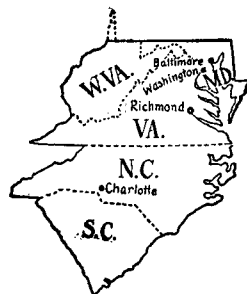


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1941

Summary of October Business Conditions

IN spite of some difficulties in obtaining priorities for certain construction and industrial materials, the volume of trade and industry in the Fifth Reserve district in October and the first part of November was about up to seasonal level, and on the whole far exceeded October 1940 volume.

At the Federal Reserve Bank of Richmond, Federal Reserve notes in actual circulation continued to rise seasonally between October 15 and November 15, and on the latter date stood 51 per cent above outstanding circulation on November 15 last year. Member bank reserve deposits also increased last month, and at mid-November were 37 per cent higher than a year ago. Holdings of Government securities rose 14 per cent and the Bank's cash reserves increased 48 per cent during the year. Reporting member banks in leading cities showed relatively few changes in their statements during the past month, but between November 13, 1940 and November 12, 1941, their loans to business and agriculture rose 18 per cent, while all other loans rose 7 per cent, investments in securities rose 25 per cent, reserve balances at the Reserve bank rose 35 per cent, demand deposits rose 25 per cent, and time deposits rose 3 per cent. Debits to individual accounts in 25 cities, reflecting checking transactions, rose 16 per cent in October over September 1941 and 35 per cent over October 1940.

Distribution of consumer goods continued in larger volume than a year ago except in automobiles. Department store sales in 79 stores in the district showed a 9 per cent rise in October above sales in September, and exceeded October 1940 sales by 13 per cent, while retail furniture sales in October in 40 stores exceeded September 1941 and October 1940 sales by 4 and 10 per cent, respectively. Sales by 174 wholesalers and jobbers declined 5 per cent from September to October, but in the latter month were 33 per cent above sales in October last year. Sales of new passenger automobiles in October, while showing some seasonal increase over September, fell much below October 1940 sales, ascribed by dealers to increased prices and taxes on 1942 models, to some restrictions in selling terms, and to a large amount of forward buying of 1941 models in anticipation of higher prices and taxes.

Industrial activity continued at recent high levels or increased further in October. Construction work provided for by permits issued and contracts awarded was about at the high level of recent months, although some contemplated projects were postponed because of inability to secure certain needed materials, notably steel. Rayon yarn shipments in the United States to domestic consumers set an all time monthly record in October, and cotton consumption in both the United States and the Fifth dis-

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	October 1941	September 1941	October 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,116,760,000	\$1,824,609,000	\$1,572,148,000	+ 16	+ 35
Sales, 79 department stores, 5th district.....	\$ 18,951,340	\$ 17,355,089	\$ 16,714,381	+ 9	+ 13
Sales, 40 furniture stores, 5th district.....	\$ 1,666,438	\$ 1,601,960	\$ 1,517,927	+ 4	+ 10
Sales, 174 wholesale firms, 5th district.....	\$ 14,824,000	\$ 15,655,000	\$ 11,167,000	- 5	+ 33
Registrations, new autos, 5th district.....	13,988	9,408	22,610	+ 49	- 38
Tobacco sold in 5th district (Pounds).....	160,587,968	235,402,972	240,367,011	- 32	- 33
Average price of tobacco, per 100 lbs.....	\$ 33.48	\$ 29.18	\$ 19.23	+ 15	+ 74
Growers' receipts from tobacco, 5th district.....	\$ 53,763,718	\$ 68,679,635	\$ 46,219,415	- 22	+ 16
Number of business failures, 5th district.....	28	25	40	+ 12	- 30
Liabilities in failures, 5th district.....	\$ 180,000	\$ 367,000	\$ 498,000	- 51	- 64
Value of building permits, 29 cities.....	\$ 11,494,803	\$ 13,876,928	\$ 11,758,551	- 17	- 2
Value of contracts awarded, 5th district.....	\$ 83,065,000	\$ 77,738,000	\$ 51,758,000	+ 7	+ 60
Cotton consumption, 5th district (Bales).....	442,728	408,449	354,688	+ 8	+ 25
Cotton price, cents per lb., end of month.....	16.21	16.99	9.36	- 5	+ 73
Print cloths, 39 in., 80x80s, end of month.....	10.75*	10.75*	7.13	0	+ 51
Rayon yarn shipments, U. S. (Pounds).....	41,700,000	37,000,000	36,700,000	+ 13	+ 14
Rayon yarn stocks, U. S. (Pounds).....	5,300,000	4,900,000	6,900,000	+ 8	- 23
Bituminous coal mined, U. S. (Tons).....	49,800,000	46,880,000	38,700,000	+ 6	+ 29

* Ceiling prices established by OPACS.

tract reached new high figures. Tobacco manufacturing in October was in large volume, and cigarette production set a new monthly record of 19,632,466,010 cigarettes, of which 84 per cent, or 16,572,086,000 cigarettes, were made in the Fifth Reserve district. Bituminous coal production of 49,800,00 net tons in the United States in October 1941 exceeded October 1940 production by 29 per cent. Of last month's tonnage, approximately 13,590,000 tons, or 27 per cent, were mined in the Fifth district.

In agriculture the Fifth district suffered severely this year from too much rain in South Carolina in the first half

of the season and from drought throughout the entire district in the latter half of the season. But in spite of these adverse conditions, crops with the exception of cotton in South Carolina turned out fair in most instances, and in view of present agricultural product prices the farmers of the district are on the whole economically better off this fall than a year ago. Even in cotton an advance this year of about 70 per cent in price should nearly compensate for a decline of 45 per cent in yield, and in tobacco a yield decrease of 13 per cent is much more than made up by a price increase of about 80 per cent.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Nov. 15 1941	Oct. 15 1941	Nov. 15 1940
	000 omitted		
Discounts held	\$ 0	\$ 0	\$ 80
Foreign loans on gold	0	0	35
Industrial advances	779	793	815
Government securities	134,996	134,996	118,321
Total earning assets	\$135,775	\$135,789	\$119,251
Circulation of Fed. Res. notes	399,321	390,164	264,697
Members' reserve deposits	489,000	483,451	356,891
Cash reserves	832,765	809,474	563,022
Reserve ratio	84.96	85.11	82.88

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Nov. 12 1941	Oct. 15 1941	Nov. 13 1940
	000 omitted		
Loans to business & agriculture	\$161,107	\$161,296	\$136,700
All other loans	170,473	172,494	159,420
Investments in securities	551,926	518,040	441,804
Reserve bal. with F. R. bank	321,854	325,689	238,240
Cash in vaults	30,764	26,593	26,180
Demand deposits	785,068	778,491	626,102
Time deposits	211,780	211,656	204,792
Money borrowed	0	0	100

MUTUAL SAVINGS BANK DEPOSITS

	9 Baltimore Banks		
	Oct. 31, 1941	Sept. 30, 1941	Oct. 31, 1940
Total deposits	\$225,557,877	\$224,490,776	\$223,668,715

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month	Year
	Oct. 1941	Sept. 1941	Oct. 1940		
	000 omitted				
Dist. of Col.					
Washington	\$ 412,871	\$ 359,671	\$ 307,184	+15	+34
Maryland					
Baltimore	614,763	491,249	431,213	+25	+43
Cumberland	11,374	10,643	8,614	+7	+32
Hagerstown	13,661	12,164	10,379	+12	+32
North Carolina					
Asheville	20,835	18,753	16,182	+11	+29
Charlotte	107,293	94,055	76,729	+14	+40
Durham	75,534	66,612	54,030	+13	+40
Greensboro	28,916	25,906	22,597	+12	+28
Raleigh	60,821	52,942	51,103	+15	+19
Wilmington	22,351	21,280	13,735	+5	+63
Winston-Salem	66,553	59,313	51,050	+12	+30
South Carolina					
Charleston	31,608	28,110	23,809	+12	+33
Columbia	41,103	38,835	34,854	+6	+18
Greenville	35,584	30,003	24,460	+19	+45
Spartanburg	19,407	16,460	14,902	+18	+30
Virginia					
Danville	29,888	17,026	17,833	+76	+68
Lynchburg	18,884	18,404	15,525	+3	+22
Newport News	14,736	13,492	15,535	+9	-5
Norfolk	85,815	73,899	62,387	+16	+38
Portsmouth	8,013	6,647	5,640	+21	+42
Richmond	249,109	236,403	197,573	+5	+26
Roanoke	37,692	34,601	30,634	+9	+23
West Virginia					
Charleston	70,114	63,892	55,116	+10	+27
Huntington	25,551	21,594	19,460	+18	+31
Parkersburg	14,284	12,655	11,554	+13	+24
District Totals ..	\$2,116,760	\$1,824,609	\$1,572,148	+16	+35

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October 1941	28	809	\$ 180,000	7,333,000
September 1941	25	735	367,000	9,338,000
October 1940	40	1,111	498,000	12,715,000
10 Months, 1941	335	10,108	3,655,000	113,438,000
10 Months, 1940	464	11,509	5,731,000	136,803,000

Source: Dun & Bradstreet

EMPLOYMENT

The demand for workers continues unabated in Fifth district industries, and employers in distributive lines who add help for the holiday season are wondering where additional workers can be obtained. No noticeable decline in work has yet occurred as a result of priority allocations of materials needed in defense projects. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from September to October 1941:

STATES	Percentage change from Sept. 1941 to Oct. 1941	
	in number on payroll	in amount of payroll
Maryland	+0.7	+5.0
Dist. of Col.	+1.1	+2.8
Virginia	+1.0	+2.6
West Virginia	-0.2	+3.5
North Carolina	+0.3	+5.2
South Carolina	+0.8	+5.6
District Average	+0.6	+4.2

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles in the Fifth district in October were substantially below seasonal level, although some increase was shown over September sales. In comparison with sales in October 1940, however, sales last month dropped 38 per cent. Unofficial reports from trade papers and dealers indicate that stocks of new cars are accumulating in dealers' hands, but in view of further restrictions on new car manufacturing expected later in the current model year the moderate excess of receipts of new cars over sales is not regarded as a disadvantage. Used car sales, while slower than in the summer, are somewhat more active than new car sales, and stocks of used cars are unusually low for this time of year.

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

STATES	REGISTRATIONS OF NEW PASSENGER CARS—NUMBER			10 Months 1941	10 Months 1940	% Change
	Oct. 1941	Oct. 1940	% Change			
Maryland	2,636	4,454	-41	51,247	41,123	+25
Dist. of Col.	1,250	3,109	-60	27,791	23,634	+18
Virginia	3,557	4,358	-18	66,425	46,127	+44
West Virginia	1,334	2,427	-45	29,945	26,215	+14
No. Carolina	3,566	5,479	-35	58,682	44,061	+33
So. Carolina	1,645	2,783	-41	31,829	23,593	+35
District	13,988	22,610	-38	265,919	204,753	+30

CONSTRUCTION

The value of building permits issued in October 1941 in 29 Fifth district cities totaled \$11,494,803, compared with \$13,876,928 in September this year and \$11,758,551 in October last year. Baltimore reported the highest October 1941 figure, \$3,738,534, and Washington was second with \$3,034,610. Federal Government work is not included in the Washington figure. Durham ranked third last month with \$1,020,305, Richmond was fourth with \$701,288, and Norfolk was fifth with \$298,542.

Contract award figures for October totaled \$83,065,000 in the Fifth district, a higher figure than either \$77,738,000 for September 1941 or \$51,758,000 for October 1940. The high award figures in recent months are chiefly due to defense projects and publicly financed housing. Figures on contract awards in September 1941, which were not available on a state basis when the October 31, 1941 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Sept. 1941	Sept. 1940	% Change
Maryland	\$ 15,797,000	\$ 7,453,000	+112
Dist. of Col.	6,755,000	5,381,000	+ 26
Virginia	32,596,000	7,664,000	+325
West Virginia	2,171,000	4,330,000	- 50
North Carolina	11,119,000	7,129,000	+ 56
South Carolina	9,300,000	2,235,000	+316
District	\$ 77,738,000	\$ 34,192,000	+127

BITUMINOUS COAL MINING

Bituminous coal mining in the United States increased from September to October by 6 per cent, but declined on a daily output basis by 2 per cent. In comparison with October 1940, last months' tonnage rose by 29 per cent. In October 1941 output of 49,800,000 net tons compared with 46,880,000 tons mined in the shorter month of September 1941 and 38,700,000 tons in October 1940. On a daily basis October tonnage of 1,844,000 tons compared with 1,875,000 tons in September and 1,433,000 tons in October last year. Total production this calendar year to October 31 of 411,608,000 tons was 11 per cent above 371,833,000 tons mined to the corresponding date in 1940. Shipments of coal through Hampton Roads ports totaled 18,969,495 tons to November 8, a decrease of 2 per cent from shipments of 19,272,677 tons to the same date last year, the decline occurring chiefly in foreign cargo and foreign bunker loadings. In the Fifth district, production of bituminous coal in October 1941, September 1941 and October 1940 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Oct. 1941	Sept. 1941	Oct. 1940
West Virginia	11,915,000	13,487,000	10,280,000
Virginia	1,534,000	1,712,000	1,270,000
Maryland	141,000	168,000	120,000
5th District	13,590,000	15,367,000	11,670,000
United States	49,800,000	46,880,000	38,700,000
% in District	27	33	30

COTTON TEXTILES

During the first half of October the market for cotton textiles was unsettled, neither buyers nor sellers being anxious to make commitments until ceilings on a sliding scale were established by the OPACS. This was done shortly after the middle of the month, and future prices for textiles were related to average spot cotton prices on ten

Southern markets. A number of additional constructions were also brought under ceilings. Textile mills operated at the highest level on record in October, and set a new record in cotton consumption. Mills are working on backlogs of orders previously obtained, many of them for fabrics entering into defense. Finished textiles are scarce and all lots offered for sale are quickly taken. Trade papers report some recent sales for export at prices above ceiling quotations, indicating that there are some textiles in reserve which owners do not care to sell for ceiling prices.

In the Fifth district specifically, cotton consumption in October was the highest for any month on record, this being the fourth month this calendar year in which a new record was established.

COTTON CONSUMPTION—FIFTH DISTRICT

		In bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
October 1941.....		244,667	177,451	20,630	442,728
September 1941.....		224,429	164,228	19,792	408,449
October 1940.....		196,823	143,374	14,491	354,688
10 Months, 1941.....		2,187,741	1,641,095	186,684	4,015,520
10 Months, 1940.....		1,684,130	1,300,403	124,321	3,108,854

RAYON YARN PRODUCTION

Rayon yarn shipments in the United States to domestic consumers set a record of 41,700,000 pounds in October, 13 per cent above September 1941 shipments of 37,000,000 pounds and 14 per cent above October 1940 shipments of 36,700,000 pounds. Production last month exceeded shipments for the fourth successive month, and reserve stocks consequently rose from 4,900,000 pounds on September 30 to 5,300,000 pounds on October 31. *Rayon Organon* says that shipments of yarn in the 10 elapsed months of 1941 totaled 374,700,000 pounds, an increase of 17 per cent over shipments of 319,900,000 pounds in the first 10 months of 1940. Part of the recent increase in poundage was due to an increase in the average denier of yarn spun in viscose and cuprammonium plants, offset to some extent by a reduction in average denier of acetate yarn. Rayon yarn price scales have recently been agreed upon by manufacturers and the Office of Price Administration, and the latter announced that the imposition of rayon price ceilings would not be necessary, at least for the present. The inventory of filament yarn held by broad weavers at the end of October totaled 21,800,000 pounds, a smaller figure than either 23,400,000 pounds held on September 30 this year or 24,300,000 pounds held on October 31 last year.

COTTON STATISTICS

In this *Review* last month the average price for 15/16 inch staple middling grade cotton on October 17, 1941 on 10 Southern markets was quoted as 16.16 cents per pound. After that date prices registered some advance, and by November 14 had risen to 16.39 cents. On November 15, 1940 the average price on the same markets was 9.75 cents. Demand for the better grades of cotton has been strong, but the price differentials between the higher and lower grades have encouraged some mills to turn to the medium grades. General satisfaction on the part of cotton growers with prices this year is evidenced by the report that to November 8 the Commodity Credit Corporation had made loans on only 553,836 bales of the 1941 crop against loans made on 1,650,000 bales of the 1940 crop to the corresponding date last year.

The fourth forecast on the 1941 cotton crop, issued on November 8 by the Department of Agriculture, lowered the estimate from 11,061,000 bales as of October 1 to 11,020,000 bales on November 1, a decrease of 41,000 bales. In the Fifth district, however, prospective yields increased 25,000 bales in North Carolina and 3,000 bales in Virginia, while the South Carolina estimate remained unchanged.

COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1941	Oct. 1940	Aug. 1 to Oct. 31 This Year Last Year	
Fifth district states:				
Cotton consumed	442,728	354,688	1,244,848	956,217
Cotton growing states:				
Cotton consumed	805,975	652,843	2,290,938	1,762,856
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,648,371	1,172,276	.....	.....
Storage & compresses	12,955,370	13,700,798	.....	.....
United States:				
Cotton consumed	953,600	770,832	2,703,395	2,059,955
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,993,293	1,355,460	.....	.....
Storage & compresses	13,342,123	13,836,566	.....	.....
Exports of cotton	161,668	194,700	429,399	350,680
Spindles active	23,043,310	22,470,784	.....	.....

AUCTION TOBACCO MARKETING

Auction tobacco prices continued high on Fifth district markets in October, and sales in South Carolina were completed for the season. Total sales in the district last month were much less than sales in October 1940, but this was chiefly due to earlier market openings this year, a larger part of the 1941 crop having been sold in September. Sales in October and for the season through October, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	October 1941	October 1940	1941	1940
South Carolina	225,640	8,263,570	\$19.38	\$11.99
North Carolina	120,187,382	190,599,446	33.51	19.42
Virginia	40,174,946	41,503,995	33.45	20.28
District Total	160,587,968	240,367,011	\$33.48	\$19.23
Season through	515,956,051	517,274,412	31.88	17.68

TOBACCO MANUFACTURING

Tobacco manufacturers operated at capacity during October, and cigarette production set a new record for the second consecutive month. Bureau of Internal Revenue receipts for October indicate production of tobacco products as follows in the United States:

	Oct. 1941	Sept. 1941	Oct. 1940
Smoking & chewing tobacco, pounds	28,485,698	26,561,000	31,150,014
Cigarettes, number	19,632,466,010	18,760,571,160	16,448,241,230
Cigars, number	621,989,890	506,070,675	583,508,410
Snuff, pounds	3,693,671	3,194,316	3,567,501

(Compiled November 22, 1941)

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in Oct. 1941 in comparison with Oct. 1940 figures:			
	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 4 (+15)	+42	+30	+12
Baltimore (10)	+17 (+21)	+33	+83	+11
Washington (7)	+12 (+20)	+38	+44	+11
Other Cities (12)	+12 (+18)	+28	+75	+12
Fifth District (79)*	+13 (+21)	+36	+53	+11

Same stores by states:

Maryland (13)	+17 (+21)	..	..	..
Virginia (16)	+ 8 (+21)	..	..	..
West Virginia (15)	+15 (+19)	..	..	..
North Carolina (16)	+10 (+18)	..	..	..
South Carolina (12)	+18 (+26)	..	..	..

* Includes stores reporting sales only.

Note: Second figure under Sales, in parentheses, compares combined sales in 10 months of 1941 with sales in the first 10 months of 1940.

RETAIL FURNITURE SALES

STATES	% Change in Sales, Oct. and 10 Months of 1941 Compared with	
	Oct. 1940	10 months 1940
Maryland (9)	+ 7	+24
Dist. of Col. (7)	+22	+35
Virginia (13)	+ 9	+22
North Carolina (5)	-13	+19
South Carolina (6)	+ 6	+36
District (40)	+10	+27
Individual Cities:		
Baltimore (9)	+ 7	+25
Richmond (5)	- 0	+ 8
Washington (7)	+22	+35

WHOLESALE TRADE, 174 FIRMS

LINES	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	October 1941 compared with Oct. 1940	Sept. 1941	Oct. 31 1940	Sept. 30 1941	
Automotive supplies (9) ..	+33	- 1	..	..	75
Shoes (4)	+48	-17	+ 8	-14	63
Drugs & sundries (5) ..	+38	+ 3	..	..	79
Dry goods (8)	+30	- 7	+36	+ 7	47
Electrical goods (9)	+52	-23	+33	- 4	63
Groceries (57)	+16	- 1	+27	+ 5	109
Hardware (13)	+33	+ 5	+ 0	- 4	61
Industrial supplies (9) ..	+29	- 5	- 2	- 2	81
Paper & products (8)	+53	+ 5	+24	+ 1	82
Tobacco & products (8) ..	+25	+ 2	..	..	89
Miscellaneous (44)	+37	+ 7	+43	+ 7	78
District Average (174) ..	+33	- 5	+22	- 0	71

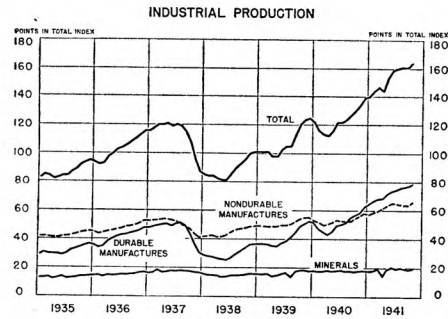
Source: Bureau of the Census.

AGRICULTURE

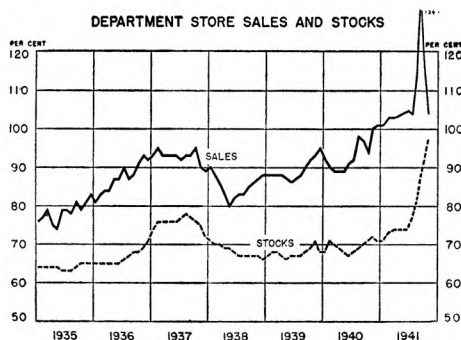
In spite of continued drought throughout the Fifth district in October, forecasts of agricultural production as of November 1 raised district estimates in cotton, corn, tobacco, Irish potatoes, sweet potatoes and peanuts, but lowered the commercial apple figure. Final yields this year will be larger than the 10-year averages in wheat, corn, oats, hay, peanuts and apples, but lower yields will be shown in cotton, tobacco, Irish potatoes and sweet potatoes. Prices for cotton and tobacco this year are much above 10-year averages, and the farmers will receive more money for those crops than their average receipts in the past ten years.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

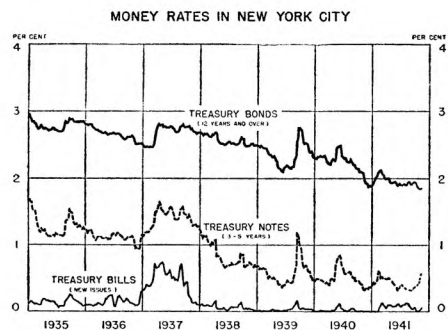
(Compiled by the Board of Governors of the Federal Reserve System)



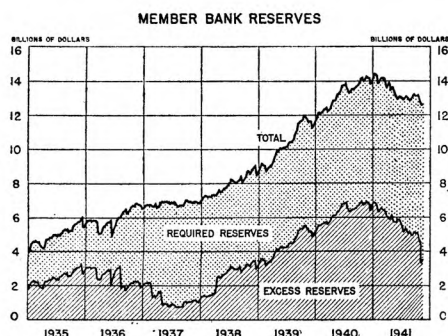
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. Subgroups shown are expressed in terms of points in the total index. By Months, January 1935 to October 1941.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average=100. By months, January 1935 to October 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 November 15, 1941.



Wednesday figures, January 2, 1935 to November 12, 1941. Required and excess reserves, but not the total, are partly estimated.

Industrial activity continued to increase in October and the first half of November and there was some further advance in prices of industrial materials and finished products. Distribution of commodities to consumers declined in this period following an unusually large volume of trade in the preceding three months.

PRODUCTION

Volume of industrial production increased further in October and the Board's seasonally adjusted index advanced from 161 to 164 per cent of the 1935-39 average. Increases in activity occurred mainly in industries producing machinery, armament, and other durable manufactures required under the defense program. In the meatpacking industry activity also advanced considerably and output of other manufactured food products, which has been unusually large in recent months, declined less than seasonally.

Automobile production increased during October and in the first half of November was sustained at about the rate reached at the beginning of the month. Production in October approximated the quota permitted for the month, whereas in August and September output had been considerably below the quotas set, owing in part to delays incident to the changeover to new model production and to difficulties in obtaining certain materials. Since the beginning of the model year production has been substantially in excess of retail sales and dealers' stocks have risen sharply. Output of cars and trucks in October was about one-fourth smaller than in October last year; in the industry as a whole, however, activity as measured by man-hours worked, was about the same as a year ago, apparently reflecting a shift to armament production.

In most other manufacturing industries output in October was maintained at or near the rates prevailing in other recent months. At cotton mills activity increased, following some reduction in the previous month, while at wool mills there was a slight decline from the peak reached in September. Steel production rose to an average rate of about 99 per cent of capacity during October but declined slightly in the first half of November.

Coal production declined somewhat in October and early November, while output of crude petroleum increased further to new record levels. Iron ore shipments down the Lakes were maintained at a high rate and through the end of October amounted to 71,600,000 gross tons, a larger volume than had previously been transported in any complete shipping season.

Value of construction contract awards decreased slightly in October, according to figures of the F. W. Dodge Corporation. Declines in awards for publicly-financed work were partly offset in the total by an increase in privately-financed projects. Awards for residential building showed little change, although an increase is customary in this month. Contract awards in October continued in larger volume than a year ago. Total awards were 60 per cent larger, reflecting increases of 13 per cent in private construction and of 112 per cent in public work.

DISTRIBUTION

Distribution of commodities to consumers declined in October following an unusually large volume of trade in the preceding three months. During the third quarter sales had been stimulated considerably by several factors, notably apprehension that there might be shortages and higher prices of many consumers' goods later on, as well as desire to avoid stricter instalment credit terms, effective September 1, and higher taxes on many products effective October 1.

Railroad freight-car loadings declined somewhat from September to October, owing principally to decreased shipments of grain products and coal. Shipments of livestock increased and ore loadings showed less than the usual seasonal decline.

COMMODITY PRICES

Prices of agricultural commodities, which had declined from the early part of September to the middle of October, have advanced somewhat since that time and prices of industrial commodities have increased further. Recent advances for industrial raw materials and finished products have been more restricted than in earlier periods, reflecting partly an extension of Federal maximum price action particularly to petroleum products and to selected metal, chemical, and textile products.

Prices in retail markets have continued to advance sharply. In September the cost of living, as measured by the Bureau of Labor Statistics' index, increased 2 points to 108 per cent of the 1935-39 average and was 7 per cent above the level of last March. Since September retail food prices, which usually decline at this season, have increased further and preliminary data indicate that retail prices of other commodities have continued to rise.

BANK CREDIT

Total loans and investments at reporting member banks rose further during October and the first two weeks in November. Holdings of United States Government securities increased and commercial loans continued to advance.

Excess reserves of member banks declined from 4.7 billion dollars to 3.5 billion on November 1, reflecting the increase in reserve requirements previously announced by the Board to be effective on that date.

UNITED STATES GOVERNMENT SECURITY MARKET

Long-term Treasury bonds declined slightly in price during the early part of November, following a relatively sharp increase after the middle of September to a record high level around November 1. Yields on short-term issues have firmed since early in September, the yield on Treasury notes of December 1945 advancing from 0.62 per cent on September 15 to 0.83 on November 15, and the bill rate rising to 0.258 per cent.