

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1939

	May 1939	June 1939	June 1938	% Change	
				Month	Year
Debits to individual accounts (24 cities).....	\$1,162,879,000	\$1,290,739,000	\$1,177,683,000	+11	+10
Number of business failures, 5th district.....	48	36	58	-25	-38
Liabilities in failures, 5th district.....	\$ 779,000	\$ 714,000	\$ 840,000	- 8	-15
Sales, 30 department stores, 5th district.....	\$ 9,989,266	\$ 9,143,000	\$ 8,958,690	- 8	+ 2
Sales, 37 furniture stores, 5th district.....	\$ 1,123,450	\$ 1,073,893	\$ 1,030,267	- 4	+ 4
Sales, 198 wholesale firms, 5th district.....	\$ 11,519,000	\$ 11,413,000	\$ 10,029,000	- 1	+14
Registrations, new passenger autos, 5th district.....	19,822	18,177	12,443	- 8	+46
Value of building permits, 31 cities.....	\$ 11,524,997	\$ 11,843,892	\$ 6,985,851	+ 3	+70
Value of contracts awarded, 5th district.....	\$ 31,619,000	\$ 46,154,000	\$ 29,981,000	+46	+54
Cotton consumption, 5th district (Bales).....	292,286	274,367	218,536	- 6	+26
Spot cotton price, ¢ per lb., end of month.....	9.40	9.33	8.98	- 1	+ 4
Print cloths, 38½ in., 64x60s, end of month.....	4.25	4.625	4.625	+ 9	0
Rayon yarn shipments, U. S. (Pounds).....	25,900,000	32,900,000	18,100,000	+27	+82
Rayon yarn stocks, U. S. (Pounds).....	41,500,000	32,800,000	67,000,000	-21	-51
Soft coal mined, U. S. (Tons).....	17,880,000	28,506,000	22,507,000	+59	+27

ALL important indicators of trade and industry in the Fifth Reserve district showed improvement in June as compared with June 1938, and practically all of them also compared favorably with May 1939 figures, if seasonal trends be taken into account. The most outstanding improvement in June over June last year was in construction, which rose 70 per cent in value of building permits issued and 54 per cent in contracts actually awarded. Much of the large volume of construction work is partly financed by Federal grants or loans, and Federal insurance of loans through the FHA has also been an important factor in stimulating residential building.

Employment is better than in any other July in several years, not only in construction fields but also in textile plants, coal mines, tobacco factories, and many less important industries. Retail trade as reflected in department store sales, furniture sales and registrations of new passenger automobiles is running considerably above the levels of this time last year.

Coal mines are unusually busy for this season, working to rebuild reserve stocks which were pulled down during the April and May shut-down in bituminous fields. Output of tobacco factories in June was very large, and production of cigarettes numbering 16,594,511,013 set a new record for a single month. Debits to individual accounts, reflecting transactions through banks, were 10 per cent higher in June this year than in June 1938, and increased more than seasonal average over debits in May this year.

At the moment the most serious obstacle in the district to a continuation of present conditions for several months appears to be the position in which the tobacco planters find themselves. This year the tobacco growers planted a very large acreage, and forecasts of probable production now indicate a yield of 971,275,000 pounds in the Fifth district, an increase of 30 per cent over the 1938 crop and 39 per cent above the 10-year average yield. With adequate reserve stocks of tobacco already on hand, this year's record yield is expected to result in materially lower prices, and this in turn may adversely affect fall and winter trade in tobacco growing areas.

RESERVE BANK STATEMENT: Certain important items on the statement of the Federal Reserve Bank of Richmond on July 15, 1939, compare as follows with the corresponding figures a month and a year earlier:

ITEMS	000 omitted		
	July 15 1939	June 15 1939	July 15 1938
Discounts held	\$ 525	\$ 365	\$ 692
Open market paper	24	24	23
Foreign loans on gold	87	0	0
Industrial advances	1,153	1,169	1,490
Government securities	140,527	134,227	127,224
Total earning assets	\$142,316	\$135,785	\$129,429
Circulation of Fed. Res. notes	196,706	193,540	189,571
Members' reserve deposits	248,945	249,513	206,975
Cash reserves	364,133	380,127	319,872
Reserve ratio	72.16	74.39	72.06

STATEMENT OF 41 REPORTING MEMBER BANKS: Figures on the composite statement of 41 member banks in 12 Fifth district cities show no significant changes during the past month, but all items rose during the past year. The advances in loans and discounts, cash in vaults and time deposits were small, but material increases occurred in investments, reserve balances and demand deposits.

ITEMS	000 omitted		
	July 12 1939	June 14 1939	July 13 1938
Loans & discounts	\$241,625	\$240,659	\$229,016
Investments in securities	427,173	436,509	379,721
Reserve bal. with F. R. bank	156,071	158,683	131,787
Cash in vaults	21,631	20,178	19,211
Demand deposits	488,948	485,870	433,280
Time deposits	200,133	202,106	198,459
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore rose slightly during June, and at the end of the month totaled \$220,303,545, compared with \$220,130,334 on May 31, 1939, and \$219,222,718 on June 30, 1938. Last year vacation withdrawals caused mutual savings bank deposits to decline in June.

DEBITS TO INDIVIDUAL ACCOUNTS: Debits to individual, firm and corporation accounts in the banks of 24 Fifth

CITIES	000 omitted			% of Change	
	June 1939	May 1939	June 1938	Month	Year
Maryland					
Baltimore	\$ 368,367	\$ 323,042	\$ 334,683	+14	+10
Cumberland	8,837	7,842	8,316	+13	+6
Hagerstown	9,223	8,073	8,309	+14	+11
Dist. of Columbia					
Washington	294,531	253,197	278,184	+16	+6
Virginia					
Danville	7,525	6,881	6,962	+9	+8
Lynchburg	13,823	12,905	13,309	+7	+4
Newport News ..	9,794	8,974	7,941	+9	+23
Norfolk	50,629	46,246	45,409	+9	+11
Portsmouth	4,671	4,437	4,069	+5	+15
Richmond	148,304	133,875	136,609	+11	+9
Roanoke	26,784	25,076	23,749	+7	+13
West Virginia					
Charleston	46,403	42,273	43,856	+10	+6
Huntington	15,761	14,951	18,129	+5	-13
Parkersburg	9,756	9,739	.....	0	..
North Carolina					
Asheville	12,106	11,905	10,335	+2	+17
Charlotte	60,558	58,051	50,884	+4	+19
Durham	32,033	26,837	26,466	+19	+21
Greensboro	19,612	18,769	16,111	+4	+22
Raleigh	40,438	37,352	37,664	+8	+7
Wilmington	11,386	10,560	10,171	+8	+12
Winston-Salem ..	39,689	36,234	34,655	+10	+15
South Carolina					
Charleston	17,987	16,984	16,515	+6	+9
Columbia	25,322	31,521	22,518	-20	+12
Greenville	17,718	17,828	14,989	-1	+18
Spartanburg	9,238	9,066	7,850	+2	+18
District Totals ..	\$1,290,739	\$1,162,879	\$1,177,683	+11	+10

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

district cities in June 1939 rose 10 per cent above debits in June 1938, the largest increase reported for any month in two years. Every city except Huntington, W. Va., showed higher figures for the 1939 month. June figures also exceeded those for May 1939 by 11 per cent, all cities gaining except Columbia and Greenville, S. C. June debits nearly always exceed those of May, due to the influence of semi-annual payments on July 1, but the increase this year was the second largest for any June in eight years.

EMPLOYMENT: No important changes in employment occurred in the Fifth district in June or the first half of July, the number of employees remaining at about the same level as in the last half of May after the trouble in the bituminous coal fields was settled. 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 May to June:

STATES	Percentage change from May 1939 to June 1939	
	in number of payroll	in amount of payroll
Maryland	+ 1.6	+ 4.8
Dist. of Columbia	+ 0.4	+ 0.6
Virginia	+ 3.5	+ 5.8
West Virginia	+25.6	+66.2
North Carolina	- 1.4	- 1.4
South Carolina	+ 0.3	0.0

COMMERCIAL FAILURES: Insolvencies in the Fifth district in June were fewer in number and lower in liabilities involved than in either May 1939 or June 1938. In the first half of 1939, however, failures exceeded those of 1938 by 4 per cent, although liabilities this year were 23 per cent lower. Bankruptcy figures as reported by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1939	36	952	\$ 714,000	\$ 11,609,000
May 1939	48	1,122	779,000	14,757,000
June 1938	58	1,073	840,000	15,918,000
6 Months, 1939	331	6,563	\$3,665,000	\$ 93,683,000
6 Months, 1938	318	7,061	4,734,000	138,972,000

REGISTRATIONS OF NEW AUTOMOBILES: Registration figures on new passenger cars are not quite complete for June, some figures not clearing in West Virginia due to extra work incident to closing of the fiscal year. Incomplete registration figures show a continuation of the gains made in earlier months this year over corresponding months in 1938, with South Carolina leading all Fifth district states in improvement. The following registration figures for new cars were furnished by *R. L. Polk & Co.*, of Detroit:

STATES	Registration of New Passenger Cars			6 Months 1939	6 Months 1938	% Change
	June 1939	June 1938	% Change			
Maryland	3,523	2,339	+51	20,646	13,585	+52
Dist. of Col. ...	2,520	1,643	+53	14,075	9,299	+51
Virginia	4,321	2,851	+52	22,056	16,466	+34
West Va.	1,968*	2,116	-7	10,546*	8,791	+20
No. Carolina ...	3,591	2,297	+56	22,419	14,680	+53
So. Carolina ...	2,254	1,197	+88	12,911	7,264	+78
District	18,177	12,443	+46	102,653	70,085	+46

* West Virginia figures for June 1939 not complete.

CONSTRUCTION: Construction work continues at the highest level in many years in the Fifth Reserve district, the value of building permits issued in 31 cities in June being the second highest for any month since April 1930 and contracts actually awarded in the district last month total-

ing more than in any other month since July 1929. Permits issued in 31 cities in June totaled \$11,843,892, an increase of 70 per cent over \$6,985,851 for permits issued in June 1938, and permits issued in the first 6 months of this year amounting to \$61,336,958 show a gain of 48 per cent over permits totaling \$41,353,397 in the first half of 1938. The leading cities in June permits were Washington with \$3,756,685, Richmond \$2,030,596, Columbia \$1,165,875, Baltimore \$1,137,228, and Charleston, W. Va., \$889,325. Contracts awarded for all types of construction work in the Fifth district in June totaled \$46,154,000, an increase of 54 per cent over \$29,981,000 awarded in June last year. Total contract awards in the first 6 months of 1939 amounted to \$203,393,000, a gain of 51 per cent over awards totaling \$134,496,000 in the first 6 months of 1938, and the highest figure for the first half of any year since 1930. Figures collected by the *F. W. Dodge Corporation* by states for June 1939 and 1938 on construction contracts actually awarded in the Fifth Reserve district are as follows:

STATES	June 1939	June 1938	% Change
Maryland	\$ 9,556,000	\$ 5,879,000	+ 63
Dist. of Col.	18,858,000	8,016,000	+135
Virginia	6,632,000	6,929,000	- 4
West Virginia	3,488,000*	2,201,000*	+ 58
North Carolina	6,303,000	5,323,000	+ 18
South Carolina	1,811,000	1,948,000	- 7
Fifth District	\$46,648,000	\$30,296,000	+ 54

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

COAL: Bituminous coal mined in the United States in June 1939 totaled 28,506,000 net tons, with a daily average of 1,096,000 tons, against June 1938 production of 22,507,000 tons and a daily average of 866,000 tons. Total production this calendar year through June of 161,863,000 tons exceeded 150,634,000 tons mined in the first half of 1938. Production of coal in June was relatively high, due to the necessity of replenishing stocks which were drawn upon in April and May while miners were idle. On April 1, when the suspension began, reserves of bituminous coal in the hands of commercial consumers amounted to 40,505,000 tons, but by May 15, when operations were resumed, stocks had dropped to the lowest point in many years, and rose to only 25,280,000 tons by June 1. Shipments of coal through Hampton Roads ports this year to July 8 totaled 9,268,879 tons, against 8,577,113 tons shipped to the same date in 1938.

COTTON TEXTILES: Cotton mill activity was slightly lower in June than in May and declined somewhat further in the first half of July, but continued materially above the level of operations in 1938. Prices of textile products advanced between June 1 and mid-July, and mill margins widened slightly. Manufacturers are reported to have formed a voluntary plan to reduce print cloth output by 25 per cent during July, August and September, and this is expected to reduce total mill weavings of cotton by about 10 per cent during the summer. Consumption of cotton by states in the Fifth district in June 1939, May 1939, and June 1938, in bales, is shown below:

MONTHS	No. Carolina	So. Carolina	Virginia	District
June 1939	147,640	117,442	9,285	274,367
May 1939	159,984	120,746	11,556	292,286
June 1938	115,152	93,927	9,457	218,536
6 Months, 1939	923,000	705,040	67,549	1,695,589
6 Months, 1938	701,295	536,533	63,818	1,301,646

RAYON: Shipments of rayon yarn to domestic consumers in June totaled 32,900,000 pounds as compared with 25,900,000 pounds in May 1939 and 18,100,000 pounds in June 1938. *Rayon Organon* for July says that the high June shipments reflected a desire of fabricators to assure themselves of adequate yarn supplies preparatory to the opening of the heavy seasonal production schedules on fall goods. Shipments of yarn exceeded production in June, and a substantial decline occurred in producers' yarn stocks from 41,500,000 pounds at the end of May to 32,800,000 pounds on June 30. On June 30, 1938, stocks totaled 67,000,000 pounds. In the first 6 months of 1939 shipments of 161,100,000 pounds of rayon yarn set a new record and is 62 per cent above 99,400,000 pounds shipped in the first half of 1938. A factor especially favoring rayon has been increased business obtained because of the continuing high level of raw silk prices, and another factor is a steady rise in the use of rayon in combination with cotton and wool.

COTTON: Spot cotton prices, which had advanced sharply in May and the first half of June, fluctuated considerably in late June and early July. From an average of 9.47 cents per pound on June 16 for middling grade upland cotton on 10 Southern spot markets, the price rose to 9.58 cents on June 23, dropped to 9.33 cents on June 30, rose again to 9.57 cents on July 7, and dropped to 9.41 cents on July 14, the latest available figure. These quotations were high enough to cause some withdrawal of cotton from Government loan stocks.

On July 8, the Department of Agriculture reported the 1939 cotton acreage at 24,943,000 acres, 99.7 per cent of the 1938 planting of 25,018,000 acres, from which a yield of 11,944,340 running bales was ginned. In the Fifth district, South Carolina acreage is the same this year as last, but North Carolina acreage decreased 11 per cent this year and Virginia acreage declined 15 per cent. No official data on the condition of this year's crop will be available until August 8.

	Cotton Consumed and On Hand			
	(Bales)			
	June 1939	June 1938	Aug. 1 to June 30 This Year	June 30 Last Year
Fifth district states:				
Cotton consumed	274,367	218,536	3,044,208	2,596,936
Cotton growing states:				
Cotton consumed	489,764	375,849	5,367,266	4,499,480
Cotton on hand June 30 in				
Consuming establishments ..	826,065	1,162,375	.....	.....
Storage & compresses	11,905,819	9,642,206	.....	.....
United States:				
Cotton consumed	578,448	443,043	6,333,841	5,299,525
Cotton on hand June 30 in				
Consuming establishments ..	1,021,236	1,411,988	.....	.....
Storage & compresses	11,943,683	9,725,704	.....	.....
Exports of cotton	113,634	175,878	3,220,309	5,402,709
Spindles active, U. S.	21,788,286	21,142,408	.....	.....

TOBACCO MANUFACTURING: All forms of tobacco manufacturing except chewing and smoking tobacco increased in June 1939 over June 1938. Figures for the two months, released by the Bureau of Internal Revenue on July 22, are as follows:

	June 1939	June 1938	% Change
Smoking & Chewing			
Tobacco, Pounds	26,823,793	27,060,826	- 1
Cigarettes, Number	16,594,511,013	14,716,624,943	+13
Cigars, Number	486,721,353	477,443,494	+ 2
Snuff, Pounds	3,282,977	3,118,688	+ 5

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales June 1939 comp. with June 1938	Net Sales Jan. 1 to date compared with same period last year	Stocks June 30, 1939 compared with June 30 May 31 1938 1939		Ratio June collections to accounts outstanding June 1
Richmond (3) ...	+10.0	+ 2.8	+ 3.5	- 6.0	32.7
Baltimore (8) ...	- 1.2	+ 0.7	- 0.1	- 4.9	32.9
Washington (6) .	+ 2.0	+ 4.4	+ 3.8	- 5.4	29.2
Other Cities (13)	+ 4.9	+ 3.9	+ 7.1	- 6.0	28.2
District (30) ..	+ 2.1	+ 2.9	+ 2.7	- 5.3	30.7
Same stores by States, with 27 stores added:					
Virginia (13) ..	+10.3	+ 3.2			
West Va. (10) ..	+ 7.0	+ 1.8			
No. Carolina (8).	- 0.8	+ 4.2			
So. Carolina (12)	+10.4	+11.8			

RETAIL FURNITURE SALES:

STATES	% Change in Sales, June and 6 Months 1939 Compared with June 1938	
Maryland, 10 stores	+ 7	+ 1
Dist. of Col., 7 stores	-17	+ 2
Virginia, 10 stores	+26	+ 9
North Carolina, 4 stores	+13	+10
South Carolina, 6 stores	+51	+27
District, 37 stores	+ 4	+ 5
Individual Cities:		
Baltimore, 10 stores	+ 7	+ 1
Columbia, 3 stores	+ 5	- 6
Richmond, 5 stores	+20	+ 3
Washington, 7 stores	-17	+ 2

WHOLESALE TRADE, 198 FIRMS:

LINES	Net Sales June 1939 compared with June May 1938 1939		Stocks June 30, 1939 compared with June 30 May 31 1938 1939		Ratio June collections to accounts outstanding June 1
Auto Supplies (7)	+21	+ 7	0	- 8	69
Shoes (5)	+17	-34	+48	+15	58
Drugs (9)	+ 4	- 7	+ 5	0	92
Dry Goods (9)	+22	- 3	-18	- 7	41
Electrical Goods (18) ..	+56	+15	+27	0	78
Groceries (68)	+ 5	+ 2	+ 2	- 3	87
Hardware (20)	+26	- 5	- 1	- 1	46
Indus. Supplies (10) ...	+29	+22	- 7	- 8	57
Paper & Products (8) ..	+13	- 8	-12	- 1	64
Tobacco & Products (10)	+ 8	+ 3	-12	+ 2	90
Miscellaneous (34)	+ 4	+ 2	+ 2	+ 1	75
Total & Average (198)	+14	- 1	+ 5	0	67

CROP FORECASTS

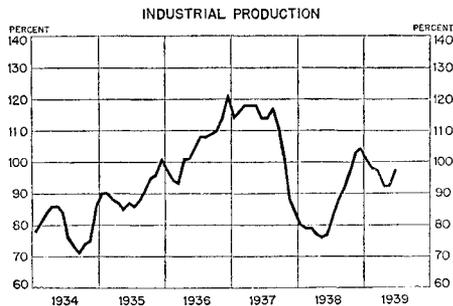
The following figures show forecasts of production based on July 1 conditions, compared with yields in 1938 and in the 10-year period 1928-1937, and percentage changes in acreage this year over or under 1938:

Wheat (Bushels)				
	% Change Acreage	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	-18	7,334,000	9,420,000	8,419,000
Virginia	-10	7,672,000	8,526,000	8,764,000
West Virginia	-10	2,030,000	2,340,000	1,983,000
North Carolina	-10	4,972,000	5,440,000	4,496,000
South Carolina	+14	2,013,000	1,771,000	1,054,000
Corn (Bushels)				
Maryland	+ 1	17,710,000	18,537,000	15,617,000
Virginia	0	34,080,000	34,775,000	32,225,000
West Virginia	+ 1	13,496,000	12,640,000	12,384,000
North Carolina	- 1	47,151,000	46,398,000	41,355,000
South Carolina	- 5	24,556,000	26,767,000	21,335,000
Oats (Bushels)				
Maryland	+ 5	1,161,000	1,312,000	1,364,000
Virginia	+10	1,919,000	1,978,000	2,287,000
West Virginia	-15	1,387,000	1,806,000	2,218,000
North Carolina	+ 4	5,786,000	5,566,000	3,906,000
South Carolina	+ 7	11,750,000	10,648,000	8,488,000
Hay (Tons)				
Maryland	+ 1	491,000	543,000	464,000
Virginia	+ 1	904,000	1,138,000	916,000
West Virginia	+ 1	654,000	802,000	645,000
North Carolina	- 1	810,000	863,000	654,000
South Carolina	+ 1	419,000	431,000	338,000
Irish Potatoes (Bushels)				
Maryland	- 4	2,500,000	2,990,000	3,257,000
Virginia	0	7,110,000	10,349,000	12,352,000
West Virginia	- 3	2,325,000	2,720,000	3,109,000
North Carolina	+10	8,700,000	8,690,000	8,028,000
South Carolina	+17	3,108,000	2,784,000	2,476,000
Sweet Potatoes (Bushels)				
Maryland	0	1,360,000	1,040,000	1,156,000
Virginia	0	3,910,000	3,570,000	4,285,000
North Carolina	0	8,748,000	8,748,000	7,896,000
South Carolina	+ 5	6,210,000	6,468,000	4,965,000
Tobacco (Pounds)				
Maryland	+ 1	26,530,000	29,250,000	25,217,000
Virginia	+16	119,775,000	98,906,000	98,075,000
West Virginia	- 6	2,025,000	2,208,000	3,400,000
North Carolina	+21	701,070,000	516,850,000	493,927,000
South Carolina	+20	121,875,000	98,800,000	79,624,000
Peanut Condition, July 1				
Virginia	+ 5	79	75	80
North Carolina	+ 5	79	75	76
South Carolina	+ 6	78	69	68
Pasture Condition, July 1				
Maryland .....	..	77	84	76
Virginia .....	..	72	92	78
West Virginia .....	..	76	93	73
North Carolina .....	..	79	92	75
South Carolina .....	..	68	80	67

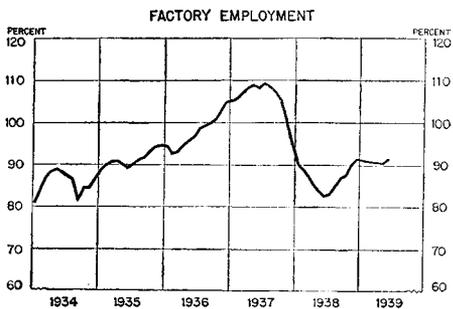
(Compiled July 21, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

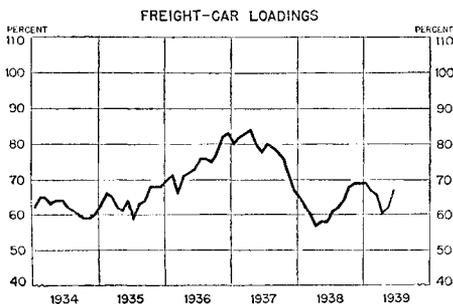
(Compiled by the Board of Governors of the Federal Reserve System)



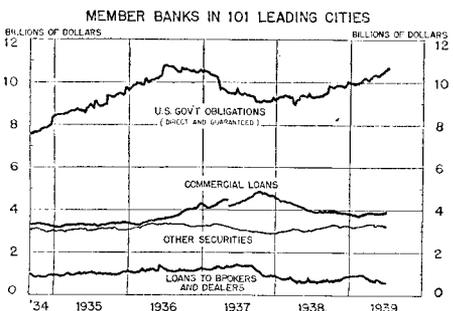
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to June 1939.



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



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



Wednesday figures for reporting member banks in 101 leading cities, Sept. 5, 1934, to July 12, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other Loans" as then reported.

Output of factories and mines increased in June reflecting chiefly sharp expansion at steel mills and bituminous coal mines. In the first half of July industrial activity was generally maintained.

PRODUCTION

The Board's seasonally adjusted index of industrial production advanced to 97 in June as compared with 92 in April and May.

At steel mills output increased from a rate of 45 per cent of capacity in the third week of May to 54 at the end of June and to 56 in the third week of July. Automobile production, which had declined in May, showed some increase in June when a decline is customary. In the first three weeks of July automobile output was at a lower rate, reflecting in part curtailment preparatory to the change-over to new models. Plate glass production rose considerably in June. Output of lumber, which usually shows some increase over May, was unchanged. Among nondurable goods industries woolen mills showed increased activity in June, and activity at cotton and silk mills was maintained though declines are usual at this season. Meat-packing was lower than in May.

Mineral production increased considerably in June reflecting a sharp rise in output at bituminous coal mines which had been closed during April and the first half of May. Production of anthracite declined from May to June and there was some reduction in output of petroleum.

Value of construction contracts awarded declined in June, according to F. W. Dodge Corporation figures, reflecting chiefly a greater than seasonal decrease in private residential building. Contracts awarded for public residential construction, principally for United States Housing Authority projects, were maintained at the advanced level reached in May, while public construction other than residential showed a small decline.

EMPLOYMENT

Factory employment and pay rolls increased somewhat from the middle of May to the middle of June according to reports from a number of important industrial States. There was a sharp expansion in employment at bituminous coal mines following the reopening of the mines in the middle of May, and the number employed on the railroads increased more than seasonally from May to June.

DISTRIBUTION

Department store sales showed a less than seasonal decline from May to June and the Board's adjusted index advanced from 85 to 86, which compares with a level of 88 during the first four months of the year. Sales at variety stores and by mail order houses showed little change.

Freight-car loadings increased more than seasonally in June reflecting a sharp rise in shipments of coal and smaller increases in shipments of grain and miscellaneous freight.

COMMODITY PRICES

Prices of hides, silk, steel scrap, copper, and some other industrial materials advanced from the middle of June to the third week of July, while some farm products, particularly grains, declined. Prices of most other commodities showed little change.

AGRICULTURE

A total wheat crop of 716,655,000 bushels was indicated on the basis of July 1 conditions, according to the Department of Agriculture. This would be much smaller than last year's large crop and somewhat below the 1928-1937 average. Cotton acreage in cultivation was estimated to be about the same as last year but one-third less than the 10-year average. A record tobacco crop is indicated. Most other major crops are expected to approximate last year's harvests and are generally larger than average.

BANK CREDIT

Total loans and investments of member banks in 101 leading cities continued to increase during the four weeks ending July 12, reflecting largely purchases of United States Government securities. Commercial loans, which had shown little change in recent months, increased slightly. Deposits and reserves at these banks rose to new high levels in July, reflecting continued gold imports and Treasury disbursements from its balances at the Reserve banks.

MONEY RATES

Prices of United States Government securities, which had declined somewhat during June, recovered part of the loss in July. The longest-term Treasury bond outstanding showed a yield of 2.31 per cent on July 20, as compared with a record low of 2.26 on June 5. Open-market money rates showed little change.