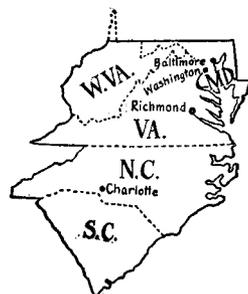


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1940

Summary of November Business Conditions

DEVELOPMENTS in trade and industry in the Fifth Federal Reserve district were fully up to seasonal levels in November, and reflected a continuation of the stimulating influence of the defense program. Some recessions from October activities were noted, but these were nearly all due to fewer business days in November or to other seasonal causes.

Increased purchasing power this year is reflected in retail sales, automobile registrations, a large cotton crop, residential construction, and steadily expanding employment and payrolls. Department store sales in November 1940 were 14 per cent larger than sales in the same stores in November 1939, and furniture stores sold 13 per cent more in the 1940 month. Registrations of new passenger automobiles in Fifth district states last month were 35 per cent above November 1939 registrations, and set a record for November. The cotton crop made record per acre yields this year in the three Fifth district cotton growing states, and total production for the district was 29 per cent higher than in 1939 in contrast with an increase for the United States of only 7 per cent. With slightly higher cotton prices prevailing during the fall of 1940 than a year earlier, the increased cotton yield re-

sulted in substantially larger cash returns to growers. In residential building, contracts issued in November 1940 show a 20 per cent increase over contracts awarded in November 1939 for the same class of work. The number of employees and total hours worked have risen steadily since midsummer, materially increasing incomes of industrial workers and building tradesmen especially.

Construction work under way or under contract in the Fifth district is in very large volume, for much of which the defense program is directly or indirectly responsible. Building permits issued in November exceeded the November 1939 permits by 47 per cent in valuation, and contract awards were 89 per cent higher. Textile mills in the Fifth district have a large backlog of Government orders, sufficient to keep them operating at capacity for at least ninety days, and many other industries also hold substantial contracts for material needed by the Army or Navy. Baltimore airplane factories and shipyards, and shipyards in the Hampton Roads area, have several hundred million dollars in contracts which assure full time operations for several years. Four or five Army camps are under construction or expansion in the district, and when finished will be occupied by many thousands of National Guardsmen or drafted men.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	November 1940	October 1940	November 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,528,845,000	\$1,572,148,000	\$1,351,579,000	— 3	+ 13
Sales, 30 department stores, 5th district.....	\$ 12,953,928	\$ 12,805,009	\$ 11,398,495	+ 1	+ 14
Sales, 41 furniture stores, 5th district.....	\$ 1,478,646	\$ 1,563,620	\$ 1,313,403	— 5	+ 13
Sales, 195 wholesale firms, 5th district.....	\$ 13,121,000	\$ 14,351,000	\$ 11,701,000	— 9	+ 12
Registrations, new autos, 5th district.....	23,479	22,610	17,380	+ 4	+ 35
Tobacco sold in 5th district (Pounds).....	102,320,316	235,912,145	262,012,670	— 57	— 61
Average price of tobacco, per 100 lbs.....	\$ 14.33	\$ 19.31	\$ 16.99	— 26	— 16
Growers' receipts from tobacco, 5th district.....	\$ 14,659,107	\$ 45,557,450	\$ 44,522,355	— 68	— 67
Number of business failures, 5th district.....	31	40	34	— 23	— 9
Liabilities in failures, 5th district.....	\$ 769,000	\$ 498,000	\$ 291,000	+ 54	+164
Value of building permits, 30 cities.....	\$ 13,076,326	\$ 11,901,543	\$ 8,888,654	+ 10	+ 47
Value of contracts awarded, 5th district.....	\$ 45,378,000	\$ 51,758,000	\$ 24,056,000	— 12	+ 89
Cotton consumption, 5th district (Bales).....	340,446	354,688	341,096	— 4	— 0
Cotton price, ¢ per lb., end of month.....	9.74	9.36	9.09	+ 4	+ 7
Print cloths, 39 in., 80x80s, end of month.....	7.375	7.125	.....	+ 4	.....
Rayon yarn shipments, U. S. (Pounds).....	35,000,000	36,900,000	33,300,000	— 5	+ 5
Rayon yarn stocks, U. S. (Pounds).....	6,200,000	6,800,000	7,700,000	— 9	— 19
Bituminous coal mined, U. S. (Tons).....	40,300,000	38,700,000	43,301,000	+ 4	— 7

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Dec. 15 1940	Nov. 15 1940	Dec. 15 1939
Discounts held	\$ 47	\$ 80	\$ 109
Foreign loans on gold	41	35	208
Industrial advances	783	815	950
Government securities	115,900	118,321	129,904
Total earning assets	116,771	119,251	131,171
Circulation of Fed. Res. notes	278,382	264,697	230,718
Members' reserve deposits	354,012	356,891	279,816
Cash reserves	570,688	563,022	426,704
Reserve ratio	83.49	82.88	76.58

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Dec. 11 1940	Nov. 13 1940	Dec. 13 1939
Loans and discounts	\$298,873	\$296,120	\$264,876
Investments in securities	432,527	441,804	449,111
Reserve bal. with F. R. bank	242,985	238,240	192,636
Cash in vaults	27,828	26,180	24,813
Demand deposits	637,972	626,102	540,913
Time deposits	199,907	204,792	196,702
Money borrowed	0	100	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	Nov. 30 1940	Oct. 31 1940	Nov. 30 1939
	Total deposits	\$223,087,460	\$223,668,715	$220,910,601

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

Dist. of Col.	Nov. 1940	Oct. 1940	Nov. 1939	% of Change	
				Month	Year
Washington	\$ 304,470	\$ 307,184	\$ 263,313	- 1	+16
Maryland					
Baltimore	429,178	431,213	354,795	0	+21
Cumberland	8,739	8,614	8,509	+ 1	+ 3
Hagerstown	9,678	10,379	8,541	- 7	+13
North Carolina					
Asheville	14,955	16,182	11,855	- 8	+26
Charlotte	86,845	76,729	66,978	+13	+30
Durham	38,342	54,030	40,469	-29	- 5
Greensboro	23,001	22,597	22,802	+ 2	+ 1
Raleigh	48,235	51,103	43,386	- 6	+11
Wilmington	11,843	13,735	10,997	-14	+ 8
Winston-Salem ..	48,359	51,050	45,559	- 5	+ 6
South Carolina					
Charleston	21,482	23,809	17,760	-10	+21
Columbia	37,278	34,854	28,338	+ 7	+32
Greenville	24,722	24,460	19,711	+ 1	+25
Spartanburg	13,102	14,902	11,226	-12	+17
Virginia					
Danville	15,409	17,833	19,735	-14	-22
Lynchburg	16,336	15,525	15,121	+ 5	+ 8
Newport News ..	13,023	15,535	11,600	-16	+12
Norfolk	64,884	62,387	52,022	+ 4	+25
Portsmouth	5,939	5,640	4,578	+ 5	+30
Richmond	175,920	197,573	186,398	-11	- 6
Roanoke	32,962	30,684	28,182	+ 7	+17
West Virginia					
Charleston	54,195	55,116	52,200	- 2	+ 4
Huntington	18,710	19,460	18,024	- 4	+ 4
Parkersburg	11,238	11,554	9,480	- 3	+19
District Totals ...	\$1,528,845	\$1,572,148	\$1,351,579	- 3	+13

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
November 1940	31	1,024	\$ 769,000	\$ 16,572,000
October 1940	40	1,111	498,000	12,715,000
November 1939	34	1,184	291,000	13,201,000
11 Months, 1940	495	12,533	6,505,000	150,005,000
11 Months, 1939	527	13,615	5,832,000	169,277,000

Source: Dun & Bradstreet

EMPLOYMENT CONTINUES TO EXPAND

Increased activity in industry and construction, to a large extent due to defense contracts placed with Fifth district plants, raised employment further in November and the first half of December, and very few skilled workers are now unemployed. In fact, there is a shortage of trained mechanics for such work as shipbuilding, and a need for building tradesmen at Army camps. One of the obstacles in the way of further employment is insufficient housing at points of labor concentration. Seasonal expansion of sales forces in retail stores has given temporary work until Christmas to thousands of people. Clerical workers have benefitted least by the defense program, but even in that line there has been improvement in recent months as industries were compelled to add office workers to handle the clerical end of new contracts. 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 October to November:

STATES	Percentage change from	
	Oct. 1940 in number on payroll	Nov. 1940 in amount of payroll
Maryland	+ 0.6	+ 4.9
Dist. of Columbia	+ 2.5	+ 1.2
Virginia	+ 0.4	- 2.0
West Virginia	+ 0.6	+ 3.0
North Carolina	+ 2.2	+ 2.2
South Carolina	+ 1.9	+ 0.2
District Average	+ 0.9	+ 2.3

AUTO SALES SET NOVEMBER RECORD

More new passenger automobiles were sold in the Fifth Reserve district in November 1940 than in any other November since comparable figures became available in 1925, the second month in succession in which new monthly records were set. Used cars also sold well during the past month, and dealers have accumulated fewer cars on their lots than usual for this season of the year. If it should become necessary to restrict production of new cars during the next few months, present stocks of used cars would be quickly exhausted. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Nov. 1940	Nov. 1939	% Change	11 Months 1940	11 Months 1939	% Change
	Maryland	5,120	3,627	+ 41	46,243	35,693	+30
Dist. of Col. ...	2,914	2,109	+ 38	23,548	23,521	+13
Virginia	5,152	3,677	+ 40	51,279	38,342	+34
West Virginia ..	2,495	2,056	+ 21	28,710	20,808	+38
No. Carolina ...	4,356	3,394	+ 28	48,417	40,714	+19
So. Carolina ...	3,442	2,517	+ 37	27,035	23,005	+18
Fifth District .	23,479	17,380	+ 35	228,232	182,033	+25

CONSTRUCTION AT HIGH LEVEL

Construction work provided for in permits issued and contracts awarded in November 1940 in the Fifth Reserve district was in large volume. United States Housing Authority projects in certain cities and defense construction in rural areas and small towns continue to play leading parts in both building permits and contract awards.

Building permits issued in 30 Fifth district cities in November were valued at \$13,076,326, an increase of 10

per cent over \$11,901,543 in October this year and 47 per cent above \$8,888,654 in November last year. Washington led in November 1940 valuation with \$5,969,440, Norfolk with a large USHA project was second with \$2,064,545, Baltimore was third with \$1,395,744, Portsmouth with another USHA project was fourth with \$791,235, and Spartanburg was fifth with \$391,429.

Contracts awarded for construction in the Fifth district totaled \$45,378,000 in November, a decline of 12 per cent from the October total of \$51,758,000, but an increase of 89 per cent over the November 1939 valuation of \$24,056,000. Figures by states for November are not yet available, but October figures for contracts awarded are shown by states in the table below.

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1940	Oct. 1939	% Change
Maryland	\$13,368,000	\$ 6,012,000	+ 122
Dist. of Col.	7,736,000	4,035,000	+ 92
Virginia	15,699,000	7,276,000	+ 116
West Virginia	1,938,000	2,074,000	- 7
North Carolina	10,832,000	4,448,000	+ 144
South Carolina	2,185,000	4,431,000	- 51
Fifth District	\$51,758,000	\$28,276,000	+ 83

Source: F. W. Dodge Corporation.

COAL PRODUCTION INCREASES

Output of bituminous coal in November 1940 exceeded that of October this year, but was less than production in November 1939. There were 40,300,000 tons mined in November, against 38,700,000 tons in October 1940 and 43,301,000 tons in November 1939. On a daily basis, production of 1,679,000 tons per day last month was 17 per cent above the October average but 5 per cent below the average for November last year. Total production this calendar year to December 7 of 422,052,000 net tons was 15 per cent above 366,452,000 tons mined to the same date in 1939. Shipments of coal through Hampton Roads ports totaled 20,888,887 tons to December 7 this year, an increase of 12 per cent over shipments of 18,620,595 tons to December 7 last year. In the Fifth district, production of bituminous coal in November 1940, October 1940 and November 1939 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Nov. 1940	Oct. 1940	Nov. 1939
West Virginia	10,504,000	10,280,000	12,010,000
Virginia	1,254,000	1,270,000	1,384,000
Maryland	128,000	120,000	162,000
Fifth District	11,886,000	11,670,000	13,556,000
United States	40,300,000	38,700,000	43,301,000
% in District	29.5	30.2	31.3

DEMAND FOR TEXTILES CONTINUES FIRM

The monthly survey of cotton cloth movement issued by the *Journal of Commerce* for November says that orders for war materials continued to flow into the market in such volume that heavy gray goods advanced sharply in price, while the price rise on strictly consumer goods was only moderate. However, there were four days of heavy trading in print cloths in November during which many staple goods mills sold the equivalent of a month's production. As the month ended, there were many shortages, especially in sheetings, and mills quite generally had booked sufficient orders to maintain the current rate of machinery activity for at least ninety days. Some mills

with large defense contracts, particularly those making ducks, were unable to accept any additional business for delivery nearer than the second quarter of 1941.

In the Fifth district, cotton consumption in November was slightly less than in either October this year or November last year, but the decreases were due to differences in the calendar.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
November 1940	188,495	137,539	14,412	340,446
October 1940	196,823	143,374	14,491	354,688
November 1939	191,192	136,222	13,682	341,096
11 Months, 1940	1,872,359	1,437,901	138,726	3,448,986
11 Months, 1939	1,768,660	1,308,616	132,683	3,209,959

RAYON YARN OUTPUT CONTINUES AT CAPACITY

Rayon Organon reports shipments to domestic consumers of 35,000,000 pounds of filament yarn in November, a decrease of 5 per cent from 36,900,000 pounds shipped in the longer month of October 1940, but an increase of 5 per cent over shipments of 33,300,000 pounds in November 1939. Shipments continuing above production, reserve stocks of yarn dropped from 6,800,000 pounds on October 31 to 6,200,000 pounds on November 30. A year earlier, on November 30, 1939, yarn stocks totaled 7,700,000 pounds. Total shipments of rayon yarn in eleven months this year of 355,100,000 pounds exceeded shipments of 330,500,000 pounds in the corresponding months of 1939 by 7 per cent. On December 2, one large manufacturer of viscose yarn raised the price 2 cents per pound on certain knitting yarns, but one of the leading producers of rayon-grade dissolving wood pulp has announced that present pulp prices will hold through the first quarter of 1941, and probably rayon yarn prices will change little during the same period unless labor costs advance.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets advanced in November and the first week in December, rising from 9.55 cents per pound for middling grade upland cotton on November 8 to 9.92 cents on December 6, but then dropped to 9.86 cents on December 13, the latest date for which official quotations are available. The advance was attributed to a scarcity of good grades of cotton outside Government loan stocks.

The final forecast of 1940 cotton production, based on December 1 condition, estimated the crop at 12,686,000 bales, a decline of 1 per cent from the November 1 estimate, but an increase of 7 per cent over the 1939 yield of 11,817,000 bales. In the Fifth district, Virginia's 1940 crop was put at 25,000 bales against 13,000 bales in 1939, North Carolina's yield at 740,000 bales against 457,000 bales last year, and South Carolina's yield at 970,000 bales against 871,000 bales in 1939, a district total of 1,735,000 bales for 1940, against 1,341,000 bales for 1939, an increase of 29 per cent. North Carolina with a yield of 425 pounds per acre, Virginia with 385 pounds, and South Carolina with 374 pounds, all set new per acre yield records in 1940.

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1940	Nov. 1939	Aug. 1 to Nov. 30 This Year Last Year	
Fifth district states:				
Cotton consumed	340,446	341,096	1,296,663	1,259,106
Cotton growing states:				
Cotton consumed	638,767	609,547	2,404,812	2,256,807
Cotton on hand Nov. 30 in Consuming establishments ..	1,449,510	1,560,832	.....	.....
Storage & compresses	14,562,274	15,446,982	.....	.....
United States:				
Cotton consumed	744,088	718,719	2,808,545	2,660,020
Cotton on hand Nov. 30 in Consuming establishments ..	1,682,278	1,782,589	.....	.....
Storage & compresses	14,727,234	15,484,383	.....	.....
Exports of cotton, U. S.	144,710	583,644	495,390	2,327,695
Spindles active, U. S.	22,685,968	22,784,776	.....	.....

AUCTION TOBACCO SALES AND PRICES

As the end of the season approached and lower grades of tobacco came on the markets, prices on auction markets in North Carolina and Virginia declined in November from the October level, and also fell below the November 1939 prices, when a larger poundage of the better grades remained to be sold. Fire-cured tobacco markets opened late in November in Virginia, and opening prices were much lower than opening prices last year. Sales of tobacco in November and for the season through November were as follows in the Fifth district:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	November 1940	November 1939	1940	1939
North Carolina	73,274,312	210,644,281	\$14.42	\$17.19
Virginia (Flue-cured)	27,504,147	50,359,071	14.46	16.29
(Fire-cured)	1,541,857	1,009,318	7.59	10.81
District Total	102,320,316	262,012,670	14.33	16.99
Season through	619,594,728*	906,566,129*	17.16*	15.78*

* Includes South Carolina market sales.

TOBACCO MANUFACTURING IN SEASONAL DECLINE

Production of all tobacco products declined seasonally in November from October, but was about the same as production in November 1939, according to data based on Internal Revenue receipts.

	Nov. 1940	Oct. 1940	Nov. 1939
Smoking & chewing tobacco, pounds	25,730,910	31,150,014	25,192,803
Cigarettes, number	14,347,327,020	16,448,241,230	14,461,358,957
Cigars, number	507,348,580	583,508,410	505,098,447
Snuff	2,865,513	3,567,501	3,242,896

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Nov. collections to accounts outstanding Nov. 1
	Nov. 1940 comp. with Nov. 1939	Jan. 1 to date comp. with same period last year	Nov. 30, 1940 comp. with Nov. 1939	Oct. 1940	
Richmond (3)	+12.8	+ 8.1	+ 7.7	+ 5.7	35.3
Baltimore (8)	+11.2	+ 9.9	+ 3.2	+ 3.8	34.3
Washington (6) ..	+15.0	+ 9.7	+ 4.5	+ 9.0	30.6
Other Cities (13) .	+18.0	+10.9	+ 3.1	+ 3.0	32.6
District (30) ...	+13.6	+ 9.7	+ 4.3	+ 6.1	32.5
Same stores by states, with 26 stores added:					
Virginia (11)	+14.7	+ 9.3	..	..	..
West Va. (10) ...	+15.3	+11.2	..	..	..
No. Carolina (9) ..	+17.2	+12.9	..	..	..
So. Carolina (11) .	+16.4	+10.9	..	..	..

RETAIL FURNITURE SALES

STATES	% Change in Sales, Nov. and 11 Months in 1940 Compared with	
	Nov. 1939	11 Months 1939
Maryland (9)	+22	+15
Dist. of Columbia (7)	+20	+12
Virginia (13)	+14	+ 7
North Carolina (5)	-16	+ 5
South Carolina (7)	+ 7	+ 9
District (41)	+13	+11
Individual Cities:		
Baltimore (9)	+22	+15
Richmond (5)	+ 3	+ 2
Washington (7)	+20	+12

WHOLESALE TRADE, 195 FIRMS

LINES	Net Sales		Stocks		Ratio Nov. collections to accounts outstanding Nov. 1
	November 1940 compared with Nov. 1939	Oct. 1940	Nov. 30, 1940 compared with Nov. 1939	Oct. 31 1940	
Auto supplies (9)	+26	+ 4	- 3	- 6	71
Shoes (5)	+ 6	-22	- 4	- 4	54
Drugs (11)	+ 7	- 5	+10	- 3	77
Dry goods (7)	- 3	- 9	- 2	-11	43
Electrical goods (18) ..	+23	+ 1	+25	+ 2	72
Groceries (55)	+ 5	- 9	+ 2	+ 2	89
Hardware (15)	+ 6	-10	+ 3	- 1	48
Industrial supplies (9) .	+36	- 1	+28	+12	82
Plumbing & heating (5) .	+44	-20	..	..	58
Paper & products (9) ..	+ 6	-14	- 1	+ 3	61
Tobacco & products (6) .	+ 9	+ 4	..	..	79
Miscellaneous (46)	+ 6	- 8	+ 7	+ 6	54
District Average (195) ..	+12	- 9	+ 7	+ 1	63

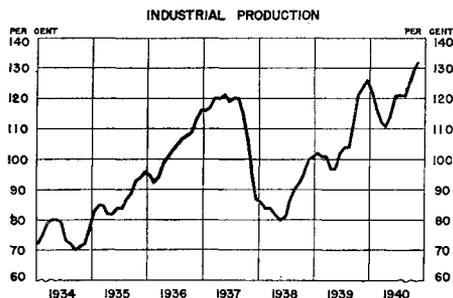
FIFTH DISTRICT CROPS

In the January 31, 1941, issue of the Monthly Review we shall publish a table showing final 1940 crop yields for the several states in the Fifth Federal Reserve district, in comparison with corresponding figures for some earlier periods.

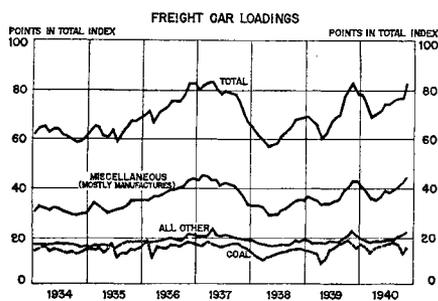
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SUMMARY OF NATIONAL BUSINESS CONDITIONS

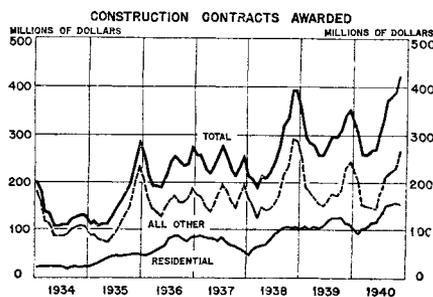
(Compiled by the Board of Governors of the Federal Reserve System)



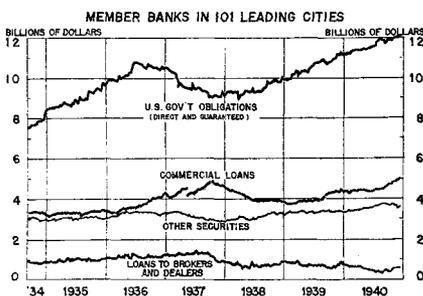
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average =100. By months, January 1934 to November 1940.



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 November 1940.



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 October and November and estimate for December.



Wednesday figures, Sept. 5, 1934, to Dec. 11, 1940. Commercial loans based on new classification beginning May 19, 1937.

Industrial activity continued at a high rate in November and the first half of December and distribution of commodities increased considerably. Commodity prices generally showed little change following earlier advances.

PRODUCTION

Volume of industrial production, which usually declines at this season, showed little change from October to November, and the Board's seasonally adjusted index rose 3 points further to 132 per cent of the 1935-1939 average.

Reflecting work on a large volume of orders for national defense purposes and for civilian needs, activity in the machinery and textile industries continued to increase sharply. At machinery plants and at cotton textile mills activity reached new high levels and at woolen mills output was close to the previous peak reached early in 1937.

Steel ingot production, which had been at about 94 per cent of capacity in October, increased somewhat further in November and the first half of December. Automobile production continued in unusually large volume, amounting in November to around 500,000 cars and trucks. Retail sales of new cars have been large this autumn and production has been maintained at high levels in order to supply this demand and to build up dealers' stocks. Lumber production declined less than seasonally from October to November. New orders for lumber continued somewhat above the current rate of production although below the high level of the three preceding months when large orders were placed for cantonment construction. Lumber stocks at mills continued to decline and were smaller than at any time in recent years. Bituminous coal production increased considerably in November, following a sharp decline in the previous month, while output of crude petroleum was maintained at about the October rate. Production of most metals continued in large volume.

Value of total construction contract awards declined less than seasonally in November. In the 37 eastern States for which F. W. Dodge Corporation data are available total contracts showed little change; awards for public construction increased further and those for private work declined by somewhat less than the usual seasonal amount. In the far western States contract awards showed a decline from the unusually high level reached in October.

DISTRIBUTION

Distribution of commodities to consumers increased considerably in November. Sales at department stores and mail-order houses rose sharply, while variety store sales increased by about the usual seasonal amount. In the first half of December there was the customary large expansion in retail sales.

Total freight-car loadings showed considerably less than the usual seasonal decline in November and the early part of December. Loadings of coal, which had been curtailed in October, increased sharply and shipments of ore and of miscellaneous merchandise declined much less than is usual at this time of the year.

WHOLESALE COMMODITY PRICES

Prices of basic commodities, which had risen substantially since August, generally showed little change from the middle of November to the middle of December. Prices of a few imported commodities, particularly cocoa, burlap, and shellac, increased considerably and there were small advances in steel scrap and some other domestic commodities, while moderate declines were reported for such varied commodities as lead, grains, and lard.

BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities have increased sharply since the beginning of October. Commercial loans continued to increase in November and the first half of December, and holdings of United States Government obligations at New York City banks rose sharply. Principally as a result of the expansion of bank loans and investments, Government expenditures, and foreign disbursements financed by additional gold imports, bank deposits increased to new high levels. At the same time there has been a considerable increase in currency in circulation partly in response to seasonal trade demands.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued to rise during the latter half of November and the early part of December, and the 1960-65 bonds advanced to successive new high levels, with a peak of about 111 5/8 on December 10. The yield on this issue declined to a low point of 2.03 per cent on the latter date, but increased slightly toward the middle of the month, reflecting some easing in prices.