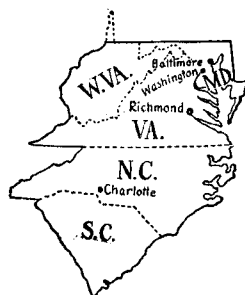


# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*March 31, 1939*

	January 1939	February 1939	February 1938	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,215,303,000	\$1,034,770,000	\$ 998,445,000	-15	+ 4
Number of business failures, 5th dist.....	68	65	47	- 4	+38
Liabilities in failures, 5th dist.....	\$ 618,000	\$ 469,000	\$ 548,000	-24	-14
Sales, 30 department stores, 5th dist.....	\$ 6,544,101	\$ 6,574,227	\$ 6,670,504	+ 1	- 1
Sales, 206 wholesale firms, 5th dist.....	\$ 10,138,000	\$ 9,813,000	\$ 9,489,000	- 3	+ 3
Registrations, new passenger autos.....	13,771	12,895	8,543	- 7	+51
Value of bldg. permits, 31 cities.....	\$ 10,266,893	\$ 7,216,892	\$ 7,218,914	-30	0
Value of contracts awarded, 5th dist.....	\$ 26,203,000	\$ 19,053,000	\$ 14,741,000	-27	+29
Cotton consumption, 5th dist. (Bales).....	287,869	270,630	208,857	- 6	+30
Rayon yarn shipments, U. S. (Pounds).....	27,100,000	25,700,000	16,800,000	- 5	+53
Soft coal mined, U. S. (Tons).....	35,530,000	33,910,000	27,440,000	- 5	+24

**F**EBRUARY is a between-seasons month, and business on the whole is at about the lowest level of the year, but trade in February in the Fifth district this year was up to seasonal levels and materially exceeded that of February last year in all lines except retail trade in department and general stores. Retail sales were in fact somewhat better this year in smaller cities and towns, but lower sales in all of the larger cities except Washington pulled the district average below the 1938 level. Debits to individual accounts in February in twenty-four Fifth district cities exceeded debits in February 1938 by 4 per cent, although there was a seasonal decrease from January debits, due to a large volume of annual settlements made early in the first month of the year. While bankruptcies last month showed the usual drop from the January number, they were more numerous than in February last year, but liabilities involved were lower last month than those in either January 1939 or February 1938. Wholesale trade in 206 firms, representing more than a dozen lines, averaged 3 per cent above the volume of business in February last year, and retail furniture sales were larger than a year earlier in all Fifth district states except Maryland. Sales of new automobiles declined in February from January sales, a normal development, but exceeded February 1938 sales by 51 per cent. The District of Columbia increased automobile sales by 101 per cent last month over February 1938 sales. Building permits issued in February were approximately the same in value as in the corresponding month last year, while contracts awarded for construction work in the district totaled 29 per cent above the value of contracts

awarded in February last year. Textile mills continued to operate last month at substantially the same rate as in January, and about 30 per cent above the February 1938 rate. Production of rayon yarn was well maintained last month, and shipments to converters were 53 per cent above shipments a year ago. Stocks of rayon yarn held by producers at the end of February were 36 per cent lower than on February 28, 1938. Bituminous coal production last month slightly exceeded January output on a daily basis, and was 24 per cent above output in February last year. Farm work was considerably delayed by rains during February and the first half of March, and spring plowing and planting is behind schedule, but there is plenty of moisture in the ground, fall sown grains have made good development, and fruit trees have not suffered any damage from freeze or frosts. Abundant rains and mild temperatures brought out grass on pasture lands quite early this year. In accounting for the favorable showing of February 1939 relative to February 1938, attention is called to the marked increase in value of contracts awarded as reported in the last several issues of this *Review*. In addition, cotton consumption has been well sustained for some time, indicating a favorable situation with respect to employment in textile mills. Rayon shipments have also shown a pronounced increase and the same is true of coal mined, indicating a favorable income position for labor employed in these industries. To these factors must be added the favorable effect of funds distributed to farmers by Federal agencies, since they tend to mitigate the unfavorable turn in the purchasing power of cotton planters.

RESERVE BANK OPERATIONS: The following table shows principal items of condition from statements of the Federal Reserve Bank of Richmond, the latest mid-month figures being compared to those a month and a year earlier. No significant changes occurred during the past month.

ITEMS	000 omitted		
	Mar. 15 1939	Feb. 15 1939	Mar. 15 1938
Discounts held .....	\$ 170	\$ 140	\$ 561
Open market paper .....	24	24	24
Industrial advances .....	1,204	1,249	1,699
Government securities .....	133,524	133,524	136,297
Total earning assets .....	\$134,922	\$134,937	\$138,581
Circulation of Fed. Res. Notes .....	195,961	196,427	196,869
Members' reserve deposits .....	233,510	229,093	226,482
Cash reserves .....	351,097	361,713	311,520
Reserve ratio .....	73.05	73.78	70.05

STATEMENT OF 41 REPORTING MEMBER BANKS: Investments in securities in 41 regularly reporting member banks in 12 Fifth district cities increased by \$16,661,000 between February 15 and March 15, this year, and deposits rose by \$5,886,000, of which \$4,876,000 was in demand deposits and \$1,010,000 was time deposits. During the year between March 16, 1938, and March 15, 1939, investments in securities rose by \$81,372,000 and demand deposits rose by \$40,178,000, while loans declined by \$11,596,000. Other changes in the composite statement during both the month and year were little more than daily fluctuations.

ITEMS	000 omitted		
	Mar. 15 1939	Feb. 15 1939	Mar. 16 1938
Loans and discounts .....	\$232,202	\$232,604	\$243,798
Investments in securities .....	446,821	430,160	365,449
Reserve bal. with F. R. bank .....	145,974	146,816	136,582
Cash in vaults .....	16,889	16,694	16,172
Demand deposits .....	468,908	464,032	428,730
Time deposits .....	198,789	197,779	196,189
Money borrowed .....	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore declined slightly in February, and at the end of that month were lower than a year earlier for the second successive month. Seven of the 10 banks reported declines in deposits last month, but only 4 reported lower figures for February 28, 1939, than for February 28, 1938. Deposits on February 28 this year totaled \$219,404,340, compared with \$219,452,382 on January 31 this year and \$219,508,921 on February 28 last year.

DEBITS TO INDIVIDUAL ACCOUNTS: The aggregate amount of checks cashed against depositors' accounts in 24 Fifth district cities in February 1939 showed a seasonal decline of 15 per cent from debits in January this year but exceeded the amount of debits in February 1938 by 4 per cent. Newport News was the only city which reported higher figures in February than in January, but 17 of the 24 cities exceeded the February 1938 debits. Charlotte, with a gain of 11 per cent, made the best comparison last month with the corresponding month last year.

CITIES	000 omitted			% of Month	Change Year
	Feb. 1939	Jan. 1939	Feb. 1938		
<b>Maryland</b>					
Baltimore .....	\$ 294,465	\$ 333,709	\$ 280,982	-12	+ 5
Cumberland ...	6,751	7,015	6,111	- 4	+10
Hagerstown ....	6,305	7,312	6,533	-14	- 3
<b>Dist. of Col.</b>					
Washington ..	220,617	258,068	207,524	-15	+ 6
<b>Virginia</b>					
Danville .....	6,606	8,331	6,660	-21	- 1
Lynchburg ....	11,890	15,041	12,421	-21	- 4
Newport News .	8,110	7,982	7,477	+ 2	+ 8
Norfolk .....	41,099	48,237	40,880	-15	+ 1
Portsmouth ....	8,695	4,065	3,487	- 9	+ 6
Richmond .....	125,481	158,338	123,049	-21	+ 2
Roanoke .....	22,806	24,753	20,913	- 8	+ 8
<b>West Virginia</b>					
Charleston .....	38,754	44,580	42,714	-13	- 9
Huntington ....	13,177	15,734	13,686	-16	- 4
<b>North Carolina</b>					
Asheville .....	10,152	12,197	9,954	-17	+ 2
Charlotte .....	50,073	55,401	45,096	-10	+11
Durham .....	22,345	24,780	22,463	-10	- 1
Greensboro .....	16,630	17,994	15,170	- 8	+10
Raleigh .....	33,698	48,817	33,544	-31	0
Wilmington .....	8,753	10,568	9,148	-17	- 4
Winston-Salem .	32,482	38,343	31,744	-15	+ 2
<b>South Carolina</b>					
Charleston .....	14,745	16,644	13,743	-11	+ 7
Columbia .....	22,562	27,194	22,503	-17	0
Greenville .....	15,851	19,794	14,983	-20	+ 6
Spartanburg ...	7,723	10,406	7,660	-26	+ 1
<b>District Totals ..</b>	<b>\$1,034,770</b>	<b>\$1,215,303</b>	<b>\$ 998,445</b>	<b>-15</b>	<b>+ 4</b>

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

EMPLOYMENT: No material change occurred in employment conditions in the Fifth Reserve district during the past month, but unfavorable weather handicapped outside work considerably and workers in constructions fields lost some time, resulting in decreased payrolls. A few additional workers were thrown out of employment by the closing of a small number of tobacco markets which remained open after the middle of February, but an increase in construction work started in February and the first half of March more than made up for that decline. The following figures, compiled for the most part by the Bureau of Labor Statistics from reports furnished by a large number of industries exclusive of construction, show the trends of employment and payrolls in the Fifth district from January to February:

STATES	Percentage change from Jan. 1939 to Feb. 1939	
	In number on payroll	In amount of payroll
Maryland .....	+1.8	+2.5
Dist. of Columbia .....	-0.2	-1.5
Virginia .....	+1.2	+2.3
West Virginia .....	+0.4	+3.0
North Carolina .....	+0.9	+2.0
South Carolina .....	+0.8	+1.2

COMMERCIAL FAILURES: Bankruptcies in the Fifth district in February showed seasonal reductions in both the number of failures and in amount of liabilities involved in comparison with January 1939 figures, and liabilities last month were also lower than those for February last year, but the number of insolvencies was larger this year. In the first two months of 1939, the number of failures in the district rose 24 per cent while liabilities involved declined 23 per cent in comparison with corresponding figures in the first two months of 1938.

Dun & Bradstreet failure statistics for several periods are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District U. S.		District	U. S.
February 1939	65	963	\$ 469,000	\$12,788,000
January 1939	68	1,263	618,000	19,122,000
February 1938	47	1,149	548,000	21,028,000
2 Months, 1939	133	2,226	\$1,087,000	\$31,910,000
2 Months, 1938	107	2,526	1,403,000	42,443,000

**AUTOMOBILE NEW CAR REGISTRATIONS:** The number of new passenger automobiles sold in the Fifth district in February declined 7 per cent from January sales, a seasonal decrease due to the shorter month, but increased 51 per cent over sales in February last year. Last month's sales were only 7 per cent less than those for February 1937, and were 21 per cent above sales in February 1936. Registrations in the first two months of 1939 in the district were 44 per cent greater than in 1938 and 11 per cent larger than in 1936, but were 19 per cent less than in 1937. The following figures on registrations of new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

STATES	Feb.	Feb.	% Change	2 Months	2 Months	% Change
	1939	1938		1939	1938	
Maryland	2,297	1,512	+ 52	4,783	3,160	+51
Dist. of Col.	2,138	1,063	+101	3,420	2,178	+57
Virginia	2,608	2,023	+ 29	5,649	4,464	+27
West Virginia	1,330	1,015	+ 31	2,753	2,139	+29
North Carolina	2,803	1,825	+ 54	6,412	4,229	+52
South Carolina	1,719	1,105	+ 56	3,649	2,289	+59
District	12,895	8,543	+ 51	26,666	18,459	+44

**CONSTRUCTION:** Building permits issued in 31 Fifth district cities in February totaled \$7,216,892, approximately the same as \$7,218,914 for February 1938. Sixteen cities reported larger figures and 15 reported smaller figures last month than for the corresponding month last year. Washington led in estimated valuation figures for February 1939 with \$3,227,041, followed by Charleston, S. C., with \$849,292, Baltimore with \$645,492, Richmond with \$452,633, and Durham with \$342,060. Of the 7 largest cities in the district, higher valuation figures were reported for Washington, Richmond, Norfolk and Winston-Salem, while lower figures were reported for Baltimore, Charlotte and Huntington.

Contracts actually awarded for all types of construction work in the Fifth district in February totaling \$19,053,000 showed a seasonal reduction from recent months, but exceeded February 1938 awards amounting to \$14,741,000 by 29 per cent. Of the February contract awards this year, 43 per cent represented residential construction, compared with 39 per cent in February 1938.

Figures collected by the *F. W. Dodge Corporation* by states for February 1939 and 1938 are as follows:

STATES	February 1939	February 1938	% Change
Maryland	\$ 4,697,000	\$ 3,047,000	+ 54
Dist. of Col.	3,307,000	1,802,000	+84
Virginia	4,413,000	3,154,000	+40
West Virginia	2,874,000*	1,482,000*	+94
North Carolina	2,771,000	3,933,000	- 30
South Carolina	1,410,000	1,539,000	- 8
Fifth District	\$19,472,000*	\$14,957,000*	+30

\* Contains a few contracts outside Fifth District.

**COAL MINING:** Bituminous coal mined in February in the United States totaled 33,910,000 net tons, a decrease of 5 per cent from 35,530,000 tons in the longer month of January 1939 but an increase of 24 per cent over

27,440,000 tons mined in February 1938. On a daily basis, output of 1,419,000 tons last month exceeded daily output in January by 2/10th of 1 per cent. Total production of bituminous coal during the present coal year to the latest available date—April 1, 1938, to March 11, 1939—amounting to 339,276,000 net tons shows a decrease of 9.9 per cent from 376,618,000 tons dug during the corresponding period of the 1937-1938 season. Shipments of coal through Hampton Roads ports totaled 4,427,294 tons from January 1, 1939, through March 11, 1939, an increase of 24 per cent over 3,561,288 tons shipped through the same ports in the corresponding period ended March 12, 1938. Most of the increase in shipments through Hampton Roads was in New England cargo coal.

**COTTON TEXTILES:** Cotton mill operations in the Fifth district were well maintained in February and early March, and indications are that sales of textiles in the last two weeks of February exceeded production, but in spite of increased demand for yarn and unfinished cloth, prices for textiles continued a downward tendency and mill margins in the week ended February 24 were the narrowest since the middle of May 1933. Yarn prices continue somewhat steadier than cloth prices, but the latter showed a firmer tendency early in March as spring demand strengthened. Consumption of cotton by states in the Fifth district in February 1939, January 1939 and February 1938, in bales, is shown in the accompanying table:

MONTHS	No. Carolina	So. Carolina	Virginia	District
February 1939	148,164	111,097	11,369	270,630
January 1939	157,469	118,879	11,521	287,869
February 1938	112,662	86,242	9,963	208,867
2 Months, 1939	305,633	229,976	22,890	558,499
2 Months, 1938	229,110	175,545	20,505	425,160

**RAYON:** Deliveries of rayon filament yarn to domestic consumers in February amounted to 25,700,000 pounds as compared with 27,100,000 pounds in January 1939 and 16,800,000 pounds in February 1938, according to the *Rayon Organon* for March. Stocks of rayon yarn held by producers at the end of February totaled 39,500,000 pounds, which is substantially the same as 39,400,000 pounds held at the end of January but is far below 61,100,000 pounds held on February 28, 1938. During the past year rayon yarn prices declined between 5 and 6 per cent, while raw silk prices advanced approximately 28 per cent. As a result of this price advantage, there has recently been a wide switch from silk to rayon in woven dress fabrics and underwear.

**COTTON:** Spot cotton prices on 10 Southern markets were higher between the middle of February and the middle of March than during the preceding month, although there was a sharp drop during the week ended March 17. On February 17 the average price on the 10 markets for middling grade cotton was 8.50 cents per pound, but by March 10 the average had risen to 8.80 cents. However, by March 17 the average price receded to 8.66 cents. Some mills report a scarcity of high grade "free" cotton, the large surplus supplies being held under Government loans. Latest reports show holdings

by the Commodity Credit Corporation amounting to more than 11,300,000 bales.

	Cotton Consumed and on Hand (Bales)			
	Feb. 1939	Feb. 1938	Aug. 1 to Feb. 28	
			This Year	Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	270,630	208,857	1,907,118	1,720,450
<b>Cotton growing states:</b>				
Cotton consumed .....	475,112	360,238	3,350,153	2,987,251
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,342,292	1,525,862	.....	.....
Storage & compresses .....	14,009,511	11,384,919	.....	.....
<b>United States:</b>				
Cotton consumed .....	562,293	426,866	3,954,101	3,504,538
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,558,818	1,808,467	.....	.....
Storage & compresses .....	14,068,684	11,474,802	.....	.....
Exports of cotton .....	263,922	398,744	2,456,207	4,230,991
Spindles active, U. S. ....	22,524,742	22,346,736	.....	.....

**TOBACCO MARKETING:** Tobacco markets have all closed in the Fifth district and sales at auction from the 1938 crop totaled 701,308,109 pounds, a decrease of 13.1 per cent from 807,022,051 pounds sold of the 1937 crop. The average price received by growers this year was \$22.37 per hundred pounds, a decline of 3.7 per cent from the 1937 average of \$23.24. Total receipts by growers of \$156,907,383 for the 1938 crop shows a decrease of 16.3 per cent from \$187,572,233 received for the 1937 crop. Season sales and prices by states on auction markets were as follows:

STATES	Season Tobacco Sales, Lbs.		Price per Cwt.	
	1938-1939	1937-1938	1938-39	1937-38
North Carolina .....	501,641,989	577,644,681	\$22.92	\$24.42
South Carolina .....	86,670,522	101,352,469	22.23	20.83
Virginia, Total .....	112,995,598	128,024,901	20.04	19.84
District Total .....	701,308,109	807,022,051	\$22.37	\$23.24
Virginia classified:				
Flue-cured .....	87,321,272	92,849,989	\$22.09	\$22.20
Fire-cured .....	14,368,199	19,853,610	10.75	10.69
Burley .....	9,202,450	12,342,423	16.77	19.41
Sun-cured .....	2,103,677	2,978,879	12.75	8.95

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

	Feb. 1939	Feb. 1938	% Change
<b>Smoking &amp; chewing</b>			
Tobacco, Pounds .....	22,445,896	22,239,585	+1
Cigarettes, Number .....	11,781,749,850	11,492,025,877	+3
Cigars, Number .....	361,233,088	338,887,418	+7
Snuff, Pounds .....	2,978,851	2,837,798	+5

#### RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales	Net Sales	Stocks		Ratio Feb. collections to accounts outstanding February 1
	Feb. 1939 comp. with February 1938	Jan. 1 to date compared with same period last year	Feb. 28, 1939 comp. with Feb. 28 1938	Jan. 31 1939	
Richmond (3) ..	- 8.2	- 4.3	+ 3.3	+ 9.4	30.9
Baltimore (8) ..	- 2.8	- 5.1	- 1.3	+10.1	30.3
Washington (6) .	+ 1.1	+ .8	+ 1.8	+10.2	26.2
Other Cities (13)	+ .7	- .1	+ 5.1	+13.2	28.1
District (30) .	- 1.4	- 2.0	+ 1.2	+10.4	28.2
<b>Same stores by States, with 24 stores added:</b>					
Virginia (13) ..	- 7.1	- 4.5			
West Va. (9) ..	- 1.2	- 1.8			
No. Carolina (8)	+ 3.4	+ 3.4			
So. Carolina (10)	+ 1.8	+ 1.2			

#### RETAIL FURNITURE SALES:

STATES	% Change in Sales, Feb. & 2 Months 1939 Compared with February 1938	
	February 1938	Compared with 2 Months 1938
Maryland, 9 stores.....	-15.3	- 8.8
Dist. of Col., 7 stores.....	+ 1.0	+ 4.7
Virginia, 9 stores.....	+ 4.2	+14.1
North Carolina, 4 stores.....	+ 1.0	+ 2.2
South Carolina, 7 stores.....	+ 6.6	+ 4.8
District, 36 stores .....	- .5	+ 3.9
<b>Individual Cities:</b>		
Baltimore, 9 stores.....	-15.3	- 8.8
Columbia, 3 stores.....	- 3.0	-10.2
Richmond, 5 stores.....	-16.7	+ 5.6
Washington, 7 stores.....	+ 1.0	+ 4.7

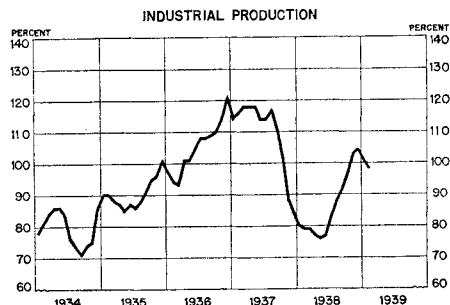
#### WHOLESALE TRADE, 206 FIRMS:

LINES	Net Sales		Stocks		Ratio Feb. collections to accounts outstanding February 1
	February 1939 compared with Feb. 1938	Jan. 1939	Feb. 28, 1939 compared with Feb. 28 1938	Jan. 31 1939	
Auto Supplies (7) ....	+23	- 9	- 8	+ 2	65
Shoes (3) .....	+21	+29	..	..	..
Drugs (9) .....	+ 5	- 9	- 6	- 2	95
Dry Goods (9) .....	- 2	+ 5	-18	+ 1	41
Electrical Goods (14)..	+40	+ 7	-17	+ 3	80
Groceries (68) .....	- 5	- 5	- 7	+ 1	85
Hardware (21) .....	- 4	-15	0	+ 3	40
Industrial Supplies (11)	+28	- 4	+ 4	+ 6	58
Plumb'g & Heating (6)	- 1	-11	- 6	+ 2	45
Paper & Products (9).	+ 7	- 5	-17	- 5	58
Tobacco & Pr'dcts (12)	+ 7	- 4	- 2	+ 2	69
Miscellaneous (37) ...	- 2	- 4	- 1	- 2	61
<b>Average, 206 Firms.</b>	+ 3	- 3	- 5	0	60

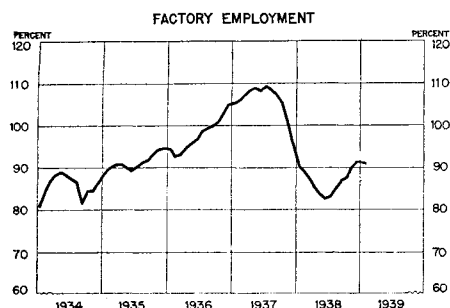
(Compiled March 21, 1939)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

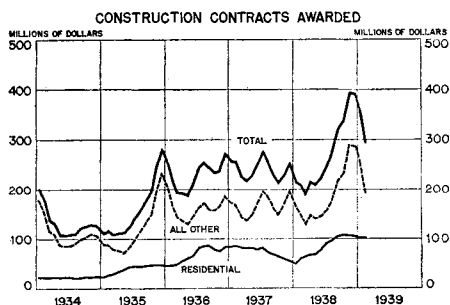
(Compiled by the Board of Governors of the Federal Reserve System)



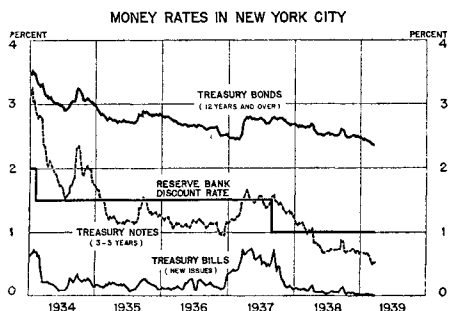
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to February 1939.



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



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for January and February and estimate for March.



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

In February industrial activity continued at the January rate, without showing the usual rise, and retail trade increased less than seasonally. In the first three weeks of March, however, industrial activity and trade showed seasonal increases. Commodity prices continued to show little change.

### PRODUCTION

Volume of industrial production was at about the same rate in February as in the two previous months, although usually there is an increase, and the Board's seasonally adjusted index declined further to 98 percent of the 1923-1925 average. In the steel industry activity did not show the usual seasonal advance. Pig iron production increased, but new orders for steel were in limited volume and ingot production remained at about 54 percent of capacity throughout the month. There was some decline in automobile assemblies, following a period of considerable increase. Output of lumber and plate glass continued to decrease in February, while cement production, which had been curtailed in January, increased considerably. In the first three weeks of March steel production increased to about 56 percent of capacity and automobile output was also in somewhat larger volume.

Textile production in February was at about the same rate as in January. At cotton and woolen mills activity increased somewhat but at silk mills there was a marked decline. Output of shoes and tobacco products continued at high levels. In the meat-packing industry activity declined further and there was also a decrease in activity at sugar refineries.

Bituminous coal production was maintained in February, and crude petroleum output likewise continued in substantial volume. Anthracite output declined in February, and in March was reduced further as mine owners and workers agreed on a curtailment program.

Value of construction contracts awarded declined in February, according to F. W. Dodge Corporation figures, owing principally to a further decrease in awards for publicly-financed work. Contracts for privately-financed residential building increased further, while awards for private nonresidential building remained at the low level of other recent months.

### EMPLOYMENT

Factory employment and payrolls increased somewhat less than is usual between the middle of January and the middle of February. Changes in non-manufacturing lines were largely of a seasonal nature.

### DISTRIBUTION

Department store sales were in about the same volume in February as in January, although some increase is usual, and sales at variety stores increased less than seasonally, while mail order sales rose by slightly more than the seasonal amount. In the early part of March department store sales increased.

Freight-car loadings declined somewhat from January to February, reflecting for the most part reduced shipments of grains, forest products, and miscellaneous freight.

### COMMODITY PRICES

Wholesale commodity prices were generally maintained with little change during February and the first three weeks of March. As is usual at this season prices of livestock and meats advanced while dairy products declined. Silk prices advanced considerably in this period. In the early part of March current prices of pig iron and of semifinished and finished steel were reaffirmed for the second quarter of this year.

### BANK CREDIT

Investments in United States Government obligations by New York City banks increased considerably in February and the first half of March. In this period member banks reduced their holdings of Treasury notes and increased their bonds, reflecting in part exchanges of notes for new bond issues on March 15. Excess reserves of member banks continued somewhat below the high level of \$3,600,000,000 reached at the end of January, fluctuating largely in accordance with changes in Treasury balances at the Federal Reserve banks.

### MONEY RATES

Average yields on United States Government securities declined to new record low levels from February 27 to March 10, following the announcement by the Treasury that no cash would be raised in the March financing. Yields rose slightly after the middle of March accompanying renewed tension in Europe. New issues of 91-day Treasury bills continued to sell on practically a no-yield basis during March. Other open-market rates continued unchanged.