

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1939

	April 1939	May 1939	May 1938	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,146,848,000	\$1,162,879,000	\$1,076,528,000	+ 1	+ 8
Number of business failures 5th dist.....	55	48	58	- 13	- 17
Liabilities in failures, 5th dist.....	\$ 525,000	\$ 779,000	\$ 756,000	+ 48	+ 3
Sales, 30 department stores, 5th dist.....	\$ 8,842,875	\$ 9,989,266	\$ 8,602,975	+ 13	+ 16
Sales, 38 furniture stores, 5th dist.....	\$	\$ 1,129,646	\$ 933,400	....	+ 21
Sales, 204 wholesale firms, 5th dist.....	\$ 10,507,000	\$ 11,463,000	\$ 10,272,000	+ 9	+ 12
Registrations, new passenger autos, 5th dist.....	20,188	19,822	12,591	- 2	+ 57
Value of building permits, 31 cities.....	\$ 8,579,777	\$ 11,524,997	\$ 6,630,214	+ 34	+ 74
Value of contracts awarded, 5th dist.....	\$ 42,008,000	\$ 31,619,000	\$ 21,152,000	- 25	+ 49
Cotton consumption, 5th dist. (Bales).....	259,795	292,286	202,647	+ 13	+ 44
Spot cotton price, c per lb., end of month.....	8.81	9.40	8.06	+ 7	+ 17
Print cloths, 38½ in., 64x60s, mid-June price.....	.....	4.50	4.25	....	+ 6
Rayon yarn shipments, U. S. (Pounds).....	23,100,000	25,900,000	16,200,000	+ 12	+ 60
Rayon yarn stocks, U. S. (Pounds).....	43,400,000	41,500,000	67,800,000	- 4	- 39
Soft coal mined, U. S. (Tons).....	10,747,000	17,880,000	21,321,000	+ 66	- 16

NEARLY all available measures of trade and industry in the Fifth Federal Reserve district showed favorable trends from April to May, and also indicated substantial improvement over a year ago. Debits to individual accounts in 24 Fifth district cities in May were higher than in either April 1939 or May 1938, reflecting increases in business passing through banks. Retail trade in department and furniture stores advanced from April to May, and was materially above the level of sales in May last year, and wholesale trade in many leading lines also was larger in May than in the preceding month this year or the corresponding month last year. Registrations of new automobiles sold in May declined probably less than seasonally from April registrations, and were far above those of May last year, South Carolina leading the district with an increase of 99 per cent in May 1939 over May 1938. These evidences of relatively large consumed purchasing power are based partly on a large volume of construction work which has been under way in the district all of this spring, partly on sustained activity in all branches of the textile industry, and partly on steady employment in the tobacco manufacturing industry. In addition, the Hampton Roads section is benefiting from a

very active shipbuilding program, and finally, Government payments to farmers under various crop control and soil conservation plans have greatly increased income in agricultural sections. In construction, PWA projects account for a large part of the heavy work, while FHA insured loans appear to be encouraging a considerable volume of residential building and, at the moment, slum clearance projects fostered by Governmental assistance are getting started or are being planned in a number of Fifth district cities. Cotton textile mills continue operations at a considerably higher level than a year ago, and operatives have consequently experienced no diminution in their wages. Rayon mills shipped more yarn to domestic consumers in May than in April, and 60 per cent more than in May last year, while surplus stocks of yarn declined further to a point 39 per cent below stocks held a year ago. The coal shutdown in April and the first half of May hit one of the district's leading industries a hard blow, but reserve stocks of coal were materially reduced during the suspension and mines will be busier than the seasonal average until the depleted stocks are rebuilt. Agriculture is getting off to at least an average start for 1939.

RESERVE BANK STATEMENT: The accompanying table shows changes in certain important items on the statement of condition of the Federal Reserve Bank of Richmond during the month and the year ended June 15, 1939. The figures are not necessarily the highest or lowest which occurred during the two periods, reflecting conditions on the report dates only.

ITEMS	000 omitted		
	June 15 1939	May 15 1939	June 15 1938
Discounts held	\$ 365	\$ 277	\$ 627
Open market paper	24	24	23
Industrial advances	1,169	1,172	1,540
Government securities	134,227	134,227	139,979
Total earning assets	\$135,785	\$135,700	\$142,169
Circulation of Fed. Res. notes	193,540	194,239	138,523
Members' reserve deposits	249,513	246,064	220,312
Cash reserves	380,127	374,682	331,802
Reserve ratio	74.39	74.27	70.72

STATEMENT OF 41 REPORTING MEMBER BANKS: The chief items on the statements of 41 member banks in 12 Fifth district cities have been combined in the accompanying table, to show the composite condition of the reporting institutions on June 14, 1939, in comparison with May 10, 1939, and June 15, 1938. During the past month demand deposits rose \$9,000,000, but there was a small seasonal decline in time deposits, due to vacation withdrawals.

ITEMS	000 omitted		
	June 14 1939	May 10 1939	June 15 1938
Loans & discounts	\$240,659	\$241,819	\$233,061
Investments in securities	436,509	434,511	377,444
Reserve bal. with F. R. bank	158,683	159,331	142,014
Cash in vaults	20,178	20,065	16,793
Demand deposits	485,870	476,866	440,483
Time deposits	202,106	202,466	199,265
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore declined from the record figure of \$220,545,406 on April 30, 1939, to \$220,130,334 on May 31, but on the latter date were higher than \$219,376,413 on May 31, 1939. Mutual savings bank deposits usually decline in May, June and July on account of vacation spending.

EMPLOYMENT: The settlement of the dispute in bituminous coal fields in May restored employment conditions in the Fifth district to approximately the same level as in March. Such changes as have occurred since that time were upward, due to increased construction work. Industrial employment in the district has not changed materially in the past two or three months, except during the six weeks of the coal strike, but building is more active than in any other spring and early summer since 1930 and building tradesmen are, as a rule, fully employed at least part of the time. There is a surplus of common labor, however, and work for clerical and other white-collar workers has not increased appreciably. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from April to May:

STATES	Percentage change from April 1939 to May 1939	
	In number on payroll	In amount of payroll
Maryland	+ 0.3	+ 1.5
Dist. of Columbia	+ 0.3	+ 0.7
Virginia	- 1.7	+ 1.5
West Virginia	+28.2	+ 4.7
North Carolina	- 2.2	- 2.6
South Carolina	- 2.3	+ 0.1

DEBITS TO INDIVIDUAL ACCOUNTS: Debits to individual accounts in 24 Fifth district cities, reflecting transactions passing through the banks, rose 1 per cent in May over April of this year, and exceeded May 1938 figures by 8 per cent. Fourteen of the 24 cities showed higher figures in May 1939 than in April 1939, and 21 showed higher figures than in May 1938. Columbia, S. C., reported the largest increase for both periods, May 1939 figures being 26 per cent larger than those for April 1939 and 29 per cent above those for May 1938.

CITIES	000 omitted			% of Change Month	Year
	May 1939	April 1939	May 1938		
Maryland					
Baltimore	\$ 323,042	\$ 318,990	\$ 306,043	+ 1	+ 6
Cumberland	7,842	7,883	7,213	- 1	+ 9
Hagerstown	8,073	8,324	7,410	- 3	+ 9
Dist. of Col.					
Washington ..	253,197	256,489	232,636	- 1	+ 9
Virginia					
Danville	6,881	6,869	6,318	0	+ 9
Lynchburg	12,905	12,925	12,850	0	0
Newport News ..	8,974	8,411	7,784	+ 7	+15
Norfolk	46,246	46,941	41,473	- 1	+12
Portsmouth	4,437	4,336	3,775	+ 2	+18
Richmond	133,875	132,807	128,301	+ 1	+ 4
Roanoke	25,076	25,204	25,245	- 1	- 1
West Virginia					
Charleston	42,273	41,855	42,441	+ 1	0
Huntington	14,951	14,888	16,455	0	- 9
Parkersburg	9,739	.....	.....	..	..
North Carolina					
Asheville	11,905	11,389	11,020	+ 5	+ 8
Charlotte	58,051	55,815	47,497	+ 1	+22
Durham	26,337	21,834	24,413	+23	+10
Greensboro	18,769	17,729	16,117	+ 6	+16
Raleigh	37,352	37,586	32,587	- 1	+15
Wilmington	10,560	10,172	9,361	+ 4	+13
Winston-Salem ..	36,234	36,630	33,629	- 1	+ 8
South Carolina					
Charleston	16,984	17,669	16,248	- 4	+ 5
Columbia	31,521	25,072	24,474	+26	+29
Greenville	17,828	18,218	15,812	- 2	+13
Spartanburg	9,066	8,812	7,426	+ 3	+22
District Totals ..	1,162,879	\$1,146,848	\$1,076,528	+ 1	+ 8

Note: Parkersburg, W. Va., not included in Totals.

COMMERCIAL FAILURES: Bankruptcy figures in the Fifth district in May were fewer in number but higher in liabilities than in May 1938, reversing the trend shown in earlier months this year when failures were more numerous but liabilities were lower than in corresponding months last year. The average amount of liabilities per failure in the district was \$10,000 in the first 5 months of 1939, compared with nearly \$15,000 per failure in the corresponding period in 1938, a decrease of 33 per cent this year. The United States shows the same general trend, but the average decline was only 20 per cent in the Nation. Bankruptcy figures as reported by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1939	48	1,122	\$ 779,000	\$ 14,757,000
April 1939	55	1,140	525,000	17,492,000
May 1938	58	1,123	756,000	19,139,000
5 Months, 1939	295	5,611	\$2,951,000	\$ 82,074,000
5 Months, 1938	260	5,988	3,894,000	123,054,000

REGISTRATIONS OF NEW AUTOMOBILES: Sales of new passenger cars declined slightly in the Fifth district in May, but exceeded May 1938 sales by 57 per cent, and total sales this calendar year through May were 47 per cent larger than sales in the first 5 months of 1938. South Carolina continues to lead the district in improvement with a total gain of 76 per cent for the first 5 months of this year over the corresponding period last year. The following registration figures for new cars were furnished by *R. L. Polk & Co.*, of Detroit:

Registration of New Passenger Cars

STATES	May 1939	May 1938	% Change	5 Months 1939	5 Months 1938	% Change
Maryland	3,959	2,532	+56	17,123	11,246	+52
Dist. of Col. ...	2,567	1,735	+48	11,555	7,656	+51
Virginia	4,457	3,004	+48	17,735	13,615	+30
West Va.	2,167	1,479	+47	8,578	6,675	+29
No. Carolina ...	4,302	2,650	+62	18,828	12,383	+52
So. Carolina ...	2,370	1,191	+99	10,657	6,067	+76
District	19,822	12,591	+57	84,476	57,642	+47

CONSTRUCTION: Building and engineering work in the Fifth Reserve district continues to run ahead of any other recent year and is contributing to the maintenance of consumer purchasing power. Permits issued in May in 31 cities totaled \$11,524,997, an increase of 74 per cent over \$6,630,214 in May 1938, and total permits issued in the first 5 months of 1939 amounting to \$49,493,066 exceeded valuation of \$34,367,546 in the first 5 months of 1938 by 44 per cent. Washington led all cities in valuation of permits in May with \$5,370,530, followed by Baltimore with \$1,367,118, Columbia with \$937,635, Durham with \$526,705, and Winston-Salem with \$487,350. Twenty-two of the 31 cities reported higher figures for May 1939 than for May 1938.

Contract awards in the Fifth district in May 1939 totaling \$31,619,000 showed a decline from \$42,008,000 awarded in April, but exceeded May 1938 contracts, amounting to \$21,152,000, by 49 per cent. Total awards in the first 5 months of 1939 amounting to \$157,239,000 were 50 per cent higher than awards in the same period last year, and in fact were higher than in the corresponding period of any other year since 1930. Figures collected by the *F. W. Dodge Corporation* by states for May 1939 and 1938 on construction contracts actually awarded are as follows:

STATES	May 1939	May 1938	% Change
Maryland	\$ 7,491,000	\$ 3,324,000	+125
Dist. of Columbia	6,027,000	4,611,000	+31
Virginia	5,824,000	3,801,000	+53
West Virginia	3,276,000*	2,320,000*	+41
North Carolina	6,102,000	5,231,000	+17
South Carolina	3,339,000	2,186,000	+53
Fifth District	\$32,059,000*	\$21,473,000*	+49

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

COAL: Since the settlement of the coal shutdown in mid-May, weekly production of bituminous coal has been higher than usual for this season of the year, due to the necessity for rebuilding reserves pulled down during the six weeks' idleness. However, since the trouble was not settled until the middle of May, output for that month totaled only 17,880,000 net tons, against 21,321,000 tons mined in May 1938. Total production this calendar year of 133,357,000 tons exceeds 128,127,000 tons mined in the first 5 months of 1938. Shipments of coal through Hampton Roads ports this year to June 10 totaled 7,820,467 tons, compared with 7,525,471 tons shipped in the same period last year.

COTTON TEXTILES: The daily rate of domestic mill activity slackened somewhat during May but there were three more working days in that month than in April and therefore cotton consumption in the Fifth district rose by 12.5 per cent in the later month. There were some advances in cloth prices in May and in a few constructions mill margins widened slightly in spite of higher cotton prices. In the last week in May and the first week in June sales of unfinished cotton cloth exceeded mill output.

Print cloth sales were substantially larger than production and stocks were reduced. Sales of finished goods also were reported active. However, around the middle of June recessions occurred in sales of unfinished cloth and yarn, although finished goods continued active and prices strengthened. Consumption of cotton by states in the Fifth district in May 1939, April 1939, and May 1938, in bales, is shown below:

MONTHS	No. Carolina	So. Carolina	Virginia	District
May 1939	159,984	120,746	11,556	292,286
April 1939	140,596	108,766	10,433	259,795
May 1938	112,139	80,354	10,154	202,647
5 Months, 1939	775,360	587,598	58,264	1,421,222
5 Months, 1938	586,143	442,606	54,361	1,083,110

RAYON: Shipments of rayon yarn to domestic consumers in May totaled 25,900,000 pounds, an increase of 12 per cent over the April figure of 23,100,000 pounds, and 60 per cent above the 16,200,000 pounds shipped in May 1938. Shipments exceeded production in May, and inventories of yarn declined during the month from 43,400,000 pounds to 41,500,000 pounds. At the end of May last year reserve stocks amounted to 67,800,000 pounds. At mid-May two manufacturers raised prices on certain fine yarns, and the trade expects further price changes on fine denier yarns to bring them into line with the higher costs of making them in comparison with the coarser deniers.

An annual study of world rayon production was included in *Rayon Organon* for June. Production of yarn plus staple fiber totaled 1,948,045,000 pounds in 1938, an increase of 7 per cent over 1937 production and a new record. However, for the first time in 24 years production of rayon filament yarn declined from 1937 to 1938, the new record being due to an increase of 55 per cent in production of staple fiber. Certain countries, notably those included in the "nationalistic" category, intensified their efforts during 1938 to build up staple fiber production to make up for the lack of adequate supplies of cotton and wool. Staple fiber made up over 60 per cent of all rayon production in Germany, Japan and Italy, but was only about 22 per cent of total production in Great Britain, 15 per cent in France, and 10 per cent in the United States.

COTTON: Chiefly due to a scarcity of cotton suitable for spinning outside Government loan stocks, spot cotton continued to advance from 9.05 cents per pound on May 12 to 9.58 cents on June 9, but at or near the latter price

Cotton Consumed and On Hand

	(Bales)		
	May 1939	May 1938	Aug. 1 to May 31 This Year Last Year
Fifth district States:			
Cotton consumed	292,286	202,647	2,769,841 2,378,400
Cotton growing states:			
Cotton consumed	516,324	356,688	4,877,502 4,123,631
Cotton on hand May 31 in			
Consuming establishments ..	976,918	1,315,401	.....
Storage & compresses	12,323,962	9,967,036	.....
United States:			
Cotton consumed	605,353	426,149	5,755,393 4,856,482
Cotton on hand May 31 in			
Consuming establishments ..	1,175,290	1,581,433	.....
Storage & compresses	12,369,578	10,051,704	.....
Exports of cotton	142,577	193,002	3,106,675 5,226,831
Spindles active, U. S.	21,975,222	21,341,846	.....

farmers withdrew something like 200,000 bales from loan stocks and sold the cotton on the market. This eased the demand to some extent and the average price for middling

grade spot cotton on Southern markets declined to 9.47 cents on June 16. On June 17, 1938, the average price was 8.43 cents. No official data are available on prospects for the 1939 cotton crop, but unofficial reports indicate that the crop has made about an average start on approximately the same acreage as in 1938.

TOBACCO MANUFACTURERS: All forms of tobacco manufacturing increased in May over April, and also exceeded May 1938 output, according to figures released by the Bureau of Internal Revenue on June 22. Figures for May this year and last were as follows:

	May 1939	May 1938	% Change
Smoking & Chewing Tobacco, Pounds	26,973,918	25,800,026	+ 5
Cigarettes, Number	15,445,195,753	14,423,650,620	+ 7
Cigars, Number	470,579,558	417,137,506	+13
Snuff, Pounds	3,525,026	3,120,500	+13

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales		Stocks		Ratio May collections to accounts outstanding May 1
	May 1939	Jan. 1 to date compared with same period last year	May 31, 1939	compared with May 31 Apr. 30 1939	
Richmond (3) .	+12.9	+ 1.3	+ 3.2	+ 3.6	33.2
Baltimore (8) .	+15.1	+ 1.1	- 4.0	- 2.8	32.9
Washington (6)	+18.8	+ 5.0	- 1.6	- 3.7	29.7
Other Cities (13)	+11.6	+ 3.7	+ 5.7	- 1.4	29.4
District (30)..	+16.1	+ 3.0	- 1.1	- 2.2	31.1
Same stores by States, with 27 stores added:					
Virginia (13) ..	+14.4	+ 1.8			
West Va. (10)..	+15.0	+ .8			
No. Carolina (8)	+ 8.4	+ 5.1			
So. Carolina (12)	+12.2	+10.5			

RETAIL FURNITURE SALES:

STATES	% Change in Sales, May and 5 Months 1939	
	Compared with May 1938	Compared with 5 Months 1938
Maryland, 10 stores	+17	+ 0
Dist. of Col., 7 stores	+21	+ 6
Virginia, 10 stores	+15	+ 6
North Carolina, 3 stores	+28	+16
South Carolina, 7 stores	+54	+18
District, 38 stores*	+21	+ 5
Individual Cities:		
Baltimore, 10 stores	+17	+ 0
Columbia, 3 stores	+ 3	- 9
Richmond, 5 stores	+ 8	- 1
Washington, 7 stores	+21	+ 6

* Includes 1 W. Va. Store.

WHOLESALE TRADE, 204 FIRMS:

LINES	Net Sales		Stocks		Ratio May collections to accounts outstanding May 1
	May 1939	compared with May 1938	May 31, 1939	compared with Apr. 30 1939	
Auto Supplies (7).....	+54	- 3	0	- 3	69
Shoes (5)	+11	-15	+24	- 7	61
Drugs (11)	+12	+ 5	+ 3	- 5	83
Dry Goods (9)	+ 9	+23	-20	- 6	42
Electrical Goods (15)..	+34	+10	- 4	+ 3	83
Groceries (70)	+ 6	+11	+ 5	- 5	88
Hardware (21)	+22	+14	- 2	- 4	47
Indus. Supplies (11) ..	+ 6	+18	- 2	0	49
Plumbing & Heating (4)	+12	+35	..	..	55
Paper & Products (7) ..	+13	+ 5	-15	- 1	87
Tobacco & Products (10)	+14	+ 9	- 3	+ 3	82
Miscellaneous (34)	+ 6	+12	+ 3	- 3	69
Average (204)	+12	+ 9	+ 3	- 4	67

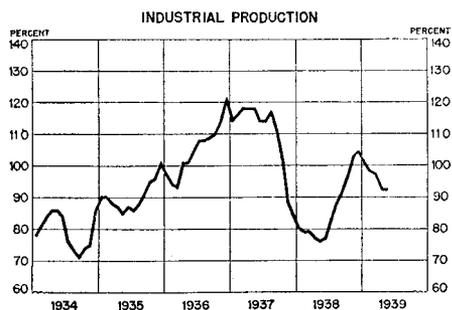
AGRICULTURAL NOTES: In Maryland excessive rainfall in April, followed by the dryest May since 1911, damaged growing crops and made land preparation difficult. Corn planting was delayed to such an extent that the intended acreage may not be put in. Wheat prospects declined ½ bushel per acre during May but remained slightly above 10-year average. Oats, barley and hay, while in poorer condition than a year ago, are about up to the 1928-1937 June 1 average, and the peach crop is better than either last year or the 10-year average. Virginia crop prospects declined rapidly during May as the dry, cool weather was unfavorable for most crops. Truck crops, especially early potatoes, green peas and snap beans, were seriously injured, and growth of farm gardens, hay crops and pastures were greatly retarded. On the other hand, weather conditions were favorable for small grains such as wheat, barley and rye. General rains on June 1 were very bene-

ficial and there has been great improvement in all crops since that date. Fruit prospects are not as good as had been expected earlier in the season, peaches being about 25 per cent below 10-year average and apples about 1 per cent below. West Virginia suffered from lack of rain in May but general rains since June 1 improved prospects. Wheat declined in May, but on June 1 the condition was a little better than average, but oats showed the second lowest June 1 condition figure since 1924. Pastures are very poor, but prospects for apples are better than a year ago and about equal to the 10-year average. The Carolinas on the whole have better crop prospects than the states in the upper section of the Fifth district, dry weather in May having done less damage. Grains and hay turned out better than in average years, and the crops hit hardest by unfavorable weather, such as fruits, are less important in the Carolinas than in some other Fifth district states.

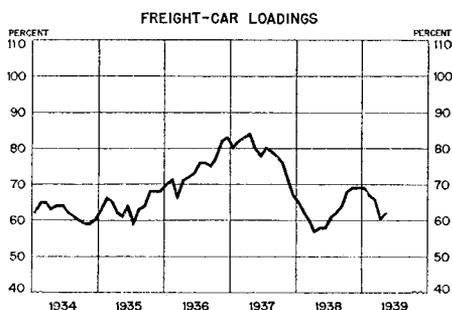
(Compiled June 21, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

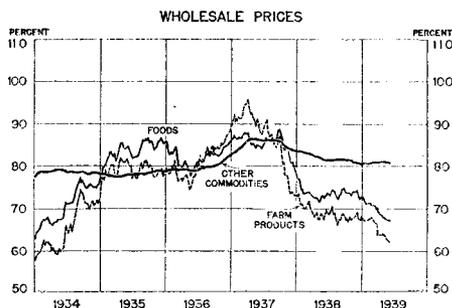
(Compiled by the Board of Governors of the Federal Reserve System)



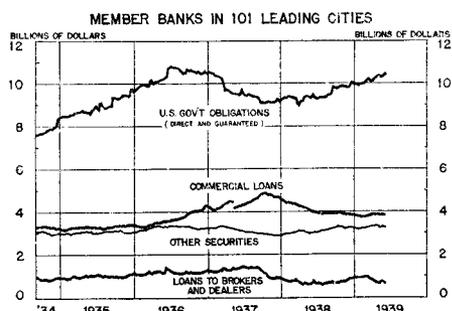
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to May 1939.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to May 1939.



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to June 17, 1939.



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to June 14, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial production, which had been receding on a seasonally adjusted basis during the first four months of this year, showed little change in May and increased considerably in the first three weeks of June. The advance reflected principally larger output of steel and coal, which had previously shown considerable declines.

PRODUCTION

In May the Board's seasonally adjusted index of industrial production was at 92 per cent of the 1923-1925 average, the same as in April. Volume of manufacturing production declined somewhat further, owing chiefly to reductions in output of steel and automobiles, but mineral production increased as most bituminous coal mines were reopened after the middle of the month.

Steel ingot production, which had been at an average rate of 52 per cent of capacity in April, declined to 45 per cent in the third week of May. About this time prices of some types of steel were reduced considerably and orders were placed in substantial volume. Subsequently steel output increased and the current rate is about 55 per cent of capacity, approximately the level maintained during the first quarter of this year.

In the automobile industry output was reduced by about one-fifth at the beginning of May, and in the latter part of the month there was further curtailment partly as a result of a strike at a body plant which led to the closing of most assembly lines of one major producer. In the early part of June the strike was settled and by the middle of the month output had risen to a level higher than that prevailing during most of May. Lumber production increased further in May following less than the usual seasonal rise during the first quarter of this year.

Output of nondurable manufactures in the aggregate was at about the same rate in May as in April. At woolen mills activity increased sharply, following a decline in April, and at cotton and rayon mills output was maintained. Mill consumption of raw silk showed a further sharp decline. At meat-packing establishments output increased more than seasonally, and as in March and April was considerably larger than a year ago, reflecting a sharp increase in the number of hogs slaughtered. Flour production continued in larger volume than is usual at this season, while at sugar refineries there was a decrease in output.

Mineral production increased in May owing chiefly to the reopening of most bituminous coal mines. Anthracite production, which had been in large volume in April, declined in May, while output of crude petroleum increased somewhat further.

Value of residential building contracts, which had shown a considerable decline in April, increased in May, according to figures of the F. W. Dodge Corporation. Public residential awards were higher owing to a greater volume of United States Housing Authority projects; private awards also increased but on a seasonally adjusted basis were below the high level reached in February and March. Contracts for both public and private nonresidential construction declined in May, following increases in the preceding two months.

EMPLOYMENT

Factory employment and pay rolls showed little change from the middle of April to the middle of May, according to reports for a number of States.

DISTRIBUTION

Department store sales declined from April to May, while sales at variety stores and by mail order houses showed little change. In the first two weeks of June department store sales increased.

Freight-car loadings increased in the latter half of May, reflecting chiefly expansion in coal shipments. In the first half of June loadings of coal increased further and shipments of other classes of freight also were in larger volume.

COMMODITY PRICES

Prices of industrial materials, such as steel scrap, hides, wool and print cloths, advanced somewhat from the middle of May to the third week of June. Wheat, silk, and coal prices declined early in June, following increases in May, and there were further declines in prices of livestock and meats.

BANK CREDIT

During the four weeks ending June 14 total loans and investments at member banks in 101 leading cities increased by \$270,000,000, following a decline of \$200,000,000 in the preceding four weeks. The major increase was in holdings of Treasury notes and bonds at New York City banks. Demand deposits increased sharply to new high levels both in New York and in the leading cities outside New York.

During the first three weeks of June excess reserves of member banks showed little change from the new high level of \$4,300,000,000 reached on May 24. Continued gold imports largely went into earmarked gold and into balances held for foreign account at the Federal Reserve banks.

MONEY RATES

Prices of United States Government securities, which had advanced sharply from April 11 to June 5, reaching a new high level, eased slightly during the next two weeks. The yield on the longest-term Treasury bond outstanding declined from 2.49 per cent on April 11 to 2.26 per cent on June 5 and increased to 2.32 per cent on June 19. Other money rates showed little change.