

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1939

Summary of October Business Conditions

AS the fall season advances and holiday shopping begins, distribution of goods to consumers takes on greater importance. In October the weather was unseasonably mild and department store sales showed less than a normal rise over the high September sales, but exceeded those in October last year by 4 per cent. Retail furniture sales last month increased over sales in September 1939 and October 1938, and wholesale trade also exceeded last year's volume, although it declined from the level of September. Introduction of new models caused a sharp rise in automobile sales, and new car registration figures in October rose 39 per cent over September and 78 per cent above October 1938.

In the field of construction, contracts awarded in October declined from the September level and were also lower in amount by 17 per cent than contracts awarded in October 1938, but building permits issued last month exceeded in value those of any other month in eleven years.

Employment in October increased further, though at a slower rate than in September. Payrolls advanced more than employment, due partly to the change on October 24 from 25¢ to 30¢ per hour as base pay under the Fair Labor Standards Act. Completion of some highway projects released workers during the past month, but expansion in industrial activity more than balanced that decline in employment.

INDUSTRIAL EXPANSION CONTINUES

Industrial activity continued to expand in October, and cotton textile mills in the Fifth district consumed more cotton than in any other October on record. Bituminous coal mines also increased production notably and mined 29 per cent more coal than in October last year. Tobacco manufacturing in October was in larger volume than in either the preceding month this year or the corresponding month last year. Rayon mills worked full time, but shipments were so large that stocks of yarn which were already low were further reduced.

CROP YIELDS EXCELLENT

Weather in October and the first half of November was almost ideal for crop harvesting and marketing, and a majority of the forecasts of production are now higher than they were during the summer. Tobacco markets, which resumed selling in October, handled a very large poundage, and prices, though much lower than a year ago, showed a moderate rise during the month. Prospective cotton yield in the Fifth district is 32 per cent above the 1938 yield, and this year's price is also from \$3 to \$5 a bale higher than the price a year ago.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	October 1939	September 1939	October 1938	% Change	
				Month	Year
Debits to individual accounts (24 cities).....	\$1,401,632,000	\$1,293,601,000	\$1,330,878,000	+ 8	+ 5
Sales, 31 department stores, 5th district.....	\$ 11,330,531	\$ 10,407,815	\$ 10,922,782	+ 9	+ 4
Sales, 38 furniture stores, 5th district.....	\$ 1,511,849	\$ 1,460,434	\$ 1,311,001	+ 4	+ 15
Sales, 200 wholesale firms, 5th district.....	\$ 13,032,000	\$ 14,306,000	\$ 11,735,000	- 9	+ 11
Registrations, new autos, 5th district.....	15,260	10,988	8,575	+ 39	+ 78
Tobacco sold in 5th district (Pounds).....	305,771,128	111,366,137	209,862,870	+175	+ 46
Growers' receipts from tobacco, 5th district.....	\$ 48,240,022	\$ 14,160,093	\$ 52,473,352	+241	- 8
Average price of tobacco, per 100 pounds.....	\$ 15.78	\$ 12.71	\$ 25.00	+ 24	- 37
Number of business failures, 5th district.....	47	31	51	+ 52	- 8
Liabilities in failures, 5th district.....	\$ 750,000	\$ 381,000	\$ 442,000	+ 97	+ 70
Value of building permits, 31 cities.....	\$ 14,032,486	\$ 7,765,960	\$ 8,383,620	+ 81	+ 67
Value of contracts awarded, 5th district.....	\$ 28,276,000	\$ 32,058,000	\$ 34,205,000	- 12	- 17
Cotton consumption, 5th district (Bales).....	320,999	297,816	260,773	+ 8	+ 23
Cotton price, c per pound, end of month.....	9.09	9.08	8.70	0	+ 4
Print cloths, 38½ in., 64x60s, end of month.....	5.50	5.50	4.50	0	+ 22
Rayon yarn shipments, U. S. (Pounds).....	34,100,000	32,900,000	25,100,000	+ 4	+ 36
Rayon yarn stocks, U. S. (Pounds).....	9,400,000	13,000,000	36,100,000	- 28	- 74
Bituminous coal mined, U. S. (Tons).....	45,255,000	38,150,000	34,989,000	+ 19	+ 29

CROP MARKETING INCREASES NOTE CIRCULATION

Government security holdings of the Federal Reserve banks, including the Richmond bank, declined somewhat further between October 15 and November 15, the System allowing part of its short term bills to run off at maturity. Federal Reserve notes in actual circulation rose more than seasonally last month, probably due chiefly to reopening of auction tobacco markets and unusually large sales for that period of the year. Other changes in the statement of the Reserve bank were seasonal developments or daily fluctuation.

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Nov. 15 1939	000 omitted Oct. 15 1939	Nov. 15 1938
Discounts held	\$ 256	\$ 360	\$ 89
Foreign loans on gold	142	142	0
Open market paper	0	24	23
Industrial advances	1,007	1,023	1,421
Government securities	135,062	139,408	120,321
Total earning assets	\$136,467	\$140,957	\$121,854
Circulation of Fed. Res. notes	225,548	215,245	212,514
Members' reserve deposits	279,791	233,686	230,287
Cash reserves	417,333	413,613	385,853
Reserve ratio	75.94	74.75	76.84

LOANS INCREASE, INVESTMENTS DECREASE

Loans and discounts continued a moderate rise in 41 regularly reporting member banks between October 11 and November 15. On the contrary, investments in securities declined and reserve balances at the Reserve bank rose. Deposits rose by about the same amount as the increase in loans and discounts.

SELECTED ITEMS—41 REPORTING BANKS

ITEMS	Fifth District		
	Nov. 15 1939	000 omitted Oct. 11 1939	Nov. 16 1938
Loans & discounts	\$260,721	\$255,652	\$240,548
Investments in securities	437,513	446,514	429,097
Reserve bal. with F. R. bank	185,381	180,616	146,548
Cash in vaults	20,406	23,413	17,696
Demand deposits	535,113	530,323	475,854
Time deposits	301,392	200,504	199,294
Money borrowed	0	0	200

MUTUAL SAVINGS SHOW SEASONAL RISE

Deposits in 10 mutual savings banks in Baltimore rose from \$219,921,027 on September 30 to \$220,944,398 on October 31, and on the latter date exceeded deposits totaling \$218,785,221 on October 31 last year. Mutual savings usually increase between vacation and holiday shopping seasons.

COMMERCIAL FAILURES SHOW INCREASE

Commercial failures in the Fifth district and the United States were reported by *Dun & Bradstreet* as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October 1939	47	916	\$ 750,000	\$ 16,140,000
September 1939	31	758	381,000	9,402,000
October 1938	51	997	442,000	13,219,000
10 Months, 1939	479	10,013	\$5,528,000	\$144,634,000
10 Months, 1938	540	10,977	6,798,000	197,675,000

EMPLOYMENT LEVELS OFF

Employment apparently made some further gains early in November, after rising sharply in September and October. Increases in industrial activity since September 1 called many workers back to jobs, construction held fully up to seasonal levels, resumption of tobacco marketing required several hundred handlers and warehouse em-

ployees, and increases in base pay on October 24 under the Fair Labor Standards Act raised the purchasing power of many of the district's lowest paid industrial workers. The weather has not caused any delay in outside work, and therefore practically no seasonal recession in employment has yet occurred. 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 September to October:

STATES	Percentage change from Sept. 1939 to Oct. 1939	
	in number on payroll	in amount of payroll
Maryland	+ 3.7	+ 6.7
Dist. of Columbia	+ 3.1	+ 3.6
Virginia	+ 1.1	+ 2.9
West Virginia	+ 7.3	+13.9
North Carolina	+ 2.1	+ 3.8
South Carolina	+ 3.2	+ 4.9

CHECK TRANSACTIONS INCREASE

The volume of business reflected in debits to individual accounts in 24 Fifth district cities rose substantially in October, and also exceeded October 1938 business by 5 per cent. Especially large gains were reported for October over September in Danville and Durham, caused by resumption of tobacco marketing, and in Charleston, S. C. Noteworthy increases over October 1938 figures were also reported by Charleston, S. C., and by Newport News.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Month	Change Year
	Nov. 1939	000 omitted Oct. 1939	Nov. 1938		
Maryland					
Baltimore	\$ 386,664	\$ 355,028	\$ 355,242	+ 9	+ 9
Cumberland	8,859	7,833	7,467	+12	+19
Hagerstown	9,571	10,115	8,541	- 5	+12
Dist. of Col.					
Washington	277,873	263,294	252,503	+ 6	+10
Virginia					
Danville	14,484	9,114	20,484	+59	-29
Lynchburg	14,767	14,661	14,384	+ 1	+ 3
Newport News ..	11,985	11,247	8,039	+ 7	+49
Norfolk	52,433	49,575	47,626	+ 6	+10
Portsmouth	4,188	4,398	4,183	- 5	0
Richmond	187,297	170,576	211,579	+10	-11
Roanoke	27,452	25,886	25,100	+ 6	+ 9
West Virginia					
Charleston	50,880	47,526	46,417	+ 7	+10
Huntington	18,902	17,514	17,303	+ 8	+ 9
Parkersburg	10,794*	9,522*	.....	+13	..
North Carolina					
Asheville	13,006	12,898	12,283	+ 1	+ 6
Charlotte	71,940	64,911	59,175	+11	+22
Durham	44,114	35,558	51,058	+24	-14
Greensboro	19,879	20,241	18,488	- 2	+ 8
Raleigh	45,851	42,162	41,141	+ 9	+11
Wilmington	11,571	11,617	11,607	0	0
Winston-Salem ..	45,857	42,067	46,835	+ 9	- 2
South Carolina					
Charleston	22,662	18,017	16,064	+26	+41
Columbia	26,277	26,698	24,290	- 2	+ 8
Greenville	22,104	21,101	20,111	+ 5	+10
Spartanburg	13,016	11,564	10,958	+13	+19
District Totals ..	\$1,401,632	\$1,293,601	\$1,330,878	+ 8	+ 5

* Not included in Totals.

NEW MODELS STIMULATE AUTO SALES

All automobile manufacturers having brought out 1940 models by mid-October, sales of new cars in the Fifth district last month increased 39 per cent over September sales, and were 78 per cent above October 1938 sales. In November, sales were held back to some extent by inability of one leading manufacturer's dealers to secure new cars because of an industrial dispute. Sales of used cars are reported good, and dealers say they have no unusual stocks of second-hand cars on hand. The following registration figures on new cars were furnished by *R. L. Polk & Co.*:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Oct. 1939	Oct. 1938	% Change	10 Months 1939	10 Months 1938	% Change
Maryland	2,570	1,966	+ 31	32,066	20,802	+54
Dist. of Col.	2,221	1,065	+109	21,412	13,678	+57
Virginia	2,986	1,574	+ 90	34,665	24,453	+42
West Virginia ..	1,837	928	+ 98	18,752	12,987	+44
No. Carolina ...	3,780	2,100	+ 80	37,320	24,569	+52
So. Carolina ...	1,866	942	+ 98	20,488	11,652	+76
District	15,260	8,575	+ 78	164,703	108,141	+52

PERMITS INCREASE, CONTRACTS DECREASE

Building permits issued in 31 Fifth district cities in October 1939 registered an unseasonal increase and totaled \$14,032,486, the highest figure for any month since November 1928. Washington with \$8,499,995 accounted for the high district total last month. Baltimore ranked second with \$2,479,440, Richmond third with \$295,708, Charlotte fourth with \$289,145, and Norfolk fifth with \$217,131. In October 1938 the 31 cities issued permits totaling \$8,383,620. Permits issued in the first 10 months of 1931 amounting to \$105,269,094 show an increase of 43 per cent over permits totaling \$73,493,046 issued in the first 10 months of 1938.

Contracts actually awarded in October for construction work in the Fifth district totaled \$28,276,000, a decrease from \$32,058,000 awarded in September 1939 and 17 per cent below the October 1938 total of \$34,205,000. A decline in contract awards in October from September is seasonal, chiefly because little new work on highway construction is undertaken at this season. Figures collected by the *F. W. Dodge Corporation* by states for October 1939 and 1938 on construction contracts awarded are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1939	Oct. 1938	% Change
Maryland	\$ 6,012,000	\$ 8,166,000	- 26
Dist. of Col.	4,035,000	5,007,000	- 19
Virginia	7,276,000	8,084,000	- 10
West Virginia ..	2,394,000*	3,084,000*	- 22
North Carolina ..	4,448,000	5,871,000	- 24
South Carolina ..	4,431,000	4,435,000	0
Fifth District	\$28,596,000*	\$34,647,000*	- 17

* Includes some contracts outside 5th district.

COAL PRODUCTION AGAIN RISES

Bituminous coal production in the United States rose further in October and totaled 45,255,000 net tons, compared with 38,150,000 tons mined in September this year and 34,989,000 tons in October last year. Total output this calendar year to November 11 totaling 324,578,000 tons shows an increase of 13.9 per cent over 284,865,000 tons mined in the corresponding period last year. Most of the sharp increase in production in September and October was due to buying by industrial consumers, but since the beginning of the war in Europe a substantial increase has also occurred in foreign cargo coal loaded at Hampton Roads. Total loadings of coal at Hampton Roads, including New England and other coastwise shipments, amounted to 16,720,252 tons prior to November 11 this year, compared with 14,183,788 tons loaded to the same date last year. Fifth district coal states have kept pace with the National increase in production, and coal carrying railroads in the district have recently handled a near-record tonnage.

COTTON CONSUMPTION SETS OCTOBER RECORD

Cotton textile mills continued operations at a very high rate in October, and cotton consumption in the United

States and the Fifth district reached all-time high figures for that month in the year. New orders did not keep pace with production and there was consequently some reduction in the back-log of orders placed in early September. Prices of textiles held firm during October, but quotations on a few constructions tended to soften in November in spite of an advance in spot cotton prices.

Consumption of cotton by states in the Fifth district in October 1939, September 1939, and October 1938, in bales, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
October 1939	181,068	126,700	13,231	320,999
September 1939	166,640	118,362	12,814	297,816
October 1938	138,181	109,728	12,864	260,773
10 Months, 1939	1,577,468	1,172,394	119,001	2,868,863
10 Months, 1938	1,241,167	964,999	115,529	2,321,695

RAYON SHIPMENTS CONTINUE HIGH

....*Rayon Organon* for November states that shipments of rayon yarn to domestic consumers in October amounted to 34,100,000 pounds, compared with 32,900,000 pounds in September and 25,100,000 pounds in October 1938. Last month's shipments again exceeded production, and reserve stocks of yarn dropped from 13,000,000 pounds on September 30 to 9,400,000 pounds on October 31. On October 31, 1938, reserve stocks of yarn totaled 36,100,000 pounds. A number of price advances on yarn were made by two producers in October on acetate process yarn. Viscose producers had previously advanced quotations on a few deniers, but no changes have been announced on cuprammonium yarn.

COTTON PRICES ADVANCE

Spot cotton prices rose sharply between October 13 and November 17, advancing from 8.97 cents per pound to 9.51 cents. A considerable part of the increase was attributed to an announcement that the Government would make cotton loans on the 1939 crop. Exports of cotton, which jumped substantially in September, were again high in October, but around mid-November cargo space for cotton was becoming scarce and ocean freight rates were advanced. As a result of these unfavorable developments, cotton exports dropped at least temporarily.

The Department of Agriculture's November 1 estimate of probable production was reduced further, the forecast of 11,845,000 bales comparing with 11,928,000 bales on October 1 and 1938 production of 11,943,000 bales. One change was made in the Fifth district, South Carolina's probable yield declining from 910,000 bales a month ago to 895,000 bales on November 1.

COTTON CONSUMPTION AND ON HAND

	(Bales)		
	Oct. 1939	Oct. 1938	Aug. 1 to Oct. 31 This Year Last Year
Fifth district states:			
Cotton consumed	320,999	260,773	918,010 794,384
Cotton growing states:			
Cotton consumed	579,589	460,078	1,645,956 1,387,210
Cotton on hand Oct. 31 in			
Consuming establishments ..	1,296,055	1,333,733	.....
Storage & compresses	15,440,544	15,255,359	.....
United States:			
Cotton consumed	686,936	543,857	1,940,286 1,636,665
Cotton on hand Oct. 31 in			
Consuming establishments ..	1,465,228	1,508,813	.....
Storage & compresses	15,468,299	15,307,727	.....
Exports of cotton	886,332	464,439	1,754,181 1,053,940
Spindles active, U. S.	22,658,994	22,113,316	.....

TOBACCO PRICES HIGHER THAN IN SEPTEMBER

Auction tobacco markets resumed sales on October 10, and in the remainder of that month held heavy sales. Prices were about 37 per cent below October 1938 prices, but showed a moderate advance over September prices. Season sales through October were 12 per cent above sales in the same period last year, but the average price this season was 34 per cent lower. Sales of tobacco in the Fifth district in October after the reopening of the markets were as follows, compared with a full month's sales in October 1938:

STATES	Products' Tobacco Sales, Pounds		Price per Cwt.	
	October 1939	October 1938	1939	1938
South Carolina	20,030,159	1,256,891	\$11.28	\$14.99
North Carolina	241,343,218	167,989,520	16.23	25.21
Virginia	44,297,751	40,616,459	15.34	24.46
District	305,771,128	209,862,870	15.78	25.00
Season through	641,537,033	571,004,534	15.30	23.28

TOBACCO MANUFACTURING INCREASES

The Bureau of Internal Revenue reports that all types of manufactured tobacco except smoking and chewing tobacco increased in output in October over September, and all types exceeded October 1938 production. October figures as released by the Bureau are as follows:

TOBACCO PRODUCTS MANUFACTURED

	October 1939	October 1938	% Change
Smoking & chewing tobacco, Pounds	26,977,566	24,740,880	+ 9
Cigarettes, Number	15,384,360,207	13,264,393,97	+16
Cigars, Number	551,229,569	525,662,072	+ 5
Snuff, Pounds	3,261,057	3,128,993	+ 3

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1939 comp. with Oct. 1938	Jan. 1 to date last year	Oct. 31, 1939	Sept. 1939	
Richmond (3) ...	+ 2.5	+ 3.0	+11.0	+10.4	32.9
Baltimore (8) ...	+ 8.1	+ 2.6	+ 0.7	+ 6.8	32.5
Washington (6) .	+ 1.0	+ 4.5	+ 6.0	+10.4	28.2
Other Cities (14) +	+ 1.3	+ 4.1	+12.6	+12.9	29.7
District (31) ..	+ 3.7	+ 3.6	+ 5.3	+ 9.4	30.3
Same stores by states, with 26 stores added:					
Virginia (13) ...	+ 1.8	+ 3.4	...	...	...
West Va. (10) ..	+ 5.4	+ 3.2	...	...	...
No. Carolina (9) .	+ 2.5	+ 7.3	...	...	...
So. Carolina (11) +	+ 4.5	+13.8	...	...	...

RETAIL FURNITURE SALES

STATES	% Change in Sales, October and 10 Months 1939	
	Compared with October 1938	Compared with 10 Months 1938
Maryland, 10 stores	+21	+ 8
Dist. of Col., 7 stores	+ 6	+ 6
Virginia, 10 stores	+ 7	+ 8
North Carolina, 4 stores	+34	+13
South Carolina, 6 stores	+29	+27
District, 38 stores*	+15	+ 9
Individual Cities:		
Baltimore, 10 stores	+21	+ 8
Richmond, 5 stores	+ 6	+ 2
Washington, 7 stores	+ 6	+ 6

* Includes one W. Va. store.

WHOLESALE TRADE, 200 FIRMS

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	October 1939 compared with Oct. 1938	Sept. 1939	Oct. 31, 1939 compared with Oct. 31, 1938	Sept. 30, 1939	
Auto supplies (9)	- 6	+10	0	+ 7	67
Shoes (5)	+10	-29	+ 6	-20	60
Drugs (12)	+ 8	0	- 1	+ 2	80
Dry goods (8)	+ 7	-14	- 4	+ 2	41
Electrical goods (15) ..	+44	-11	+33	+ 3	68
Groceries (59)	+ 3	-15	+11	+ 5	92
Hardware (21)	+15	- 7	+ 8	+ 1	47
Indus. supplies (12) ...	+42	+ 9	+15	+ 4	27
Plumbing & heating (4) +	+ 5	+ 6	..	..	55
Paper & products (8) ..	+20	- 1	- 3	+ 9	75
Tobacco & products (7) +	+ 6	- 5	..	..	81
Miscellaneous (40)	+10	- 1	+ 3	+ 1	69
District Totals (200) .	+11	- 9	+ 8	- 1	65

CROP FORECASTS

The following figures show forecasts of production based on November 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. Production figures marked (+) were raised between October 1 and November 1, and those marked (-) were lowered.

Cotton (Bales)

	% Change Acreage	Yield 1939	Yield 1938	Yield 1928-1937
Virginia	-15	12,000	12,000	40,000
North Carolina	-11	475,000	388,000	702,000
South Carolina	0	895,000-	648,000	827,000

Tobacco (Pounds)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	+ 1	29,562,000	29,250,000	25,217,000
Virginia	+16	130,198,000+	98,906,000	98,075,000
West Virginia	- 6	2,025,000-	2,208,000	3,400,000
North Carolina	+21	696,525,000+	516,850,000	493,927,000
South Carolina	+20	118,750,000	98,800,000	79,624,000

Corn (Bushels)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	+ 1	18,216,000+	18,537,000	15,617,000
Virginia	0	36,166,000+	34,775,000	32,225,000
West Virginia	+ 1	13,737,000	12,640,000	12,384,000
North Carolina	- 1	47,151,000	46,393,000	41,355,000
South Carolina	- 5	25,433,000	26,767,000	21,335,000

Irish Potatoes (Bushels)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	- 4	2,250,000	2,990,000	3,257,000
Virginia	0	6,873,000-	10,349,000	12,352,000
West Virginia	- 3	2,945,000+	4,635,000	3,818,000
North Carolina	+10	8,265,000+	8,690,000	8,028,000
South Carolina	+17	3,108,000	2,784,000	2,476,000

Sweet Potatoes (Bushels)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	0	1,200,000	1,040,000	1,156,000
Virginia	0	4,420,000+	3,570,000	4,235,000
North Carolina	0	8,991,000+	8,748,000	7,896,000
South Carolina	+ 5	7,038,000+	6,468,000	4,965,000

Commercial Apples (Bushels)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Maryland	1,700,000	1,419,000	1,331,000
Virginia	7,500,000-	7,268,000	8,153,000
West Virginia	4,000,000	3,227,000	3,576,000
North Carolina	580,000+	480,000	657,000

Peanuts (Pounds)

	% Change	Yield 1939	Yield 1938	Yield 1928-1937
Virginia	+ 5	184,800,000	146,010,000	148,630,000
North Carolina	+ 5	282,720,000-	249,075,000	238,750,000
South Carolina	+ 6	11,400,000-	9,100,000	9,032,000

(Compiled November 21, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Note: The charts usually printed with this Summary are not available this month.

Rapid expansion of industrial output continued in October, and employment and pay rolls increased considerably. Distribution of commodities to consumers, which had increased in September, was maintained at the higher level in October. In the first half of November industrial activity increased further but, with production in many industries approaching capacity, the advance was less rapid than in earlier months. Commodity prices generally showed little change during October and the first half of November, following the sharp rise in September.

PRODUCTION

Volume of industrial production showed a further sharp rise in October and the Board's seasonally adjusted index advanced from 111 to 120 per cent of the 1923-1925 average. Marked increases in activity were reported in the steel and steel-consuming industries and at mines. In the steel industry ingot production in October was at a rate of 90 per cent of capacity and actual volume of output was the greatest for any month on record. Some further increase in the rate of output was reported in the first half of November. Pig iron production also advanced sharply and lake shipments of iron ore, which had increased considerably in September, continued in exceptionally large volume. Activity in the machinery and shipbuilding industries and in most other steel-consuming lines rose in October but by a considerably smaller amount than output of steel. In the automobile industry, however, output showed less than the marked rise usual at this season. This was due to the fact that plants of one large producer were closed during most of the month by an industrial dispute. Mineral production in October was at record levels owing chiefly to a high rate of crude petroleum output.

In the nondurable goods industries activity was generally maintained at the high levels reached in August and September. Flour production declined sharply, however, following an exceptionally large volume of output in September.

Value of construction contracts, as reported by the F. W. Dodge Corporation, decreased considerably in October, reflecting principally a reduction in awards for public construction. Private residential contracts continued in substantial volume while awards for commercial and industrial building declined somewhat following increases in the previous month.

EMPLOYMENT

Reports from leading industrial States indicate that factory employment and pay rolls increased sharply between the middle of September and the middle of October. Increases were particularly large at steel mills and in related industries. There was also a considerable increase in employment on the railroads in October.

DISTRIBUTION

Retail distribution of general merchandise in October showed about the usual seasonal rise from the advanced September level. In the early part of November department store sales increased considerably.

Freight-car loadings rose further from September to October, reflecting a large increase in shipments of miscellaneous freight, which includes most manufactured products, and smaller increases in loadings of coal, forest products, and ore.

COMMODITY PRICES

Price changes that have occurred since the general sharp rise in September have reflected largely particular developments in individual commodities. From the middle of October to the middle of November prices of a number of food-stuffs continued to decline and there were also decreases in some industrial materials, such as print cloths, wool, tin, and steel scrap. Wheat, cotton, and burlap advanced somewhat while prices of most other commodities, including finished industrial products, showed little change.

GOVERNMENT SECURITY PRICES

Following a sharp recovery from the low of September 21, prices of United States Government bonds showed irregular changes during the period from October 24 through the first half of November. On November 15 yields on long-term Treasury bonds were at 2.47 per cent as compared with 2.79 per cent on September 21.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased substantially during the six weeks ending November 8, reflecting largely purchases of Treasury bills by New York City banks. Commercial loans continued to show moderate increases. Deposits at these banks rose to new high levels.