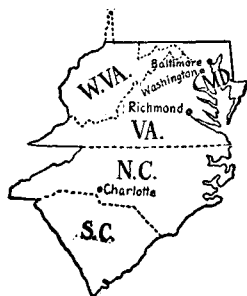


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1941

Summary of November Business Conditions

DISLOCATIONS resulting from the defense program are beginning to develop in the business structure, and many far reaching changes for the future are now clearly discernable, but thus far only a few lines have been seriously affected. Perhaps the automobile industry and affiliated lines like tires have been most influenced, followed by other lines on which extra taxes have been laid; instalment terms have been stiffened, and scarcities have developed because of needs of materials for defense uses. Higher per unit costs of automobiles under restricted output plus a rise in taxes on cars necessitated higher prices for 1942 models, and buyers, anticipating the rise, bought 1941 models to such an extent that the market for 1942 cars has been very dull. The recent announcement of restrictions on tire sales apparently dealt tire dealers a severe blow, and in time will adversely affect thousands of concerns in every state, such as auto maintenance shops, filling stations, battery dealers, tourist camps and homes, pleasure resorts depending upon motor car transportation, and even State Highway work largely financed by gasoline taxes. The only bright feature of the inability to buy tires is the saving on car operation many people will make, providing needed funds with which to meet higher prices for commodities and to pay much higher taxes.

November's distribution of goods to consumers bulked large in dollars, but if price changes during the past year

are taken into account it becomes evident that the physical volume of trade was perhaps not up to seasonal level in comparison with months earlier in the year. Department store sales in the Fifth district in November were 16 per cent above sales in November 1940, but a large part of the increase was probably due to higher prices this year. The same may be said of furniture sales, which were 13 per cent higher last month than a year ago, and wholesale trade in many lines, which rose an average of 28 per cent. Automobile sales in November were 41 per cent below November 1940 sales.

Construction work continues in very large volume, but new work provided for in November building permits was much less than in other recent months or in November last year. Construction for private use in the near future will probably be relatively small, materials being shifted under priorities to defense work in some form.

Industries in the Fifth district continued to operate at virtual capacity last month. Cotton consumption in Virginia and the Carolinas exceeded November 1940 consumption by 18 per cent, rayon yarn shipments in the United States were up 11 per cent, tobacco manufacturing ran well ahead of activity a year ago, and bituminous coal output gained 7 per cent. Shipyards and aircraft plants continued on full time, and many scattered industries worked multiple shifts on various phases of defense work.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

| | | | | % Change | |
|---|-----------------|-----------------|-----------------|----------|------|
| | November 1941 | October 1941 | November 1940 | Month | Year |
| Debits to individual accounts (25 cities)..... | \$1,855,206,000 | \$2,116,760,000 | \$1,528,845,000 | — 12 | + 21 |
| Sales, 79 department stores, 5th district..... | \$ 19,410,971 | 18,951,340 | 16,687,763 | + 2 | + 16 |
| Sales, 40 furniture stores, 5th district..... | \$ 1,659,691 | \$ 1,687,002 | \$ 1,464,597 | — 2 | + 13 |
| Sales, 198 wholesale firms, 5th district..... | \$ 15,304,000 | \$ 17,378,000 | \$ 11,930,000 | — 12 | + 28 |
| Registrations, new autos, 5th district..... | 13,886 | 13,988 | 23,479 | — 1 | — 41 |
| Tobacco sold in 5th district (Pounds)..... | 41,078,143 | 160,587,968 | 101,029,683 | — 74 | — 59 |
| Average price of tobacco, per 100 lbs..... | \$ 26.38 | \$ 33.48 | \$ 14.43 | — 21 | + 83 |
| Growers' receipts from tobacco, 5th district..... | \$ 10,835,573 | \$ 53,763,718 | \$ 14,579,482 | — 80 | — 26 |
| Number of business failures, 5th district..... | 17 | 28 | 31 | — 39 | — 45 |
| Liabilities in failures, 5th district..... | \$ 136,000 | \$ 180,000 | \$ 769,000 | — 24 | — 82 |
| Value of building permits, 29 cities..... | \$ 5,782,399 | \$ 11,494,803 | \$ 13,066,751 | — 50 | — 56 |
| Value of contracts awarded, 5th district..... | \$ 57,519,000 | \$ 83,065,000 | \$ 45,703,000 | — 31 | + 26 |
| Cotton consumption, 5th district (Bales)..... | 401,289 | 442,728 | 340,711 | — 9 | + 18 |
| Cotton price, cents per lb., end of month..... | 16.57 | 16.21 | 9.74 | + 2 | + 70 |
| Print cloths, 39 in., 80x80s, end of month..... | 10.875* | 10.75* | 7.375 | + 1 | + 47 |
| Rayon yarn shipments, U. S. (Pounds)..... | 38,600,000 | 41,700,000 | 34,800,000 | — 7 | + 11 |
| Rayon yarn stocks, U. S. (Pounds)..... | 4,500,000 | 5,400,000 | 6,700,000 | — 17 | — 33 |
| Bituminous coal mined, U. S. (Tons)..... | 42,865,000 | 50,615,000 | 40,012,000 | — 15 | + 7 |

* Ceiling price, established by OPACS.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

| ITEMS | Fifth District | | |
|-------------------------------------|-----------------|--------------------------------|-----------------|
| | Dec. 15 1941 | 000 omitted Nov. 15 1941 | Dec. 15 1940 |
| Discounts held | \$ 0 | \$ 0 | \$ 47 |
| Foreign loans on gold..... | 0 | 0 | 41 |
| Industrial advances..... | 770 | 779 | 783 |
| Government securities | 137,163 | 134,996 | 115,900 |
| Total earning assets..... | \$137,933 | \$135,775 | \$116,771 |
| Circulation of Fed. Res. notes..... | 418,403 | 399,321 | 278,382 |
| Members' reserve deposits..... | 462,763 | 489,000 | 354,012 |
| Cash reserves | 817,411 | 832,765 | 570,688 |
| Reserve ratio | 85.08 | 84.96 | 83.49 |

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

| ITEMS | Fifth District | | |
|--------------------------------------|-----------------|--------------------------------|-----------------|
| | Dec. 10 1941 | 000 omitted Nov. 12 1941 | Dec. 11 1940 |
| Loans to business & agriculture..... | \$161,683 | \$161,107 | \$137,400 |
| All other loans | 175,148 | 170,473 | 161,473 |
| Investments in securities..... | 566,184 | 551,926 | 432,527 |
| Reserve bal. with F. R. bank..... | 320,007 | 321,854 | 242,985 |
| Cash in vaults..... | 30,337 | 30,764 | 27,828 |
| Demand deposits..... | 779,618 | 785,068 | 637,972 |
| Time deposits | 204,519 | 211,780 | 199,907 |
| Money borrowed | 0 | 0 | 0 |

MUTUAL SAVINGS BANK DEPOSITS

| | 9 Baltimore Banks | | |
|----------------------|-------------------|------------------|------------------|
| | Nov. 30, 1941 | Oct. 31, 1941 | Nov. 30, 1940 |
| Total deposits | \$225,322,207 | \$225,557,877 | \$223,087,460 |

DEBITS TO INDIVIDUAL ACCOUNTS

| CITIES | Fifth District | | | |
|--------------------------------|----------------|-----------------------------|--------------|---------------------------|
| | Nov. 1941 | 000 omitted Oct. 1941 | Nov. 1940 | % of Change Month Year |
| Dist. of Col. Washington .. | \$ 363,843 | \$ 412,871 | \$ 304,470 | -12 +20 |
| Maryland | | | | |
| Baltimore | 523,652 | 614,763 | 429,178 | -15 +22 |
| Cumberland | 9,774 | 11,374 | 8,739 | -14 +12 |
| Hagerstown | 12,590 | 13,661 | 9,678 | - 8 +30 |
| North Carolina | | | | |
| Asheville | 18,168 | 20,835 | 14,955 | -13 +21 |
| Charlotte | 97,086 | 107,293 | 86,845 | -10 +12 |
| Durham | 45,956 | 75,534 | 38,342 | -39 +20 |
| Greensboro | 26,653 | 28,916 | 23,001 | - 8 +16 |
| Raleigh | 60,888 | 60,821 | 48,235 | + 0 +26 |
| Wilmington | 21,116 | 22,351 | 11,843 | - 6 +78 |
| Winston-Salem .. | 57,959 | 66,553 | 48,359 | -13 +20 |
| South Carolina | | | | |
| Charleston | 29,135 | 31,608 | 21,482 | - 8 +36 |
| Columbia | 46,324 | 41,103 | 37,278 | +13 +24 |
| Greenville | 30,590 | 35,584 | 24,722 | -14 +24 |
| Spartanburg | 17,539 | 19,407 | 13,102 | -10 +34 |
| Virginia | | | | |
| Danville | 17,756 | 29,888 | 15,409 | -41 +15 |
| Lynchburg | 19,048 | 18,884 | 16,336 | + 1 +17 |
| Newport News .. | 14,216 | 14,736 | 13,023 | - 4 + 9 |
| Norfolk | 81,190 | 85,815 | 64,884 | - 5 +25 |
| Portsmouth | 7,604 | 8,013 | 5,939 | - 5 +28 |
| Richmond | 215,534 | 249,109 | 175,920 | -13 +23 |
| Roanoke | 36,289 | 37,692 | 32,962 | - 4 +10 |
| West Virginia | | | | |
| Charleston | 65,829 | 70,114 | 54,195 | - 6 +21 |
| Huntington | 23,045 | 25,551 | 18,710 | -10 +23 |
| Parkersburg | 13,422 | 14,284 | 11,238 | - 6 +19 |
| District Totals ... | \$1,855,206 | \$2,116,760 | \$1,528,845 | -12 +21 |

COMMERCIAL FAILURES

| PERIODS | Number of Failures | | Total Liabilities | |
|----------------------|--------------------|--------|-------------------|--------------|
| | District | U. S. | District | U. S. |
| November 1941..... | 17 | 842 | \$ 136,000 | \$ 9,197,000 |
| October 1941..... | 28 | 809 | 180,000 | 7,333,000 |
| November 1940..... | 31 | 1,024 | 769,000 | 16,572,000 |
| 11 months, 1941..... | 352 | 10,950 | 3,701,000 | 122,635,000 |
| 11 months, 1940..... | 495 | 12,533 | 6,500,000 | 153,375,000 |

Source: Dun & Bradstreet

EMPLOYMENT

According to the reports of the Virginia Unemployment Compensation Commission, unemployment in Virginia increased somewhat in November, chiefly due to completion or reduction of work on several large construction projects. Industrial workers, however, continued fully employed, and induction of men into the armed forces opened many jobs for older persons. Increased industrial activity also made it necessary for plants to take on additional office workers, and consequently more jobs became available for white collar workers. Retail establishments added the customary extra help for the holiday season. The demand for workers has not become sufficiently urgent to develop a seller's market, but it is easier to get a job now than at any other time in many years except for certain specialists like automobile salesmen. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from October to November:

| STATES | Percentage change from Oct. 1941 to Nov. 1941 | |
|-------------------------|--|-------------------------|
| | in number on payroll | in amount of payroll |
| Maryland | +1.0 | +1.3 |
| Dist. of Columbia | +0.7 | +0.7 |
| Virginia | +0.4 | +1.6 |
| West Virginia | 0.0 | +0.9 |
| North Carolina | -0.5 | -1.5 |
| South Carolina | +0.1 | +0.5 |
| District Average | +0.3 | +0.6 |

AUTOMOBILE REGISTRATIONS

REGISTRATIONS OF NEW PASSENGER CARS—NUMBER

| | 1941 | 1940 | Change % | 1941 | 1940 | Change % |
|-------------------|--------|--------|-------------|-----------|-----------|-------------|
| | Nov. | Nov. | | 11 Months | 11 Months | |
| Maryland | 2,621 | 5,120 | - 49 | 53,868 | 46,243 | +16 |
| Dist. of Col..... | 1,157 | 2,914 | - 60 | 28,948 | 26,548 | + 9 |
| Virginia | 3,548 | 5,152 | - 31 | 69,973 | 51,279 | +36 |
| West Virginia .. | 1,742 | 2,495 | - 30 | 31,687 | 28,710 | +10 |
| No. Carolina .. | 2,902 | 4,356 | - 33 | 61,584 | 48,417 | +27 |
| So. Carolina ... | 1,916 | 3,442 | - 44 | 33,745 | 27,035 | +25 |
| District | 13,886 | 23,479 | - 41 | 279,805 | 228,232 | +23 |

Buying of new passenger automobiles has slumped very severely since the introduction of 1942 models in the fall, due to several causes, chief of which was a wave of anticipatory buying in the 1941 model year. As the defense program expanded during the past year it became evident that automobile production in 1942 would be drastically reduced, and that additional taxes would be laid on new cars. The buying public therefore anticipated their car needs, and a great many people who normally would have run their old cars a year or two longer decided to trade in on new cars in the 1941 model year. Since the 1942 models appeared, at appreciably higher prices, the public has shown little interest, and even with sharply restricted factory output, retail dealers have been unable to sell all the cars shipped to them. This works a hardship on financially weak dealers, but the dealers who can finance the accumulation of cars will be in a favorable position next spring when factory output is cut still further and perhaps even entirely suspended. Inability to secure new tires will cause a great many cars to be left in garages and will restrict operations of many others. This will severely reduce maintenance work by automobile shops, upon which dealers depended to supplement income from reduced car sales. The automobile

manufacturer is shifting to defense work, but the retail dealers in cars and tires and the auto repair shops cannot readily find substitutes. The registration figures for new passenger cars shown on page 2 were furnished by *R. L. Polk & Co.*, of Detroit.

CONSTRUCTION

Construction in the Fifth district provided for by building permits issued in 29 cities during November 1941 declined from the October volume and was in fact the lowest for any month since January 1940. Fear of inability to obtain building materials is retarding new projects to a considerable degree. Permit valuations in the 29 Fifth district cities last month totaled \$5,782,399, compared with \$11,494,803 in October this year and \$13,066,751 in November last year. Total permits issued in the eleven months of 1941 amounting to \$129,038,755 exceed the total of \$117,937,009 issued in the corresponding period in 1940. In November 1941, Washington led in permits issued with \$1,691,670, followed by Baltimore with \$1,460,424, Norfolk with \$463,206, Charleston, S. C. with \$418,675, Charlotte with \$189,222, Spartanburg with \$174,227 and Charleston, W. Va. with \$174,196.

Contracts awarded for construction in the Fifth district in November 1941 totaled \$57,519,000, a decrease from \$83,065,000 in October this year but an increase of 26 per cent over \$45,703,000 in November 1940. Figures on contracts awarded in October 1941, which were not available on a state basis when the November 30, 1941 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

| CONSTRUCTION CONTRACTS AWARDED | | | |
|--------------------------------|---------------|---------------|----------|
| STATES | Oct. 1941 | Oct. 1940 | % Change |
| Maryland | \$ 17,141,000 | \$ 13,368,000 | + 28 |
| Dist. of Col. | 4,803,000 | 7,736,000 | - 38 |
| Virginia | 48,658,000 | 15,699,000 | +210 |
| West Virginia | 2,113,000 | 1,938,000 | + 9 |
| North Carolina | 4,900,000 | 10,832,000 | - 55 |
| South Carolina | 5,450,000 | 2,185,000 | +149 |
| District | \$ 83,065,000 | \$ 51,758,000 | + 60 |

BITUMINOUS COAL MINING

The output of bituminous coal mines declined in November from October, but exceeded the rate of production in November last year. November tonnage of 42,865,000 tons compared with production of 50,615,000 tons in the longer month of October and 40,012,000 tons in November 1940, while daily production last month of 1,816,000 tons compared with daily output of 1,844,000 tons in the preceding month this year and 1,667,000 tons in the corresponding month last year. November output was reduced to an appreciable degree by strikes lasting a week in all captive and a few commercial mines. Total coal produced in 1941 to November 30 amounted to 454,473,000 tons, and exceeded 411,845,000 tons mined in the first 11 months of 1940 by 10 per cent. On the contrary, shipments of coal through Hampton Roads ports this calendar year to December 6 totaling 20,569,635 tons show a decline of 2 per cent from shipments of 20,888,887 tons to the same date in 1940.

In the Fifth district, production of bituminous coal in November 1941, October 1941 and November 1940 was as follows:

SOFT COAL PRODUCTION IN TONS

| REGIONS | Nov. 1941 | Oct. 1941 | Nov. 1940 |
|---------------------|------------|------------|------------|
| West Virginia | 11,998,000 | 14,614,000 | 10,371,000 |
| Virginia | 1,610,000 | 1,845,000 | 1,195,000 |
| Maryland | 182,000 | 166,000 | 127,000 |
| 5th District | 13,740,000 | 16,625,000 | 11,693,000 |
| United States | 42,865,000 | 50,615,000 | 40,012,000 |
| % in District | 32 | 33 | 29 |

COTTON TEXTILES

The *Journal of Commerce*, in its monthly survey of the cotton textile goods market, points out that November was the first full month of trading under the sliding scale ceiling schedules for coarse yarn gray cloths, under which prices for textiles fluctuate with the average base price of cotton on 10 Southern spot markets. Business in textiles during November was spotty as a consequence of the action of the cotton market, most of the selling being done during two periods of three and four days when prices moved up to higher levels. For the month as a whole, the volume of business done appeared to have been somewhat below production. Print cloths sold well during the two brief periods previously mentioned, but otherwise the supply offered was slack. At the end of November large quantities of cloth were wanted by some of the larger customers, but mills were interested in selling only about twelve weeks ahead. Power difficulties, shortages of machine parts, and some labor inefficiency on third shifts constrained mills from making long term commitments.

In the Fifth district, cotton consumption in November was seasonally less than in October, but exceeded November 1940 consumption by 18 per cent.

COTTON CONSUMPTION—FIFTH DISTRICT

| | | In Bales | | | |
|------------|-----------|--------------|--------------|----------|-----------|
| MONTHS | | No. Carolina | So. Carolina | Virginia | District |
| November | 1941..... | 216,694 | 165,790 | 18,805 | 401,289 |
| October | 1941..... | 244,667 | 177,431 | 20,630 | 442,728 |
| November | 1940..... | 188,761 | 137,538 | 14,412 | 340,711 |
| 11 Months, | 1941..... | 2,404,435 | 1,806,885 | 205,489 | 4,416,809 |
| 11 Months, | 1940..... | 1,872,891 | 1,437,941 | 138,733 | 3,449,565 |

RAYON YARN PRODUCTION

Rayon Organon reports shipments of rayon filament yarn to domestic consumers totaling 38,600,000 pounds in November in comparison with shipments of 41,700,000 pounds in October and 34,800,000 pounds in November 1940. The decline in yarn shipments from October to November was due partly to fewer working days in the later month and partly to a lowering of the average denier spun by the industry. Total shipments of yarn in the first eleven months of 1941 of 413,300,000 pounds exceeded shipments of 354,700,000 pounds in the corresponding period last year by 17 per cent. Inventories of yarn held by producers on November 30, 1941, totaled 4,500,000 pounds, a reduction from 5,400,000 pounds held a month earlier and also less than 6,700,000 pounds held in reserve on November 30, 1940. The 1941 inventory figures include the reserved rayon yarn held in the Government pool under Order M-37-a. Rayon filament yarn held by broad weavers at the end of November 1941 totaled 21,900,000 pounds, compared with 21,800,000 pounds on October 31, 1941, and 26,000,000 pounds on November 30, 1940. In its annual survey of rayon capacity, *Rayon Organon* says that the operating capacity of the filament yarn industry as of November this year is about 450,000,000 pounds annually, but that by July

1942 an operating capacity of 470,000,000 pounds is anticipated, with a further rise to 475,000,000 pounds by March 1943. Present capacity of staple fiber production is rated at 150,000,000 pounds annually, with no additions contemplated during the next eighteen months.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets worked upward throughout November and the first week in December, but declined slightly in the second week. The average price for 15/16 inch staple middling cotton on October 31 was 16.21 cents per pound, from which the Friday average rose each week to 17.38 cents on December 5, a gain during the five weeks of \$5.85 per bale, but by December 12 the price had receded to 17.22 cents. Stimulated by the favorable price situation, farmers have been putting less cotton into Government loans than in the two preceding years, and the Commodity Credit Corporation reports loans to December 6 on only 1,356,000 bales of the 1941 crop against approximately 2,300,000 bales on which loans had been made to the same date last year.

On December 8 the Department of Agriculture, in its final forecast on the 1941 cotton crop, estimated the yield at 10,976,000 bales, compared with 12,566,000 bales ginned in 1940 and a ten-year average (1930-39) of 13,246,000 bales. In the Fifth district specifically, Virginia grew 28,000 bales, an increase of 12 per cent over the 1940 yield of 25,000 bales, but North Carolina grew only 556,000 bales against 739,000 bales last year, a decline of 25 per cent, and South Carolina with a crop of only 405,000 bales against 966,000 bales in 1940 registered a drop of 58 per cent. South Carolina's 1941 cotton crop was the smallest since 1878, and the yield per acre was the lowest since 1922.

COTTON CONSUMPTION AND ON HAND—BALES

| | Nov. 1941 | Nov. 1940 | Aug. 1 to Nov. 30 This Year Last Year | |
|-------------------------------|------------|------------|--|-----------|
| Fifth district states: | | | | |
| Cotton consumed | 412,289 | 340,711 | 1,657,137 | 1,296,928 |
| Cotton growing states: | | | | |
| Cotton consumed | 726,584 | 635,934 | 3,017,522 | 2,398,790 |
| Cotton on hand Nov. 30 in | | | | |
| Consuming establishments .. | 1,868,931 | 1,453,157 | ..... | ..... |
| Storage & compresses | 13,595,328 | 14,561,536 | ..... | ..... |
| United States: | | | | |
| Cotton consumed | 849,733 | 741,170 | 3,553,128 | 2,801,125 |
| Cotton on hand Nov. 30 in | | | | |
| Consuming establishments .. | 2,249,638 | 1,684,018 | ..... | ..... |
| Storage & compresses | 13,964,018 | 14,726,496 | ..... | ..... |
| Spindles active | 23,069,146 | 22,685,622 | ..... | ..... |

Note: Figures on exports of cotton have been suspended by the Department of Commerce in the interest of National defense.

AUCTION TOBACCO MARKETING

Tobacco was sold much earlier in the Fifth district this year than in 1940, and November auction sales were less than half November 1940 sales. Average prices, however, were nearly double last year's prices, and receipts from the 1941 tobacco crop will be greatly in excess of receipts for last year's larger crop. Prior to December 1, sales this year of 558,684,155 pounds of tobacco for \$165,841,787 contrasts with sales in the same period last year of 618,304,095 pounds for \$106,270,180, an increase of 56 per cent in receipts for 10 per cent less tobacco. All sales before December 1 were of flue-cured, or bright, tobacco, but early in December the fire-cured, or dark, tobacco markets opened in Virginia with initial prices nearly double those in 1940, and well above the Govern-

ment peg of \$10.90 per hundred pounds. Sales of tobacco in November and for the season through November were as follows in the Fifth district:

| STATES | Producers' Tobacco Sales, Pounds | | Price per Cwt. | |
|----------------------|----------------------------------|---------------|----------------|---------|
| | November 1941 | November 1940 | 1941 | 1940 |
| No. Carolina | 24,583,715 | 73,525,536 | \$26.39 | \$14.42 |
| Virginia | 16,494,428 | 27,504,147 | 26.36 | 14.46 |
| District Total | 41,078,143 | 101,029,683 | \$26.38 | \$14.43 |
| Season Through | 558,684,155* | 618,304,095* | 29.68* | 17.19* |

* Includes South Carolina sales prior to Nov. 1.

TOBACCO MANUFACTURING

Bureau of Internal Revenue receipts for November indicate production of tobacco products as follows in the United States:

| | Nov. 1941 | Oct. 1941 | Nov. 1940 |
|---|----------------|----------------|----------------|
| Smoking & chewing tobacco, pounds | 24,345,905 | 28,485,698 | 25,730,910 |
| Cigarettes, number | 17,140,649,845 | 19,632,466,010 | 14,347,327,020 |
| Cigars, number | 542,905,735 | 621,989,890 | 507,348,580 |
| Snuff, pounds | 3,030,490 | 3,693,671 | 2,865,513 |

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

| | Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in Nov. 1941 in comparison with Nov. 1940 figures: | | | |
|----------------------------|---|--------|--------|-------------|
| | Sales | Stocks | Orders | Receivables |
| Richmond (5) | +10 (+14) | +33 | +19 | +13 |
| Baltimore (10) | +15 (+20) | +28 | +60 | +8 |
| Washington (7) | +17 (+20) | +31 | +67 | +12 |
| Other Cities (12) | +16 (+18) | +27 | +83 | +11 |
| Fifth District (79)* | +16 (+20) | +30 | +55 | +11 |
| Same stores by States: | | | | |
| Maryland (13) | +15 (+20) | .. | .. | .. |
| North Carolina (16) | +14 (+17) | .. | .. | .. |
| South Carolina (12) | +27 (+27) | .. | .. | .. |
| Virginia (16) | +18 (+20) | .. | .. | .. |
| West Virginia (15) | +10 (+18) | .. | .. | .. |

* Includes stores reporting sales only.

Note:—Second figure under Sales, in parentheses, compares combined sales in 11 months of 1941 with the sales in the first 11 months of 1940.

RETAIL FURNITURE SALES

| STATES | % Change in Sales, Nov. and 11 Months of 1941 Compared with | |
|--------------------------|---|----------------|
| | Nov. 1940 | 11 Months 1940 |
| Maryland (9) | +5 | +22 |
| Dist. of Col. (7) | +33 | +35 |
| Virginia (13) | +11 | +21 |
| North Carolina (5) | +0 | +17 |
| South Carolina (6) | +6 | +32 |
| District (40) | +13 | +26 |
| Individual Cities: | | |
| Baltimore (9) | +5 | +22 |
| Richmond (5) | -8 | +6 |
| Washington (7) | +33 | +35 |

WHOLESALE TRADE, 198 FIRMS

| LINES | Net Sales November 1941 compared with | | Stocks Nov. 30, 1941 compared with | | Ratio Nov. collections to accounts outstanding Nov. 1 |
|-----------------------------|---|-----------|--|---------------|--|
| | Nov. 1940 | Oct. 1941 | Nov. 30, 1940 | Oct. 31, 1941 | |
| Automotive supplies (8) .. | +26 | -2 | ..... | ..... | 73 |
| Shoes (4) | +44 | -25 | +29 | +14 | 53 |
| Drugs & sundries (14) .. | +29 | -11 | ..... | ..... | .. |
| Dry Goods (8) | +19 | -17 | +50 | -1 | 45 |
| Electrical goods (12) .. | +39 | -8 | +35 | +2 | 57 |
| Groceries (57) | +15 | -11 | +18 | -1 | 102 |
| Hardware (15) | +32 | -13 | +7 | +1 | 56 |
| Industrial supplies (12) .. | +34 | -8 | +1 | +7 | 39 |
| Paper & products (9) .. | +40 | -11 | +7 | -2 | 71 |
| Tobacco & products (8) .. | +21 | -0 | +6 | -4 | 84 |
| Miscellaneous (51) | +28 | -11 | +31 | -1 | 75 |
| Dist. Average (198) .. | +28 | -12 | +24 | +2 | 67 |

FIFTH DISTRICT CROPS

In the January 31, 1942 issue of the *Monthly Review* we shall publish a table showing final crop yields for the several states in the Fifth Federal Reserve district, in comparison with corresponding figures for certain earlier periods.

(Compiled December 22, 1941)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

PRODUCTION

Volume of industrial output was sustained in November at the high rate of the previous two months, although a decline is usual at this season. The Board's adjusted index advanced from 163 to 167 per cent of the 1935-39 average. In industries engaged in production of armament and munitions activity continued to increase and in most other lines volume of output was maintained or declined less than seasonally.

Output of materials, such as steel and nonferrous metals, was maintained at about capacity. In the automobile industry activity increased, reflecting larger output of both military and civilian products, and at lumber mills and furniture factories activity declined less than seasonally. At cotton and rayon textile mills activity rose to new record levels, and at woolen mills the high production rate of other recent months was maintained. Less than seasonal declines in output were indicated for shoes and manufactured food products.

Crude petroleum production increased further in November. Bituminous coal production declined somewhat owing to temporary shutdowns at some mines during November, and anthracite production was curtailed as a result of unusually warm weather in some areas and the existence of considerable stocks of coal accumulated in earlier months. Iron ore shipments continued in large volume until the shipping season closed early in December; during 1941 about 80 million tons of ore were brought down the Lakes as compared with the previous record of 65 million tons in 1929. Stocks of ore at lower Lake ports on November 30 amounted to about a seven months' supply at the current consumption rate of around 6.5 million tons a month.

Following a declaration of war by this country in early December further steps were taken to curtail output of nondefense goods using critical materials. Output quotas for passenger cars and household appliances were greatly reduced and cessation of output of some other products was ordered as of the end of January. Also, the production and sale of new automobile tires and tubes for civilian use were halted temporarily, pending establishment of a system for controlling their distribution.

Value of construction contracts awarded in November declined sharply from the high level of other recent months, according to figures of the F. W. Dodge Corporation. Awards for privately-financed construction decreased more than seasonally and contracts for publicly-financed projects also declined following a continued large volume of awards since last spring. Total awards in November were about a fifth larger than a year ago, while for the first ten months of the year they were three-fifths larger.

DISTRIBUTION

Volume of retail trade increased in November following some decline in the previous month. Department store sales, as measured by the Board's seasonally adjusted index, advanced to 115 per cent of the 1923-25 average as compared with 105 in October and 116 in September. Larger sales in November were also reported by variety stores. Sales of automobiles increased somewhat, according to trade reports, but, as in other recent months, new car sales were smaller than output and dealers' stocks rose further.

In the second week of December sales at department stores rose less than seasonally, particularly in the coastal regions.

Freight traffic on the railroads continued in large volume in November and the first half of December. Grain shipments increased considerably and loadings of miscellaneous merchandise, which includes most manufactured products, were maintained at the high level reached several months earlier. Coal loadings declined somewhat, owing in part to temporary shutdowns at some mines. Shipments of most other classes of freight decreased less than is usual at this season.

COMMODITY PRICES

Following the entry of the United States into the war, prices of grains, livestock, and foods rose sharply. Prices of most industrial materials traded in the organized markets, being limited by Federal regulation, showed little change. Additional measures to prevent advances in wholesale prices were soon announced for wool and shellac and for such imported foods as cocoa, coffee, pepper, and fats and oils.

Retail food prices, as measured by the Bureau of Labor Statistics' index, increased 1½ per cent further from the middle of October to the middle of November to a level 18 per cent above a year ago. Indications are that retail prices of both foods and other commodities continued to rise in December.

BANK CREDIT

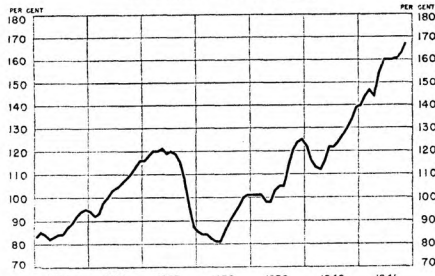
Total loans and investments at banks in leading cities continued to advance during November and the first two weeks of December, owing mostly to increased holdings of Government securities at banks outside New York City. Commercial loans, after showing little net change in November, again increased sharply in the first two weeks of December.

Excess reserves increased through most of the period as a result of Treasury expenditures from Reserve Bank balances, but declined sharply on December 15 when these balances were replenished in connection with the issue of 1.6 billion dollars of new Government securities. Money in circulation has continued to show a marked increase.

YIELDS ON UNITED STATES GOVERNMENT SECURITIES

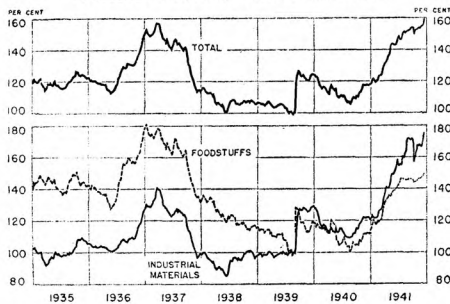
The yield on 2½ per cent United States Government bonds of 1967-72, which reached a record low level of 2.32 per cent on November 5, advanced somewhat in November and, after the entry of the United States into the war, rose to 2.50 per cent. Yields on short-term Government securities increased further. The yield on Treasury notes of December 1945 advanced to 0.93 per cent on December 17, compared with 0.62 per cent on September 15, and the rate on three-month bills rose to .295 per cent.

INDUSTRIAL PRODUCTION



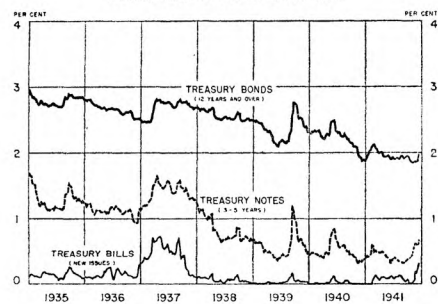
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-39 average=100. By months, January 1935 to November 1941.

WHOLESALE PRICES OF BASIC COMMODITIES



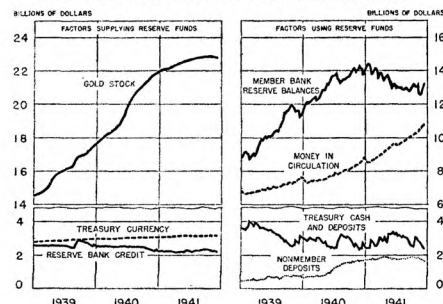
Bureau of Labor Statistics' indexes based on 12 foodstuffs and 16 industrial materials, August 1939=100. Thursday figures, January 3, 1935 to December 11, 1941.

MONEY RATES IN NEW YORK CITY



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 December 13, 1941.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures, January 2, 1935, to December 10, 1941.