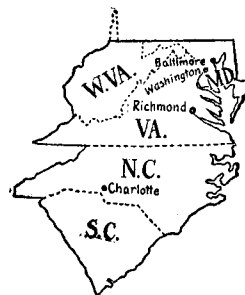


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1940

Summary of May Business Conditions

IN the Fifth Federal Reserve district, May witnessed a continuation of business on a high level, nearly all indicators showing advances over April and also over May last year. The war in Europe has increased activity in certain industries and localities, but the Fifth district's trade is largely domestic and the war has influenced business less than in some other sections of the country.

quite small, however, being only a two weeks' supply. Bituminous coal mined in the district last month was above seasonal tonnage, and was 3½ times May 1939 production, during which month Fifth district mines were closed two weeks by a labor dispute. Tobacco manufacturing in May was higher than in April, but was slightly lower than in May last year for all products except cigarettes.

RETAIL DISTRIBUTION HOLDS UP

Department store sales in May were 4 per cent above sales in May 1939, and a representative group of retail furniture stores sold 9 per cent more last month than in the same month last year. The number of new automobiles registered in the district in May rose 19 per cent above registrations in May last year. Checks drawn against depositors' accounts in 25 cities increased 16 per cent in amount last month over the same period last year.

Cotton textile mills continued operations in May at about the same level as in March and April, but sales were slow during the month. However, demand for cotton cloth and yarn rose in the first half of June, and prices recovered most of the decline which had occurred in May. Rayon yarn shipped was 22 per cent above shipments in May 1939, but production was still larger and consequently reserve stocks of yarn rose 4 per cent during the month. Reserve stocks of rayon yarn are

CONSTRUCTION AND EMPLOYMENT RISE

Construction work provided for in May exceeded that of May 1939 by a substantial volume. Building permits issued in 31 cities rose 10 per cent in valuation over permits issued last May, and contract awards rose 24 per cent this year. This rise in construction projects provides additional employment for both skilled and unskilled labor in the building trades, and in nearly all lines employment is better than a year ago.

Agricultural prospects in the Fifth district improved during May, especially in the latter half of the month when warm weather and rain stimulated plant growth. Wheat prospects improved distinctly, fruit proved to have suffered less from late freezes than had been thought earlier, grasses in pastures and hay fields developed rapidly, and the weather was favorable for potatoes. However, all crops are still late, and on June 1 corn planting had not been completed in the upper half of the district.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	May 1940	April 1940	May 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,362,938,000	\$1,338,001,000	\$1,172,618,000	+ 2	+ 16
Sales, 31 department stores, 5th district.....	\$ 10,474,004	\$ 9,218,187	\$ 10,101,952	+ 14	+ 4
Sales, 36 furniture stores, 5th district.....	\$ 1,137,135	\$ 1,164,592	\$ 1,041,016	- 2	+ 9
Sales, 192 wholesale firms, 5th district.....	\$ 12,617,000	\$ 12,093,000	\$ 11,427,000	+ 4	+ 10
Registrations, new autos, 5th district.....	23,623	26,726	19,822	- 12	+ 19
Number of business failures, 5th district.....	51	48	48	+ 6	+ 6
Liabilities in failures, 5th district.....	\$ 604,000	\$ 348,000	\$ 779,000	+ 74	- 22
Values of building permits, 31 cities.....	\$ 12,665,284	\$ 10,501,877	\$ 11,524,997	+ 21	+ 10
Value of contracts awarded, 5th district.....	\$ 39,339,000	\$ 31,625,000	\$ 31,619,000	+ 24	+ 24
Cotton consumption, 5th district (Bales).....	313,962	309,622	292,286	+ 1	+ 7
Cotton price, cents per lb., end of month.....	10.11	10.60	9.40	- 5	+ 8
Print cloths, 39 in., 80x80s, end of month.....	6.38	6.88	....	- 7	....
Rayon shipments, U. S. (Pounds).....	32,100,000	30,700,000	26,300,000	+ 5	+ 22
Rayon yarn stocks, U. S. (Pounds).....	12,200,000	11,700,000	41,700,000	+ 4	- 71
Bituminous coal mined, U. S. (Tons).....	35,468,000	32,962,000	17,927,000	+ 8	+ 98

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	June 15 1940	May 15 1940	June 15 1939
	000 omitted		
Discounts held	\$ 110	\$ 190	\$ 365
Foreign loans on gold	0	43	0
Open market paper	0	0	24
Industrial advances	896	907	1,169
Government securities	126,217	126,155	134,227
Total earning assets	\$127,223	\$127,295	\$135,785
Circulation of Fed. Res. notes	224,457	217,259	193,540
Members' reserve deposits	298,881	302,841	249,513
Cash reserves	432,154	440,400	380,127
Reserve ratio	77.62	77.98	74.39

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	June 12 1940	May 15 1940	June 14 1939
	000 omitted		
Loans & discounts	\$270,648	\$269,348	\$240,659
Investments in securities	429,072	422,485	436,509
Reserve bal. with F. R. bank	200,885	198,225	158,683
Cash in vaults	23,241	20,502	20,178
Demand deposits	569,955	556,380	485,870
Time deposits	201,662	202,146	202,106
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	May 31 1940	Apr. 30 1940	May 31 1939
Total deposits	\$223,616,485	\$224,288,123	\$220,130,334

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

Dist. of Col.	Fifth District			% of Change Month	Year
	May 1940	April 1940	May 1939		
	000 omitted				
Washington ..	\$ 292,486	\$ 289,325	\$ 253,197	+ 1	+16
Maryland					
Baltimore	390,437	388,646	323,042	+ 0	+21
Cumberland	8,625	8,402	7,842	+ 3	+10
Hagerstown	8,946	9,313	8,073	- 4	+11
North Carolina					
Asheville	12,711	12,581	11,905	+ 1	+ 7
Charlotte	63,876	64,816	58,051	- 1	+10
Durham	29,277	26,453	26,837	+11	+ 9
Greensboro	20,847	21,352	18,769	- 2	+11
Raleigh	39,966	42,300	37,352	- 6	+ 7
Wilmington	11,231	11,375	10,560	- 1	+ 6
Winston-Salem ..	40,563	37,979	36,234	+ 7	+12
South Carolina					
Charleston	20,972	19,799	16,984	+ 6	+23
Columbia	34,175	27,947	31,521	+22	+ 8
Greenville	20,381	19,610	17,828	+ 4	+14
Spartanburg	11,444	11,381	9,066	+ 1	+26
Virginia					
Danville	8,044	8,045	6,881	- 0	+17
Lynchburg	14,438	15,645	12,905	- 8	+12
Newport News ..	12,204	11,735	8,974	+ 4	+36
Norfolk	52,924	53,653	46,246	- 1	+14
Portsmouth	4,665	4,653	4,437	+ 0	+ 5
Richmond	154,112	147,832	133,875	+ 4	+15
Roanoke	28,933	28,765	25,076	+ 1	+15
West Virginia					
Charleston	52,062	48,598	42,273	+ 7	+23
Huntington	17,696	17,303	14,951	+ 2	+18
Parkersburg	11,923	10,495	9,739	+14	+22
District Totals ..	\$1,362,938	\$1,338,001	\$1,172,618	+ 2	+16

+0 or -0 indicates change of less than 1/2 of 1%.

INSOLVENCIES INCREASE

Contrary to the National record, both the number of business failures and the aggregate of liabilities involved increased in the Fifth district in May over April, and the number was also larger than in May last year, but lia-

bilities last month were less than in May 1939. Cumulative figures for five months this year were lower in the district for both the number of failures and liabilities involved than figures for the corresponding five months last year. Bankruptcy statistics gathered by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1940	51	1,238	\$ 604,000	\$13,068,000
April 1940	48	1,291	348,000	16,247,000
May 1939	48	1,334	779,000	15,897,000
5 Months, 1940	247	6,005	2,615,000	69,747,000
5 Months, 1939	295	6,756	2,951,000	87,850,000

EMPLOYMENT INCREASES

Employment conditions in the Fifth Reserve district were better in May than in May last year, and probably showed improvement over April, although changes in the past two months were relatively small. Coal production figures indicate that employment was up about 2 per cent in coal fields over April, and pay rolls for May 1940 were about double those for May 1939, when the mines in the district were closed the first half of the month pending settlement of a labor dispute. Textile operatives were employed about the same in May as in April, at a level approximately 7 per cent higher than a year ago. Ship building in the Norfolk and Baltimore areas continues at a very high level, skilled men are in demand at Baltimore for work on aircraft, and construction work provided for in May building permits and contract awards calls for additional labor. A strike of a few machinists tied up a large tobacco factory in the district about four weeks in late May and early June and threw approximately 2,000 people out of work, but the trouble had been settled. 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 April to May:

STATES	Percentage change from April 1940 to May 1940	
	in number on payroll	in amount of payroll
Maryland	+ 1.1	+ 1.9
Dist. of Columbia	+ 2.2	+ 2.2
Virginia	- 0.4	+ 1.4
West Virginia	0.0	+ 4.2
North Carolina	- 2.5	- 2.9
South Carolina	- 1.1	- 1.0

SALES OF AUTOS HOLD UP

Registrations of new passenger automobiles in the Fifth district in May ran seasonally behind April registrations, but were 19 per cent ahead of those in May 1939. Cumulative sales of new cars in the first 5 months of 1940 exceeded sales in the corresponding period last year by 25 per cent. Sales of automobiles slumped during the middle third of May when the war became active in Europe, but during the last third of the month sales again picked up rapidly. Factory shipments have somewhat more than kept up with retail sales of cars, and dealers have complete stocks of both new and used cars on hand. There is some evidence that a number of persons who have always bought used cars are now buying new ones. The following registration figures for

new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

STATES	May 1940	May 1939	% Change	5 Months 1940	5 Months 1939	% Change
Maryland	5,048	3,959	+ 28	21,829	17,123	+27
Dist. of Col. ...	2,982	2,567	+ 16	12,108	11,555	+ 5
Virginia	4,996	4,457	+ 12	23,098	17,735	+30
West Virginia ..	3,255	2,167	+ 50	12,919	8,578	+51
No. Carolina ...	4,727	4,302	+ 10	22,749	18,828	+21
So. Carolina ...	2,615	2,370	+ 10	12,876	10,657	+21
District	23,623	19,822	+ 19	105,579	84,476	+25

BUILDING PERMITS AND CONTRACTS RISE

The aggregate value of building permits issued in May in 31 Fifth district cities was \$12,665,284, an increase of 10 per cent over permits totaling \$11,524,997 issued in May 1939, and 21 per cent above \$10,501,877 in April 1940. Baltimore led in valuation for May permits with \$5,176,278, Washington was second with \$2,384,838, Richmond third with \$640,467, Charlotte fourth with \$377,096, and Norfolk fifth with \$370,563. Charleston, W. Va., and Columbia, S. C., also exceeded \$300,000 in permits last month. Eighteen of the 31 reporting cities showed increased valuation figures last month over May 1939 figures.

Contracts actually awarded for all types of construction in the Fifth district in May totaling \$39,339,000 exceeded May 1939 contracts by 24 per cent, and were also 24 per cent above April 1940 awards. *F. W. Dodge Corporation* reports that a substantially larger part of this year's contracts is for residential work and private industry, with a corresponding decline in publicly financed engineering projects. The *Dodge Corporation* figures for contracts awarded in the Fifth district in May 1940 and May 1939 are as follows:

STATES	May 1940	May 1939	% Change
Maryland	\$ 9,746,000	\$ 7,491,000	+ 30
Dist. of Col.	10,374,000	6,027,000	+ 72
Virginia	7,262,000	5,824,000	+ 25
West Virginia	3,681,000	2,886,000	+ 30
North Carolina	5,785,000	6,102,000	- 5
South Carolina	2,491,000	3,339,000	- 25
Fifth District	\$39,339,000	\$31,619,000	+ 24

COAL PRODUCTION ABOVE SEASONAL LEVEL

Bituminous coal production has been above seasonal level for several weeks, due chiefly to heavy exports through Hampton Roads and over the Lakes to Canada, and secondarily to increased activity in some coal-consuming industries such as steel. Production in May totaled 35,468,000 net tons, an average of 1,343,000 tons per working day, while April showed a total of 32,962,000 tons, or 1,313,000 tons per day. In May 1939 only 682,000 tons per day were dug, due to shut-downs in Eastern mines about half the month because of labor trouble. Total output of United States mines this year to June 8 of 196,633,000 tons exceeded 1939 output to the same date by 38.5 per cent. Hampton Roads ports loaded 10,664,327 tons between January 1 and June 8, 1940, an increase of 36 per cent over loadings in the corresponding period last year, while Lake loadings rose from 4,385,043 tons in the 1939 period to 13,713,834 tons in 1940. In

the Fifth district, bituminous coal mined in May 1940, April 1940, and May 1939, was as follows:

REGIONS	May 1940	Apr. 1940	May 1939
West Virginia	10,988,000	9,758,000	3,143,000
Virginia	1,278,000	1,115,000	379,000
Maryland	104,000	110,000	49,000
5th District	12,370,000	10,983,000	3,571,000
United States	35,468,000	32,962,000	17,927,000
% in District	34.9	33.3	19.9

COTTON TEXTILE ACTIVITY CHANGES LITTLE

Although mill output of textile products exceeded sales in April and May, relatively little curtailment in operations has occurred since March, when there was a substantial decline from the January and February levels. Cloth prices declined somewhat in May for practically all constructions, and spot cotton prices also dropped during the first half of the month. After mid-May cotton turned upward, and in June cloth prices followed the advance, recovering most of the May decrease. The week ended June 15 witnessed a spurt in cloth and yarn sales, and print cloth sales were reported as much larger than mill output. Mill margins, or the difference between the price of a pound of cotton and its approximate cloth equivalent, averaged 11.37 cents during May against 11.40 cents in April and 9.33 cents in May 1939. Consumption of cotton by states in the Fifth district in May 1940, April 1940, and May 1939, is shown below:

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
May, 1940	165,046	135,288	13,623	313,962
April 1940	166,746	128,493	14,333	309,622
May 1939	159,984	120,746	11,556	292,286
5 Months, 1940	860,155	667,105	68,024	1,595,284
5 Months, 1939	775,360	587,598	58,264	1,421,222

RAYON YARN PRODUCTION INCREASES

Rayon Organon says that deliveries of rayon filament yarn to domestic consumers in May 1940 amounted to 32,100,000 pounds as compared with 30,700,000 pounds in April and 26,300,000 pounds in May 1939. Production was slightly above shipments, however, and stocks of yarn in primary hands rose from 11,700,000 pounds on April 30 to 12,200,000 pounds on May 31. This surplus is only a 'two weeks' supply, and is but 29 per cent of a reserve stock of 41,700,000 pounds held on May 31, 1939. In the first 5 months of 1940, shipments of 153,100,000 pounds of yarn set a record for the January-May period. Rayon producers have been informed of an increase of \$5 per ton for rayon dissolving pulp to be delivered between July 1 and September 30, 1940, the new price being \$85. In recent years rayon pulp prices have ranged from a low of \$72.50 to a peak of \$97.50 per ton.

COTTON PRICES REGAIN RECENT LOSS

Spot cotton prices on 10 Southern markets, which had declined to 9.58 cents for middling grade on May 17, rose thereafter each week to 10.68 cents on June 14, the latest date for which official data are available. Surplus stocks of cotton in the United States are now about

2,000,000 bales less than stocks in storage a year ago, and consumption figures continue substantially higher than in 1939.

COTTON CONSUMPTION AND ON HAND—BALES

	May 1940	May 1939	Aug. 1 to May 31 This Year	May 31 Last Year
Fifth district states:				
Cotton consumed	313,962	292,286	2,161,759	2,769,841
Cotton growing states:				
Cotton consumed	549,818	516,637	5,619,728	4,878,602
Cotton on hand May 31 in				
Consuming establishments ..	1,048,533	977,048	.....	.....
Storage & compresses	10,022,709	12,376,643	.....	.....
United States:				
Cotton consumed	636,467	606,090	6,591,195	5,758,637
Cotton on hand May 31 in				
Consuming establishments ..	1,314,105	1,175,357	.....	.....
Storage & compresses	10,087,027	12,422,259	.....	.....
Exports of cotton, U. S.	226,469	142,577	5,921,431	3,106,675
Spindles active, U. S.	22,217,302	21,970,202	.....	.....

American cotton growers depend upon foreign markets to take a substantial part of their crop, but conditions in Europe make future demands for cotton highly doubtful. France, Italy, Belgium and Germany took nearly a million and a half bales of American cotton in 10 months ended May 31, but their purchases will be very small as long as Great Britain maintains her naval supremacy. Much of the increase in exports to England shown in the accompanying table was due to an arrangement under which the United States exchanged government owned cotton with England for crude rubber.

EXPORTS OF DOMESTIC COTTON—BALES

COUNTRIES	In 10 months ending May 31,	
	1940	1939
Great Britain	1,820,778	383,702
France	712,151	331,897
Italy	536,256	251,777
Germany	18,992	292,061
Spain	268,859	15,570
Belgium	199,899	83,594
Other European	571,236	580,166
Japan	837,608	817,523
China	402,464	82,545
Canada	352,271	190,837
All Other	201,417	77,003
Total	5,921,431	3,106,675

TOBACCO MANUFACTURING INCREASES

All tobacco products increased in May over April, while all but cigarettes declined in comparison with May last year. Bureau of Internal Revenue figures show production figures as follows:

	May 1940	April 1940	May 1939
Smoking & chewing tobacco, pounds ..	26,457,385	25,082,562	26,973,918
Cigarettes, number ..	16,274,867,793	14,819,507,680	15,445,195,753
Cigars, number	469,313,069	425,140,424	470,579,558
Snuff, pounds	3,466,676	3,398,017	3,525,026

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales May 1940 comp. with May 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks May 31, 1940 comp. with May 1939	Ratio May collections to accounts outstanding May 1
Richmond (3) ...	+ 5.3	+ 5.0	+ 8.5	- 0.7
Baltimore (8) ...	+ 2.7	+ 6.2	+ 5.9	- 1.5
Washington (6) ..	+ 2.3	+ 5.3	+ 5.8	- 2.8
Other Cities (14) ..	+ 8.2	+ 8.2	+ 0.8	- 3.9
District (31) ..	+ 3.7	+ 5.9	+ 5.5	- 2.2
Same stores by states, with 26 stores added:				
Virginia (13) ...	+ 4.1	+ 4.6	...	...
West Va. (10) ...	+16.5	+13.1	...	...
No. Carolina (9) ..	+11.4	+ 8.7	...	...
So. Carolina (11) ..	+13.9	+11.6	...	...

RETAIL FURNITURE SALES

STATES	% Change in Sales, May and 5 Months in 1940	
	Compared with May 1939	Compared with 5 Months 1939
Maryland, 9 stores	+ 15	+ 21
Dist. of Col., 7 stores	+ 0	+ 7
Virginia, 9 stores	+ 8	+ 7
North Carolina, 4 stores	+ 15	+ 13
South Carolina, 7 stores	+ 16	+ 19
District, 36 stores	+ 9	+ 14
Individual cities:		
Baltimore, 9 stores	+ 15	+ 21
Richmond, 4 stores	- 7	- 0
Washington, 7 stores	+ 0	+ 7

WHOLESALE TRADE, 192 FIRMS

LINES	Net Sales May 1940 compared with		Stocks May 31, 1940 compared with		Ratio May collections to accounts outstanding May 1
	May 1939	April 1940	May 31 1939	Apr. 30 1940	
Auto Supplies (5)	+ 4	-10	..	..	60
Shoes (5)	-10	-13	+11	- 8	57
Drugs (13)	+ 6	+ 0	+ 3	- 1	87
Dry goods (8)	+11	+11	+22	- 4	43
Electrical goods (16) ...	+27	+ 6	+11	+ 0	69
Groceries (58)	+ 9	+ 4	+ 5	- 0	94
Hardware (16)	+ 5	+ 3	+11	- 2	45
Industrial supplies (11) ..	+32	- 2	+13	+ 1	66
Plumbing & heating (4) ..	- 8	+ 1	..	..	56
Paper & products (6) ..	+15	- 3	+ 4	- 5	101
Tobacco & products (7) ..	+ 9	+ 9	- 6	- 8	86
Miscellaneous (43)	+14	+11	+ 3	- 3	77
District Average (192) ..	+10	+ 4	+ 8	- 3	69

AGRICULTURAL NOTES

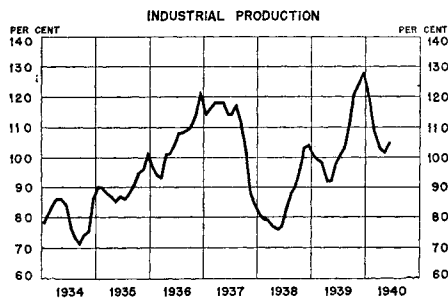
Wheat and peaches are the only crops for which 1940 prospective yield figures have been issued. Total wheat yield this year for the Fifth district is forecast at 24,440,000 bushels, approximately the same as 24,480,000 bushels in 1939 but less than the ten-year average production of 25,169,000 bushels. Maryland and Virginia are expected to exceed last year's wheat crops, but West Virginia and the two Carolinas apparently have smaller crops this year. Peaches are turning out better than was expected, and the district's prospective crop of 4,793,000 bushels is higher than either the 1939 yield of 4,708,000 bushels or the ten-year average crop of 4,624,000 bushels. No forecasts of apple production have been made, but condition figures for Fifth district states were all higher on June 1 this year than a year earlier, and were higher in all states except North Carolina than the ten-year average as of June 1.

(Compiled June 21, 1940)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity increased considerably in May and the first half of June, while prices of commodities and securities declined sharply in the middle of May and fluctuated near the lower levels after that time. Distribution of commodities to consumers was maintained at levels prevailing earlier this year.



Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to May 1940.

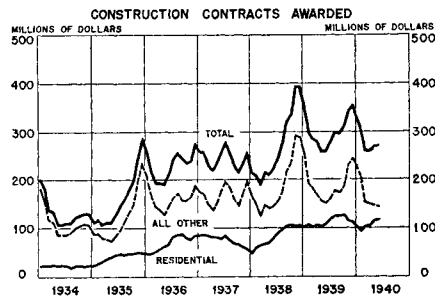
PRODUCTION

Volume of industrial production increased in May and the Board's seasonally adjusted index advanced from 102 to 105. The rise in May reflected chiefly sharp increases in activity at steel mills and woolen mills. Steel production in May was at about 71 per cent of capacity, as compared with 60 in April, and by the third week of June activity had risen further to 88 per cent. Lumber production also increased. In the automobile industry, where output had been at a high rate in the first four months of the year, dealers' stocks were in large volume and production was curtailed in May and the first half of June. Retail sales of automobiles continued at a high level during most of May, although in the middle of the month a temporary sharp reduction was reported.

In the woolen textile industry activity in May rose sharply from the low level reached in April. At cotton mills activity was maintained at about the rate prevailing in March and April and was somewhat lower than in the early months of the year. Rayon production continued large, while mill takings of raw silk declined to the lowest level in nearly twenty years. In other industries producing nondurable manufactures activity generally showed little change from April to May.

Coal production in May continued at a high level for this time of the year, reflecting in part increased exports and unusually large shipments of coal to Upper Lake ports. Iron ore shipments down the Lakes were also large for this season. Petroleum production in May declined somewhat from the high rate maintained in March and April.

Value of construction contract awards increased further in May, according to figures of the F. W. Dodge Corporation, reflecting principally continued growth of private building. Private residential contracts rose to the highest level in the past 10 years. Awards for commercial buildings advanced somewhat further while those for factory construction continued at about the level reached in April. Both were considerably larger than a year ago. Contracts for public construction increased slightly in May but were about one-sixth lower than a year earlier.



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for April and May and estimate for June.

DISTRIBUTION

Department store sales in May declined from the level prevailing in the past three months, while sales at variety stores and mail-order houses were largely maintained at earlier levels. In the first week of June department store sales increased considerably.

Volume of railroad freight traffic increased in May, reflecting larger shipments of miscellaneous merchandise, coal, and forest products. Loadings of grains declined.

FOREIGN TRADE

Total exports of United States merchandise showed little change from April to May. Increases were reported in shipments to Canada and Australia and to Italy and Finland, while exports to other European nations showed declines. Exports of industrial machinery in May declined somewhat from the high level reached in April, while exports of steel, copper, chemicals, and commercial vehicles increased, following declines in the previous month. Coal shipments, largely to Canada, rose to the highest level in recent years. Cotton exports continued to decline from the high level of last winter.

The monetary gold stock of the United States increased by \$439,000,000 in May and by \$250,000,000 in the first two weeks of June.

COMMODITY PRICES

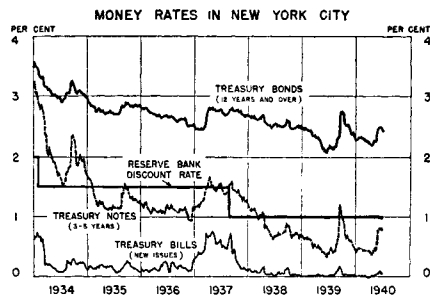
Following a general decline in basic commodity prices around the middle of May, prices of industrial materials, particularly steel scrap, zinc, tin, and wool, advanced and by the middle of June were in some instances above the levels of early May. Raw cotton prices also increased, and in the second week of June prices of cotton gray goods likewise advanced as sales of these goods were in exceptionally large volume. Prices of a number of foodstuffs continued to decline.

BANK CREDIT

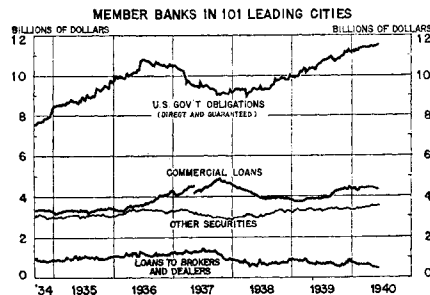
Total loans and investments at reporting member banks in 101 leading cities showed little net change during the four weeks ending June 5. Holdings of United States Government obligations increased further at New York City banks, while loans to security brokers and dealers declined considerably. Deposits and reserves of member banks continued to increase sharply as a result mainly of heavy gold imports.

GOVERNMENT SECURITY MARKET

Prices of Government securities held relatively steady during the latter part of May and the first part of June, after a reaction at the time of the invasion of Belgium and Holland. Subsequently prices increased sharply, and on June 15 the yield on the 1960-1965 bonds was 2.40 per cent, compared with 2.52 per cent on June 10 and 2.26 per cent at this year's peak in prices on April 2.



For weeks ending January 6, 1934, to June 15, 1940.



Wednesday figures, September 5, 1934, to June 12, 1940. Commercial loans based on new classification beginning May 19, 1937.