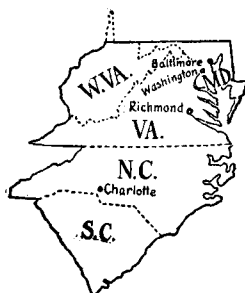


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 28, 1939

	December 1938	January 1939	January 1938	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,415,177,000	\$1,215,303,000	\$1,201,934,000	-14	+ 1
Number of business failures.....	48	68	60	+43	+ 13
Liabilities in failures, 5th district.....	\$ 934,000	\$ 616,000	\$ 855,000	-34	- 28
Sales, 30 department stores, 5th district.....	\$ 18,301,800	\$ 6,544,101	\$ 6,713,377	-64	- 3
Sales, 195 wholesale firms, 5th district.....	\$ 11,520,000	\$ 11,067,000	\$ 10,256,000	- 4	+ 8
Registrations, new passenger autos.....	18,853	13,771	9,916	-27	+ 39
Value of bldg. permits, 31 cities.....	\$ 8,387,203	\$ 10,266,893	\$ 4,125,673	+22	+149
Value of contracts awarded, 5th district.....	\$ 38,201,000	\$ 26,203,000	\$ 19,680,000	-31	+ 33
Cotton consumption, 5th district (Bales).....	266,650	287,869	216,303	+ 8	+ 33
Rayon Yarn Shipments, U. S. (Pounds).....	26,200,000	27,100,000	13,700,000	+ 3	+ 98
Coal mined, U. S. (Tons).....	36,230,000	35,530,000	30,950,000	- 2	+ 15

THE seasonal recession in business in January from the high December level was perhaps somewhat greater this year than in most years, but the January record showed satisfactory comparisons with January 1938 in nearly all lines of trade and industry. The most favorable development last month was in construction. Building permits issued in 31 Fifth district cities not only exceeded December permits by 22 per cent and January 1938 permits by 149 per cent, but reached the highest total valuation for any month since April 1930. Contracts awarded in the district in January declined 31 per cent from the high December figure, but totaled 33 per cent above January 1938 contracts. Contracts for residential structures in January this year made up 40 per cent of all contracts, compared with only 24 per cent for that class of work in January last year. This large volume of construction work has increased employment materially in recent months and assures work for thousands of men for at least the first half of 1939. Debits to individual accounts figures, representing for the most part commercial transactions passing through the banks in 24 Fifth district cities, declined 14 per cent in January from the December total, a greater than seasonal decrease, but were 1 per cent higher than debits in January 1938. Last month was the first since November 1937 in which debits exceeded those of the corresponding month of the preceding year. Commercial

failures last month were more numerous in the district than in either December or January last year, but liabilities involved were materially lower than in either of the earlier months. The increase in insolvencies from December to January was a seasonal development. Sales of new automobiles last month declined seasonally from December sales by 27 per cent, but exceeded January 1938 sales by 39 per cent. Textile mills continued to run at a level about a third higher than a year ago, and shipments of rayon yarn, in the manufacture of which the Fifth district is of great importance, were 98 per cent above shipments in January 1938. Soft coal production was slightly lower than in December, but was 15 per cent above output in the corresponding month a year ago. Tobacco products manufactured in January exceeded January 1938 products in all lines. Retail trade as reflected in department store sales dropped more than seasonally between December and January, and in the latter month was 3 per cent below the dollar volume of business in January last year, but most if not all of this decrease was probably due to lower prices this year in many lines. Retail sales in 37 furniture stores last month were 6 per cent larger than January 1938 sales. Weather in January and the first half of February was unusually mild on the whole, and fall planted crops made good growth. Such farm work as is done at this season is well advanced.

RESERVE BANK STATEMENT: Except for member bank reserve deposits, which declined \$19,073,000, and Federal Reserve notes in actual circulation, which decreased seasonally by \$5,378,000, changes in the statement of the Federal Reserve Bank of Richmond were small between January 15 and February 15, 1939. Compared with figures for February 15, 1938, those for the corresponding date this year show only minor changes except the Bank's cash reserves, which increased by \$53,783,000 during the year.

ITEMS	000 omitted		
	Feb. 15 1939	Jan. 15 1939	Feb. 15 1938
Discounths held	\$ 140	\$ 387	\$ 523
Open Market Paper	24	24	24
Industrial advances	1,249	1,466	1,707
Government securities	133,524	134,019	136,297
Total earning assets	\$134,987	\$135,846	\$138,551
Circulation of Fed. Res. notes	196,427	201,805	195,377
Members' reserve deposits	229,093	248,166	222,014
Cash reserves	361,713	364,775	307,930
Reserve ratio	73.78	73.36	69.81

STATEMENT OF 41 REPORTING MEMBER BANKS: The accompanying table shows the principal items of condition of 41 regularly reporting member banks in 12 Fifth district cities. The loans and investment items as of February 15, 1939, are not quite comparable with those for January 11 this year and February 16 last year, due to a revision in the report form, but the figures are not materially affected by the change.

ITEMS	000 omitted		
	Feb. 15 1939	Jan. 11 1939	Feb. 16 1938
Loans and discounts	\$232,604	\$233,628	\$243,670
Investments in securities	430,160	425,546	384,528
Reserve bal. with F. R. bank	146,816	166,196	136,854
Cash in vaults	16,694	20,364	16,194
Demand deposits	464,032	474,842	441,111
Time deposits	197,779	196,136	195,731
Money borrowed	0	0	0

DEBITS TO INDIVIDUAL ACCOUNTS: Debits against both demand and time deposits of individuals, firms and cor-

CITIES	000 omitted				
	Jan. 1939	Dec. 1938	Jan. 1938	% of Month	Change Year
Maryland					
Baltimore	\$ 333,709	\$ 384,745	\$ 333,781	-13	0
Cumberland	7,015	8,453	6,291	-17	+12
Hagerstown	7,312	9,360	7,538	-22	-3
Dist. of Col.					
Washington	258,068	298,121	246,204	-13	+5
Virginia					
Danville	8,331	11,792	9,396	-29	-11
Lynchburg	15,041	16,439	15,231	-9	-2
Newport News ...	7,982	10,411	8,208	-23	-3
Norfolk	48,237	56,963	48,509	-15	-1
Portsmouth	4,065	5,414	4,089	-25	-1
Richmond	158,338	182,564	160,986	-13	-2
Roanoke	24,753	29,305	24,308	-16	+2
West Virginia					
Charleston	44,580	54,832	49,657	-19	-10
Huntington	15,734	18,662	15,602	-16	+1
North Carolina					
Asheville	12,197	14,068	12,296	-13	-1
Charlotte	55,401	65,642	51,749	-16	+7
Durham	24,780	32,511	28,612	-24	-13
Greensboro	17,994	22,092	17,571	-19	+2
Raleigh	48,817	49,617	39,959	-2	+22
Wilmington	10,568	11,342	10,196	-7	+4
Winston-Salem ..	38,343	49,147	40,702	-22	-6
South Carolina					
Charleston	16,644	19,082	16,766	-13	-1
Columbia	27,194	31,598	26,472	-14	+3
Greenville	19,794	22,069	18,707	-10	+6
Spartanburg	10,406	10,943	9,054	-5	+15
District Totals ...	\$1,215,303	\$1,415,177	\$1,201,934	-14	+1

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

porations in the banks of 24 Fifth district cities in January 1939 showed a seasonal decline of 14 per cent from debits in December 1938, but exceeded those for January 1938 by 1 per cent. Every city reported lower figures for January than for December, Raleigh with a decrease of only 2 per cent and Spartanburg with a drop of 5 per cent making the best comparisons. Raleigh and Spartanburg also registered the best comparisons over the corresponding month of the preceding year with increases of 22 and 15 per cent, respectively.

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore rose during January, but by somewhat less than usually occurs in that month, and at the end of January were lower than deposits a year earlier for the first time since June 1934. Seven of the 10 banks showed higher deposits on January 31 than a month earlier, and 6 higher figures than a year earlier. Total deposits in the 10 banks amounted to \$219,452,382 on January 31, 1939, \$219,160,622 on December 31, 1938, and \$219,551,305 on January 31, 1938.

EMPLOYMENT: After the holidays, extra workers taken on in distribution circles were released, and Old Belt flue-cured tobacco markets closed in North Carolina and Virginia on January 20, releasing some handlers and warehouse employees. Highway work was also at a relatively low level in January. On the other hand, construction work continued to increase, coal output exceeded that of December, tobacco factories operated full time, and textile mills consumed more cotton than in the preceding month. All of these activities gave work to additional people or increased the number of hours of work per person. The changes apparently resulted in a net increase in employment in January over employment in December. 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, exclusive of construction, in the Fifth district from December to January, the latest available figures:

STATES	Percentage change from Dec. 1938 to Jan. 1939	
	In number on payroll	In amount of payroll
Maryland	-2.6	-4.3
Dist. of Columbia	-10.2	-7.5
Virginia	-3.0	-3.9
West Virginia	-2.0	-4.7
North Carolina	-1.3	-3.3
South Carolina	-0.4	-1.5

COMMERCIAL FAILURES: Business failures usually rise in January over December as a result of the pressure of year-end settlements, and in both the Fifth district and the United States the number of insolvencies increased this year, but liabilities involved declined. The number of failures in the Fifth district in January 1939 rose 43 per cent over those in December and 13 per cent over those in January 1938, while failures in the United States last month were 44 per cent above failures in December but 8 per cent below those in January last year. Liabilities in January 1939 declined 34 per cent in the district and 48 per cent in the United States from December liabilities, and also declined 28 per cent in the district and 11 per cent in the Nation from January 1938 liabilities. In-

solvency figures reported by *Dun & Bradstreet* are as follows:

PERIOD	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1939	68	1,263	\$616,000	\$19,122,000
December 1938	48	875	934,000	86,528,000
January 1938	60	1,377	855,000	21,415,000

AUTOMOBILE NEW CAR REGISTRATIONS: New passenger automobiles sold in the Fifth district in January declined 27 per cent from December registration, but this is a seasonal change. In comparison with registrations in January 1938, those in January 1939 gained 39 per cent, increases varying from 63 per cent in South Carolina down to 15 per cent in the District of Columbia. While an increase in automobile sales began in October after a steady decline since last April, the recovery has a long way to go to get back to 1937 figures. For example, January 1939 registration figures, while 39 per cent higher than a year ago, were 28 per cent lower than those for January 1937, every state in the district showing lower figures for the later period. The following figures on sales in the three latest Januarys were reported by *R. L. Polk & Co.*, of Detroit:

STATES	Registrations of New Passenger Cars			
	Jan. 1939	Jan. 1938	Jan. 1937	Per Cent Change from 1938 1937
Maryland	2,486	1,648	3,373	+51 -26
Dist. of Col.	1,282	1,115	2,137	+15 -40
Virginia	3,041	2,441	4,076	+25 -25
West Virginia ...	1,423	1,124	2,303	+27 -38
North Carolina ...	3,609	2,404	4,991	+50 -28
South Carolina ..	1,930	1,184	2,308	+63 -16
District	13,771	9,916	19,188	+39 -28

CONSTRUCTION: Construction work provided for in building permits issued and contracts awarded in January continued at the relatively high level of the past few months. Permits issued in 31 Fifth district cities last month totaled \$10,266,893, an increase of 149 per cent over permits totaling \$4,125,673 issued in January 1938, and the highest amount for any month since April 1930. Washington led in January 1939 valuation with \$4,473,649 (U. S. Government work not included), followed by Baltimore with \$1,360,764, Frederick with \$416,899, Hagerstown with \$383,129, Asheville with \$380,796, Richmond with \$336,288, and Norfolk with \$284,928. Twenty-three of the 31 cities reported higher figures than for January 1938.

Contracts awarded for all types of construction in the Fifth district, including both rural and urban projects, totaled \$25,613,000, an increase of 32 per cent over \$19,438,000 in January 1938. Of total awards, 40 per cent represented residential construction in January 1939 and only 24 per cent in January 1938. Contract award figures by states, as reported by *F. W. Dodge Corporation*, were as follows:

STATES	Construction Contracts Awarded		
	January 1939	January 1938	% Change
Maryland	\$ 6,969,000	\$ 2,935,000	+137
Dist. of Col.	3,533,000	1,565,000	+129
Virginia	4,869,000	8,735,000	-44
West Virginia	4,074,000*	1,684,000*	+142
North Carolina	4,163,000	2,839,000	+47
South Carolina	2,545,000	1,921,000	+32
Fifth District	\$26,203,000	\$19,680,000	+33

* Contains a few contracts outside Fifth District.

COAL MINING: Bituminous coal mines in the United States dug 35,530,000 net tons of coal in January 1939, compared with 36,230,000 tons in December 1938 and 30,950,000 tons in January last year. On a daily basis, output for January this year was 1,416,000 tons, against 1,393,000 tons in December and 1,233,000 tons in January 1938. Hampton Roads ports shipped 2,544,683 tons between January 1 and February 11, 1939, compared with 2,188,454 tons shipped through the same ports in the corresponding period last year.

COTTON TEXTILES: Cotton mills in the Fifth district consumed more cotton in January than in December, due to operating more days. On a daily basis, however, about 4 per cent less cotton was used in January, but output of cloth and yarn continued to exceed sales. Mill activity was about a third greater than in January last year. Mill margins continued relatively narrow, and prices for some of the more active cloth constructions declined slightly around mid-February. Yarn prices appear somewhat steadier than cloth prices. Consumption of cotton by states in the Fifth district in January 1939, December 1938 and January 1938, in bales, is shown in the accompanying table:

MONTHS	No. Carolina	So. Carolina	Virginia	District
December 1938	145,327	112,245	9,078	266,650
January 1938	116,448	89,303	10,552	216,303

RAYON: Deliveries of rayon filament yarn to domestic consumers in January 1939 amounted to 27,100,000 pounds, compared with 26,200,000 pounds in December and only 13,700,000 pounds in January 1938, according to the February *Rayon Organon*. Rayon yarn stocks at the end of January totaled 39,700,000 pounds, about the same as on December 31 but much less than 59,900,000 pounds in stock on January 31, 1938. In a study of fiber consumption in the United States in recent years, the *Organon* shows that the poundage of rayon used exceeded silk in 1927 and every year since, and in 1938 exceeded wool for the first time. For every pound of rayon (yarn plus staple fiber) used in the United States in 1938, there were consumed 8.9 pounds of cotton, 0.87 pounds of wool, 0.15 pounds of silk, and 0.06 pounds of linen.

COTTON: Spot cotton prices moved through a narrow range during the past month, and on February 17 averaged 8.50 cents for middling grade upland cotton on 10 Southern markets, compared with 8.49 cents per pound on January 13. On February 18, 1938, the average price on the 10 markets was 9.01 cents. Cotton held by the Commodity Credit Corporation from the 1938 and earlier crops now amounts to about 11,200,000 bales. Exports of cotton in January were very small, shipments to every foreign customer nation being less than in January last year. During the 6 months ended January 31, exports declined 43 per cent below exports in the corresponding period ended January 31, 1938, shipments to Great Britain, which declined 76 per cent, accounting for more than half the recession.

Cotton Consumed and On Hand

	(Bales)			
	Jan. 1939	Jan. 1938	Aug. 1 to Jan. 31 This Year Last Year	
Fifth district states:				
Cotton consumed	287,869	216,303	1,636,488	1,511,593
Cotton growing states:				
Cotton consumed	502,872	372,173	2,875,041	2,627,013
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,409,717	1,489,088	.....	.....
Storage & compresses	14,721,305	11,727,709	.....	.....
United States:				
Cotton consumed	591,991	433,258	3,391,808	3,077,672
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,626,593	1,758,696	.....	.....
Storage & compresses	14,782,233	11,815,365	.....	.....
Exports of cotton	289,514	647,481	2,192,285	3,832,247
Spindles active, U. S.	22,440,278	22,325,472	.....	.....

TOBACCO MARKETING: Most tobacco in the Fifth district was sold before January this year, and the remaining flue-cured markets closed on January 20. Fire-cured markets in Virginia, and the sun-cured market at Richmond, remained open into February, and total season sales of all grades of tobacco will not be available until next month.

TOBACCO MANUFACTURING: The Bureau of Internal Revenue reports tobacco products manufactured in January 1939 and 1938 as follows:

	Jan. 1939	Jan. 1938	% Change
Smoking & Chewing			
Tobacco, Pounds	23,716,059	23,354,516	+2
Cigarettes, Number	13,862,907,070	13,058,452,906	+6
Cigars, Number	349,497,329	328,574,263	+6
Snuff, Pounds	3,197,751	2,925,067	+9

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales	Stocks	Ratio Jan.
	Jan. 1939 comp. with January 1938	Jan. 31, 1939 comp. with Jan. 31 1938	collections to accounts outstanding January 1
Richmond (3)	-.1	-1.0	83.4
Baltimore (8)	-7.3	+7	34.3
Washington (6)	+5	+5	23.8
Other Cities (13)	-1.0	+3.1	30.2
District (30)	-2.5	+ .6	31.2
Same stores by States, with 22 stores added:			
Virginia (12)	-.7		
West Virginia (9)	-2.4		
North Carolina (8)	+3.5		
South Carolina (8)	+ .6		

RETAIL FURNITURE SALES:

STATES	Jan. 1939 sales, comp. with Jan. 1938
Maryland, 8 stores	- 3%
Dist. of Col., 6 stores	+ 6
Virginia, 10 stores	+25
West Virginia, 2 stores	-11
North Carolina, 4 stores	+ 2
South Carolina, 7 stores	- 6
Fifth District, 37 stores	+ 6

WHOLESALE TRADE, 195 FIRMS:

LINES	Net Sales		Stocks		Ratio Jan. collections to accounts outstanding Jan. 1
	January 1939 compared with Jan. 1938	December 1938	Jan. 31, 1939 compared with Dec. 31 1938	Jan. 31, 1939 compared with Dec. 31 1938	
Automotive Supplies (7)	+36	-32	-4	+18	84
Shoes (5)	+44	+122	+5	+61	57
Drugs (11)	+2	-1	-3	-2	98
Dry Goods (7)	-5	-10	-20	+23	42
Electrical Goods (17)	+35	-20	-23	-2	71
Groceries (68)	-1	-2	-12	+2	93
Hardware (22)	+1	+8	-1	+2	46
Industrial Supplies (12)	+17	+2	-4	+29	55
Pl'mb'g & Heating (6)	+17	-14	-16	+5	53
Paper & Products (8)	+8	+1	-11	+4	55
Tobacco & Prod'cts (10)	+9	-15	+2	+1	87
Miscellaneous (22) ...	+3	-18	-2	-1	68
Average, 195 firms..	+8	-4	-8	+9	66

Note: Wholesale figures from the Department of Commerce.

PEANUT PRODUCTION

Peanuts are a minor crop in the United States as a whole, but in coastal counties of Virginia and North Carolina the crop is of considerable importance. The peanut is not grown north of Virginia, and grows best in the light soils of the southeastern coastal plain. Production of peanuts in the United States averaged 1,039,469,000 pounds in the years 1927-1936, and the Fifth district states of Virginia and the two Carolinas accounted for 382,787,000 pounds, or 37 per cent, of National production. The United States crop is usually worth approximately \$38,000,000, varying according to yield and reserve supply.

In Virginia the leading peanut county is Southampton, with about 34 per cent of the state total, followed by Nansemond with 16 per cent, Isle of Wight with 14 per cent, and Sussex with 12 per cent. These four counties, with the addition of Surry, Greenville, Prince George and Dinwiddie, account for 98 per cent of the average Virginia crop of 145,288,000 pounds.

North Carolina grows about 60 per cent more peanuts than Virginia, average production from 1927 to 1936, inclusive, having been 228,960,000 pounds, of which 6 counties accounted for 73 per cent. Northampton led with 18 per cent, followed by Bertie with 15 per cent, Halifax with 14 per cent, Hertford with 10 per cent, and Edgecombe and Martin with 8 per cent each. As in Virginia, all important peanut growing counties in North Carolina are in the coastal plain.

South Carolina's peanut crop, averaging 8,539,000 pounds, is grown in Aiken, Horry and Orangeburg counties chiefly, with lesser yields reported in Florence and Colleton.

In addition to growing more than a third of the Nation's peanuts, the Fifth district leads in conversion of the nuts into marketable form. Several plants at Suffolk, Va., Norfolk, Va., and Scotland Neck, N. C., manufacture many candy and food products from peanuts, and give steady employment to several thousand workers. Peanuts can be marketed in a great many forms, and can be converted into a wide variety of products. Even the shells are made into insulation boards, and the vines are used for hay. The nuts are sold in the shell, in salted form, as peanut butter, and as peanut oil. Peanuts are made into many kinds of candy, chiefly in combination with chocolate. While not yet done commercially, peanuts can be made into plastics of various kinds.

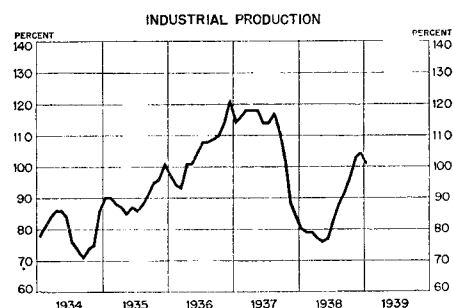
Peanut production in the Fifth district and the United States during each of the past 17 years and average production in 1927-1936 is shown in the table:

Years	(In thousands of Pounds)					% in Dist.
	Va.	N. C.	S. C.	5th Dist.	U. S.	
1927-1936 ..	145,288	228,960	8,539	382,787	1,039,469	36.8
1938	146,010	249,075	9,100	404,185	1,424,825	28.4
1937	183,465	297,500	8,030	488,995	1,320,675	37.0
1936	152,280	250,800	8,160	411,240	1,336,600	30.8
1935	154,350	258,750	9,520	422,620	1,302,805	32.4
1934	146,000	264,000	9,600	419,600	1,063,035	39.5
1933	111,150	182,400	9,520	303,070	905,710	33.5
1932	154,080	276,420	10,240	440,740	1,037,840	42.5
1931	176,320	308,560	9,100	493,980	1,097,930	45.0
1930	99,360	196,200	8,400	303,960	747,085	40.7
1929	157,590	234,600	7,350	399,540	956,448	41.8
1928	141,056	215,250	9,660	365,966	936,585	39.1
1927	123,120	216,558	11,625	351,303	933,465	37.6
1926	136,620	185,400	5,400	327,420	759,715	43.1
1925	143,520	212,750	4,730	361,000	791,955	33.2
1924	78,000	177,450	14,300	269,750	811,955	33.2
1923	122,760	162,800	30,400	315,960	598,172	52.8
1922	78,000	121,800	27,360	227,160	594,840	38.2

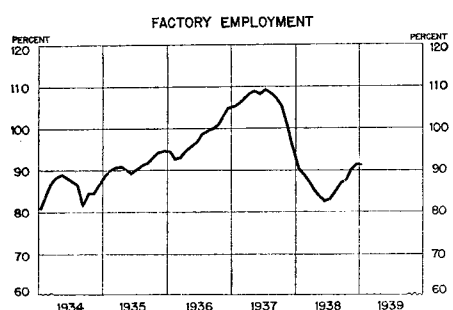
(Compiled February 21, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

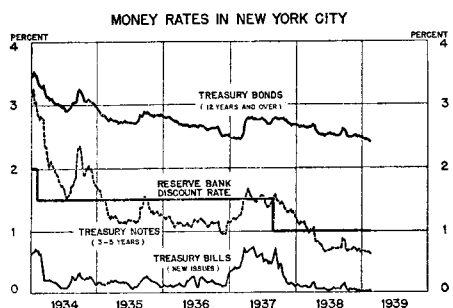
(Compiled by the Board of Governors of the Federal Reserve System)



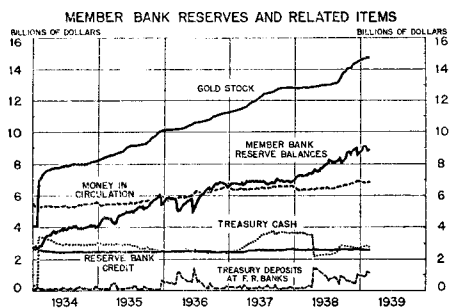
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to January 1939.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to January 1939.



For weeks ending January 6, 1934, to February 18, 1939.



Wednesday figures, January 3, 1934, to February 21, 1939.

Industrial production increased less than seasonally in January and the first three weeks of February, following a rapid advance in the latter half of 1938. Wholesale commodity prices continued to show little change.

PRODUCTION

In January volume of industrial production, as measured by the Board's seasonally adjusted index, was at 101 per cent of the 1923-1925 average as compared with 104 in December. At steel mills, where activity usually increases considerably at this season, output in January and the first three weeks of February was at about the same rate as in December. Automobile production declined seasonally in the first two months of the year as retail sales showed about the usual decrease and dealers' stocks reached adequate levels. Output of cement declined in January, and there was also some reduction in output of lumber and plate glass. In the nondurable goods industries, where production had been at a high level in December, activity increased less than seasonally. Increases at cotton, silk, and tobacco factories were smaller than usual and at woolen mills there was a decline. Shoe production and sugar refining continued in substantial volume, and activity at meat-packing establishments showed little change, following a decline in December. Mineral production increased somewhat in January, reflecting an increase in output of crude petroleum.

Value of construction contracts awarded declined in January, according to F. W. Dodge Corporation figures, owing principally to a reduction in awards for publicly-financed projects, which had been in large volume in December. Contracts for privately-financed residential building continued at the recent advanced level, while awards for private nonresidential building remained in small volume.

EMPLOYMENT

Factory employment and payrolls showed the usual decline between the middle of December and the middle of January. In most individual industries, as well as in the total, changes in the number of employees were of approximately seasonal proportions. In trade, employment declined somewhat more than is usual after Christmas.

DISTRIBUTION

Sales at department and variety stores and by mail order houses showed the usual sharp seasonal decline from December to January. In the first two weeks of February department store sales continued at the January level.

Volume of freight-car loadings in January and the first half of February was at about the same rate as in December.

COMMODITY PRICES

Wholesale commodity prices generally continued to show little change in January and the first three weeks of February. Grain prices declined somewhat, following a rise in December, while prices of hogs increased seasonally. Changes in prices of industrial materials were small.

BANK CREDIT

Excess reserves of member banks, which reached a record high level of \$3,600,000,000 on January 25, declined somewhat in February. This decline resulted chiefly from a temporary increase in Treasury balances with the Reserve banks representing cash receipts from the sale of the new United States Housing Authority and Reconstruction Finance Corporation notes. Purchases of these notes were also responsible for an increase in total loans and investments of reporting member banks in 101 leading cities, following a decline during January.

MONEY RATES

Average yields on United States Government securities declined further during the first three weeks of February to about the lowest levels ever reached. New issues of 91-day Treasury bills, after selling at par or at a slight premium in late December and early January, were again on a slight discount basis during February. Other open-market rates continued unchanged.