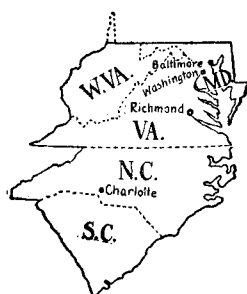


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

May 31, 1939

	March 1939	April 1939	April 1938	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,233,482,000	\$1,146,848,000	\$1,146,409,000	— 7	0
Number of business failures, 5th district.....	59	55	42	— 7	+ 31
Liabilities in failures, 5th district.....	\$ 560,000	\$ 525,000	\$ 604,000	— 6	— 13
Sales, 30 department stores, 5th district.....	\$ 9,466,426	\$ 8,842,875	\$ 9,518,841	— 7	— 7
Sales, 38 furniture stores, 5th district.....	\$ 645,446	\$ 728,152	\$ 704,102	+ 13	+ 3
Sales, 216 wholesale firms, 5th district.....	\$ 13,298,000	\$ 11,699,000	\$ 11,754,000	— 12	0
Registrations, new passenger autos.....	17,800	20,188	14,092	+ 13	+ 43
Value of building permits, 31 cities.....	\$ 11,904,407	\$ 8,579,777	\$ 8,861,313	— 26	— 3
Value of contracts awarded, 5th district.....	\$ 38,946,000	\$ 42,008,000	\$ 25,114,000	+ 8	+ 67
Cotton consumption, 5th district (Bales).....	310,642	259,795	204,154	— 16	+ 27
Cotton price, c per lb., end of month.....	8.48	8.81	8.76	+ 4	+ 1
Rayon yarn shipments, U. S. (Pounds).....	26,500,000	23,100,000	16,300,000	— 13	+ 42
Rayon yarn stocks, U. S. (Pounds).....	41,300,000	43,800,000	65,900,000	+ 6	— 34
Soft coal mined, U. S. (Tons).....	35,290,000	10,747,000	21,671,000	— 70	— 50

THE strike of bituminous coal miners in the Appalachian region, which began on April 1 and continued six weeks, threw about 150,000 men out of work in the Fifth district, including miners, employees of railroads engaged in hauling coal, and workers in scattered industrial plants affected by coal shortage. A local strike of tobacco factory workers in Richmond and Durham removed 2,000 men and women from payrolls for one week in April. There was also a reduction of about 7 per cent in operating time in the district's cotton textile mills last month. On the other hand, construction work broadened further, and increased activity on farms called for some additional agricultural workers. However, the new jobs provided did not equal the lay-offs of miners, railroad employees and industrial wage earners resulting either directly or indirectly from the coal strike, and therefore there was a material decrease in consumer purchasing power in the Fifth district in April and the first half of May. Due to the fact that most of the miners trade in smaller towns and cities, from which data are difficult to obtain, the influence of the coal strike is only partly visible in the statistical series carried in the *Review*.

Debits to individual accounts in 24 Fifth district cities in April 1939 were approximately equal to debits in April 1938, but showed a decrease of 7 per cent from March 1939 debits, a somewhat larger seasonal decline than oc-

curs in most years. Commercial failures last month were fewer than in March, but exceeded the number of failures in April 1938 by 31 per cent. Liabilities involved in April 1939 insolvencies, however, were lower than in either of the earlier months mentioned. Sales in department stores in the district in April were 7 per cent smaller than in either March this year or April last year, the decrease during the year being partly due to an earlier Easter this year and partly to an additional business day in April 1938. Retail sales of furniture, on the other hand, were 13 per cent better in April this year than in March, and 3 per cent better than in April last year. Wholesale trade in 216 firms declined 12 per cent from March to April, but in the latter month was about equal to the volume of business done in April 1938. Automobile sales in the district increased over March sales, and were 43 per cent ahead of sales in April last year, although April 1939 sales in West Virginia were only 22 per cent higher than sales in April 1938. The value of building permits issued in Fifth district cities last month was lower than the value for either March this year or April last year, but contracts actually awarded last month totaled more than in any other month since March 1930. Cotton consumption in Fifth district mills and shipments of rayon yarn declined in April, but both continued substantially above consumption and shipments a year ago.

RESERVE BANK OPERATIONS: There were no important changes in the statement of the Federal Reserve Bank of Richmond between April 15 and May 15, but between May 15, 1938, and May 15, 1939, total earning assets decreased by \$6,290,000, while Federal Reserve notes in actual circulation rose \$3,991,000, member bank reserve deposits rose \$31,479,000, and cash reserves of the bank rose \$36,940,000. The decrease in earning assets was due chiefly to a reduction in holdings of Government securities on the 1939 date.

ITEMS	000 omitted		
	May 15 1939	Apr. 15 1939	May 15 1938
Discounts held	\$ 277	\$ 260	\$ 510
Open market paper	24	24	24
Industrial advances	1,172	1,177	1,477
Government securities	134,227	134,227	139,979
Total earning assets	135,700	135,688	141,990
Circulation of Fed. Res. notes	194,239	195,287	190,248
Members' reserve deposits	246,064	250,796	214,585
Cash reserves	374,682	367,824	337,742
Reserve ratio	74.27	73.92	71.32

STATEMENT OF 41 REPORTING MEMBER BANKS: Member banks in 12 leading Fifth district cities increased loans and discounts by \$4,521,000 and investments in securities by \$5,776,000 between April 12 and May 10, both this year, and time deposits also rose by \$2,045,000, but their reserve balances declined \$3,519,000 during the same period and there was a small decline in demand deposits. During the year since May 11, 1938, material increases occurred in investments in securities, reserve balances, and demand deposits.

ITEMS	000 omitted		
	May 10 1939	Apr. 12 1939	May 11 1938
Loans & discounts	\$241,819	\$237,298	\$237,586
Investments in securities	434,511	428,735	377,690
Reserve bal. with F. R. bank	159,831	162,850	137,571
Cash in vaults	20,065	20,684	18,605
Demand deposits	476,866	477,751	444,409
Time deposits	202,466	200,421	198,355
Money borrowed	0	0	23

MUTUAL SAVINGS BANK DEPOSITS: Aggregate deposits in 10 mutual savings banks in Baltimore totaling \$220,545,406 reached an all-time high on April 30, 1939, and compared with \$219,931,668 on March 31 this year and \$219,926,013 on April 30, 1938. The March 31, 1939, total was the previous high point for deposits.

EMPLOYMENT: The strike of bituminous coal miners in the Appalachian region tied up production in West Virginia and in most of the Virginia mines, and also caused the lay-off of some thousands of railroad employees on three lines whose chief freight is coal. It is estimated that around 150,000 men were out of work and without pay for approximately 6 weeks. A few industrial workers also suffered from lay-offs or restricted working time on account of coal shortage, but the strike was settled before industries were seriously affected. A strike in April of tobacco factory employees involving 2,000 workers was settled after one week. Cotton textile mills reduced running time about 7 per cent in April, and pay rolls naturally declined in proportion. On the other hand, construction work continued to expand in the Fifth district, giving additional employment to both skilled and unskilled workers in building trades, and miscellaneous industries continued operations at recent levels. The fol-

lowing figures, compiled for the most part by the Bureau of Labor Statistics and covering all types of work except construction, show the trends of employment and payrolls in the Fifth district from March to April:

STATES	Percentage change from Mar. 1939 to Apr. 1939	
	In number on payroll	In amount of payroll
Maryland	+ 1.0	0.0
Dist. of Columbia	+ 1.5	+ 3.1
Virginia	- 2.4	- 4.1
West Virginia	- 36.7	- 39.9
North Carolina	+ .2	+ 2.5
South Carolina	+ .4	- 2.2

COMMERCIAL FAILURES: Bankruptcy figures for the district and the United States were reported by *Dun & Bradstreet* as follows:

PERIODS	Number of failures		Total liabilities	
	District	U. S.	District	U. S.
April 1939	55	1,140	\$ 525,000	\$ 17,492,000
March 1939	59	1,123	560,000	17,915,000
April 1938	42	1,172	604,000	21,147,000
4 Months, 1939	247	4,489	\$2,172,000	\$ 67,317,000
4 Months, 1938	202	4,865	3,138,000	103,915,000

DEBITS TO INDIVIDUAL ACCOUNTS: Total debits to depositors' accounts in 24 Fifth district cities declined seasonally by 7 per cent in April in comparison with the preceding month of March, income tax payments in March normally exceeding quarterly payments debited in April. In comparison with April 1938 debits, those for April 1939 were larger in 17 of the 24 cities, and the district total showed a small increase, although April last year had one more business day than April this year.

CITIES	000 omitted		Apr. 1938	% of Month	Change Year
	Apr. 1939	Mar. 1939			
Maryland					
Baltimore	\$ 318,990	\$ 340,906	\$ 337,582	- 6	- 6
Cumberland	7,883	7,821	7,249	+ 1	+ 9
Hagerstown	8,324	8,222	8,165	+ 1	+ 2
Dist. of Col.					
Washington ...	256,489	272,053	253,283	- 6	- 1
Virginia					
Danville	6,869	7,089	7,000	- 3	- 2
Lynchburg	12,925	13,439	13,496	- 4	- 4
Newport News	8,411	8,893	7,886	- 5	+ 7
Norfolk	46,941	50,447	45,774	- 7	+ 3
Portsmouth	4,336	4,260	4,047	+ 2	+ 7
Richmond	132,807	139,432	133,041	- 5	0
Roanoke	25,204	30,089	23,297	- 16	+ 8
West Virginia					
Charleston	41,555	45,373	43,607	- 8	- 4
Huntington	14,588	16,366	16,662	- 9	- 11
North Carolina					
Asheville	11,389	12,035	11,236	- 5	+ 1
Charlotte	55,815	58,816	50,687	- 5	+ 10
Durham	21,834	26,375	23,580	- 17	- 7
Greensboro	17,729	20,422	16,819	- 13	+ 5
Raleigh	37,586	44,645	35,530	- 16	+ 6
Wilmington	10,172	10,300	9,753	- 1	+ 4
Winston-Salem ..	36,630	41,275	34,851	- 11	+ 5
South Carolina					
Charleston	17,669	16,938	16,181	+ 4	+ 9
Columbia	25,072	30,428	22,541	- 18	+ 11
Greenville	18,218	18,530	16,125	- 2	+ 13
Spartanburg ..	8,812	9,328	8,017	- 6	+ 10
District Totals ..	\$1,146,848	\$1,233,482	\$1,146,409	- 7	0

REGISTRATIONS OF NEW AUTOMOBILES: Sales of new passenger automobiles rose further in the Fifth district in April and totaled 20,188 cars, an increase of 13 per cent over 17,800 cars sold in March 1939 and 43 per cent over 14,092 cars sold in April 1938. The large increases in sales in the Carolinas over 1938 sales reflect steady employment in textile industries and payments by the Gov-

ernment to farmers under various crop control plans. The following registration figures for new cars were furnished by *R. L. Polk & Co.*, of Detroit:

Registration of New Passenger Cars

STATES	Apr. 1939	Apr. 1938	% Change	4 Months 1939	4 Months 1938	% Change
Maryland	3,735	2,686	+39	13,164	8,714	+51
Dist. of Col.	2,807	1,936	+45	8,988	5,921	+52
Virginia	4,633	3,383	+37	13,278	10,611	+25
West Virginia ..	2,074	1,698	+22	6,411	5,196	+23
No. Carolina ...	4,669	3,144	+49	14,526	9,733	+49
So. Carolina ...	2,270	1,245	+82	8,287	4,876	+70
District ..	20,188	14,092	+43	64,654	45,051	+44

CONSTRUCTION: The aggregate volume of building provided for in permits issued and contracts awarded in the Fifth district in April was slightly less than the work provided for in March, but was materially ahead of April 1938. Building permits issued in 31 cities in April 1939 totaling \$8,579,777 showed declines of 28 per cent from \$11,904,407 in March 1939 and 3 per cent from \$8,861,313 in April 1938. Seventeen of the 31 cities reported higher figures last month, but two very large declines in Raleigh, N. C., and Charleston, S. C., caused the district decline this year. Washington led with permits totaling \$2,826,710 last month, Baltimore was second with \$1,443,162, and Charlotte third with \$873,417.

Contracts awarded in the Fifth district in April 1939 totaled \$42,008,000, the highest figure for any month since March 1930, and were 67 per cent above contracts totaling \$25,114,000 awarded in April 1938. During the first 4 months of 1939, contract awards totaling \$125,620,000 exceeded awards made in the first 4 months of 1938 by 51 per cent. Figures collected by the *F. W. Dodge Corporation* by states for April 1939 and 1938 on construction contracts awarded are as follows:

STATES	April 1939	April 1938	% Change
Maryland	\$ 6,476,000	\$ 6,550,000	- 1
Dist. of Col.	9,705,000	1,799,000	+439
Virginia	9,581,000	5,593,000	+ 71
West Virginia ..	3,915,000*	4,785,000*	- 18
North Carolina ..	7,536,000	4,636,000	+ 63
South Carolina ..	5,350,000	2,451,000	+118
Fifth District	\$42,563,000*	\$25,814,000*	+ 65

* Includes some W. Va. contracts outside Fifth district.

COAL: Very little coal was mined in the Fifth district in April, due of course to the strike in the Appalachian region, but mines in states farther west increased output and brought to the surface approximately 10,747,000 net tons, about a third of probable production had there been no labor trouble. In March this year, before the strike began 35,290,000 tons were mined, and in April 1938 production totaled 21,671,000 tons. Total output of bituminous coal this calendar year to May 6 totaled 118,241,000 tons, a higher figure by 6 per cent than 111,430,000 tons mined to the same date in 1938. Shipments of coal through Hampton Roads fell to a very low figure in April this year, but shipments from January 1 through May 6 totaling 6,550,376 tons exceed shipments of 6,142,373 tons to May 6, 1938. Consumption of reserve stocks of coal during the strike will probably increase the demand for coal from industries, railroads and wholesale yards until reserves are rebuilt.

COTTON TEXTILES: Cotton textile mills reduced operations in the Fifth district about 7 per cent during April below the March level, figured on a daily basis, but ran at a rate 27 per cent ahead of the April 1938 rate. Last month's reduction in running time and cotton consumption was apparently due in part to accumulating inventories and in part to difficulty in obtaining suitable cotton for spinning. Mill margins narrowed further as spot cotton prices rose without corresponding advances in yarn and gray goods, and trade reports state that most mills producing standard cloth constructions are operating at a loss. Style changes recently increased demand from retailers for gingham and other finished cotton dress fabrics, and retail sales of household goods expanded. Consumption of cotton by states in the Fifth district in April 1939, March 1939, and April 1938, in bales, is shown below:

MONTHS	No. Carolina	So. Carolina	Virginia	District
April 1939	140,596	108,766	10,433	259,795
March 1939	169,147	128,110	13,385	310,642
April 1938	109,676	84,296	10,182	204,154
4 Months, 1939	615,376	466,852	46,708	1,128,936
4 Months, 1938	474,004	362,252	44,207	880,463

RAYON: Deliveries of rayon filament yarn to domestic consumers in April amounted to 23,100,000 pounds as compared with 26,500,000 pounds in March 1939 and 16,300,000 pounds in April 1938. Production of yarn exceeded consumption last month, and stocks held by producers rose from 41,300,000 pounds on March 31 to 43,800,000 pounds on April 30. Holdings of yarn on the latter date were not out of balance, however, and compared favorably with an inventory of 65,900,000 pounds on April 30, 1938. *Rayon Organon* for May states that reduced consumption in April was due to the depressing effects of the unsettled foreign situation and to a normal between-season decline in fabricators' operations. The *Organon* further says that during the past several months market demand has been especially active for the fine denier rayon yarns as a result of the continuing high price of silk, and producers found it necessary to increase production and stocks of fine denier yarns to requirement levels. The increase in yarn stocks has occurred principally in those yarns where the supply was insufficient to meet the demand, and not in those deniers where the supply was already adequate.

COTTON: Activity in the spot cotton market increased sharply between the middle of April and the middle of May, and prices on Southern markets rose from an aver-

Cotton Consumed and On Hand (Bales)

	Apr. 1939	Apr. 1938	Aug. 1 to Apr. 30 This Year	Apr. 30 Last Year
Fifth district states:				
Cotton consumed	259,795	204,154	2,477,555	2,175,753
Cotton growing states:				
Cotton consumed	463,528	350,697	4,361,178	3,766,943
Cotton on hand April 30 in				
Consuming establishments ..	1,087,689	1,416,704	.....	.....
Storage & compresses	12,920,027	10,400,394	.....	.....
United States:				
Cotton consumed	546,702	413,169	5,150,040	4,430,333
Cotton on hand April 30 in				
Consuming establishments ..	1,292,349	1,699,827	.....	.....
Storage & compresses	12,968,295	10,487,001	.....	.....
Exports of cotton	178,225	377,250	2,964,098	5,033,829
Spindles active, U. S.	22,109,394	21,772,680	.....	.....

age of 8.32 cents per pound, middling basis, on April 14 to 9.05 cents on May 12. The futures market continued dull for the most part, but spots were stimulated by a growing scarcity of good cotton outside Government loan stocks, the latter not being available for consumption at present prices. The accompanying table shows cotton in storage and compresses totaling 12,968,295 bales on April 30, but approximately 11,360,000 bales of that amount are impounded.

TOBACCO MANUFACTURING: Cigarette manufacture declined more than seasonally in April and totaled 2 per cent below the level of April 1938, chiefly due to a strike which closed the factories of one of the big companies for a week in April this year. The Bureau of Internal Revenue reports tobacco products manufactured in April 1939 and 1938 as follows:

	Apr. 1939	Apr. 1938	% Change
Smoking & Chewing			
Tobacco, Pounds	22,618,267	24,571,202	-8
Cigarettes, Number	12,269,248,887	12,526,722,723	-2
Cigars, Number	403,041,777	384,918,261	+5
Snuff, Pounds	3,009,347	2,937,411	+2

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales	Net Sales	Stocks		Ratio April collections to accounts outstanding April 1
	April 1939 comp. with April 1938	Jan. 1 to date same period last year	April 30, 1938	Mar. 31 1939	
Richmond (3) ...	- 5.8	- 1.9	- .5	- .3	31.1
Baltimore (8) ...	-10.8	- 2.5	- 1.9	- .3	30.6
Washington (6) .	- 5.6	+ 1.1	+ 2.0	+ .5	27.3
Other Cities (13)	- .8	+ 1.4	+ 5.9	+ 1.1	29.2
District (30) .	- 7.1	- .5	+ .7	+ .2	28.9
Same stores by States, with 27 stores added:					
Virginia (13) ...	- 4.6	- 1.8			
West Va. (10) ...	- 5.2	- 3.0			
No. Carolina (8)	+ 4.1	+ 4.2			
So. Carolina (12)	+15.7	+10.0			

RETAIL FURNITURE SALES:

STATES	% Change in Sales, April & 4 Months 1939 Compared with	
	April 1938	4 Months 1938
Maryland, 9 stores	+ 2	- 2
Dist. of Col., 7 stores	- 3	+ 3
Virginia, 10 stores	- 5	+ 3
North Carolina, 4 stores	+14	+ 7
South Carolina, 7 stores	+26	+10
District 38 stores*	+ 3	+ 4
Individual Cities:		
Baltimore, 9 stores	+ 2	- 2
Columbia, 3 stores	+11	-12
Richmond, 5 stores	-11	- 3
Washington, 7 stores	- 3	+ 3

* Includes 1 store in W. Va.

WHOLESALE TRADE, 216 FIRMS:

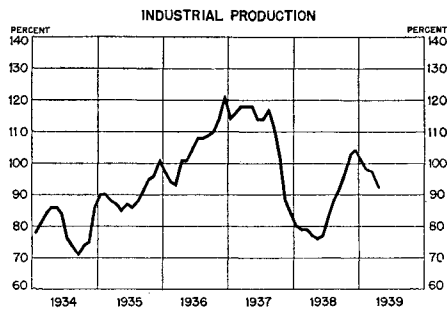
	Net Sales April 1939 comp. with		Stocks April 30, 1939 comp. with		Ratio April collections to accounts outstanding April 1
	April 1938	March 1939	Apr. 30 1938	Mar. 31 1939	
Auto Supplies (9).....	+21	+ 2	+ 2	- 2	73
Shoes (5)	- 8	-36	+12	-12	58
Drugs (12)	+ 2	- 2	- 1	- 1	100
Dry Goods (8)	-19	-27	-18	0	40
Electrical Goods (18)..	+21	-11	+11	+ 4	70
Groceries (72)	- 3	-10	+ 7	+ 1	87
Hardware (21)	+ 1	- 7	+ 2	- 1	45
Industrial Supplies (11)	+ 7	-14	+ 2	+ 2	67
Plumbing & Heating (7)	+ 5	- 4	+ 3	+ 2	56
Paper & Products (10)	- 1	- 6	-14	- 4	61
Tobacco & Products (9)	+ 4	- 5	- 1	-11	87
Miscellaneous (34)	- 5	- 6	+ 5	+ 3	61
Average, 216 Firms.	0	-12	+ 3	- 1	64

AGRICULTURAL NOTES: It is too early in the season to judge probable returns from agriculture in 1939, but some preliminary data on prospects are available. Weather conditions during the spring were spotted, with too much rain at times and too little at others, and unusually late cool days and nights. On the whole, winter grains have done well, but yields will depend upon how heads fill out. Pastures and hay crops are as good as could be expected, cool weather having retarded growth. Both corn and cotton have been planted in the lower half of the Fifth district. Fruit trees escaped winter damage, but frosts in mid-April cut peach prospects very seriously and many orchards will pick practically no commercial fruit. Apple buds appear to have escaped serious injury but little can be said about final apple yields until late June. Farm prices for most products declined gradually during the late winter and spring.

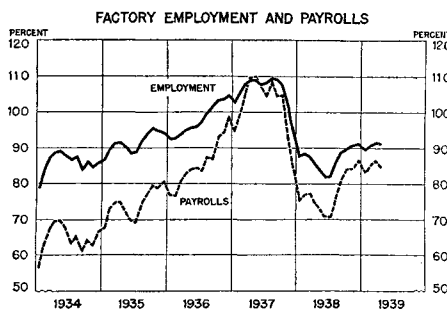
(Compiled May 20, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

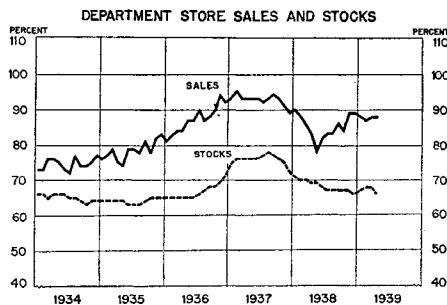
(Compiled by the Board of Governors of the Federal Reserve System)



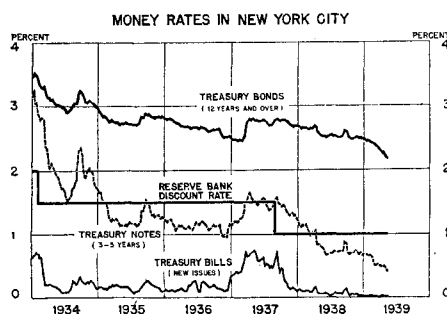
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1939.



Indexes of number employed and payrolls, without adjustment for seasonal variations, 1923-1925 average = 100. By months, January 1934 to April 1939. Indexes compiled by U. S. Bureau of Labor Statistics.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1939.



For week ending January 6, 1934, to May 20, 1939.

Volume of industrial production declined sharply in April reflecting chiefly shutdowns at bituminous coal mines and reduction in activity at textile mills. Retail purchases by consumers were maintained.

PRODUCTION

In April the Board's seasonally adjusted index of output at factories and mines was at 92 percent of the 1923-1925 average, compared with 98 in March and 77 a year ago.

In the steel industry production declined in April and the first three weeks of May but in the fourth week ingot output increased to 48½ percent of capacity, about the rate prevailing a month earlier. Around the middle of May substantial concessions were made in prices of some types of steel and it is reported that a considerable volume of orders for steel was placed during this period.

Automobile production in April was at about the same rate as in March, although usually there is some increase, and in May output declined owing in part to the fact that stocks of new cars were larger than is usual at this time of the year. Plate glass production decreased sharply in April following smaller declines earlier in the year.

In the lumber industry output increased somewhat in April, while cement production, which had risen sharply in February and March, showed less than the usual increase.

Textile production declined sharply in April, particularly at woolen mills, where output had been at a high level, and in the silk goods industry where further curtailment reflected in part recent high prices for raw silk. Output of shoes showed a decrease from the high level maintained during the first quarter of this year. At flour mills and sugar refineries activity increased further, while in most other non durable goods lines changes in output were largely seasonal in character.

Bituminous coal production was in small volume during April and the first half of May as most mines were closed pending settlement of contract negotiations between mine operators and workers. After the middle of May agreements were reached at most mines and output began to increase rapidly. Production of anthracite, which had been reduced in March, increased sharply in April and crude petroleum production rose further. In the first half of May anthracite production was maintained but petroleum output declined somewhat.

Value of construction contracts awarded, according to the F. W. Dodge Corporation, was larger in April than in March, owing chiefly to a rise in awards for public projects. Contracts for private construction showed little change in the aggregate as private residential contracts declined, contrary to seasonal tendency, while contracts for commercial, factory, and other private construction increased. In the first half of May awards for private work increased somewhat while the volume of public contracts declined.

EMPLOYMENT

Employment in nonagricultural pursuits declined somewhat from the middle of March to the middle of April reflecting a sharp drop at bituminous coal mines offset in part by seasonal increases in construction and trade. At factories the number employed showed little change while pay rolls declined considerably because of fewer hours of work.

DISTRIBUTION

In April distribution of commodities to consumers showed about the usual seasonal increase. The Board's adjusted index of department store sales remained at 88 percent of the 1923-1925 average, about the level that has prevailed since last autumn.

Railroad freight-car loadings declined sharply owing mainly to a reduction in shipments of coal. Loadings of miscellaneous freight showed less than the usual seasonal rise.

COMMODITY PRICES

Prices of grains and cotton advanced from the middle of April to the third week of May and there were also increases in prices of silk, hides, and bituminous coal. Prices of copper and steel scrap, on the other hand, were reduced and substantial concessions were granted in prices of several leading steel products.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities, which had increased in April, declined during the first half of May. The decline was at New York City banks and reflected a reduction in loans to security brokers and dealers and redemption of obligations of New York State and City governments. After increasing substantially in April, demand deposits at banks in leading cities showed little change in the first half of May. Bank reserves increased further in May to a new high level.

MONEY RATES

Prices of United States Government bonds and notes increased sharply during the last half of April and the first three weeks of May to new high levels. The average yield on long-term Treasury bonds declined from 2.34 percent on April 11 to 2.13 percent on May 22. Other money rates showed little change.