34 per cent in the Fifth district and 22 per cent in the United States over failures in October 1937, but liabilities involved declined 22 per cent in the district and only 6 per cent in the United States. During the 10 elapsed months of 1938, insolvencies rose 33 per cent in number and 46 per cent in liabilities in the Fifth district, while the United States showed an increase of 43 per cent in both number and liabilities over the corresponding period in 1937. *Dun & Bradstreet* insolvency figures are as follows:

PERIOD	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October 1938	51	997	\$ 442,000	\$ 13,219,000
September 1938	43	866	455,000	14,341,000
October 1937	38	815	564,000	14,079,000
10 Months, 1938	524	10,524	\$5,440,000	\$140,907,000
10 Months, 1937	395	7,366	3,735,000	98,394,000

REGISTRATION OF NEW AUTOMOBILES: Sales of new passenger automobiles turned upward in the Fifth district in October and the number of cars registered increased over September registrations in every state except Virginia. Most of the new models for 1939 did not come out until late in October or early in November, but one of the three most popular cars appeared early in October. The increase last month was only partly due to introduction of new models, however, and a number of manufacturers showed materially increased sales on 1938 cars before 1939 models were ready for delivery. The following figures, compiled by *R. L. Polk & Co.*, of Detroit,

show October and 10 months' registration figures for new passenger cars in Fifth district states:

STATES	Oct. 1938	Oct. 1937	% Change	10 Months 1938	10 Months 1937	% Change
Maryland	1,966	2,747	-28	20,802	40,664	-49
D. of Col.	1,065	1,465	-27	13,678	25,048	-45
Virginia	1,574	3,134	-50	24,453	44,500	-45
West Va.	928	1,973	-53	12,987	32,156	-60
No. Carolina ...	2,100	4,153	-49	24,569	47,096	-48
So. Carolina	942	1,704	-45	11,652	24,203	-52
District	8,575	15,176	-43	108,141	213,667	-49

COAL PRODUCTION: Coal mining continued to increase seasonally in October, and production of bituminous coal totaling 34,900,000 net tons exceeded September tonnage of 32,276,000 tons by 8 per cent, but was 15 per cent less than 40,833,000 tons dug in October 1937. On a work-day basis, production of 1,342,000 tons per day in October showed an increase of 4 per cent over output in September this year. Total production of bituminous coal this calendar year to November 12 of 284,258,000 tons compares with 385,289,000 tons in 1937 and 457,579,000 tons in 1929 to the same date. Shipments of coal through Hampton Roads to November 12 totaled 14,183,788 tons this year, 18,216,530 tons in 1937, and 18,593,095 tons in 1929.

COTTON TEXTILES: Cotton mills in the Carolinas restricted operations slightly in October from September, but Virginia mills increased their output. The textile industry in the Fifth district has expanded in recent months by the establishment of a considerable number of hosiery mills, most of them small enterprises of only local importance. Cotton consumption figures in Fifth district states in October 1938, September 1938, October 1937, and in the first 10 months of this year and last are shown herewith:

MONTHS	No. Carolina	So. Carolina	Virginia	District
October 1938	138,181	109,728	12,864	260,773
September 1938	138,826	110,280	11,154	260,260
October 1937	130,789	110,507	14,629	255,925
10 Months, 1938	1,241,167	964,999	115,529	2,321,695
10 Months, 1937....	1,638,472	1,271,065	151,285	3,060,822

RAYON: Shipment of rayon yarn in October is measured at 677 per cent of average monthly shipments in 1923-1925, according to the *Rayon Organon* index. While this figure shows a decline from 874 per cent in September, it is far above 368 per cent in October 1937, and indicates a relatively good October showing. At the end of last month manufacturers of rayon yarn held sufficient inventories to last 1.8 months, a marked reduction since the end of June when the mills held 3.9 months' supply of yarn. The *Organon* for November states that yarn producers made 68,300,000 pounds of filament yarn in the third quarter of this year, and in the 9 months turned out 183,500,000 pounds, about 50 per cent of present operating capacity. From the second to the third quarter of 1938, rayon production increased by 20 per cent while yarn shipments increased 90 per cent. The difference was made up by withdrawals from producers' yarn inventories.

CONSTRUCTION: Building permits issued in October 1938 in 31 Fifth district cities totaled \$8,383,620. This figure shows a decline of 16 per cent from \$10,030,113 for per-

mits issued in September, but is 48 per cent above \$5,665,087 issued in October last year. The increase was quite generally distributed over the district, 28 of the 31 cities reporting higher figures for October this year than last.

Contracts awarded in October in Fifth district states totaled \$34,205,000, the highest figure for any month since June 1937 and the second highest since July 1930. Contracts in October 1937 amounted to only \$15,944,000. The high level of contract awards last month was due chiefly to Government financed or aided projects, preliminary figures indicating that somewhat more than half the October contracts were for work of that nature.

COTTON: Spot cotton prices on 10 Southern markets ruled slightly higher from mid-October to mid-November than during the preceding month, and on November 18 the price for middling grade cotton was 8.65 cents per pound against 8.50 cents on October 14 and 8.01 cents on September 16. On November 19, 1937, the average middling price was 7.74 cents. The advance in November was due chiefly to the influence of the Department of Agriculture's crop estimate as of November 1, which forecast a yield of 12,137,000 bales this year, a lower figure than the trade had expected. The *Commodity Credit Corporation* reports that prior to November 19 a total of 2,684,000 bales from the 1938 crop was pledged on Government loans, and that total Government loan stocks of cotton are now about 9,680,000 bales.

	Oct. 1938	Oct. 1937	Aug. 1 to Oct. 31 This Year	Aug. 1 to Oct. 31 Last Year
Fifth district states:				
Cotton consumed	260,773	255,925	794,384	843,045
Cotton growing states:				
Cotton consumed	459,555	447,928	1,388,917	1,464,983
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,333,979	1,219,962	.....	.....
Storage & compresses	15,260,351	9,704,190	.....	.....
United States:				
Cotton consumed	542,778	524,188	1,638,221	1,729,110
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,507,245	1,419,039	.....	.....
Storage & compresses	15,312,719	9,769,861	.....	.....
Exports of cotton	464,590	798,921	1,054,091	1,636,780
Spindles active, U. S.	22,113,952	23,714,646	.....	.....

TOBACCO MARKETING: All flue-cured tobacco markets in the Fifth district were open in October except those in the South Carolina belt which closed late in September. South Carolina markets closed the season in October, and season sales totaled 86,670,522 pounds at an average price of \$22.24 per hundred pounds, compared with 101,352,469 pounds sold for \$20.83 per hundred in 1937. Total receipts by growers this year of \$19,271,695 shows a decline of 8.7 per cent from \$21,112,830 received for the 1937 crop. Sales last month in Fifth district states, with average prices paid, were as follows:

STATES	Oct. 1938	Oct. 1937	1938	1937
South Carolina	1,256,891	13,793,448	\$14.99	\$17.74
North Carolina	164,342,473	206,486,593	25.23	28.37
Virginia	40,616,456	34,995,988	24.46	26.08
District	206,215,820	255,275,129	\$25.02	\$27.48

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

	Oct. 1938	Oct. 1937	% Change
Smoking & Chewing			
Tobacco, Pounds	24,740,880	26,078,781	-5
Cigarettes, Number	13,264,393,897	13,892,142,613	-5
Cigars, Number	525,662,072	517,565,260	+2
Snuff, Pounds	3,128,093	2,987,947	+5

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1938 comp. with Oct. 1937	Jan. 1 to date same period last year	Oct. 31 1937	Oct. 31, 1938 comp. with Sept. 30 1938	
Richmond (3) ..	- 3.9	- .7	-10.3	+ .4	33.2
Baltimore (8) ..	- 9.6	- 6.6	- 7.5	+ 8.3	33.2
Washington (6) ..	- 1.6	- 2.1	- 4.0	+ 7.6	27.9
Other Cities (13) ..	- 6.7	- 9.7	- 9.1	+ 4.0	30.4
District (30) ..	- 5.3	- 4.3	- 6.6	+ 6.6	30.4
Same stores by States, with 28 stores added:					
Virginia (13) ...	- 4.7	- 1.8			
West Va. (10) ..	-11.2	-13.8			
No. Carolina (8) ..	- 4.7	- 7.2			
So. Carolina (11) ..	- 4.6	- 8.3			
District (58) ..	- 6.0	- 4.7			

WHOLESALE TRADE, 207 FIRMS:

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1938 comp. with Oct. 1937	Sept. Oct. 1938	Oct. 31 1937	Sept. 30 1938	
Shoes (5)	- 5	-36	-25	-18	70
Drugs (15)	0	- 7	- 2	+ 3	79
Dry Goods (6)	-10	-16	-29	- 5	45
Elec. Goods (26)	-23	- 6	-27	+ 6	72
Groceries (70)	- 9	- 7	-16	+ 5	97
Hardware (24)	- 6	- 3	- 3	- 2	52
Indus. Supplies (13)	-18	- 3	- 9	- 6	57
Plumbing & Heating (4) ..	+ 5	-31	0	- 1	57
Paper & Products (8)	+ 6	- 2	-19	-10	60
Tobacco & Products (13) ..	+ 2	- 4	- 6	- 8	82
Miscellaneous (23)	- 1	+ 6	- 3	+ 4	63
All Firms (207)	- 7	- 8	-14	- 1	67

AGRICULTURAL NOTES

Crops which had not been harvested prior to October all changed in prospective yield during that month. Sweet potatoes made the greatest change, increasing 8 per cent over the October 1 forecast. Corn gained 3 per cent, and white potatoes increased 4/10 of 1 per cent. On the other hand, prospective yields of cotton declined 3 per cent in October, tobacco and commercial apples declined 2 per cent, and peanuts dropped 4/10 of 1 per cent. Weather in

October was unusually favorable for harvesting. Seeding of fall grains was practically completed by November 1, although planting was delayed in some sections by dry weather. Truck crops made satisfactory progress during October.

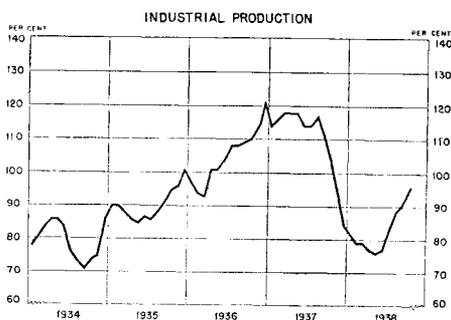
The accompanying figures show forecasts based on November 1 conditions for crops not harvested before October. Estimates which were increased or decreased last month are indicated by + or - signs, respectively.

Cotton (Bales)				
	% Change Acreage	Yield 1938	Yield 1937	Yield 1927-1936
Virginia	-35	17,000-	43,000	40,000
North Carolina	-18	425,000-	780,000	710,000
South Carolina	-23	665,000-	1,023,000	798,000
District .....	..	1,143,000-	1,846,000	1,548,000
Corn (Bushels)				
Maryland	- 2	18,722,000+	18,576,000	15,477,000
Virginia	- 2	34,800,000+	37,740,000	32,199,000
West Virginia	-10	12,349,000+	14,245,000	12,104,000
North Carolina	+ 1	44,650,000+	45,357,000	40,787,000
South Carolina	+12	27,014,000	24,945,000	21,161,000
District .....	..	137,535,000+	140,863,000	121,728,000
White Potatoes (Bushels)				
Maryland	- 7	3,360,000-	3,480,000	3,348,000
Virginia	-13	10,401,000+	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 .....	..	28,821,000+	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	9,288,000+	8,160,000	7,915,000
South Carolina	+14	6,468,000+	5,130,000	4,898,000
District .....	..	20,786,000+	19,360,000	18,300,000
Tobacco (Pounds)				
Maryland	+ 7	30,030,000	25,200,000	25,560,000
Virginia	0	103,449,000+	107,276,000	99,838,000
West Virginia	+17	3,552,000	3,408,000	3,304,000
North Carolina	- 4	535,825,000-	595,530,000	481,939,000
South Carolina	- 7	91,910,000-	108,080,000	76,724,000
District .....	..	764,766,000-	839,494,000	687,365,000
Peanuts (Pounds)				
Virginia	+ 5	145,225,000+	173,650,000	145,288,000
North Carolina	+ 5	256,250,000-	278,460,000	228,960,000
South Carolina	+ 9	8,400,000+	7,865,000	8,539,000
District .....	..	409,875,000-	459,975,000	382,787,000
Commercial Apples (Bushels)				
Maryland .....	..	1,350,000-	1,750,000	1,266,000
Virginia .....	..	6,800,000-	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 .....	..	11,780,000-	18,516,000	12,882,000

(Compiled November 21, 1938.)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

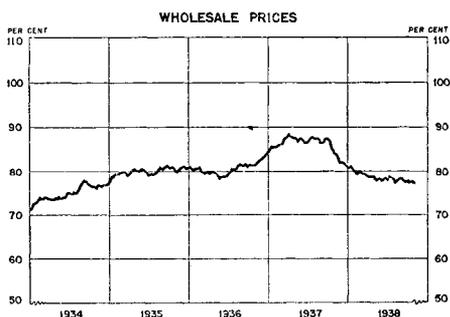
(Compiled by the Board of Governors of the Federal Reserve System)



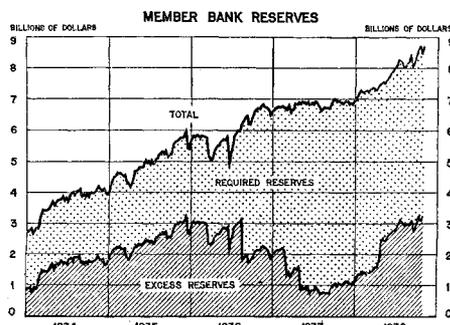
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to October 1938.



Indexes of number employed and payrolls, with-out adjustment for seasonal variation, 1923-1925 average=100. By months, January 1934 to October 1938.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending November 19, 1938.



Wednesday figures of total member bank reserve balances at Federal Reserve banks, with estimates of required and excess reserves, January 3, 1934, to November 16, 1938.

Industrial production continued to increase sharply in October and the first three weeks of November, reflecting principally larger output of steel and automobiles. Wholesale commodity prices showed little change in this period. Volume of employment and national income increased in October.

PRODUCTION

In October the Board's seasonally adjusted index of industrial production was at 96 percent of the 1923-1925 average, as compared with 90 percent in September. Steel ingot production increased considerably, averaging 53 percent of capacity in October, and in the first three weeks of November there was a further substantial advance. In the automobile industry output was increased rapidly during October and the first three weeks of November both to stock dealers with new model cars and to meet the increased volume of retail demand accompanying the introduction of new models. Production, which in the first nine months of 1938 had been at a considerably lower level, was at nearly the same rate as in the corresponding period in other recent years. Output of plate glass also increased sharply further in October. Cement production showed a considerable increase, while lumber production declined slightly.

Activity at textile mills, which had risen sharply during the summer, continued at about the August and September rate, although usually there is an increase at this time of the year. Shoe production declined somewhat further in October, and there was a decrease in output of tobacco products, while in most other industries manufacturing nondurable goods changes in output were largely seasonal in character. Mineral production showed a further moderate rise, reflecting in large part increased output of crude petroleum and nonferrous metals. Lake shipments of iron ore also were in larger volume, although a decrease is usual in October. Coal production increased seasonally.

Value of construction contracts awarded in 37 Eastern States increased considerably in October, according to figures of the F. W. Dodge Corporation, reflecting chiefly a sharp rise in awards for public projects. Contracts for hospital, educational, and other public buildings included in the Public Works Administration program were in large volume, and there was a further increase in contracts awarded for slum clearance projects of the United States Housing Authority.

EMPLOYMENT

Employment and payrolls increased somewhat further between the middle of September and the middle of October. At automobile factories employment continued to rise sharply and there were further moderate increases in most other durable goods industries. The number employed at canning establishments declined and in other nondurable goods industries showed little change. Employment increased somewhat at mines, on the railroads, and in the construction industry, while in trade the rise was less than seasonal.

DISTRIBUTION

Sales at department and variety stores and by mail order houses showed less than the usual seasonal increase in October, partly because consumer buying of winter merchandise was retarded by unseasonably warm weather during most of the month. In the first two weeks of November department store sales increased moderately.

Freight-car loadings rose considerably further in October, owing largely to increased shipments of grains, coal, and miscellaneous freight. In the first half of November loadings showed a seasonal decline.

COMMODITY PRICES

Wholesale commodity prices generally showed little change from the middle of October to the third week of November. Prices of steel scrap and leather advanced. Tin plate prices, on the other hand, were reduced, and there were also decreases in zinc, hides, and rubber. Prices of farm products and foods showed small fluctuations in this period.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities declined by about \$150,000,000 during the first half of November following a substantial increase during October. The decline in November was almost entirely at New York City banks and reflected the retirement of State and local government obligations held by these banks. Adjusted demand deposits, which reached an all-time peak of \$16,000,000,000 at reporting banks in the last week in October, also decreased somewhat in the first half of November. Member bank reserves in the middle of November were at about the high level reached a month earlier.

MONEY RATES AND BOND YIELDS

The prevailing rate on open-market commercial paper declined slightly in November to $\frac{5}{8}$ of 1 percent, a new low level. Other short-term open-market rates were unchanged. Yields on U. S. Government securities and on high-grade corporate bonds showed only small changes during November, continuing close to the low levels reached in October.