

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1941

Summary of May Business Conditions

TRADE and industry continued to rise in May and early June in the Fifth Federal Reserve district, and all figures were materially higher than those for 1940. The volume of business is based primarily on the defense program, which is reaching into practically every trade and industry either through direct Government orders or in the effects of increased purchasing power of consumers as a result of added employment, longer hours of work, and higher payrolls.

The industries working on Government defense orders in large volume are shipyards, airplane plants, steel mills, cotton textile mills, lumber mills and branches of the munitions industry, together with a host of smaller plants making innumerable items required by the Army or Navy. Further, the Government is financing, either directly or indirectly, a great deal of housing and other construction in the district. The wages paid in all these activities are affecting distribution of all kinds of consumer goods, as reflected in department store sales, furniture sales, automobile sales, and speculative building of homes for sale to people in the lower and medium income groups.

In distribution to consumers, retail trade in May in department stores rose 22 per cent above sales in May 1940, and retail furniture sales were 34 per cent higher last month than a year ago. Sales of new passenger automobiles, which had set a record for a single month

in April, advanced further in May to a new high, and sales of used cars were also exceptionally brisk. A large number of modest homes in the four to five thousand dollar class are being built and sold on long time payments in or near Fifth district cities, especially those in which defense work is being done.

Industrially the district is operating at or near capacity, and additional facilities are under construction at a number of points. Many textile mills are sold up through this year, and shipyards and airplane plants have orders assuring full time activities for several years. Bituminous coal mines, after the April shut-down, produced 24 per cent more coal in May 1941 than in May last year, and rayon yarn shipments to domestic consumers set a new record in May for a single month. Building permits issued in Fifth district cities last month were 16 per cent above May 1940 permits in valuation, and construction contracts awarded rose 154 per cent over contracts last year.

Agricultural prospects in the Fifth district struck the only unfavorable note last month. Lack of rain reduced estimates of probable yield for many crops, and delayed planting of others. Pastures throughout the district are in extremely poor condition, and many farmers had to feed stock in May. However, rains fell in nearly all sections of the district in June, and it is too early in the season to judge the extent of the damage done by the drought in April and May.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	May 1941	April 1941	May 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,717,276,000	\$1,628,471,000	\$1,361,494,000	+ 5	+ 26
Sales, 79 department stores, 5th district.....	\$ 16,590,561	\$ 16,075,814	\$ 13,601,512	+ 3	+ 22
Sales, 41 furniture stores, 5th district.....	\$ 1,630,641	\$ 1,501,474	\$ 1,212,407	+ 9	+ 34
Sales, 190 wholesale firms, 5th district.....	\$ 13,420,000	\$ 12,688,000	\$ 10,323,000	+ 6	+ 30
Registrations, new autos, 5th district.....	38,966	34,958	23,623	+ 65	+ 44
Number of business failures, 5th district.....	37	42	51	- 12	- 27
Liabilities in failures, 5th district.....	\$ 281,000	\$ 281,000	\$ 604,000	0	- 53
Value of building permits, 29 cities.....	\$ 14,579,982	\$ 13,105,339	\$ 12,565,219	+ 11	+ 16
Value of contracts awarded, 5th district.....	\$ 100,005,000	\$ 48,098,000	\$ 39,339,000	+108	+154
Cotton consumption, 5th district (Bales).....	413,387	413,856	314,276	- 0	+ 32
Cotton price, cents per lb., end of month.....	12.89	11.41	10.11	+ 13	+ 27
Print cloths, 39 in., 80x80s, end of month.....	10.50	9.25	6.375	+ 14	+ 65
Rayon yarn shipments, U. S. (Pounds).....	39,900,000	38,700,000	32,200,000	+ 3	+ 24
Rayon yarn stocks, U. S. (Pounds).....	5,900,000	7,400,000	12,500,000	- 20	- 53
Bituminous coal mined, U. S. (Tons).....	43,400,000	5,975,000	34,896,000	+626	+ 24

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	June 15 1941	000 omitted May 15 1941	June 15 1940
Discounts held	\$ 108	\$ 60	\$ 110
Industrial advances	852	844	896
Government securities	121,486	121,486	126,217
Total earning assets	122,446	122,390	127,223
Circulation of Fed. Res. notes.....	309,206	299,519	224,457
Members' reserve deposits.....	394,524	435,693	298,881
Cash reserves	678,548	683,999	432,154
Reserve ratio	84.04	84.88	77.62

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	Fifth District		
	June 11 1941	000 omitted May 14 1941	June 12 1940
Loans to business & agriculture.....	\$148,400	\$148,900	\$121,200
All other loans	161,278	161,709	149,448
Investments in securities	458,814	408,353	429,072
Reserve bal. with F. R. bank	269,162	302,684	209,885
Cash in vaults	27,929	26,893	23,241
Demand deposits	696,815	686,514	569,955
Time deposits	207,584	207,496	201,662
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	May 31 1941	Apr. 30 1941	May 31 1940
Total deposits	\$224,836,673	\$225,433,883	\$223,616,485

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

Dist. of Col.	Fifth District			% of Change Month Year
	May 1941	000 omitted Apr. 1941	May 1940	
Washington	\$ 358,663	\$ 335,672	\$ 292,486	+ 7 +23
Maryland				
Baltimore	493,412	476,472	390,437	+ 4 +26
Cumberland	9,352	9,486	8,625	- 1 + 8
Hagerstown	11,056	11,245	8,946	- 2 +24
North Carolina				
Asheville	16,774	16,036	12,711	+ 5 +32
Charlotte	96,343	92,486	63,876	+ 4 +51
Durham	33,975	30,553	29,277	+11 +16
Greensboro	27,309	25,009	20,847	+ 9 +31
Raleigh	51,214	51,709	39,966	- 1 +28
Wilmington	17,425	16,667	11,231	+ 5 +55
Winston-Salem ..	47,254	42,136	40,563	+12 +16
South Carolina				
Charleston	30,494	26,721	20,972	+14 +45
Columbia	42,753	33,503	34,175	+11 +25
Greenville	23,629	25,327	20,381	+13 +40
Spartanburg	16,859	17,134	11,444	- 2 +47
Virginia				
Danville	9,838	8,827	8,044	+11 +22
Lynchburg	16,959	16,513	14,438	+ 3 +17
Newport News ..	16,466	15,738	12,204	+ 5 +35
Norfolk	75,720	71,205	52,924	+ 6 +43
Portsmouth	6,833	6,679	4,665	+ 2 +46
Richmond	181,474	173,290	154,112	+ 5 +18
Roanoke	36,044	34,121	28,933	+ 6 +25
West Virginia				
Charleston	60,093	55,583	52,062	+ 8 +15
Huntington	19,732	19,814	17,696	- 0 +12
Parkersburg	12,605	11,545	10,479	+ 9 +20
District Totals ..	\$1,717,276	\$1,628,471	\$1,361,494	+ 5 +26

COMMERCIAL FAILURES DECLINE

Business failures last month in the Fifth district were lower than in May 1940 in both number and liabilities involved, according to figures compiled by *Dun & Bradstreet*. Statistics for several periods were as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1941	37	1,119	\$ 281,000	\$10,065,000
April 1941	42	1,149	281,000	13,827,000
May 1940	51	1,238	604,000	13,068,000
5 Months 1941	207	5,732	2,381,000	62,707,000
5 Months, 1940	247	6,005	2,615,000	69,747,000

EMPLOYMENT CONTINUES HIGH

Employment in the Fifth Reserve district has been at a high level for several months, and changes from month to month were relatively small. The industries of the district are as a rule operating at plant capacity, and plants which might add an additional shift are unable to do so because skilled workers are not available. Unemployment at present is chiefly confined to the unskilled and to white collar workers. In May the bituminous coal mines in West Virginia and Virginia returned to work after a month's idleness, but this was the only important change from April to May in the number of workers gainfully employed in the Fifth district. Labor disputes have been few in the district, and all were unimportant except the dispute in bituminous coal fields during April. A recent increase in the basic hourly wage rate set by the Government for textile workers will raise incomes of thousands of the lower paid men and women in that industry, and a number of other industries have also established higher wage scales. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from April to May:

STATES	Percentage change from April 1941 to May 1941	
	In number of payroll	In amount of payroll
Maryland	+ 2.8	+ 7.3
Dist. of Columbia	+ 0.6	+ 0.8
Virginia	+ 4.8	+11.6
West Virginia	+54.9	+81.0
North Carolina	+ 0.4	+ 4.2
South Carolina	- 0.3	+ 1.1
District Average	+ 7.3	+18.4

AUTOMOBILE SALES AT PEAK

Sales of new passenger automobiles continue at or near record levels, stimulated by generally increased purchasing power and a belief that 1942 models will be substantially higher. It is also possible that output of next year's models may have to be so reduced as to make future deliveries uncertain. Used cars have accumulated on dealers' lots as a result of the new car sales, but business in used cars has also been exceptionally good and the stocks built up are not burdensome. Dealers' lots hold many late model cars in excellent condition, and when new cars advance in price or become scarce these high grade used cars will sell readily. Tire dealers have been pushing new tires recently, and report that many automobile owners are equipping their cars all around with new tires at present prices in anticipation of higher prices and restrictions in rubber supplies available for passenger car tires.

The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	May 1941	May 1940	% Change	5 Months 1941	5 Months 1940	% Change
Maryland	7,475	5,048	+ 48	30,881	21,829	+39
Dist. of Col.	4,237	2,982	+ 42	16,650	12,108	+38
Virginia	9,337	4,996	+ 87	34,423	23,098	+49
West Virginia ..	4,524	3,255	+ 39	16,152	12,919	+25
No. Carolina ...	8,708	4,727	+ 84	34,742	22,749	+53
So. Carolina ...	4,685	2,615	+ 79	19,219	12,876	+49
District	38,966	23,623	+ 65	151,567	105,579	+44

BUILDING PERMITS AND CONTRACTS RISE

Permits issued in 29th Fifth district cities in May 1941 totaling \$14,579,982 were 11 per cent above permits totaling \$13,105,339 in April this year and 16 per cent above \$12,565,219 in May last year. Washington led in valuation last month with \$7,199,205, followed by Baltimore with \$2,394,234, Charlotte with \$736,310, Richmond with \$688,822, and Roanoke with \$373,859. However, only 10 of the 29 reporting cities showed higher figures for May 1941 than for May 1940.

Contracts awarded for construction work are a much better indicator of the volume of construction in the district than building permits, especially at this time when a large amount of emergency work is being done with Government funds. Most of these projects are outside the corporate limits of the larger cities, and therefore do not show in building permits. Swelled by defense contracts, awards made in May 1941 totaled \$100,005,000 in the Fifth district, increases of 108 and 154 per cent, respectively, over contracts totaling \$48,098,000 in April 1941 and \$39,339,000 in May 1940. Figures on construction contracts awarded have been compiled on a monthly basis since 1921, and last month's figure was the second highest in the Fifth district during that period of 20 years, the December 1940 figure of \$101,104,000 holding the record.

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

CONSTRUCTION CONTRACTS AWARDED

STATES	April 1941	April 1940	% Change
Maryland	\$10,391,000	\$ 7,924,000	+31
Dist. of Col.	3,895,000	3,744,000	+ 4
Virginia	14,598,000	8,167,000	+79
West Virginia ..	3,169,000	2,647,000	+20
North Carolina ..	9,125,000	7,350,000	+24
South Carolina ..	6,695,000	1,793,000	+273
Fifth District	\$47,873,000*	\$31,625,000	+51

*This figure varies slightly from the revised figure on Page 1.

COAL PRODUCTION ABOVE SEASONAL LEVEL

Settlement of the labor dispute in bituminous coal fields at the end of April enabled the mines to reopen in May, and production during that month totaled 43,400,000 net tons, an increase of 24 per cent over 34,896,000 tons mined in May last year. The high tonnage figure last month was partly due to activity on the part of industrial coal consumers this year, but also to the necessity of rebuilding reserve stocks which were depleted during the April shut-down. But in spite of the low output in April, total production of 196,745,000 net tons of bituminous coal to June 7 this calendar year exceeds 195,863,000 tons mined to the same date in 1940. Hampton Roads ports loaded 9,296,715 tons between January 1 and

June 7, 1941, a decrease of 13 per cent under loadings of 10,664,327 tons in the corresponding period last year. In the Fifth district, bituminous coal mined in May 1941, April 1941 and May 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	May 1941	Apr. 1941	May 1940
West Virginia	13,575,000	345,000	11,060,000
Virginia	1,592,000	230,000	1,296,000
Maryland	138,000	14,000	102,000
5th District	15,304,000	589,000	12,458,000
United States	43,400,000	5,975,000	34,896,000
% in District	35.3	9.9	35.7

COTTON TEXTILE OPERATIONS AT CAPACITY

The *Journal of Commerce* states that trading in cotton gray goods markets was extremely brisk during the first half of May, but tapered off when shortages began to appear and buyers encountered increasing difficulty in their attempts to obtain supplies for quick and nearby delivery. Print cloth sales were well in excess of production and the end of the month saw mills with enough unfiled orders to sustain the present high rate of operations for the balance of the year. Heavy goods such as ducks, drills, twills and osnaburgs continued active, and there was talk of imposing priorities to assure a freer flow of materials for defense purposes. Sharp price gains were reported in practically all divisions of the industry, and in most lines quotations varied according to desired delivery dates, the higher prices applying to spot and nearby deliveries. Mill margins, the difference between the price of a pound of cotton and its approximate cloth equivalent, averaged 20.8 cents in May 1941 against 19.8 cents in April and 11.4 cents in May 1940. The 10-year (1930-39) average margin for May was 11.6 cents.

COTTON CONSUMPTION—FIFTH DISTRICT

		In bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
May	1941.....	223,743	169,452	20,192	413,387
April	1941.....	223,032	171,865	18,959	413,856
May	1940.....	165,312	135,329	13,635	314,276
5 Months,	1941.....	1,063,742	808,001	88,330	1,960,073
5 Months,	1940.....	860,421	667,146	68,031	1,595,598

RAYON YARN SHIPMENTS SET NEW RECORD

Shipments of rayon filament yarn to domestic consumers in May totaled 39,900,000 pounds, setting a new monthly record and exceeding production by 1,500,000 pounds, reducing reserve stocks of yarn from 7,400,000 pounds on April 30 to 5,900,000 pounds on May 31, according to *Rayon Organon*. In May 1940 shipments totaled 32,200,000 pounds, and reserve stocks on May 31, 1940, amounted to 12,500,000 pounds. In the first five months of this year shipments of 180,600,000 pounds of yarn to domestic consumers exceeded five months shipments of 154,700,000 pounds in 1940 by 17 per cent. The inventory of rayon filament yarn held by broad weavers at the end of May 1941 totaled 28,400,000 pounds, compared with 27,300,000 pounds on April 30, 1941, and 21,600,000 pounds on May 31, 1940.

COTTON PRICES HIGHEST SINCE 1937

Spot cotton prices on 10 Southern markets advanced substantially between the beginning of May and the middle of June, reflecting the influence of legislation requiring loans of 85 per cent of parity for the 1941-42 season, the strong domestic mill demand, and the general advance in commodity prices. The average price of middling grade 15/16-inch staple cotton on the Southern markets was 11.41 cents per pound on May 2, from which the price rose steadily to 13.69 cents on June 13, a gain of \$11.40 per bale. On June 14, 1940, the average price was 10.68 cents. Price rises in April and May caused withdrawals from Government loan stocks, and through June 7 about 2,032,000 bales, or almost two-thirds of the total pledged on Government loans from the 1940-41 crop, had been withdrawn. Total loan stocks are now considerably less than 9,000,000 bales, including some 6,000,000 bales owned by the Commodity Credit Corporation.

COTTON CONSUMPTION AND ON HAND—BALES

	May 1941	May 1940	Aug. 1 to This Year	May 31 Last Year
Fifth district states:				
Cotton consumed	413,387	314,276	3,610,817	3,162,073
Cotton on hand May 31 in				
Consuming establishments ..	869,659	566,146	.....	.....
Storage & compresses	1,028,639	784,861	.....	.....
Cotton growing states:				
Cotton consumed	785,913	554,258	6,745,724	5,622,339
Cotton on hand May 31 in				
Consuming establishments ..	1,536,640	1,049,885	.....	.....
Storage & compresses	10,972,929	10,027,199	.....	.....
United States:				
Cotton consumed	918,902	641,636	7,914,140	6,595,635
Cotton on hand May 31 in				
Consuming establishments ..	1,927,939	1,314,792	.....	.....
Storage & compresses	11,358,417	10,091,517	.....	.....
Exports of cotton	71,539	226,469	975,540	5,921,431
Spindles active, U. S.	22,980,286	22,213,378	.....	.....

TOBACCO MANUFACTURING INCREASES

Production of all tobacco products increased in May over April except cigars, and May figures were higher in all lines except smoking and chewing tobacco than those for May 1940. Production figures released by the Bureau of Internal Revenue are as follows:

	May, 1941	April, 1941	May, 1940
Smoking & Chewing tobacco, pounds	25,621,949	25,619,906	26,457,385
Cigarettes, number	17,858,111,310	15,853,661,710	16,274,867,793
Cigars, number	475,067,340	490,584,765	469,313,069
Snuff, pounds	3,609,796	3,507,505	3,466,676

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in May, 1941, in comparison with May, 1940 figures:			
	Sales	Stocks	Orders	Receivables
Richmond (5)	+16 (+16)	+16	+114	+5
Baltimore (10)	+20 (+20)	+8	+188	+15
Washington (7)	+22 (+21)	+12	+144	+14
Other Cities (12)	+17 (+15)	+11	+134	+10
Fifth District (79)*	+22 (+20)	+11	+148	+13
Same stores by states, including stores reporting sales only:				
Maryland (13)	+21 (+20)	..	...	..
Virginia (16)	+23 (+22)	..	...	..
West Virginia (15)	+22 (+17)	..	...	..
North Carolina (16)	+24 (+18)	..	...	..
South Carolina (12)	+27 (+21)	..	...	..

*Includes stores reporting sales only.

Note: Second figure, in parentheses, under Sales compares combined sales in 5 months of 1941 with sales in first 5 months of 1940.

RETAIL FURNITURE SALES

STATES	% Changes in Sales, May and 5 Months of 1941 Compared with	
	May 1940	5 Months 1940
Maryland, 9 stores	+21	+21
Dist. of Col., 7 stores	+44	+37
Virginia, 13 stores	+29	+28
North Carolina, 5 stores	+49	+22
South Carolina, 7 stores	+50	+40
District, 41 stores	+34	+29
Individual Cities:		
Baltimore, 9 stores	+21	+21
Richmond, 5 stores	+18	+13
Washington, 7 stores	+44	+37

WHOLESALE TRADE, 190 FIRMS

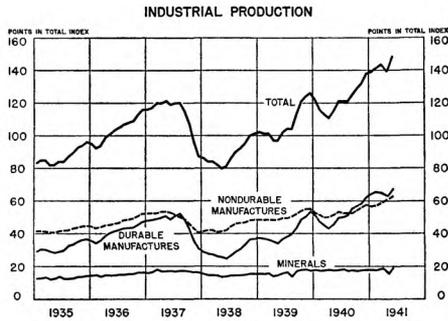
LINES	Net Sales May 1941 compared with		Stocks May 31, 1941 compared with		Ratio May collections to accounts outstanding May 1
	May 1940	Apr. 1941	May 31 1940	Apr. 30 1941	
Auto supplies (8)	+66	-3	+15	-4	72
Shoes (4)	+55	-14	+3	+3	60
Drugs & Sundries (11) ..	+24	+2	+33	+2	96
Dry goods (8)	+19	+5	+22	+5	56
Electrical goods (6)	+41	-17	+34	-11	75
Hardware (14)	+51	+15	+7	-3	51
Groceries (57)	+10	+9	+14	-1	96
Industrial supplies (9) ..	+72	+10	+24	+1	83
Paper & products (8) ..	+30	+26	+9	+2	77
Tobacco & products (8) ..	+24	+4	+20	-4	88
Miscellaneous (57)	+32	+15	+26	+1	71
District Average (190) ..	+30	+6	+16	+0	70

Source: Bureau of the Census.

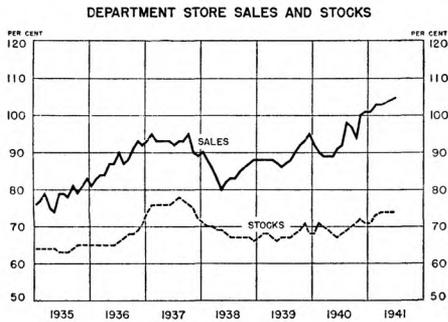
(Compiled June 21, 1941)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

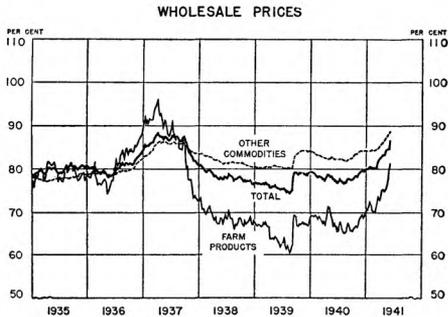
(Compiled by the Board of Governors of the Federal Reserve System)



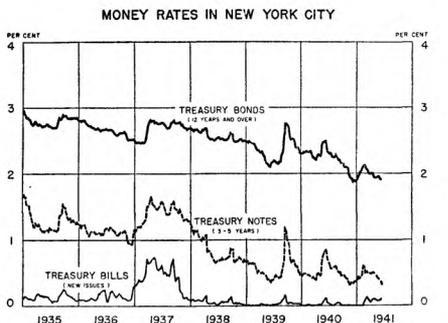
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to May 1941.



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



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to June 14, 1941.



Weekly averages of daily yields of 3- to 5-year tax-exempt Treasury notes, Treasury bonds callable after 12 years, and average discount on new issues of Treasury bills offered within week. For weeks ending January 5, 1935 to June 14, 1941.

After a slight decline in April industrial activity increased sharply in May and the first half of June. Wholesale commodity prices showed a further considerable advance and retail prices also increased. Distribution of commodities to consumers was maintained in large volume.

PRODUCTION

Volume of industrial output increased sharply in May, following a decline in April, and the Board's seasonally adjusted index rose to 149 per cent of the 1935-1939 average, as compared with 140 in April and 143 in March. The decline in April had reflected mainly reduced output of bituminous coal and automobiles occasioned by shutdowns accompanying industrial disputes. These were settled during the month and in May and the first half of June output in these industries rose to the high levels prevailing earlier.

In a number of other lines activity increased steadily throughout the spring months, particularly in the machinery, aircraft and shipbuilding industries. Steel production was maintained at 99 per cent of capacity, except for a short period during late April and early May when output was reduced somewhat owing to a shortage of coal. Output of nonferrous metals also continued near capacity; deliveries of foreign copper in May increased to 49,000 tons, amounting to about one-third of total deliveries to domestic consumers. Toward the end of the month, as it became apparent that combined military and civilian need for these metals would soon greatly exceed available supplies, a General Preference Order covering all iron and steel products was issued by the Priorities Division of the Office of Production Management and in June mandatory priority controls were established for copper and zinc.

Textile production rose further in May, reflecting increased activity at cotton, wool, and rayon mills. A continued rise in output of manufactured food products was likewise reported and activity in the chemical and shoe industries was maintained at earlier high levels, although usually there is a considerable decline at this season. Petroleum production increased, and output of anthracite also advanced following some curtailment in April. Iron ore shipments amounted to 11,000,000 tons in May, a new record level and near the shipping capacity of the present Lake fleet.

Value of construction contract awards rose sharply in May, reflecting increases in both public and private construction, according to F. W. Dodge reports. Awards for private residential and nonresidential building increased more than seasonally, and contracts for defense projects continued in large volume.

DISTRIBUTION

Distribution of commodities to consumers was sustained at a high level in May. Department store sales showed a further rise, while sales at variety stores declined by slightly more than the usual seasonal amount. Retail sales of new automobiles continued at the high April level and sales of used cars rose further.

Freight-car loadings increased sharply in May, reflecting a marked rise in coal shipments and a further expansion in loadings of miscellaneous freight. In the first half of June total loadings were maintained at the advanced level of other recent weeks.

COMMODITY PRICES

Wholesale prices of a number of agricultural and industrial commodities showed further increases from the middle of May to the middle of June and the general index of the Bureau of Labor Statistics advanced two points to 87 per cent of the 1926 average. Federal action to limit price increases was extended to some consumer goods, principally new automobiles, hides, and certain cotton yarns. In retail markets prices of most groups of commodities have advanced, reflecting in part increases in wholesale prices earlier this year.

BANK CREDIT

Commercial loans at reporting banks in 101 cities continued to rise during the four weeks ending June 11. Bank holdings of United States Government securities increased further, chiefly through the purchase of bills by New York City banks and of bonds by banks in other leading cities. As a result of the expansion in loans and investments bank deposits continued to increase.

UNITED STATES GOVERNMENT SECURITY PRICES

Following a rise in the latter part of May Treasury bond prices declined slightly in the first half of June. On June 14 the 1960-65 bonds were $\frac{7}{8}$ of a point below the all-time peak in prices of December 10. Yields on both taxable and tax-exempt 3- to 5-year notes declined slightly from the middle of May to the middle of June.