

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 28, 1941

### Summary of January Business Conditions

**J**ANUARY trade and industry in the Fifth Federal Reserve district continued on the high levels of recent months. There were some seasonal recessions in lines directly affected by Christmas business, such as retail trade, automobile sales, and debits to individual accounts, but some industrial lines which take holidays in December advanced their output in January, such as tobacco manufacturing and the textile industry. Every field of endeavor except coal mining showed substantially greater activity last month than in January 1940, and the adverse comparison made by coal was due rather to unusually high 1940 figures than to low figures this year.

In construction, permits issued and contracts awarded in January far exceeded corresponding figures for the same month last year, permits increasing by 138 per cent and contracts awarded by 93 per cent. The increase in contracts awarded was chiefly due to defense work, and permits also owed part of the rise to the same influence, although defense work affects permits less than contracts. The large volume of construction under way is reflected in activity in lumber mills, brick yards, builders' supply houses, and labor circles.

Fifth district industries are generally working at or near capacity, partly on defense orders and partly on increased demand for commercial goods as purchasing power rises. Cotton textile mills set a record for cotton consumption in January, and rayon yarn output also reached a new high

level. Tobacco manufacturers in January exceeded January 1940 production in all lines, and shipyards and airplane plants used every facility and employed all skilled workers they could secure and make room for. Further expansion of many industries is under way or is being planned for the near future.

In distribution of goods to consumers, activity was materially above that of a year ago. Department store sales in January 1941 exceeded January 1940 sales by 18 per cent, most of which represented the movement of additional merchandise since price changes in the year were not marked. Furniture sales were 26 per cent larger in January than a year ago, and wholesale trade advanced 19 per cent over the same period. New automobiles registered last month in the district out-numbered January 1940 registrations by 25 per cent, and sales of used cars were correspondingly high. Automobile stocks have been built up to a relatively high point as a back-log against restricted manufacture of cars which may develop later in the year as a result of defense needs for steel and automobile plant facilities.

Little farm work is done at this season, but weather has been favorable and farmers have had no trouble with routine activities. Farmers are benefitting less from the defense program than most other groups, but many of the younger people in rural sections have obtained work at cantonments and on other construction projects while farm work is slack.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	January 1941	December 1940	January 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,649,671,000	\$1,735,170,000	\$1,381,416,000	— 5	+ 19
Sales, 79 department stores, 5th district.....	\$ 10,584,680	\$ 26,362,481	\$ 8,975,505	— 60	+ 18
Sales, 40 furniture stores, 5th district.....	\$ 1,098,965	\$ 1,780,489	\$ 870,933	— 38	+ 26
Sales, 169 wholesale firms, 5th district.....	\$ 10,161,000	\$ 9,613,000	\$ 8,558,000	+ 6	+ 19
Registrations, new autos, 5th district.....	22094	28,391	17,660	— 22	+ 25
Tobacco sold in 5th district (Pounds).....	18,125,827	35,323,912	51,312,966	— 49	— 65
Growers' receipts from tobacco, 5th district.....	\$ 2,005,593	\$ 4,786,231	\$ 6,083,288	— 58	— 67
Average price of tobacco, 5th district.....	\$ 11.06	\$ 13.55	\$ 11.86	— 18	— 7
Number of business failures, 5th district.....	45	41	58	+ 10	— 22
Liabilities in failures, 5th district.....	\$ 371,000	\$ 884,000	\$ 579,000	— 58	— 36
Value of building permits, 31 cities.....	\$ 11,875,563	\$ 8,359,191	\$ 4,987,380	+ 42	+138
Value of contracts awarded, 5th district.....	\$ 42,567,000	\$ 101,104,000	\$ 22,016,000	— 58	+ 93
Cotton consumption, 5th district (Bales).....	391,059	354,051	346,605	+ 10	+ 13
Cotton price, cents per lb., end of month.....	10.14	10.07	10.52	+ 1	— 4
Print cloths, 39 in., 80x80s, end of month.....	7.75	7.50	7.00	+ 3	+ 11
Rayon yarn shipments, U. S. (Pounds).....	34,100,000	34,000,000	31,800,000	+ 0	+ 7
Rayon yarn stocks, U. S. (Pounds).....	8,900,000	6,300,000	7,000,000	+ 41	+ 27
Bituminous coal mined, U. S. (Tons).....	43,905,000	41,400,000	44,976,000	+ 6	— 2

## BANKING STATISTICS

FEDERAL RESERVE NOTE CIRCULATION  
INCREASES

A contraseasonal rise in the circulation of Federal Reserve notes occurred between the middle of January and the middle of February, the great activity of the defense program in the Fifth district increasing the needs for currency. Member bank reserve deposits at the Reserve bank also rose last month, and there was a substantial increase in the Reserve bank's cash reserves.

RESERVE BANK STATEMENT ITEMS  
Fifth District

ITEMS	000 omitted		
	Feb. 15 1941	Jan. 15 1941	Feb. 15 1940
Discounts held .....	\$ 18	\$ 33	\$ 117
Foreign loans on gold .....	0	27	216
Industrial advances .....	769	780	933
Government securities .....	119,976	119,976	125,583
Total earning assets .....	120,763	120,816	126,849
Circulation of Fed. Res. notes .....	284,437	274,908	219,648
Members' reserve deposits .....	383,504	373,450	297,664
Cash reserves .....	615,044	581,553	438,385
Reserve ratio .....	83.84	83.23	77.96

## MEMBER BANK INVESTMENTS RISE

Loans and discounts in reporting member banks rose gradually throughout 1940, but between December 11, 1940, and February 12, 1941, loans declined moderately. On the other hand, investments in securities rose from the middle of December to the middle of February, chiefly due to purchases of Government securities. Reserve balances of the reporting banks at the Reserve bank also increased further in 1941, and demand deposits, after declining from mid-December to mid-January, rose sharply to mid-February.

SELECTED ITEMS—41 REPORTING MEMBER BANKS  
Fifth District

ITEMS	000 omitted		
	Feb. 12 1941	Jan. 15 1941	Feb. 14 1940
Loans & discounts .....	\$294,770	\$297,199	\$262,975
Investments in securities .....	470,995	447,111	450,497
Reserve bal. with F. R. bank .....	256,171	248,518	192,962
Cash in vaults .....	27,253	23,961	22,024
Demand deposits .....	652,642	632,936	531,919
Time deposits .....	205,553	203,177	200,084
Money borrowed .....	0	0	0

## MUTUAL SAVINGS DEPOSITS NEAR RECORD LEVEL

Deposits in 10 mutual savings banks in Baltimore rose in January to the highest point since last April, which was the record point. Aggregate deposits on January 31, 1941, were next to the record month-end figure for the 10 reporting banks.

	Jan. 31 1941	Dec. 31 1940	Jan. 31 1940
Total deposits .....	\$224,189,917	\$223,920,684	\$222,744,893

## DEBITS REFLECT DEFENSE WORK

Debits to individual accounts showed a seasonal decline in January from December debits, but reflected the greatly increased volume of business incident to the defense program by rising materially above debits in January 1940. Durham and Danville were the only cities reporting lower figures for January 1941 than for January 1940, both decreases being due to reduced selling of tobacco this year.

DEBITS TO INDIVIDUAL ACCOUNTS  
Fifth District

Dist. of Col.	000 omitted			% of Change Month Year
	Jan. 1941	Dec. 1940	Jan. 1940	
Washington .....	\$ 330,742	\$ 339,473	\$ 281,077	- 3 +18
<b>Maryland</b>				
Baltimore .....	489,747	495,647	401,652	- 1 +22
Cumberland .....	8,694	9,383	8,041	- 7 + 8
Hagerstown .....	10,494	11,221	8,585	- 6 +22
<b>North Carolina</b>				
Asheville .....	16,510	17,914	13,251	- 8 +25
Charlotte .....	92,704	102,551	68,517	-10 +35
Durham .....	30,627	34,996	31,294	-12 - 2
Greensboro .....	24,361	28,362	20,089	-14 +21
Raleigh .....	61,364	66,073	53,245	- 7 +15
Wilmington .....	14,087	13,982	11,895	+ 1 +18
Winston-Salem ..	44,666	54,936	39,841	-19 +12
<b>South Carolina</b>				
Charleston .....	25,356	24,607	19,822	+ 3 +28
Columbia .....	37,378	41,411	30,456	-10 +23
Greenville .....	26,518	25,766	22,309	+ 3 +19
Spartanburg .....	17,288	14,488	11,528	+19 +50
<b>Virginia</b>				
Danville .....	8,634	11,603	10,065	-26 -14
Lynchburg .....	17,751	19,035	15,861	- 7 +12
Newport News ..	14,291	14,532	11,664	- 2 +23
Norfolk .....	71,462	73,719	51,563	- 3 +39
Portsmouth .....	6,223	7,321	4,534	-15 +37
Richmond .....	180,891	192,111	159,624	- 6 +13
Roanoke .....	33,083	34,121	27,913	- 3 +19
<b>West Virginia</b>				
Charleston .....	55,268	67,850	50,997	-19 + 8
Huntington .....	19,492	22,122	17,295	-12 +13
Parkersburg .....	12,040	11,946	10,298	+ 1 +17
District Totals ..	\$1,649,671	\$1,735,170	\$1,381,416	- 5 +19

## FAILURES AT SEASONAL LEVEL

Commercial failures tend to increase in January as a result of the pressure of year-end settlements. In both the Fifth district and the United States this rise was noted last month in comparison with December, but fewer failures occurred than in January 1940. Liabilities in January this year were lower in both the district and the United States than in either December or January 1940. *Dun & Bradstreet* insolvency data are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1941 .....	45	1,124	\$ 371,000	\$11,888,000
December 1940 .....	41	1,086	884,000	13,309,000
January 1940 .....	58	1,237	579,000	15,279,000

## EMPLOYMENT AT A PEAK

Employment in the Fifth district is at the highest level in many years, and practically all experienced industrial and construction workers are employed. A large volume of construction is under way in army camps, expansion of existing industrial plants, and erection of new plants for defense work. Many industries have Government contracts and are working to capacity, and industries engaged entirely on ordinary commercial goods are receiving large orders as a result of generally increased consumer purchasing power. All of this activity has put a premium on efficient labor, and in addition has brought many people from farms into wage ranks for the time being. There is some unrest in labor circles, and a few scattered strikes or walk-outs have occurred, but as yet there have been no serious clashes between employers and employees in the Fifth district. 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 December to January:

STATES	Percentage change from	
	Dec. 1940 In number on payroll	to Jan. 1941 In amount of payroll
Maryland .....	- 2.7	- 2.2
Dist. of Columbia .....	- 8.6	- 7.2
Virginia .....	- 2.9	- 3.5
West Virginia .....	- 1.7	- 5.9
North Carolina .....	- 1.1	- 2.4
South Carolina .....	- 1.3	- 4.4
District .....	- 1.4	- 4.0

### AUTOMOBILE SALES LARGE

Registrations of new passenger automobiles in the Fifth district continued high in January, and were 25 per cent above registrations in January 1940. In spite of large sales, however, dealers' stocks of new cars rose to a relatively high level, and trade reports indicate that manufacturers have surplus stocks in warehouses. These unusual stocks have been purposely built up against a possible restriction of material for car building later in the year, when the defense program may require materials normally consumed by automobile factories and perhaps the use of the factories themselves. Registration figures in Fifth district states for January 1941 and 1940, as reported by *R. L. Polk & Co.*, were as follows:

REGISTRATION OF NEW PASSENGER CARS—NUMBER			
STATES	Jan. 1941	Jan. 1940	% Change
Maryland .....	4,169	3,346	+25
Dist. of Columbia .....	2,113	1,730	+22
Virginia .....	4,871	3,897	+25
West Virginia .....	2,336	2,045	+14
North Carolina .....	5,761	4,296	+34
South Carolina .....	2,844	2,346	+21
Fifth District .....	22,094	17,660	+25

Virginia figure for 1941 estimated.

### COAL OUTPUT CONTINUES HIGH

Production of bituminous coal in January totaled 43,905,000 net tons in the United States, of which the Fifth district mined approximately 27 per cent. Last month's production in the United States was above 41,400,000 tons mined in December, but was below the January 1940 output of 44,976,000 tons. On a daily basis, production of 1,689,000 tons per day in January was 2 per cent above the December average, but 2 per cent below the average for January last year. Shipments of coal through Hampton Roads ports totaled 2,716,637 tons this calendar year to February 8, a decrease of 7 per cent under shipments of 2,921,641 tons to February 8 last year. In the Fifth district, production of bituminous coal in January 1941, December 1940 and January 1940 was as follows:

SOFT COAL PRODUCTION IN TONS			
REGIONS	Jan. 1941	Dec. 1940	Jan. 1940
West Virginia .....	10,509,000	10,143,000	11,265,000
Virginia .....	1,373,000	1,220,000	1,436,000
Maryland .....	152,000	145,000	167,000
Fifth District .....	12,035,000	11,508,000	12,868,000
United States .....	43,905,000	41,400,000	44,976,000
% in District .....	27.0	28.0	29.0

### DEFENSE WORK SWELLS CONSTRUCTION

Building permits issued in 31 Fifth district cities in January 1941 totaling \$11,875,563 exceeded December valuation of \$8,359,191 by 42 per cent and January 1940 valuation of \$4,987,380 by 138 per cent. Washington led with \$6,927,000 in January permits, all for private construction, and Baltimore was second with \$1,816,450.

Charlotte reported permits totaling \$762,192, Norfolk reported \$497,230, and Richmond reported \$328,918.

Contracts actually awarded in the Fifth district in January 1941 totaled \$42,567,000, including both urban and rural work. This was a decrease of 58 per cent from the all-time record of \$101,104,000 in contracts awarded in December, but was 93 per cent above \$22,016,000 awarded in January 1940. The record award figure in December was due to defense projects, and included \$17,100,000 for an addition to a powder plant near Radford, Va., \$10,000,000 for additional facilities at Fort Meade, Md., \$7,520,000 for work at Camp Lee, Va., \$7,337,000 for a replacement center at Spartanburg, S. C., \$6,000,000 for cantonment at Fort Belvoir, Va., \$5,130,000 for replacement centers at Fort Eustis, Va., and \$2,395,000 for barracks at Parris Island, S. C. Figures on contract awards by states for December and the year 1940 in comparison with corresponding figures for 1939, which were not available when last month's *Review* went to press, are included in the accompanying table:

### CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

STATES	Dec. 1940	Dec. 1939	% Change	Year 1940	Year 1939	% Change
Maryland .....	\$ 19,587	\$ 5,088	+285	\$122,564	\$ 80,833	+ 52
Dist. of Col. ..	5,321	2,851	+ 87	64,790	77,175	- 16
Virginia .....	51,907	5,085	+921	169,118	78,502	+115
W. Virginia ..	3,442	1,132	+204	34,494	31,482	+ 10
N. Carolina ..	5,330	6,354	- 16	80,843	68,402	+ 18
S. Carolina ...	15,517	1,848	+814	48,833	41,077	+ 19
5th District .	\$101,104	\$22,358	+352	\$520,642	\$377,471	+ 38

Source: F. W. Dodge Corporation.

### TEXTILE MILLS SET COTTON CONSUMPTION RECORD

The market for cotton textiles was very active in January, and the *Journal of Commerce* reports that print cloth and other staple mills ended the month with first quarter production almost completely sold and with large contracts for delivery in the second quarter. Prices advanced in many constructions, and mill margins widened. Mills specializing in drills, osnaburghs, heavy twills and various heavy industrials were virtually withdrawn from the market, a large number of mills being sold up through August. Army orders were not as large as in December, but the amount of business already booked for defense continued to exert an influence on prices and general marketing conditions. Mills continued operations at capacity, and set a new record for cotton consumption for a single month at 843,274 bales. In the Fifth district, which accounted for 46 per cent of all cotton used in the United States in January, consumption by states was as follows:

### COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
January 1941 .....	212,132	161,911	17,016	391,059
December 1940 .....	194,227	144,461	15,363	354,051
January 1940 .....	190,299	142,554	13,752	346,605

### RAYON YARN OUTPUT RISES

Deliveries of rayon filament yarn to domestic consumers in January amounted to 34,100,000 pounds, showing increases over 34,000,000 pounds delivered in December and 31,800,000 pounds in January 1940. Last month was the first since June 1940 in which production of yarn exceeded shipments, and reserve stocks consequently rose

from 6,300,000 pounds on December 31 to 8,900,000 pounds on January 31. On January 31, 1940, reserve stocks of yarn totaled 7,000,000 pounds. Capacity of the industry has been recently increased by the opening of the new Celanese Corporation plant near Pearisburg, Virginia.

### COTTON STATISTICS

Spot cotton prices on 10 Southern markets were relatively constant between the middle of January and the middle of February and on February 14 the average of 10.06 cents per pound for middling grade upland cotton was exactly the same as the average price on January 17. Between the two dates the price went to 10.17 cents on January 24, a variation of only 55 cents a bale during the month. On February 16, 1940, the average base price on the same 10 markets was 10.86 cents.

Cotton consumption in American mills set a record in January, but exports of cotton were very low and more than offset the gain in consumption. Cotton held in manufacturing establishments and in public warehouses was substantially above the amount of cotton so held a year ago. Statistics on consumption and on reserve stocks are shown in the accompanying table:

#### COTTON CONSUMPTION AND ON HAND—BALES

	Jan. 1941	Jan. 1940	Aug. 1 to Jan. 31 This Year Last Year	
<b>Fifth district states:</b>				
Cotton consumed .....	391,059	346,605	2,041,773	1,913,080
<b>Cotton growing states:</b>				
Cotton consumed .....	716,990	619,983	3,787,067	3,429,892
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,550,009	1,498,777	.....	.....
Storage & compresses .....	14,368,033	13,140,399	.....	.....
<b>United States:</b>				
Cotton consumed .....	843,274	731,793	4,427,291	4,041,936
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,874,611	1,775,598	.....	.....
Storage & compresses .....	14,668,189	13,200,600	.....	.....
Exports of cotton .....	52,184	1,035,416	660,131	4,169,831
Spindles active .....	22,820,724	22,880,270	.....	.....

### TOBACCO MARKETING NEARLY COMPLETED

Tobacco markets in North Carolina and flue-cured markets in Virginia wound up the season in January, but fire-cured, sun-cured and burley markets in Virginia continued sales into February. Sales of all types of tobacco in January totaled 18,125,827 pounds, at an average of \$11.06 per hundred, compared with 51,312,966 pounds sold in January last year for \$11.86 per hundred pounds. Complete sales figures covering the Carolinas and Virginia for the 1940-1941 and 1939-1940 seasons will be published in the *Review* next month.

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	January 1941	January 1940	1941	1940
No. Carolina .....	2,505,808	26,093,490	\$13.59	\$11.55
Virginia (Flue-cured)	1,801,786	12,033,338	10.41	10.02
(Fire-cured)	9,401,243	6,859,866	9.66	11.45
(Burley)	2,364,056	5,434,378	15.88	17.83
(Sun-cured)	2,052,934	891,894	9.45	12.26
Virginia, Total .....	15,620,019	25,219,476	10.66	12.17
District Total .....	18,125,827	51,312,966	\$11.06	\$11.86

### TOBACCO MANUFACTURING INCREASES

Production of tobacco products rose sharply in January over December, in keeping with a seasonal trend, and also

exceeded January 1940 production in every branch of the industry. Production figures as released by the Bureau of Internal Revenue are as follows:

	Jan. 1941	Dec. 1940	Jan. 1940
Smoking & chewing tobacco, pounds .....	25,536,138	21,499,435	23,528,480
Cigarettes, number .....	16,286,811,310	13,814,602,886	14,567,591,450
Cigars, number .....	403,166,320	349,779,880	388,084,997
Snuff, pounds .....	3,422,102	3,258,973	3,213,498

### RETAIL AND WHOLESALE TRADE

#### DEPARTMENT STORE TRADE

In cooperation with the Board of Governors of the Federal Reserve System and the twelve Federal Reserve Banks, the table of percentages on department store trade has been revised. Two new items have been added, to show comparisons of outstanding orders for merchandise and total outstanding receivables at the end of the month with orders and receivables a year earlier. Two items have been discontinued, comparison of stocks with stocks a month earlier and the percentage of collections during the month to receivables at the beginning of the month.

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in January 1941 in comparison with January 1940:

	Sales	Stocks	Orders	Receivables
Richmond (5) .....	+16	+10	+22	+11
Baltimore (10) .....	+13	+5	+11	+12
Washington (7) .....	+21	+8	+19	+11
Other Cities (12) .....	+16	+4	..	+9
5th District (34) .....	+17	+7	+17	+11
Same stores by states, with additional stores reporting sales only:				
Maryland (13) .....	+14	..	..	..
Virginia (16) .....	+22	..	..	..
West Virginia (15) .....	+10	..	..	..
North Carolina (16) .....	+22	..	..	..
South Carolina (12) .....	+19	..	..	..
5th District (79) .....	+18	..	..	..

#### RETAIL FURNITURE SALES

	January 1941 sales, compared with sales in January 1940
Maryland, 8 stores .....	+22
Dist. of Columbia, 7 stores .....	+36
Virginia, 13 stores .....	+17
North Carolina, 5 stores .....	+17
South Carolina, 7 stores .....	+36
5th District, 40 stores .....	+26
<b>Individual Cities:</b>	
Baltimore, 8 stores .....	+22
Washington, 7 stores .....	+36
Richmond, 5 stores .....	+3

#### WHOLESALE TRADE, 169 FIRMS

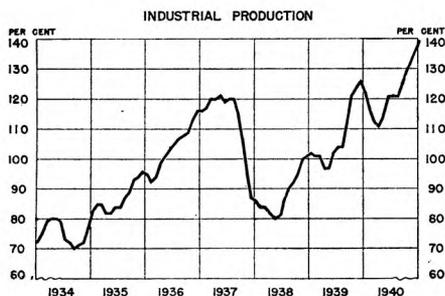
LINES	Net Sales compared with		Stocks compared with		Ratio Jan. collections to accounts outstanding Jan. 1
	Jan. 1940	Dec. 1940	Jan. 31 1941	Dec. 31 1940	
Auto supplies (6) .....	+1	+2	..	..	56
Shoes (5) .....	-0	+151	-6	+52	51
Drugs (9) .....	+20	+35	..	..	103
Dry goods (6) .....	+6	-6	-3	+14	45
Electrical goods (10) .....	+55	-28	+35	+11	70
Groceries (55) .....	+12	+10	+3	-1	97
Hardware (13) .....	+25	+29	+2	+3	46
Industrial supplies (9) ..	+31	-1	+3	-6	71
Paper & products (9) ..	+15	+11	+12	+2	66
Tobacco & products (7) ..	+18	-8	..	..	35
Miscellaneous (40) .....	+22	-13	-1	+3	65
District Average (169) ..	+19	+6	+4	+10	68

Source: Bureau of the Census.

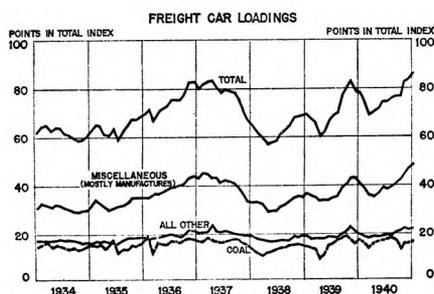
(Compiled February 24, 1941)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

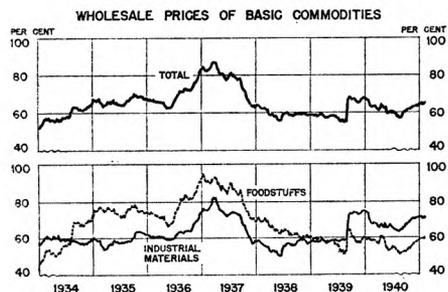
(Compiled by the Board of Governors of the Federal Reserve System)



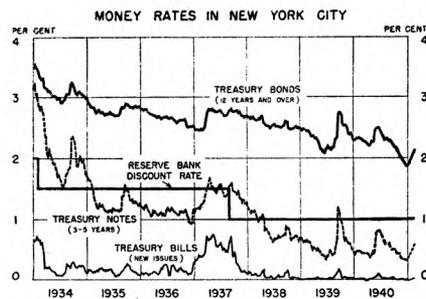
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1934 to January 1941.



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 January 1941.



Federal Reserve groupings of wholesale prices of industrial materials and foodstuffs, computed from the Bureau of Labor Statistics data, 1926=100. By weeks, January 1934 to February 13, 1941.



For weeks ending January 6, 1934, to February 15, 1941.

Industrial activity continued at a high level in January and distribution of commodities was maintained in large volume.

### PRODUCTION

In January volume of industrial production declined less than seasonally and the Board's adjusted index rose one point further to 139 per cent of the 1935-39 average. There were further considerable increases in activity in industries making machinery, aircraft, ships, and similar products important in the defense program, and output of industrial materials, such as steel and non-ferrous metals, continued at near capacity rates. Lumber production also was in unusually large volume owing to demand arising from construction under the defense program as well as from private building.

Automobile production, which ordinarily declines considerably at this time of year, was maintained at a high rate in January and the first half of February. This reflected in part an unusually large volume of retail sales and in part the industry's efforts to build up dealers' stocks of cars as much as possible with a view to having an adequate supply on hand in case priorities or work on defense orders should necessitate curtailment of automobile production. Currently dealers' stocks of new cars are probably near record levels.

In the cotton textile industry, activity in January showed some further increase from the record level reached in December but the rise was less than usually occurs at this season. At wool textile mills there was some decline from the high level of November and December, while output at rayon mills was maintained in large volume. Defense program orders for textiles, particularly wool and cotton products, have been substantial for some time, and these combined with considerable civilian demand have resulted in the accumulation of large order backlogs at most mills. Activity at meatpacking establishments was reduced in January owing chiefly to a sharp decline in hog slaughter, which had been exceptionally large in the latter part of 1940. Shoe production advanced by less than the usual seasonal amount following a high rate of output in November and December.

At mines output of most metals continued at record levels in January. Production of fuels was sustained in large volume but was not at such high levels as output of other minerals owing in part to the existence of considerable stocks, particularly of petroleum products.

Value of construction contracts, as reported by the F. W. Dodge Corporation, declined in January. The decrease reflected chiefly a sharp reduction in awards for public construction from the exceptionally large December total, which had included a number of defense projects not previously reported by the Dodge Corporation for lack of detailed information. Contracts awarded for private nonresidential building declined somewhat in January but as in December were twice as large as the amount awarded in the corresponding period a year ago. Awards for private residential building increased and on a seasonally adjusted basis were at the highest level since the middle of 1929.

### DISTRIBUTION

Distribution of commodities to consumers in January was maintained at the high level reached in the latter part of 1940. Sales at department and variety stores declined seasonally following an unusually large amount of Christmas trade, while sales of automobiles continued near the rate prevailing in December. In the early part of February department store sales were sustained in large volume.

Total freight-car loadings, which usually decline from December to January, showed little change this year and the Board's seasonally adjusted index rose two points further to 86 per cent of the 1923-25 average.

### WHOLESALE COMMODITY PRICES

Prices of industrial materials and foodstuffs generally showed little change from the middle of January to the middle of February. Some imported commodities, principally coffee, cocoa, rubber, and tin, rose slightly and there were increases also in prices of lard and wool tops, while declines were reported for livestock and meats, hides, grains, lumber, and scrap metals. Prices of some finished commodities, particularly textile products, showed advances in this period.

### BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased substantially during January and the first half of February, reflecting largely purchases of new Defense Notes issued by the Government. Commercial loans at these banks increased further while loans to New York security brokers and dealers declined.

### UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued to decline in the latter half of January and the first half of February, more than canceling the gains from the end of October to the peak on December 10. The 1960-65 bonds on February 14 were selling on a yield basis of 2.28 per cent, compared with a low of 2.03 per cent on December 10.