

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1941

Summary of March Business Conditions

THE wide influence of the defense program is steadily expanding throughout the Fifth Federal Reserve district as increased employment and larger payrolls enable workers to buy more consumer goods. All lines of trade and industry continued operations at approximate capacity levels or increased further in March, and all indicators were materially above those of March last year.

Debits to individual accounts in the banks of 25 Fifth district cities, reflecting payments by check, rose 25 per cent above debits in March 1940, every reporting city registering a gain this year. Reporting member banks increased loans to industry and trade during the year, and the greater need for money with which to meet current payrolls and provide additional pocket cash is indicated by a marked rise in Federal Reserve notes in actual circulation. The number of business insolvencies last month decreased 20 per cent from the number of bankruptcies in March last year.

Department store sales in 79 Fifth district stores in March 1941 were 10 per cent larger than sales in March 1940, an impressive increase in view of the fact that Easter trade occurred in March 1940 but much of it fell in April this year. Furniture sales rose 32 per cent last month over sales a year ago, wholesale trade rose 24 per

cent, and sales of new passenger automobiles were 41 per cent larger in March 1941 than in March 1940, automobile sales being stimulated not only by generally increased purchasing power but also by anticipation of higher retail prices as a result of rising taxes and reductions in output by automobile factories as defense work expands.

Construction work continues to increase in the district. Building permits issued in 30 cities last month exceeded March 1940 permits by 5 per cent, a relatively small gain, but contracts actually awarded in the district for both urban and rural work rose 81 per cent above last year's figures.

Industries have probably never been busier in the Fifth district than they were in March. Cotton textile mills used 26 per cent more cotton than in the corresponding month last year, rayon yarn mills shipped 18 per cent more yarn to domestic consumers, tobacco manufacturing exceeded March 1940 output in every branch of the industry, and coal mines produced 37 per cent more coal than a year ago. In April, however, Fifth district coal mines were closed from the first of the month through the date of this survey, April 21, while operators and miners negotiated renewal of labor contracts. The coal mine shut-down is the only serious labor and management disagreement to this time in the Fifth district.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	March 1941	February 1941	March 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,674,663,000	\$1,440,567,000	\$1,342,709,000	+ 16	+ 25
Sales, 79 department stores, 5th district.....	\$ 13,995,665	\$ 10,550,615	\$ 12,702,648	+ 33	+ 10
Sales, 41 furniture stores, 5th district.....	\$ 1,137,839	\$ 1,251,675	\$ 865,216	- 9	+ 32
Sales, 188 wholesale firms, 5th district.....	\$ 12,656,000	\$ 11,270,000	\$ 10,247,000	+ 12	+ 24
Registrations, new autos, 5th district.....	30,742	23,539	21,989	+ 31	+ 41
Number of business failures, 5th district.....	35	47	44	- 26	- 20
Liabilities in failures, 5th district.....	\$ 547,000	\$ 901,000	\$ 500,000	- 39	+ 9
Value of building permits, 30 cities.....	\$ 12,172,328	\$ 8,250,505	\$ 11,571,518	+ 48	+ 5
Value of contracts awarded, 5th district.....	\$ 57,017,000	\$ 35,023,000	\$ 31,542,000	+ 63	+ 81
Cotton consumption, 5th district (Bales).....	385,352	356,419	305,494	+ 8	+ 26
Cotton price, cents per lb., end of month.....	10.89	10.25	10.50	+ 6	+ 4
Print cloths, 39 in., 80x80s, end of month.....	9.25	7.875	6.50	+ 17	+ 42
Rayon yarn shipments, U. S. (Pounds).....	35,200,000	31,600,000	29,800,000	+ 11	+ 18
Rayon yarn stocks, U. S. (Pounds).....	9,700,000	10,000,000	10,400,000	- 3	- 7
Bituminous coal mined, U. S. (Tons).....	48,250,000	41,695,000	35,244,000	+ 16	+ 37

RESERVE BANK STATEMENT

Discounts for member banks rose between the middle of March and the middle of April, and industrial advances, after declining slowly but steadily for nearly a year, increased also. Circulation of Federal Reserve notes, reflecting the greater need for currency for increased payrolls and a higher level of general business activity, continued to rise. The Bank's holdings of Government securities under System allocation were also moderately increased between March 15 and April 15, and cash reserves advanced substantially.

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	April 15 1941	March 15 1941	April 15 1940
Discounts held	\$ 210	\$ 43	\$ 175
Foreign loans on gold	0	0	43
Industrial advances	848	766	915
Government securities	121,486	119,976	125,871
Total earning assets	122,544	120,785	127,004
Circulation of Fed. Res. notes	298,853	291,234	218,615
Members' reserve deposits	400,802	394,914	286,730
Cash reserves	650,872	623,578	439,752
Reserve ratio	85.03	84.45	78.16

MEMBER BANK STATEMENT

Forty-one regularly reporting member banks in 12 Fifth district cities reported increased loans, cash in vaults, and time deposits between March 12 and April 9, 1941, but declines occurred in investments in securities, reserve balances, and demand deposits. The rise in loans was almost entirely in advances to trade and industry. Between April 10, 1940, and April 9, 1941, loans to business advanced by \$27,300,000, or 23 per cent, while all other loans increased only \$9,645,000, or 6 per cent. The rise in business loans reflects in large part assistance extended to the defense program.

SELECTED ITEMS—41 REPORTING BANKS
Fifth District

ITEMS	000 omitted		
	April 9 1941	March 12 1941	April 10 1940
Loans to business and agriculture	\$146,500	\$144,000	\$119,200
All other loans	159,392	159,188	149,747
Investments in securities	428,461	471,975	412,309
Reserve bal with F. R. bank	270,921	273,152	190,291
Cash in vaults	27,444	26,649	22,146
Demand deposits	654,971	662,843	543,935
Time deposits	207,504	206,030	201,144
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

Deposits in 10 mutual savings banks in Baltimore set a new record on March 31, 1941, totaling \$225,009,656, in comparison with \$224,323,164 in deposits on February 28, 1941, and \$223,163,689 on March 31, 1940.

DEBITS TO INDIVIDUAL ACCOUNTS

Checks cashed against depositors' accounts in the banks in 25 cities in March showed a seasonal rise over February figures, and also rose 25 per cent above March 1940 figures. The high debits total reflects the large volume of business resulting either directly or indirectly from the defense program.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	000 omitted			% of Change	
	Mar. 1941	Feb. 1941	Mar. 1940	Month	Year
Dist. of Col.					
Washington	\$ 342,396	\$ 287,863	\$ 287,345	+19	+19
Maryland					
Baltimore	481,724	416,425	391,008	+16	+23
Cumberland	8,694	7,704	8,213	+13	+6
Hagerstown	11,074	10,085	9,326	+10	+19
North Carolina					
Asheville	15,798	14,314	12,500	+10	+26
Charlotte	99,621	89,650	69,942	+11	+42
Durham	32,350	25,293	26,575	+28	+22
Greensboro	24,986	23,353	21,145	+7	+18
Raleigh	57,714	46,538	44,158	+24	+31
Wilmington	15,455	12,863	11,325	+20	+36
Winston-Salem ..	48,231	38,535	43,909	+25	+10
South Carolina					
Charleston	26,077	22,601	20,651	+15	+26
Columbia	41,821	34,112	29,232	+23	+43
Greenville	24,834	22,247	20,075	+12	+24
Spartanburg	17,852	18,316	10,921	-3	+63
Virginia					
Danville	8,938	8,153	8,019	+10	+11
Lynchburg	16,759	14,277	15,844	+17	+6
Newport News ..	16,556	13,245	11,519	+25	+4
Norfolk	72,632	64,390	51,227	+13	+42
Portsmouth	6,494	5,402	4,479	+20	+45
Richmond	184,219	157,765	141,849	+17	+30
Roanoke	33,511	29,511	28,527	+14	+17
West Virginia					
Charleston	56,502	51,584	47,474	+10	+19
Huntington	19,559	16,843	17,102	+16	+14
Parkersburg	10,866	9,498	10,344	+14	+5
District Totals	\$1,674,663	\$1,440,567	\$1,342,709	+16	+25

COMMERCIAL FAILURES

Dun & Bradstreet reports commercial failures in the Fifth district and the United States for several recent periods as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
March 1941	35	1,211	\$ 547,000	\$13,444,000
February 1941	47	1,129	901,000	13,483,000
March 1940	44	1,197	500,000	11,681,000
3 months, 1941	127	3,464	1,819,000	38,815,000
3 months, 1940	148	3,476	1,663,000	40,432,000

EMPLOYMENT

Construction work at army camps has declined substantially or been practically completed during the past month, and in bituminous coal fields miners have been voluntarily idle since April 1, but employment has increased further in every other branch of industry and trade since March 1. Labor is so well employed in construction and industry that farmers report a scarcity of agricultural workers, although the farming season is just beginning. Skilled mechanics are the workers in greatest demand, and there are insufficient men of this class to meet industry's need, but the problem can probably be solved by shifts of workers from non-defense industries to those doing more important work, or by transfer of workers from production of consumer goods to defense products in the same plant, as in the automobile industry. 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 February to March:

STATES	Percentage change from	
	Feb. 1941 in number on payroll	to Mar. 1941 in amount of payroll
Maryland	+ 2.0	+ 3.3
Dist. of Columbia	+ 2.0	+ 1.7
Virginia	+ 1.3	+ 4.1
West Virginia	+ 1.9	+ 4.4
North Carolina	+ 1.1	+ 1.6
South Carolina	+ 1.3	+ 3.6
District Average	+ 1.5	+ 3.4

AUTOMOBILE REGISTRATIONS

Registrations of new passenger automobiles in the Fifth district, representing sales of new cars at retail, continue very high. Owners of old cars have reached the conclusion that automobiles prices will advance materially as soon as new tax legislation can be passed, and they are trading in their used cars for new ones or for better and later model used ones. In March, sales of new cars set all time records for that month in Maryland, the District of Columbia, Virginia, North Carolina and South Carolina, and dealers state that the demand for new cars jumped higher in April as a result of the automobile industry's announcement of restrictions to be put on 1942 production and the Treasury's notice of intention to raise three and a half billions in additional taxes. The increased demand for cars, while chiefly in the new car field, has been felt in sales of late model used cars also, but dealers' stocks of used cars have increased substantially in the past two or three months. Many of the cars being traded in on new ones are comparatively recent models with low mileage on them, and they will sell easily, especially if and when new car output is restricted.

Registration figures in Fifth district states for March, as reported by *R. L. Polk & Co.*, of Detroit, are as follows:

REGISTRATION OF NEW PASSENGER CARS—NUMBER						
STATES	Mar.		% Change	3 Months		% Change
	1941	1940		1941	1940	
Maryland	7,052	5,337	+32	15,421	11,669	+32
Dist. of Col.	3,896	3,087	+26	8,311	6,434	+29
Virginia	6,357	3,862	+65	18,694	10,838	+72
West Virginia ..	2,740	2,460	+11	7,274	6,329	+15
No. Carolina ...	6,727	4,415	+52	17,586	12,355	+42
So. Carolina ...	3,970	2,828	+40	10,357	7,605	+36
Fifth District.	30,742	21,989	+40	77,643	55,230	+41

CONSTRUCTION

Building permits issued in March 1941 in 30 Fifth district cities totaled \$12,172,328, a seasonal increase of 48 per cent over permits totaling \$8,250,505 issued in February this year and 5 per cent above \$11,571,518 in permits issued in March 1940. Permits in the first quarter of 1941 totaling \$32,646,746 were 38 per cent greater than \$23,605,168 in the first quarter of 1940. Washington led in March 1941 permits with \$5,296,450, Baltimore was second with \$2,124,600, Raleigh third with \$1,113,825, Richmond fourth with \$746,509, and Charlotte fifth with \$343,564.

Contracts actually awarded in March for construction work in the Fifth district totaled \$57,017,000, an increase of 63 per cent over \$35,023,000 in February and a gain of 81 per cent above \$31,542,000 in March last year. Total awards in the district in the first quarter of 1941 amounted

to \$132,907,000, the highest total for any first quarter since records began in 1921 and 60 per cent above \$83,163,000 in the first quarter of 1940.

Figures by states for February 1941, which were not available when the March 31 *Review* went to press, were reported by *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Feb. 1941	Feb. 1940	% Change
Maryland	\$ 5,687,000	\$10,234,000	- 44
Dist. of Col.	5,880,000	6,839,000	- 14
Virginia	10,693,000	4,728,000	+126
West Virginia	3,746,000	2,149,000	+ 74
North Carolina	6,360,000	3,987,000	+ 60
South Carolina	2,657,000	1,668,000	+ 59
District	\$35,023,000	\$29,605,000	+ 18

BITUMINOUS COAL MINING

Practically all bituminous coal mines in the United States have been closed since April 1, and production has been negligible. Reserve stocks were accumulated in anticipation of the shut-down, but industry and the railroads are using coal at a high rate and shortages of fuel are now, on April 21, beginning to develop. Production of soft coal in the United States in March totaled 48,250,000 net tons, compared with 41,695,000 tons in February 1941 and 35,244,000 tons in March 1940. The high figure last month was due in part to stocking of coal. Total production this calendar year to April 5 of 138,719,000 tons exceeded production of 126,450,000 tons to the same date in 1940 by 10 per cent. Shipments of coal through Hampton Roads ports between January 1 and April 5 totaled 6,635,227 tons this year and 6,925,217 tons last year. In the Fifth district, coal mined in March 1941, February 1941 and March 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Mar. 1941	Feb. 1941	Mar. 1940
West Virginia	12,945,000	10,835,000	9,720,000
Virginia	1,594,000	1,343,000	1,156,000
Maryland	174,000	153,000	137,000
5th District	14,713,000	12,331,000	11,013,000
United States	48,250,000	41,695,000	35,244,000
% in District	30%	30%	31%

COTTON TEXTILES

Buying of all kinds of cotton gray goods was heavy in March, according to the monthly survey by the *Journal of Commerce*. Print cloths sold in large amounts and a substantial business was written on sheetings, drills, osnaburgs and combed goods. Price advances were more pronounced than in any other month since the buying movement got under way last September, and averaged approximately 1 cent per yard on most constructions. Mills entered the second quarter with the largest peacetime backlogs they ever possessed, and maintenance of the present high rate of operations is assured for at least six months. Cotton consumption in Fifth district mills in March was higher than in either the shorter month of February 1941 or March 1940, but declined slightly from the January 1941 record. Consumption of cotton in Fifth district states, as reported by the Census Bureau, was as follows in March and February this year and March last year:

COTTON CONSUMPTION—FIFTH DISTRICT
In bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
March 1941	210,198	158,442	16,712	385,352
February 1941	194,637	146,331	15,451	356,419
March 1940	163,705	129,351	12,438	305,494
3 Months, 1941	616,967	466,684	49,179	1,132,830
3 Months, 1940	528,363	403,324	40,013	971,700

THE RAYON MARKET

Rayon Organon reports shipments of 35,200,000 pounds of rayon filament yarn to domestic consumers in March, compared with 31,600,000 pounds shipped in February and 29,800,000 pounds in March last year. One of the medium-size viscose rayon yarn plants was closed by a strike on March 22, and had not reopened at the end of the month. Shipments exceeded production of yarn last month, and reserve stocks consequently declined from 10,000,000 pounds on February 28 to 9,700,000 pounds on March 31. On March 31 last year reserve stocks totaled 10,400,000 pounds. The National Rayon Weavers Association and the National Federation of Textiles recently announced a new inventory of rayon filament yarn held by rayon broad goods weavers in mill warehouses or unopened cases, but exclusive of stocks in process or in transit. On February 28, 1941, American mills thus held 28,000,000 pounds of yarn, against 28,600,000 pounds at the end of 1940 and 24,000,000 pounds held on February 29, 1940.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose during March and early April from an average of 10.68 cents per pound for middling short staple on March 14 to 11.22 cents on April 14, the high point for the current season to date. The price eased off after the 14th to 11.08 cents on April 18, the latest date for which data are available. Price advances since the first of the year have been sufficient to encourage repossessions of loan cotton, and through April 15 approximately 1,193,000 bales of the 1940 loan stocks were withdrawn. Total loan stocks, including cotton owned by the Government, are now about 10,000,000 bales.

COTTON CONSUMPTION AND ON HAND—BALES

	Mar. 1941	Mar. 1940	Aug. 1 to Mar. 31 This Year	Aug. 1 to Mar. 31 Last Year
Fifth district states:				
Cotton consumed	385,382	305,494	2,783,574	2,538,175
Cotton growing states:				
Cotton consumed	722,584	540,516	5,183,855	4,535,493
Cotton on hand March 31 in				
Consuming establishments ..	1,555,064	1,317,056		
Storage & compresses	12,888,620	11,337,532		
United States:				
Cotton consumed	854,179	627,194	6,075,096	5,330,901
Cotton on hand March 31 in				
Consuming establishments ..	1,911,238	1,596,334		
Storage & compresses	13,243,573	11,409,520		
Exports of cotton	97,292	433,842	829,992	5,350,353
Spindles active, U. S.	22,795,742	22,553,360		

TOBACCO MANUFACTURING

Production of tobacco products in March not only showed a seasonal rise from February figures, but exceeded March 1940 production in every branch of the industry. Percentage increases for March 1941 output over March 1940 were 19 per cent for cigarettes, 8 per cent for cigars, 3 per cent for chewing and smoking tobacco, and 2 per cent for snuff. Production figures released by the Bureau of Internal Revenue are as follows:

	Mar. 1941	Feb. 1941	Mar. 1940
Smoking & chewing tobacco, pounds	24,993,372	22,150,840	24,343,900
Cigarettes, number	15,528,629,200	14,464,626,900	13,020,617,490
Cigars, number	430,326,200	385,348,833	397,490,431
Snuff, pounds	3,260,069	3,051,492	3,205,843

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

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

	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 5(+ 9)	+9	+78	+7
Baltimore (10)	+11(+13)	+7	+73	+9
Washington (7)	+12(+15)	+9	+59	+9
Other Cities (12)	+ 5(+ 9)	+ 6	+ 66	+ 6
Fifth District (79)*	+10(+14)	+ 8	+ 66	+ 8
Same stores by states, including stores reporting sales only:				
Maryland (13)	+11(+13)	..	..	..
Virginia (16)	+11(+15)	..	..	..
West Virginia (15)	+ 4(+ 7)	..	..	..
North Carolina (16)	+ 7(+11)	..	..	..
South Carolina (12)	+ 3(+11)	..	..	..

*Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 3 months of 1941 with sales in first 3 months last year.

RETAIL FURNITURE SALES

STATES	% Changes in Sales, March and 3 Months 1941	
	Compared with Mar. 1940	Compared with 3 Months 1940
Maryland, 9 stores	+24	+24
Dist. of Col., 7 stores	+46	+36
Virginia, 13 stores	+31	+27
North Carolina, 5 stores	+13	+20
South Carolina, 7 stores	+40	+32
District, 41 stores	+32	+29
Individual Cities:		
Baltimore, 9 stores	+24	+24
Richmond, 5 stores	+13	+ 7
Washington, 7 stores	+46	+36

WHOLESALE TRADE, 188 FIRMS

LINE	Net Sales compared with		Stocks compared with		Ratio Mar. collections to accounts outstanding Mar. 1
	Mar. 1940	Feb. 1941	Mar. 31, 1941	Feb. 28, 1941	
Auto supplies (8)	+13	+ 1	+14	0	64
Shoes (4)	+21	+11	-12	-10	48
Drugs & sundries (10) ..	+13	+ 6	..	..	87
Dry goods (8)	+13	+14	- 1	+ 2	44
Electrical goods (10) ..	+58	+ 5	+32	+14	72
Groceries (63)	+10	+15	+15	+ 5	96
Hardware (15)	+17	+10	+ 9	+ 3	49
Industrial supplies (8) ..	+76	+38	+18	- 4	101
Paper & products (8) ..	+33	+13	- 3	- 1	77
Tobacco & products (8) ..	+16	+11	+ 8	+ 9	80
Miscellaneous (46)	+36	+15	+22	- 0	61
District Average (188) ..	+24	+12	+ 9	+ 1	67

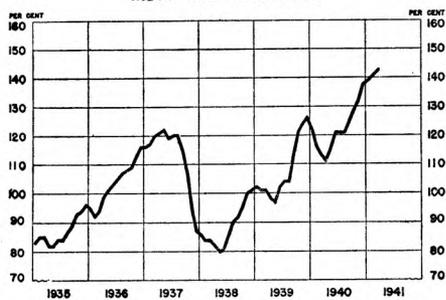
Source: Bureau of the Census.

(Compiled April 21, 1941)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

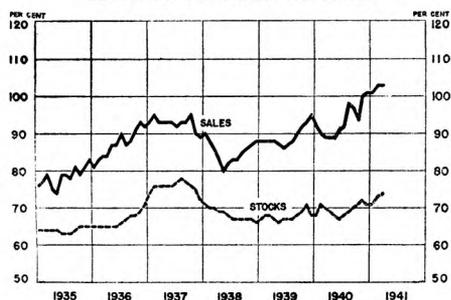
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



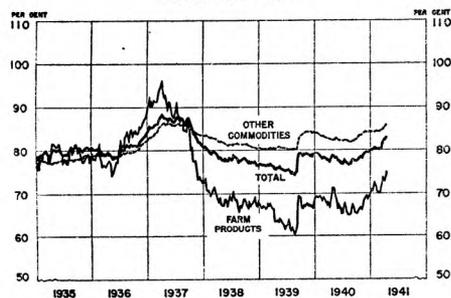
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1935 to March 1941.

DEPARTMENT STORE SALES AND STOCKS



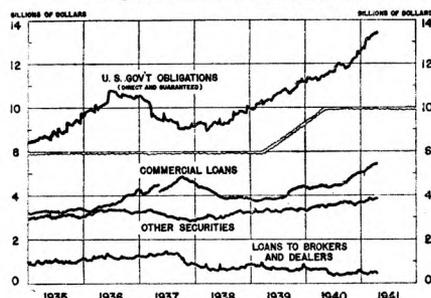
Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January 1935 to March 1941.

WHOLESALE PRICES



Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935, to April 12, 1941.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures, January 2, 1935, to April 9, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other loans" as then reported.

Industrial activity increased further in March but declined somewhat in the first half of April owing to temporary reductions in output of bituminous coal and automobiles. Wholesale prices of many commodities advanced considerably and the Government took steps to limit price advances of some additional industrial materials.

PRODUCTION

Volume of industrial output continued to increase in March and the Board's seasonally adjusted index rose from 141 to 143 per cent of the 1935-39 average. Activity increased further in most durable goods industries, particularly in those producing machinery, aircraft, ships, and armament. Steel production increased to about 100 per cent of rated capacity.

Automobile production, which usually increases considerably in March, showed little change from the high rate reached in February. In the first half of April output was reduced considerably owing to a shutdown at plants of the Ford Motor Company during an industrial dispute which was settled about the middle of the month. Retail sales of new and used cars advanced to new peak levels in March and dealer's stocks at the beginning of April amounted to about a month's supply at the current rate of sales. Output of lumber, which had been sustained at unusually high levels during the winter months, rose less than seasonally.

Activity in the textile and shoe industries increased further in March. Cotton consumption rose to a record level of 854,000 bales and there was also an increase in rayon deliveries. At wool textile mills activity was sustained at the peak rate reached in February, not showing the usual large seasonal decline, and in the chemical and rubber industries further advances were reported.

Bituminous coal production rose considerably, while output of crude petroleum was maintained in March at about the rate that had prevailed in the four preceding months. In the first half of April coal production declined sharply, however, as most mines were closed pending conclusion of contract negotiations between mine operators and the miners' union. Production of nonferrous metals continued in large volume in March and deliveries of refined copper showed a sharp rise as domestic production was supplemented by supplies received from South America.

Construction contract awards rose sharply in March and were larger than in any month since the middle of 1930, according to the F. W. Dodge Corporation data. The rise was chiefly in awards for publicly-financed work, which had been reduced considerably in January and February, and in private non-residential projects, particularly factory construction. Awards for private residential building, which had been unusually large during the winter months, showed less than the customary seasonal rise in March.

DISTRIBUTION

In March distribution of commodities to consumers was sustained at the high level reached in February. Sales at mail-order houses and department stores increased seasonally and variety store sales showed more than the usual seasonal rise.

Freight-car loadings increased by about the usual seasonal amount. Loadings of coal and grain rose considerably, while shipments of miscellaneous freight, which in previous months had risen steadily, on a seasonally adjusted basis, showed a smaller increase than is usual at this time of year.

COMMODITY PRICES

Prices of basic commodities continued to advance sharply from the middle of March to the middle of April. There were substantial increases in prices of domestic foodstuffs and further advances in burlap, cotton, rubber, and lead. Increases were also reported in wholesale prices of a number of manufactured products and the general index of the Bureau of Labor Statistics rose two points to 83 per cent of the 1926 average.

Informal action was taken by the Government to discourage price increases of some additional industrial materials and maximum price schedules were established for steel, bituminous coal, secondary and scrap aluminum and zinc, and iron and steel scrap. Sharp reductions in prices of some kinds of non-ferrous metal scrap resulted. Announcement of an expanded Federal purchase program for hog, dairy, and poultry products was followed by price increases for these and related products.

BANK CREDIT

Total loans and investments at reporting member banks in 101 cities increased during March and the first two weeks of April. Commercial loans continued to rise substantially, and holdings of United States Government securities increased further, reflecting purchases of new Treasury offerings.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities declined irregularly from March 15 to April 9 but subsequently rose slightly. The 1960-65 bonds showed a net loss of about $\frac{3}{4}$ of 1 point on April 15, following a rise of about $3\frac{3}{4}$ points in the previous month. The yield on this issue on April 15 was 2.14 per cent, compared with 2.03 per cent at the all-time peak in prices on December 10, and 2.30 per cent at the recent low in prices on February 15.