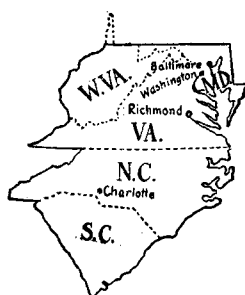


# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*May 31, 1940*

### Summary of April Business Conditions

**B**USINESS in April in the Fifth Federal Reserve District continued on a level of activity substantially above the level a year ago, but no striking changes occurred in comparison with March. Most developments during the past month were seasonal in character, and of about normal proportions.

A relatively high consumer purchasing power continued to show itself in larger expenditures than a year ago. Department store sales in April were 3 per cent larger than sales in April 1939, even though the occurrence of Easter in April last year swelled sales of wearing apparel. Retail furniture sales last month were 28 per cent above April 1939 sales, and wholesale sales by 205 representative firms in many lines averaged 14 per cent more than sales a year ago. Registrations of new passenger automobiles in the district in April exceeded April 1939 registrations by 32 per cent and were the highest for any month in exactly three years. Debits to individual accounts, representing checks drawn on individual, firm and corporation accounts in the banks of 25 leading cities, rose 16 per cent in April over debits in the corresponding month last year.

In industry, coal mining was at seasonal level last month, in contrast with the almost complete shut-down in Fifth district mines at the same time last year because of a labor dispute. Textile mills continued operations in April at about the same rate as in March, and approximately 19 per cent ahead of April last year. Rayon yarn

mills produced about 20 per cent more yarn than in the 1939 month, and tobacco manufacturers turned out more of all products in April than in either the preceding month this year or the corresponding month last year.

Construction work provided for in April permits issued and contracts awarded was about the same as in March, but comparison with April 1939 is difficult to make. Permits issued last month exceeded April 1939 permits by 28 per cent, but on the other hand contracts awarded declined 25 per cent. However, in April 1939 about half a dozen very large Government contracts were awarded in the Fifth district, and work on several of these is still going on. Labor was employed in larger numbers in April than was the case a year ago in practically all lines of industry, especially in view of the fact that the dispute in coal fields last year threw more than 100,000 miners and railroad employees out of work from a month to six weeks, and a strike against one of the leading cigarette manufacturers involved 2,000 workers for a week.

In agriculture, the crop year is getting off to a very late start, frequent rains and unusually cold weather having delayed plowing and planting, germination of seed, and development of growing crops. However, the soil is in excellent condition for rapid growth of crops when warm weather comes, and no serious damage appears to have been done by late frosts and freezes except to peaches and early truck. It is of course too early to attempt to draw conclusions on probable yields this year.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	April 1940	March 1940	April 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,338,001,000	\$1,342,709,000	\$1,155,822,000	0	+ 16
Sales, 30 department stores, 5th district.....	\$ 9,181,453	\$ 9,918,797	\$ 8,902,566	— 7	+ 3
Sales, 37 furniture stores, 5th district.....	\$ 1,178,030	\$ 1,054,686	\$ 919,659	+ 12	+ 28
Sales, 205 wholesale firms, 5th district.....	\$ 11,385,000	\$ 11,535,000	\$ 9,967,000	— 1	+ 14
Registrations, new autos, 5th district.....	26,726	21,989	20,188	+ 22	+ 32
Number of business failures, 5th district.....	48	44	55	+ 9	— 13
Liabilities in failures, 5th district.....	\$ 348,000	\$ 500,000	\$ 525,000	— 30	— 34
Value of building permits, 30 cities.....	\$ 10,457,577	\$ 11,571,518	\$ 8,175,932	— 10	+ 28
Value of contracts awarded, 5th district.....	\$ 31,625,000	\$ 31,542,000	\$ 42,008,000	+ 0	— 25
Cotton Consumption, 5th district (Bales).....	309,622	305,494	259,795	+ 1	+ 19
Cotton prices, cents per pound, end of month.....	10.60	10.50	8.81	+ 1	+ 20
Print cloths, 39 in., 80x80s, end of month.....	6.88	6.50	.....	+ 6	.....
Rayon shipments, U. S. (Pounds).....	30,700,000	29,400,000	24,000,000	+ 4	+ 28
Rayon yarn stocks, U. S. (Pounds).....	11,600,000	10,400,000	43,400,000	+ 12	— 73
Bituminous coal mined, U. S. (Tons).....	32,962,000	35,210,000	9,627,000	— 6	+242

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

## Fifth District

ITEMS	000 omitted		
	May 15 1940	April 15 1940	May 15 1939
Discounts held .....	\$ 190	\$ 175	\$ 277
Foreign loans on gold.....	43	43	0
Open market paper .....	0	0	24
Industrial advances .....	907	915	1,172
Government securities .....	126,155	125,871	134,227
Total earning assets .....	127,295	127,004	135,700
Circulation of Fed. Res. notes .....	217,259	218,615	194,239
Members' reserve deposits .....	302,841	286,730	246,064
Cash reserves .....	440,400	439,752	374,682
Reserve ratio .....	77.98	78.16	74.27

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

## Fifth District

ITEMS	000 omitted		
	May 15 1940	April 17 1940	May 17 1939
Loans and discounts .....	\$269,348	\$270,688	\$242,518
Investments in securities .....	422,485	412,127	435,219
Reserve bal. with F. R. bank .....	198,225	184,787	161,109
Cash in vaults .....	20,502	20,754	18,610
Demand deposits .....	556,380	542,081	430,009
Time deposits .....	202,146	201,390	202,494
Money borrowed .....	0	0	0

## MUTUAL SAVINGS BANK DEPOSITS

## 10 Baltimore Banks

	April 30 1940	March 31 1940	April 30 1939
Total deposits .....	\$224,288,123	\$223,163,689	\$220,545,406

## DEBITS TO INDIVIDUAL ACCOUNTS

## Fifth District

CITIES	000 omitted			% of Change	
	April 1940	Mar. 1940	April 1939	Month	Year
<b>Dist. of Col.</b>					
Washington .....	\$ 289,325	\$ 287,345	\$ 256,489	+ 1	+13
<b>Maryland</b>					
Baltimore .....	388,646	391,008	318,990	- 1	+22
Cumberland .....	8,402	8,213	7,883	+ 2	+ 7
Hagerstown .....	9,313	9,326	8,324	- 0	+12
<b>North Carolina</b>					
Asheville .....	12,581	12,500	11,389	+ 1	+10
Charlotte .....	64,816	69,942	55,815	- 7	+16
Durham .....	26,453	26,575	21,834	- 0	+21
Greensboro .....	21,352	21,145	17,729	+ 1	+20
Raleigh .....	42,300	44,158	37,586	- 4	+13
Wilmington .....	11,375	11,325	10,172	+ 0	+12
Winston-Salem .....	37,979	43,909	36,630	-14	+ 4
<b>South Carolina</b>					
Charleston .....	19,799	20,651	17,669	- 4	+12
Columbia .....	27,947	29,232	25,072	- 4	+11
Greenville .....	19,610	20,075	18,218	- 2	+ 8
Spartanburg .....	11,381	10,921	8,812	+ 4	+29
<b>Virginia</b>					
Danville .....	8,045	8,019	6,869	+ 0	+17
Lynchburg .....	15,645	15,844	12,925	- 1	+21
Newport News .....	11,733	11,519	8,411	+ 2	+39
Norfolk .....	53,653	51,227	46,941	+ 5	+14
Portsmouth .....	4,653	4,479	4,336	+ 4	+ 7
Richmond .....	147,832	141,849	132,807	+ 4	+11
Roanoke .....	28,765	28,527	25,204	+ 1	+14
<b>West Virginia</b>					
Charleston .....	48,598	47,474	41,855	+ 2	+16
Huntington .....	17,303	17,102	14,888	+ 1	+16
Parkersburg .....	10,495	10,344	8,974	+ 1	+17
<b>District Totals ...</b>	<b>\$1,338,001</b>	<b>\$1,342,709</b>	<b>\$1,155,822</b>	<b>- 0</b>	<b>+16</b>

0 indicates a change of less than 1/2 of 1%.

## LIABILITIES IN BANKRUPTCIES DECLINE

Business failures in the Fifth district in April 1940 increased over the number in March, but decreased from April 1939, while liabilities involved in April 1940 bankruptcies were lower than in either March this year or April last year. *Dun & Bradstreet* insolvency figures were as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
April 1940 .....	48	1,291	\$ 348,000	\$16,247,000
March 1940 .....	44	1,197	500,000	11,681,000
April 1939 .....	55	1,331	525,000	18,579,000
4 Months, 1940 .....	196	4,767	2,011,000	56,679,000
4 Months, 1939 .....	247	5,422	2,172,000	71,953,000

## EMPLOYMENT RISES SLIGHTLY

Although the general trend of employment was slightly upward in the Fifth district in April and the first half of May, not much net change occurred. Certain workers in the building industry such as painters experienced a seasonal upturn in the volume of work, but in most lines of construction and industry the rate of operations continued at approximately the same level as in March. Employment this year in April and early May was substantially better than in the same period last year, the greatest improvement being in bituminous coal fields which were practically closed in 1939 from April 1 to the middle of May. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from March to April:

STATES	Percentage change from Mar. 1940 to April 1940	
	In number On payroll	In amount of payroll
Maryland .....	+ 0.1	- 1.1
Dist. of Columbia .....	+ 0.7	+ 0.5
Virginia .....	- 0.9	- 1.3
West Virginia .....	- 2.1	- 3.7
North Carolina .....	- 1.1	- 2.8
South Carolina .....	- 0.6	- 0.4

## AUTO REGISTRATIONS CONTINUE LARGE

Although automobile sales in the Fifth district, as reflected in new car registrations, were 22 per cent higher in April than in March, the increase was not quite up to seasonal level. However, sales in April exceeded sales in April last year by 32 per cent, all geographical divisions sharing in the advance except the District of Columbia. More new passenger cars were sold in the Fifth district last month than in any other month since April 1937. Cumulative registration figures from January 1 through April this year were 27 per cent above figures for the first 4 months of 1939, gains ranging from 2 per cent in the District of Columbia to 51 per cent in West Virginia. The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Apr.		% Change	4 Months		% Change
	1940	1939		1940	1939	
Maryland .....	5,112	3,735	+ 35	16,781	13,164	+27
Dist. of Col. ...	2,692	2,807	- 4	9,126	8,988	+ 2
Virginia .....	7,264	4,633	+ 57	18,102	13,278	+36
West Virginia ..	3,335	2,074	+ 61	9,664	6,411	+51
No. Carolina ...	5,667	4,669	+ 21	18,022	14,526	+24
So. Carolina ...	2,656	2,270	+ 17	10,261	8,287	+24
<b>District .....</b>	<b>26,726</b>	<b>20,188</b>	<b>+ 32</b>	<b>81,956</b>	<b>64,654</b>	<b>+27</b>

## RESIDENTIAL CONSTRUCTION INCREASES

Construction work provided for in permits issued in April 1940 in 30 Fifth district cities totaled \$10,457,577, a decrease of 10 per cent from \$11,571,518 for permits issued in March this year but 28 per cent above \$8,175,932 in April last year. Washington led in April with permits totaling \$3,797,840, followed by Baltimore with \$1,872,246, Richmond with \$793,007, Charlotte with \$487,257, Charleston, W. Va., with \$457,833, and Greensboro with \$399,021. Washington permits do not include any Federal Government work.

Contracts actually awarded for all types of construction in the Fifth district in April were slightly above March contracts in total value, but were 25 per cent below the relatively high April 1939 total. Residential contracts form a much larger part of this year's contracts, amounting to 52 per cent of all contracts in April 1940 against only 31 per cent in April 1939. Several Fifth district cities are undertaking housing developments under the U. S. H. A., and private residential work is more active than in other recent years. *F. W. Dodge Corporation* figures for contracts awarded in April 1940 and April 1939 are as follows:

## CONSTRUCTION CONTRACTS AWARDED

STATES	April 1940	April 1939	% Change
Maryland .....	\$ 7,924,000	\$ 6,476,000	+ 22
Dist. of Col. ....	3,744,000	9,705,000	- 61
Virginia .....	8,167,000	9,581,000	- 15
West Virginia .....	2,647,000	3,360,000	- 21
North Carolina .....	7,350,000	7,536,000	- 2
South Carolina .....	1,793,000	5,350,000	- 66
Fifth District .....	\$31,625,000	\$42,008,000	- 25

## COAL PRODUCTION DECLINES SEASONALLY

There was a seasonal decrease in bituminous coal production in the United States from March to April, output declining from 35,210,000 net tons in the earlier month to 32,962,000 tons in the later month. In April 1939 only 9,627,000 tons were mined, the entire Appalachian region being closed while owners and miners negotiated new wage contracts. Total production this calendar year to May 4 of 157,413,000 tons exceeded production of 117,702,000 tons to the same date last year by 33.7 per cent. Shipments of coal through Hampton Roads ports between January 1 and May 4 this year totaling 8,639,616 tons not only exceeded loadings of 6,550,376 tons in the corresponding period in 1939, but also were larger than loadings of 7,674,121 tons in the first four months of 1929, both gains being due in large part to increased shipments for foreign cargo this year. In the Fifth district, coal mined in April 1940, March 1940 and April 1939, was as follows:

## SOFT COAL PRODUCTION IN TONS

REGION	April 1940	March 1940	April 1939
West Virginia .....	9,758,000	9,964,000	0
Virginia .....	1,115,000	1,134,000	0
Maryland .....	110,000	141,000	0
5th District .....	10,983,000	11,239,000	0
United States .....	32,962,000	35,210,000	9,627,000
% in District .....	33.3	31.9	0.0

## COTTON MILL ACTIVITY IS REDUCED

Cotton cloth and yarn mills in the Fifth district held at about the same level of activity in April as in March, a level substantially higher than in April a year ago but

lower than at midwinter. Reports indicate, however, that operations slowed further late in April and early in May. Output is again exceeding sales, and the backlog of orders is declining. In some mills stocks are accumulating, but accumulations are not yet excessive. Cloth prices held steady or advanced a little in April, along with spot cotton, but since the beginning of May prices of textiles have softened and cotton has declined about \$5 a bale. Consumption of cotton by states in the Fifth district in April 1940, March 1940, and April 1939, is shown below:

## COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
April 1940 .....	166,746	128,493	14,383	309,622
March 1940 .....	163,705	129,351	12,438	305,494
April 1939 .....	140,596	108,766	10,433	259,795
4 Months, 1940 .....	695,109	531,817	54,396	1,281,322
4 Months, 1939 .....	615,376	466,852	46,708	1,128,936

## BOTH SHIPMENTS AND STOCKS OF RAYON INCREASE

*Rayon Organon* for May reports that April deliveries of rayon filament yarn to domestic consumers amounted to 30,700,000 pounds, an increase of 4.4 per cent over 29,400,000 pounds in March and 27.9 per cent above 24,000,000 pounds in April 1939. Total rayon yarn consumption for the first 4 months of the current year amounted to 121,000,000 pounds compared with 103,400,000 pounds in the same period last year, an increase of 17 per cent.

In spite of increased shipments last month, production outran consumption for the fourth consecutive month, and reserve stocks of yarn held by producers at the end of April totaled 11,600,000 pounds in comparison with 10,400,000 pounds held at the end of March. The relative unimportance of this surplus is indicated by the fact that on April 30, 1939, reserve stocks of yarn totaled 43,400,000 pounds.

Interest has been expressed in the question whether the stoppage of pulp shipments from Scandinavian countries to the United States will affect the rayon industry. The effect will be indirect only, since all chemical dissolving sulphite pulp used by the United States rayon and allied products industry comes from the United States or Canada. *Rayon Organon* says that the capacity of the United States pulp producing industry is essentially equal to the task of supplying the total domestic demand, with only a minimum amount of aid from foreign sources, in this case Canada.

## COTTON PRICES AND EXPORTS DECLINE

Spot cotton prices on 10 Southern markets moved through a range of only 7 points during April, varying from 10.58 cents for middling grade on April 5 to 10.65 cents on April 26, but in the first half of May prices dropped sharply to an average 9.58 cents on May 17. Exports of cotton also fell off substantially in the first half of May, although they were still above corresponding 1939 figures. Recent developments in Europe closed the markets in Holland, Belgium, Denmark and the Scandinavian countries to American cotton. These countries were not leaders in cotton consumption, but their purchases were a real factor in the American export market.

## COTTON CONSUMPTION AND ON HAND—BALES

	Apr. 1940	Apr. 1939	Aug. 1 to This Year	Apr. 30 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	309,622	259,795	2,847,797	2,477,555
<b>Cotton growing states:</b>				
Cotton consumed .....	533,634	459,573	5,069,910	4,361,965
Cotton held April 30 in				
Consuming establishments ..	1,198,981	1,087,858		
Storage & compresses .....	10,673,718	12,928,159		
<b>United States:</b>				
Cotton consumed .....	623,893	543,187	5,954,728	5,152,547
Cotton held April 30 in				
Consuming establishments ..	1,469,617	1,292,565		
Storage & compresses .....	10,743,002	12,976,432		
Exports of cotton, U. S. ....	344,609	178,225	5,694,962	2,964,098
Spindles active, U. S. ....	22,301,218	22,122,902		

## TOBACCO MANUFACTURING RISES

Output of tobacco manufacturing plants in the United States in April not only exceeded production in April 1939, as shown in the accompanying table, but also increased over March output by 14 per cent in cigarettes, 7 per cent in cigars, 6 per cent in snuff, and 3 per cent in smoking and chewing tobacco. Part of the 21 per cent increase in cigarette production last month over April 1939 was due to a strike last year which closed plants of one of the big companies for a week. Bureau of Internal Revenue figures show production in April this year and last as follows:

	April 1940	April 1939	% Change
Smoking & chewing tobacco, pounds .....	25,082,562	22,618,267	+11
Cigarettes, number .....	14,819,507,680	12,269,248,887	+21
Cigars, number .....	425,140,424	403,041,777	+5
Snuff, pounds .....	3,398,017	3,009,347	+13

## RETAIL AND WHOLESALE TRADE

## DEPARTMENT STORE TRADE

	Net Sales Apr. 1940	Net Sales Jan. 1 to date	Stocks Apr. 30, 1940	Ratio Apr. collections to accounts outstanding	
	comp. with Apr. 1939	comp. with same period last year	comp. with Apr. Mar. 1939 1940	Apr. 1	
Richmond (3) ...	- 3.0	+ 4.9	+13.2	+ 5.2	31.7
Baltimore (8) ...	+ 2.4	+ 7.0	+ 4.6	+ 1.4	32.6
Washington (6) .	+ 4.8	+ 6.4	+ 4.8	+ 1.2	28.9
Other Cities (13) .	+ 6.5	+ 8.8	+ 4.0	+ 2.0	30.0
District (30) ..	+ 3.1	+ 6.6	+ 5.7	+ 1.9	30.5
Same stores by states, with 22 stores added:					
Virginia (13) ...	- 2.3	+ 4.7	..	..	..
West Va. (10) ..	- 1.5	+11.9	..	..	..
No. Carolina (7) .	+ 3.8	+ 9.1	..	..	..
So. Carolina (8) .	- 4.4	+ 8.9	..	..	..

## RETAIL FURNITURE SALES

STATES	% Change in Sales, April and 4 Months in 1940	
	Compared with April 1939	Compared with 4 Months 1939
Maryland, 9 stores .....	+43	+23
Dist. of Col., 7 stores .....	+32	+9
Virginia, 10 stores .....	+12	+5
North Carolina, 4 stores .....	+24	+12
South Carolina, 7 stores .....	+1	+19
District, 37 stores .....	+28	+15
Individual cities:		
Baltimore, 9 stores .....	+43	+23
Richmond, 5 stores .....	+7	+1
Washington, 7 stores .....	+32	+9

## WHOLESALE TRADE, 205 FIRMS

LINES	Net Sales April 1940		Stocks Apr. 30, 1940		Ratio Apr. collections to accounts outstanding April 1
	compared with Apr. 1939	Mar. 1940	compared with Apr. 30 1939	Mar. 31 1940	
Auto supplies (8) .....	+20	+1	..	..	60
Shoes (5) .....	-12	-35	+13	-17	55
Drugs (13) .....	+11	-5	+1	-1	85
Dry Goods (8) .....	+22	-12	+20	-1	38
Electrical Goods (17) ...	+35	+10	+7	-1	69
Groceries (59) .....	+16	+3	+7	+1	92
Hardware (17) .....	+14	+1	+9	-2	47
Indus. supplies (10) ...	+52	-1	+13	+1	59
Plumbing & heating (6) ...	+23	+35	+1	-7	57
Paper & products (9) ...	+21	+22	+10	-2	74
Tobacco & products (8) .	+9	+4	..	..	89
Miscellaneous (45) .....	+10	+5	+4	+2	72
District Average (205) ..	+14	-1	+9	-3	66

## AGRICULTURAL NOTES

Throughout the entire Fifth Reserve district, both farm work and crop growth were retarded during the spring by unfavorable weather conditions. Frequent rains interfered with plowing and unusually cold weather delayed planting and retarded growth. Frost occurred in some parts of the district as late as the end of April, and freezes around the middle of that month seriously damaged peaches. However, there is an abundant amount of moisture in the soil, and when warm weather comes all crops should make rapid progress and in many instances should overcome the late start. Early truck crops will be below normal in yields, and farmers have had to use much more of their reserve hay stocks than usual because of the late development in pasture grasses, but fall sown grains came through the winter in fair condition, most fruits were not sufficiently advanced to suffer seriously from the April freezes, and the two big money crops, cotton and tobacco, are not much affected by spring weather if good stands of plants can be obtained later. The outlook for cotton and tobacco growers is highly problematical this season, with large reserve stocks in storage to begin with and so many of American export markets in chaotic condition.

(Compiled May 21, 1940)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity was steady during April after three months of sharp decline, and in the first half of May increases appeared in some lines, particularly steel. Prices of basic commodities showed mixed changes toward the middle of May, accompanying the extension of active warfare in Europe, while stock prices declined sharply.

## PRODUCTION

The Board's seasonally adjusted index of industrial production for the month of April was 102, compared with 104 for March and 109 for February. Steel ingot production was steady during April at slightly over 60 per cent of capacity as compared with an average rate of 64 per cent in March; in the first half of May output rose sharply and currently is scheduled at about 70 per cent of capacity. Automobile production in April continued at about the March rate, although ordinarily there is an increase at this season, and in early May declined somewhat. Retail sales of new cars approximated production in April and dealers' stocks of both new and used cars remained at earlier high levels. Output of plate glass, used largely by the automobile industry, declined considerably in April, and lumber production showed somewhat less than the usual seasonal increase. In the machinery, aircraft, and shipbuilding industries activity continued at the high rate of other recent months.

In the textile industry activity at cotton and woolen mills declined somewhat further in April, following considerable reductions in March. At silk mills activity remained at a low level, while rayon production was maintained at a high rate. Output at meat-packing establishments continued in large volume. There was some further curtailment in shoe production in April; in most other industries producing nondurable goods changes in output were largely seasonal in character.

Coal production, which usually declines sharply in April, showed only a small decrease this year. Output of crude petroleum, which had reached record high levels in March, was largely maintained in April and the first half of May, although stocks of crude oil were increasing and gasoline stocks were unusually large.

Value of construction contract awards increased further in April, reflecting principally a rise in contracts for private building, according to figures of the F. W. Dodge Corporation. Awards for private residential building were in somewhat larger volume than a year ago. Private nonresidential building was about one-third greater than at this season last year and was near the previous peak level reached in mid-1937. Awards for public construction, however, were considerably below the level of last spring.

## DISTRIBUTION

Distribution of commodities to consumers showed little change in April and the first half of May. The Board's seasonally adjusted index of department store sales was 90 per cent of the 1923-1925 average in April, about the level that has prevailed since the first of the year but below the peak of 96 reached last December.

Total freight-car loadings in April were in about the same volume as in March. Shipments of coal declined less than seasonally, while loadings of miscellaneous freight, which include most manufactured products, showed less than the sharp rise that is customary at this season. In the early part of May increases were reported in shipments of most classes of freight.

## FOREIGN TRADE

Exports of United States merchandise, which have been at a high level since last December, declined somewhat in April. A large part of the decrease in April was accounted for by the complete cessation of shipments to northern European countries after outbreak of hostilities there, but declines were also reported in shipments to most other countries. Exports to Canada, the Union of South Africa, and France, however, increased.

Shipments of commercial vehicles declined sharply, following a considerable rise in March, and exports of iron and steel products, which had been increasing steadily since last summer, also showed a decline. Exports of cotton and copper decreased further from earlier high levels, while machinery and aircraft shipments continued in large volume.

During April, the monetary gold stock of the United States increased by \$337,000,000, the largest increase since August 1939. Acquisitions of gold in the first two weeks of May totaled \$169,000,000.

## COMMODITY PRICES

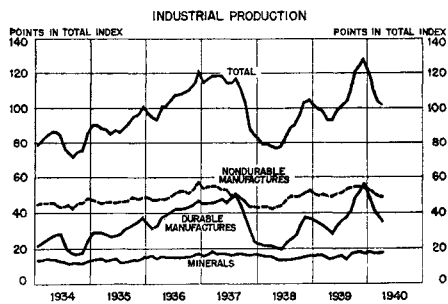
Prices of a number of basic commodities, which had been declining after a rise in April, advanced from May 10 to May 14. Increases in this period were particularly marked for imported materials, such as rubber, tin, and silk. Grain prices rose at first but subsequently showed sharp declines. Price changes for other commodities were mixed; steel scrap advanced, while cotton declined considerably. Prices of certain steel products, which had been reduced early in April, were restored to earlier levels on May 1, and producers announced that steel purchased at the lower prices must be taken by the buyers on or before June 30.

## GOVERNMENT SECURITY MARKET

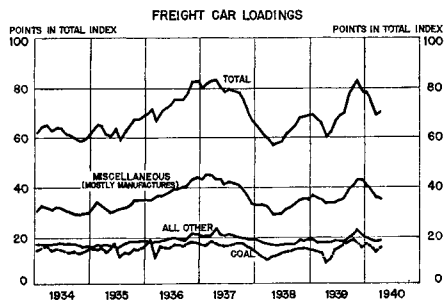
Prices of United States Government securities declined sharply from May 10 to May 14, accompanying the further spread of war in Europe. Prices of long-term Treasury bonds on May 14 were 3 3/4 points below the high point reached on April 2. The yield on the 1960-65 2 3/4 per cent bonds rose from 2.26 per cent on April 2 to 2.48 per cent on May 14.

## BANK CREDIT

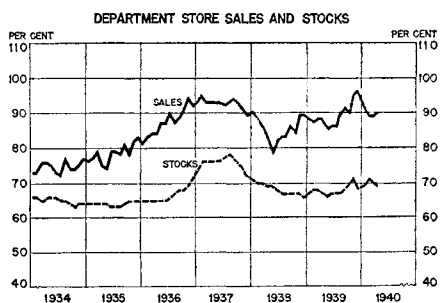
Total loans and investments at reporting member banks in 101 leading cities increased during the four weeks ending May 8. Most of this increase was at New York City banks and reflected purchases of United States Government obligations. Deposits and reserves of banks in leading cities continued at record



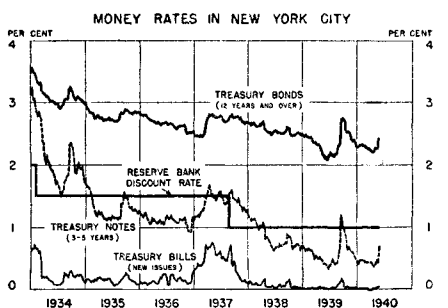
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average = 100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January 1934 to April 1940.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1925 average = 100. Miscellaneous, coal and all other expressed in terms of points in the total index. By months, January 1934 to April 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1934 to April 1940.



For weeks ending January 6, 1934, to May 18, 1940.