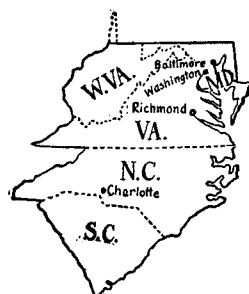


# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond, Va.*

*November 30, 1940*

### Summary of October Business Conditions

THE influence of the defense program is permeating industry in the Fifth Reserve district, and is spreading over into retail fields as increased employment furnishes additional purchasing power. Shipyards in the Hampton Roads area have many millions in contracts, are increasing facilities to handle additional business, and are employing all the workers for whom housing can be found. The airplane industry in Maryland also holds large contracts, and is expanding facilities further. The cotton textile industry in the Carolinas and Virginia, accounting for nearly half the country's capacity, is operating at a near-record level, and has accumulated a heavy back-log of orders, while the rayon yarn producers are shipping more yarn than they can make and have subsequently reduced reserve stocks to less than a week's supply. Coal mines in Virginia and West Virginia are working at seasonal levels, and the railroads of the district are hauling a relatively heavy tonnage. Lumber is in active demand and saw mills have recently been unable to keep production up to shipments and new orders. Contract awards for construction, swelled by numerous projects flowing out of the defense program, reached the

second highest figure in October for any month in eleven years. Reporting member banks increased loans moderately between the middle of October and the middle of November, and are in a strong position to take care of further demands as they develop. Debits to individual accounts, representing checking transactions in 25 cities, rose 20 per cent in October over September, and were 11 per cent ahead of debits in October 1939.

In distribution through retail and wholesale channels, department store sales in October exceeded sales in September by 14 per cent and were 13 per cent above October 1939 sales, and furniture sales rose 9 per cent above those in the same month last year. Registrations of new passenger automobiles in the Fifth district created an October record, and were 48 per cent higher than October 1939 registrations. Sales reported by 194 wholesale firms followed retail sales closely, gaining 12 per cent over wholesale sales in October last year. Commercial failures were fewer in number and lower in liabilities in October 1940 than a year ago, and all tobacco products manufactured exceeded last year's October output by a substantial margin.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	October 1940	September 1940	October 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,572,148,000	\$1,309,689,000	\$1,412,426,000	+ 20	+ 11
Sales, 30 department stores, 5th district.....	\$ 12,795,009	\$ 11,222,650	\$ 11,283,276	+ 14	+ 13
Sales, 41 furniture stores, 5th district.....	\$ 1,563,620	\$ 1,481,292	\$ 1,436,161	+ 6	+ 9
Sales, 194 wholesale firms, 5th district.....	\$ 12,513,000	\$ 11,627,000	\$ 11,169,000	+ 8	+ 12
Registrations, new autos, 5th district.....	22,610	10,463	15,260	+116	+ 48
Tobacco sold in 5th district (Pounds).....	235,912,145	222,042,386	307,850,162	+ 6	- 23
Average price of tobacco, per 100 lbs.....	\$ 19.31	\$ 15.24	\$ 15.75	+ 27	+ 23
Growers' receipts from tobacco, 5th district..	\$ 45,557,450	\$ 33,839,262	\$ 48,479,006	+ 35	- 6
Number of business failures, 5th district.....	40	37	52	+ 8	- 23
Liabilities in failures, 5th district.....	\$ 498,000	\$ 348,000	\$ 755,000	+ 43	- 34
Value of building permits, 30 cities.....	\$ 11,901,543	\$ 12,206,334	\$ 13,973,225	- 2	- 15
Value of contracts awarded, 5th district.....	\$ 51,758,000	\$ 34,192,000	\$ 28,276,000	+ 51	+ 83
Cotton consumption, 5th district (Bales).....	354,688	302,833	320,999	+ 17	+ 10
Cotton price, ¢ per lb. end of month.....	9.36	9.42	9.09	- 1	+ 3
Print cloths, 39 in., 80x80s, end of month.....	7.13	7.00	.....	+ 2	.....
Rayon yarn shipments, U. S. (Pounds).....	36,900,000	30,900,000	34,800,000	+ 19	+ 6
Rayon yarn stocks, U. S. (Pounds).....	6,800,000	8,300,000	9,400,000	- 18	- 28
Bituminous coal mined, U. S. (Tons).....	38,300,000	38,650,000	46,394,000	- 1	- 17

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

## Fifth District

ITEMS	000 omitted		
	Nov. 15 1940	Oct. 15 1940	Nov. 15 1939
Discounts held .....	\$ 80	\$ 40	\$ 256
Foreign loans on gold.....	35	22	142
Industrial advances .....	815	821	1,007
Government securities .....	118,321	123,938	135,062
Total earning assets.....	119,251	124,821	136,467
Circulation of Fed. Res. notes.....	264,697	256,825	225,548
Members' reserve deposits .....	356,891	340,160	279,791
Cash reserves .....	563,022	541,669	417,333
Reserve ratio .....	82.88	82.08	75.94

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

## Fifth District

ITEMS	000 omitted		
	Nov. 13 1940	Oct. 16 1940	Nov. 15 1939
Loans & discounts .....	\$296,120	\$287,866	\$260,721
Investments in securities .....	441,804	455,402	437,513
Reserve bal. with F. R. bank.....	238,240	225,268	185,381
Cash in vaults .....	26,180	21,758	20,406
Demand deposits .....	626,102	615,758	535,113
Time deposits .....	204,792	203,763	201,392
Money borrowed .....	100	0	0

## MUTUAL SAVINGS BANK DEPOSITS

## 10 Baltimore Banks

	Oct. 31 1940	Sept. 30 1940	Oct. 31 1939
Total deposits .....	\$223,668,715	\$222,792,230	\$220,944,398

## DEBITS TO INDIVIDUAL ACCOUNTS

## Fifth District

Dist. of Col.	000 omitted			% of Change	
	Oct. 1940	Sept. 1940	Oct. 1939	Month	Year
<b>Washington</b> .....	\$ 307,184	\$ 263,524	\$ 277,873	+17	+11
<b>Maryland</b>					
Baltimore .....	431,213	358,270	386,664	+20	+12
Cumberland .....	8,614	7,967	8,859	+ 8	- 3
Hagerstown .....	10,379	9,044	9,571	+15	+ 8
<b>North Carolina</b>					
Asheville .....	16,182	13,624	13,006	+19	+24
Charlotte .....	76,729	63,278	71,940	+21	+ 7
Durham .....	54,030	42,771	44,114	+26	+22
Greensboro .....	22,597	19,406	19,879	+16	+14
Raleigh .....	51,103	38,464	45,851	+33	+11
Wilmington .....	13,735	12,213	11,571	+12	+19
Winston-Salem ..	51,050	41,430	45,857	+23	+11
<b>South Carolina</b>					
Charleston .....	23,809	18,487	22,662	+29	+ 5
Columbia .....	34,854	28,092	26,277	+24	+33
Greenville .....	24,460	19,348	22,104	+26	+11
Spartanburg .....	14,902	10,255	13,016	+45	+14
<b>Virginia</b>					
Danville .....	17,833	10,361	14,484	+72	+23
Lynchburg .....	15,525	14,599	14,767	+ 6	+ 5
Newport News...	15,535	13,515	11,985	+15	+30
Norfolk .....	62,387	53,521	52,433	+17	+19
Portsmouth .....	5,640	4,766	4,188	+18	+35
Richmond .....	197,573	164,069	187,297	+20	+ 5
Roanoke .....	30,684	28,184	27,452	+ 9	+12
<b>West Virginia</b>					
Charleston .....	55,116	46,947	50,880	+17	+ 8
Huntington .....	19,460	17,236	18,902	+13	+ 3
Parkersburg .....	11,554	10,318	10,794	+12	+ 7
<b>District Totals.</b>	<b>\$1,572,148</b>	<b>\$1,309,689</b>	<b>\$1,412,426</b>	<b>+20</b>	<b>+11</b>

## COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October, 1940 .....	40	1,111	\$ 498,000	\$ 12,715,000
September, 1940 .....	37	976	348,000	11,397,000
October, 1939 .....	52	1,234	755,000	17,464,000
10 months, 1940 .....	464	11,509	5,736,000	136,803,000
10 months, 1939 .....	493	12,431	5,541,000	156,076,000

Source: Dun &amp; Bradstreet

## EMPLOYMENT AT HIGH LEVEL

Employment in the Fifth district has increased steadily in recent months, and there is a scarcity of skilled men in certain trades. Industry is busier than it has been for several years at this season, both on ordinary commercial business and on special orders either directly or indirectly due to the defense program. In some localities, notably in the Hampton Roads area, housing is insufficient to provide for the large number of workers needed by plants handling Government contracts, but construction is being rushed in an effort to overcome this handicap to further employment. Coal production declined in October and miners consequently worked less than in the two preceding months, but coal output is still relatively large and no unemployment developed from last month's curtailment of tonnage. Mining is apparently the only major line in which work slackened last month. There is no labor trouble of importance in the district at present. 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. 1940 to Oct. 1940	
	in number on payroll	in amount of payroll
Maryland .....	+ 0.9	+ 1.3
Dist. of Columbia .....	+ 4.6	+ 2.9
Virginia .....	+ 2.0	+ 3.4
West Virginia .....	+ 1.5	+ 0.6
North Carolina .....	+ 3.3	+ 4.2
South Carolina .....	+ 1.2	+ 2.2
District Average .....	+ 2.9	+ 2.2

## AUTOMOBILE SALES RISE SHARPLY

All 1941 models being available in October, sales in the Fifth district of new passenger automobiles rose substantially, and exceeded October 1939 sales by 48 per cent. In fact, sales last month were larger in every Fifth district state except North Carolina than in any other October since the introduction of new models was shifted from spring to fall. Used cars also sold exceptionally well in October, and some dealers are actually advertising for late model second hand cars and offering cash for them. There is some fear that the preparedness program may cause a diversion of material from the auto industry a little later, which might bring about a shortage of available new cars, and many people in the trade believe this fear has caused a number of buyers to anticipate their needs by a few months. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Oct. 1940	Oct. 1939	% Change	10 Months 1940	10 Months 1939	% Change
Maryland .....	4,454	2,570	+73	41,123	32,066	+28
Dist. of Col. ....	3,109	2,221	+40	23,634	21,412	+10
Virginia .....	4,358	2,986	+46	46,127	34,665	+33
West Virginia...	2,427	1,837	+32	26,215	18,752	+40
No. Carolina....	5,479	3,780	+45	44,061	37,320	+18
So. Carolina....	2,783	1,866	+49	23,593	20,488	+15
Fifth District..	22,610	15,260	+48	204,753	164,703	+24

## DEFENSE PROGRAM INCREASES CONSTRUCTION

Building permits issued in 30 Fifth district cities in October were lower in valuation than in either September 1940 or October 1939, but contract award figures last month, including rural as well as urban projects, were substantially higher than in either of the earlier months. Most of the emergency construction resulting from the defense program is in rural, suburban or small town areas, and does not appear in building permits but does appear in contract awards. Permits issued last month in 30 cities totaled \$11,901,543, a decrease of 2 per cent from \$12,206,334 for September this year and 15 per cent below \$13,973,225 for October last year. Washington led in October 1940 valuations with \$5,149,180, Baltimore was second with 1,789,086, Norfolk third with \$1,082,203, Charleston, W. Va., fourth with \$471,756, and Greensboro fifth with \$430,811. Federally aided housing projects continue to play an important role in building permit figures.

Contracts actually awarded in the Fifth district in October for all types of construction totaled \$51,758,000, a figure exceeded only 6 times in the past 233 months, and only once since 1929. A considerable part of the October awards is accounted for by needs for additional industrial facilities to care for defense work. Figures collected by the *F. W. Dodge Corporation* by states in the Fifth district are usually included in the Review each month but were not available in time for inclusion this month.

## COAL MINING DECLINES

Bituminous coal mining in the United States declined in October from September on both a monthly and daily basis, and also fell materially below the level of October last year. In October 1940 output of 38,300,000 net tons compared with 38,650,000 tons mined in the shorter month of September and 46,394,000 tons in October 1939. On a daily basis, October tonnage of 1,419,000 tons was 12 per cent less than 1,610,000 tons per day in September and 20 per cent less than 1,784,000 tons per day in October last year. However, total production this calendar year to November 9 of 382,727,000 tons was 16 per cent above 328,685,000 tons mined to the corresponding date in 1939. Shipments of coal through Hampton Roads ports totaled 19,272,677 tons through November 9, an increase of 15 per cent over shipments of 16,720,252 tons to the same date last year. In the Fifth district, production of bituminous coal in October 1940, September 1940 and October 1939 was as follows:

## SOFT COAL PRODUCTION IN TONS

REGIONS	Oct. 1940	Sept. 1940	Oct. 1939
West Virginia .....	9,705,000	11,054,000	12,926,000
Virginia .....	1,294,000	1,260,000	1,605,000
Maryland .....	117,000	105,000	167,000
5th District .....	11,116,000	12,419,000	14,698,000
United States .....	33,300,000	38,650,000	46,394,000
% in District.....	29.0	32.1	31.7

## COTTON TEXTILE ACTIVITY NEARS RECORD

The *Journal of Commerce* reports that sales of cotton gray goods in October were well in excess of production, and the improvement that got under way in late August showed no signs of diminishing. Prices were marked up on most weaves, mill stocks were cleared and backlogs of orders enlarged. As the month ended, most mills had enough business in hand to assure maintenance of the present rate of production to the end of the year. In many instances mills reported booking sizable orders for delivery through the first quarter of 1941. Print cloths were also active most of the month and in at least one week sales were more than double production. Prices moved up sharply and shortage of a number of items developed. Sheetings were also active and as the month ended mills were unable to promise deliveries on a number of staple weaves before late December. Defense contracts continued to flow into the market in swelling volume and this business alone was sufficient to divert considerable equipment from the manufacture of ordinary commercial requirements. As has been the case since August, ducks and similar heavy materials which come under the head of military supplies remained in a strong position.

In the Fifth district specifically, which accounts for approximately 46 per cent of the textile industry, cotton consumption in October was the second highest for any month on record, and lacked only 9/10ths of 1% of equalling the record of 358,117 bales set in March 1937.

## COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
October, 1940 .....	196,823	143,374	14,491	354,688
September, 1940 .....	164,788	124,872	13,173	302,833
October, 1939 .....	181,068	126,700	13,231	320,999
10 Months, 1940 .....	1,683,864	1,300,362	124,314	3,108,540
10 Months, 1939 .....	1,577,468	1,172,394	119,001	2,868,863

## RAYON YARN SHIPMENTS SET RECORD

Rayon yarn shipments in the United States to domestic consumers set a record of 36,900,000 pounds in October, 19 per cent above September 1940 shipments of 30,900,000 pounds and 6 per cent above October 1939 shipments of 34,800,000 pounds. Deliveries last month exceeded production for the fourth successive month, and reserve stocks consequently declined from 8,300,000 pounds on September 30 to 6,800,000 pounds on October 31. *Rayon Organon* reports shipments in the first 10 months of 1940 at 320,100,000 pounds, an increase of 8 per cent over 297,200,000 pounds in the corresponding period of 1939.

## COTTON STATISTICS

Cotton prices on 10 Southern markets, after declining slowly but steadily from the middle of June to the middle of October, turned upward slightly in the last week in October and the first half of November. On Friday, June 14, the average price of middling grade 15/16-inch upland cotton on the 10 markets was 10.68 cents per pound, but practically every Friday thereafter showed a lower average until 9.33 cents was reached on October 11. Remaining at approximately the same level until November, the price then rose to 9.75 cents on November 15, the latest date for which data are available.

The fourth forecast of 1940 cotton production in the United States, issued by the Department of Agriculture on November 8, raised the estimate from 12,741,000 bales as of October 1 to 12,847,000 bales on November 1, an increase of 8.7 per cent above the 1939 crop of 11,817,000 bales. In the Fifth district, Virginia's figure was raised from 22,000 bales on October 1 to 23,000 bales on November 1, North Carolina's figure from 670,000 bales to 740,000 bales, and South Carolina's figure from 925,000 bales to 960,000 bales. In 1939 Virginia grew 13,000 bales, North Carolina 457,000 bales, and South Carolina 871,000 bales. The district as a whole therefore shows a crop of 1,723,000 bales this year, an increase of 28.5 per cent over the 1939 yield of 1,341,000 bales.

## COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1940	Oct. 1939	Aug. 1 to Oct. 31 This Year	Oct. 31 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	354,688	320,999	956,217	918,010
<b>Cotton growing states:</b>				
Cotton consumed .....	652,236	578,972	1,766,045	1,647,260
Cotton held Oct. 31 in				
Consuming establishments...	1,172,152	1,290,137		
Storage & compresses.....	13,712,347	15,476,084		
<b>United States:</b>				
Cotton consumed .....	770,702	686,451	2,064,457	1,941,301
Cotton held Oct. 31 in				
Consuming establishments...	1,354,063	1,459,329		
Storage & compresses.....	13,848,115	15,504,291		
Exports of cotton, U. S.....	194,251	885,182	350,231	1,744,051
Spindles active, U. S.....	22,456,588	22,667,414		

## AUCTION TOBACCO SALES

Prices paid for tobacco in Fifth district auction markets in October held above 1939 prices, and poundage sales, while substantially below October 1939 figures, were up to seasonal level in consideration of the size of this year's crop, which is 39 per cent less than last year's. This reduction is due almost entirely to voluntary acreage restriction. Sales in October, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	October 1940	October 1939	1940	1939
So. Carolina .....	8,263,570	20,030,159	\$11.99	\$11.28
No. Carolina .....	186,144,580	243,422,252	19.42	16.19
Virginia .....	41,508,995	44,397,751	20.28	15.34
District Total .....	235,912,145	307,850,162	19.31	15.75
Season through .....	512,819,546	644,553,459	17.71	15.29

## TOBACCO MANUFACTURING RISES

Production of all tobacco products rose sharply in October over September, and materially exceeded October 1939 output, according to data based on Internal Revenue receipts.

	Oct. 1940	Sept. 1940	Oct. 1939
Smoking & chewing tobacco, pounds .....	31,150,014	25,879,985	26,977,566
Cigarettes, number .....	16,448,241,230	14,889,814,717	15,384,360,207
Cigars, number .....	583,508,410	475,725,260	551,229,569
Snuff, pounds .....	3,567,501	2,848,874	3,261,057

## RETAIL AND WHOLESALE TRADE

## DEPARTMENT STORE TRADE

	Net Sales Oct. 1940 comp. with Oct. 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks Oct. 31, 1940 comp. with Oct. 31, 1939		Ratio Oct. collections to accounts outstanding Oct. 1
			Oct. 1939	Sept. 1940	
Richmond (3) ....	+15.5	+ 7.5	+ 5.8	+ 6.4	34.3
Baltimore (8) ....	+11.0	+ 9.8	+ 4.5	+ 7.0	32.4
Washington (6) ..	+15.1	+ 9.0	+ 3.2	+10.2	28.4
Other Cities (13) .	+12.8	+ 9.9	+ 4.9	+ 8.2	31.5
District (30) ....	+13.4	+ 9.2	+ 4.3	+ 8.3	30.6
Same stores by states, with 25 stores added:					
Virginia (12).....	+18.9	+ 8.0	..	..	..
West Va. (10)....	+ 4.5	+10.7	..	..	..
No. Carolina (9) ..	+13.7	+10.0	..	..	..
So. Carolina (10) .	+10.6	+10.8	..	..	..

## RETAIL FURNITURE SALES

STATES	% Change in Sales, Oct. and 10 Months in 1940 Compared with	
	Oct. 1939	10 Months 1939
Maryland (9) .....	+ 4	+14
Dist. of Col. (7) .....	+16	+11
Virginia (13) .....	+10	+ 7
North Carolina (5) .....	+ 8	+ 8
South Carolina (7) .....	+ 4	+ 9
District (41) .....	+ 9	+11
Individual Cities:		
Baltimore (9) .....	+ 4	+14
Richmond (5) .....	+ 1	+ 2
Washington (7) .....	+16	+11

## WHOLESALE TRADE, 194 FIRMS

	Net Sales October 1940 compared with		Stocks Oct. 31, 1940 compared with		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1939	Sept. 1940	Oct. 31, 1939	Sept. 30, 1940	
Auto supplies (8) .....	+13	+27	+15	+ 4	57
Shoes (4) .....	- 1	- 8	- 6	-14	64
Drugs (13) .....	+12	+ 8	+ 9	+ 5	73
Dry Goods (8) .....	+ 6	- 5	+ 8	- 4	45
Electrical goods (6) .....	+16	+19	+24	+12	99
Groceries (66) .....	+14	+ 8	+ 1	+ 2	98
Hardware (14) .....	+ 7	0	+ 6	0	50
Industrial supplies (8) ..	+18	+32	+11	+ 1	73
Plumbing & heating (4) ..	+66	+55	..	..	59
Paper & products (9) ..	+16	+12	- 5	0	67
Tobacco & products (8) ..	- 2	- 9	0	+ 3	85
Miscellaneous (46) .....	+15	+18	-13	+25	76
District Average (194) ..	+12	+ 8	+ 1	+ 2	69

Source: Bureau of the Census.

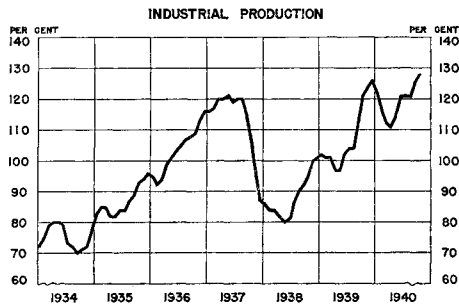
## AGRICULTURAL NOTES

The year 1940 was unusually favorable for farming in the Fifth district, with good weather during the growing season and almost ideal harvesting conditions. Nearly all crop yields are above the 10-year averages, and many are higher than the large returns in 1939. Both North Carolina and South Carolina have record per acre cotton yields, and tobacco turned out substantially better than had been expected earlier in the season. Hay and grain crops provided abundant feed for stock during the winter, pastures were above average until frost, and live stock is in excellent shape. Fall sown grains have been planted under favorable conditions in most sections of the district.

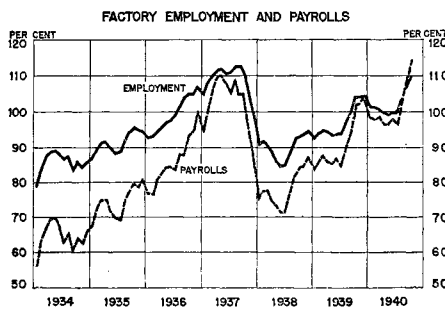
(Compiled November 20, 1940)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

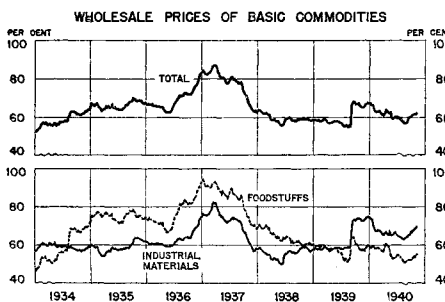
(Compiled by the Board of Governors of the Federal Reserve System)



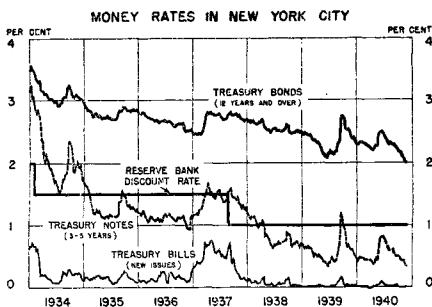
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1934 to October 1940.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1924 average=100. By months, January 1934 to October 1940. Indexes compiled by U. S. Bureau of Labor Statistics.



Federal Reserve Groupings of Wholesale prices of Industrial Materials and Foodstuffs, computed from Bureau of Labor Statistics data. 1926=100.



For weeks ending January 6, 1934 to November 9, 1940.

Industrial output rose sharply in October and the first half of November and prices of basic commodities advanced further. New orders both for defense purposes and for civilian needs continued in large volume.

### PRODUCTION

Volume of industrial production, as measured by the Board's seasonally adjusted index, rose further in October to about 128 per cent of the 1935-1939 average as compared with 125 in September and 126 at the peak reached last December.

Increases in output were marked in the automobile and textile industries. In the rayon industry, where production in September had been curtailed by a strike, activity increased considerably and cotton textile mills were also more active. Mill sales of cotton goods have been large since the middle of August, reflecting increased civilian and military demand, and have been in excess of production during most of this period. At wool textile mills, where activity had risen sharply in September, there was a further increase in October. Backlogs of orders in this industry are now of considerable size owing to a large volume of orders received during the past two months, particularly from the Government. Automobile production rose to about 500,000 cars and trucks, the largest monthly total since the spring of 1937, and retail sales of both new and used automobiles were reported to be large for this time of year.

In the steel and machinery industries activity continued at a high rate in October. In the first half of November steel ingot production advanced slightly further and was at about 96 per cent of capacity. This high rate of output is expected to be maintained for some time to come, according to trade reports, as new orders for steel have continued large. Lumber production, which had risen sharply since mid-summer, declined less than seasonally in October. New orders for lumber were somewhat below the high rate of August and September but remained above production, reflecting in part continued Government demands.

Bituminous coal production declined sharply in October but in the first half of November showed some increase. In this industry output had been maintained in large volume during the summer owing in part to considerable stocking of coal in anticipation of higher prices. Anthracite production also declined in the first half of October but rose sharply in the latter part of the month owing in part to seasonal influences. Crude petroleum production, which had been curtailed during most of the summer, increased further in October.

Value of construction contract awards increased in October, following a decline in the previous month, according to figures of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. Changes in the amount of contract awards in recent months have reflected principally fluctuations in contracts for public projects. Awards for private construction have shown about the usual seasonal changes, following a sharp rise in July and August.

### DISTRIBUTION

In October department store sales declined considerably from the advanced level of the two preceding months, while sales at variety stores, which also had been large in August and September, increased seasonally. In the early part of November department store sales increased somewhat.

Total loadings of revenue freight in October were maintained at about the level reached in September. Shipments of miscellaneous merchandise increased further, while loadings of coal showed a sharp decrease. In the first week of November freight-car loadings declined by less than the usual seasonal amount.

### WHOLESALE COMMODITY PRICES

Prices of basic commodities continued to advance from the middle of October to the middle of November, with the chief increases in industrial materials, particularly lead, hides, wool, and textile yarns. The general index of wholesale commodity prices rose further by about 1 per cent in this period, reflecting increases in prices of some finished goods as well as of materials.

### BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased substantially since the end of September. Commercial loans showed sizable increases both in New York City and in other leading cities. Following reductions during August and September, holdings of United States Government obligations at these banks also increased. Federal Reserve System holdings of Government obligations were reduced by \$180,000,000 between September 25 and November 13.

### UNITED STATES GOVERNMENT SECURITY PRICES

After rising moderately during the latter part of October prices of United States Government securities advanced sharply in the early part of November. The quotation on the 1960-65 bonds reached a new high level at about 110¼, and the yield on this issue declined to 2.12 per cent compared with 2.25 per cent in October and 2.26 per cent in June 1939 and again in April 1940. The average yield on 3 to 5 year Treasury notes declined to less than ¾ of 1 per cent.