

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

May 31, 1942

BUY
WAR
BONDS



BUY
SAVINGS
STAMPS

INVEST FOR VICTORY NOW

April Business in the Fifth District

CONDITIONS in trade and industry in the Fifth Federal Reserve district are spotted, due to the disruptive effects of the war economy under which we are now living. Industries which are able to tie into production of war materials, either directly or indirectly, are working to capacity, and distributors of consumer goods are very busy insofar as they can obtain merchandise to sell. On the other hand, many kinds of goods have been frozen, rationed, or withdrawn from markets because their manufacture has been forbidden, and dealers depending on these articles are of necessity laying off their salesmen, and in an increasing number of instances are closing their shops or stores. A few industries such as tobacco manufacturing do not use much critical material, and they are operating at capacity to meet increased consumer demands.

Fifth district industries, except a few which use critical material but have not been able to shift to some kind of war work, operated full time during April. Cotton textile mills converted additional looms to the manufacture of heavy goods needed by the armed forces, and set a new monthly record for cotton consumption in the district at 468,454 bales. Construction continued at near record levels, and contracts awarded during April totaling \$91,335,000 reached the fifth highest amount ever reported for one month. However, the Government has intimated that the volume of new construction for war purposes will be substantially decreased hereafter, attention being concentrated on the conversion of existing facilities to war work. In the interest of conservation of materials, private construction has been severely limited and little private work

can be undertaken unless it fits into the war picture. Coal production in April exceeded March production by 3 per cent, and was 720 per cent above April 1941 output, when most bituminous mines were closed by industrial disputes. Rayon mills and tobacco factories continue capacity production, and shipyards in the district are working around the clock.

Distribution of goods to consumers varies widely with the types of merchandise handled, and is rapidly undergoing interesting changes. Stores handling wearing apparel, foods, and other articles which have not yet been seriously interfered with by Government regulation, are doing a very large volume of business, but other stores handling a larger volume of restricted articles or goods made of critical materials are beginning to exhaust stocks without any chance to replenish them. Stores specializing in hard goods are facing virtual disappearance of their merchandise from the markets, and in many cases there are no substitutes for the unobtainable articles.

In agriculture crops in many sections of the Fifth district have been retarded by lack of moisture, but on the whole the farmers have done reasonably well with crop planting and prospects are about average. Increases in food crops are being made, and more attention given to live stock, stimulated by increased need for American production of food. Cotton farmers have been urged to plant their full acreage allowance. Labor is scarce in rural areas, but members of farm families are increasing their work and taking up much of the shortage in hired workers.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	April 1942	March 1942	April 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,979,732,000	\$2,025,239,000	\$1,628,471,000	— 2	+ 22
Sales, 78 department stores, 5th district.....	\$ 18,203,702	\$ 18,499,932	\$ 16,146,719	— 2	+ 13
Sales, 40 furniture stores, 5th district.....	\$ 1,782,624	\$ 1,552,159	\$ 1,477,637	+ 15	+ 21
Sales, 197 wholesale firms, 5th district.....	\$ 15,853,000	\$ 16,011,000	\$ 12,846,000	— 1	+ 23
Number of business failures, 5th district.....	19	39	42	— 51	— 55
Liabilities in failures, 5th district.....	\$ 113,000	\$ 307,000	\$ 281,000	— 63	— 60
Value of building permits, 29 cities.....	\$ 11,037,893	\$ 8,858,126	\$ 13,105,339	+ 25	— 16
Value of contracts awarded, 5th district.....	\$ 91,335,000	\$ 130,782,000	\$ 48,098,000	— 30	+ 90
Cotton consumption, 5th district (Bales).....	468,454	454,485	413,856	+ 3	+ 13
Cotton price, cents per lb., end of month.....	20.05	20.25	11.41	— 1	+ 76
Print cloths, 39 in., 80x80s, end of month.....	11.875*	12.000*	9.25	— 1	+ 28
Rayon yarn shipments, U. S. (Pounds).....	37,500,000	40,000,000	38,700,000	— 6	— 3
Rayon yarn stocks, U. S. (Pounds).....	5,400,000	4,100,000	7,400,000	+ 32	— 27
Bituminous coal mined, U. S. (Tons).....	49,000,000	47,400,000	5,975,000	+ 3	+720

*Ceiling price tied to spot cotton.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		
	May 15 1942	Apr. 15 1942	May 15 1941
Discounts held	\$ 0	\$ 200	\$ 60
Industrial advances	654	724	844
Government securities	148,687	139,902	121,486
Total earning assets	149,341	140,826	122,390
Circulation of Fed. Res. notes	473,124	456,727	299,519
Members' reserve deposits	456,017	457,561	435,693
Cash reserves	843,530	837,552	683,999
Reserve ratio	84.87	85.90	84.88

SELECTED ITEMS—41 REPORTING MEMBER BANKS

Fifth District

ITEMS	000 omitted		
	May 13 1942	Apr. 15 1942	May 14 1941
Loans to business & agriculture	\$161,726	\$168,552	\$148,900
All other loans	170,723	170,982	161,709
Investments in securities	599,469	601,605	408,353
Reserve bal. with F. R. bank	293,866	292,117	302,684
Cash in vaults	31,564	28,330	26,893
Demand deposits	836,264	813,304	686,514
Time deposits	200,615	199,299	207,496
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	April 30, 1942	Mar. 31, 1942	April 30, 1941
Total deposits	\$219,626,341	\$219,072,180	\$225,085,910

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

CITIES	000 omitted			% of Change	
	April 1942	Mar. 1942	April 1941	Month	Year
Dist. of Columbia					
Washington	\$ 427,943	\$ 432,996	\$ 335,672	- 1	+27
Maryland					
Baltimore	566,739	567,808	476,472	- 0	+19
Cumberland	9,604	10,485	9,486	- 8	+ 1
Hagerstown	15,148	15,800	11,245	- 4	+35
North Carolina					
Asheville	18,362	19,019	16,036	- 3	+15
Charlotte	113,029	121,140	92,486	- 7	+22
Durham	37,123	32,164	30,553	+15	+22
Greensboro	24,796	29,700	25,009	-17	- 1
Raleigh	68,774	72,346	51,709	- 5	+33
Wilmington	25,901	26,778	16,667	- 3	+55
Winston-Salem ..	48,378	53,519	42,136	-10	+15
South Carolina					
Charleston	30,563	33,379	26,721	- 8	+14
Columbia	42,747	46,611	38,503	- 8	+11
Greenville	33,876	35,601	25,327	- 5	+34
Spartanburg	16,919	17,920	17,134	- 6	- 1
Virginia					
Danville	11,472	11,925	8,827	- 4	+30
Lynchburg	18,919	19,298	16,513	- 2	+15
Newport News ..	15,368	17,038	15,738	-10	- 2
Norfolk	93,680	93,231	71,205	+ 0	+32
Portsmouth	10,262	9,876	6,679	+4	+54
Richmond	215,367	216,739	173,290	- 0	+24
Roanoke	34,247	36,733	34,121	- 7	+ 0
West Virginia					
Charleston	65,084	69,082	55,583	- 6	+17
Huntington	23,112	22,974	19,814	+ 1	+17
Parkersburg	12,319	13,077	11,545	- 6	+ 7
District Totals ..	\$1,979,732	\$2,025,239	\$1,628,471	- 2	+22

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
April 1942	19	938	\$ 113,000	\$ 9,282,000
March 1942	39	1,048	307,000	12,011,000
April 1941	42	1,149	281,000	13,827,000
4 Months, 1942	126	3,864	1,006,000	40,840,000
4 Months, 1941	169	4,613	2,100,000	52,642,000

Source: Dun & Bradstreet

EMPLOYMENT

The outstanding feature in the labor situation in the Fifth District is the scarcity of workers on farms. In-

dustrial labor is fully employed, and the same may be said for construction workers. In the ranks of the white collar people, there is less unemployment because of the filling of vacancies left by workers entering the Army or Navy. The situation in rural sections is quite critical, large numbers of country people having secured work on construction projects or in plants doing defense work. Fruits and vegetables have to be handled quickly when they are ready for market, and there have already been instances in the district in which inability to secure workers to harvest certain vegetables caused serious losses to the growers. 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 March to April:

STATES

STATES	Percentage change from March 1942 to April 1942	
	In number	In amount on payroll of payroll
Maryland	+3.0	+7.1
Dist. of Col.	+1.7	+2.5
Virginia	+0.5	+3.3
West Virginia	+1.0	+4.0
North Carolina	0.0	+0.3
South Carolina	+0.4	+1.8
District Average	+1.2	+3.9

AUTOMOBILE SALES

When sales of new automobiles and tires were rationed in January, it was expected in some quarters that a strong market would develop for used cars with good tires on them. The fear of gas rationing, car and tire requisitioning, and the like, however, checked sales of used cars and dealers have not been able to move their stocks. Dealers report that many people who have priorities to buy new cars will not take them. All dealers have new cars on hand. As we stated last month, the publication of monthly registration figures on automobiles has been discontinued for the duration of the war.

BITUMINOUS COAL PRODUCTION

The total amount of bituminous coal mined in the United States in April 1942 was 49,000,000 tons, the highest production reported for any month since October 1941. Last year in April the coal mines were closed by a strike and only 5,975,000 tons were produced. Total production of soft coal in the first four months of this year amounting to 188,780,000 tons exceeded production of 139,736,000 tons in the first four months of last year by 35 per cent. Retail coal dealers have been conducting a campaign designed to persuade domestic consumers to buy next winter's fuel during the summer months, in order that coal carrying transportation equipment may be concentrated on defense work later in the year. This campaign has been reasonably successful, and in some cases coal dealers have not been able to keep up with the orders they received.

SOFT COAL PRODUCTION IN TONS

REGIONS	April 1942	Mar. 1942	April 1941
West Virginia	13,761,000	12,699,000	345,000
Virginia	1,750,000	1,524,000	230,000
Maryland	183,000	174,000	14,000
5th District	15,694,000	14,397,000	589,000
United States	49,000,000	47,400,000	5,975,000
% in District	32	30	10

CONSTRUCTION WORK

Building permits issued in April in 29 Fifth District cities were restricted by priorities on nearly all types of civilian construction work, but there was enough defense housing and other necessary work to carry the aggregate value of permits issued last month to \$11,037,893, only 16 per cent below April 1941 permits totaling \$13,105,339. Permits issued in the first four months of 1942 totaling \$34,485,900 were 24 per cent less than \$45,676,065 in the corresponding period of 1941. Among the individual cities, Washington lead in permits for April with \$4,650,298, Baltimore was second with \$1,869,864, Norfolk third with \$1,790,107, Columbia fourth with \$448,211, and Richmond fifth with \$343,138.

Contracts awarded for construction work in the Fifth District are a much better measure of construction activity than permits issued, since contract awards include work located in both rural and urban sections while permits cover only the work located within the corporate limits of cities. Much of the defense work is located outside city corporate limits or in small towns. Contracts awarded in the Fifth District in April totaled \$91,335,000, and was the fifth highest figure ever reported for any single month. In April 1941 contracts awarded in the district totaling \$48,098,000 were 47 per cent below the April 1942 total. As we have pointed out in previous months, a very large part of the contract awards is for war work, and is to a large extent paid for with public funds.

Figures by states for March 1942 contract awards, which were not available when the April 30 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Mar. 1942	Mar. 1941	% Change
Maryland	\$ 19,869,000	\$ 22,244,000	- 11
Dist. of Col.	4,163,000	10,481,000	- 60
Virginia	80,289,000	7,621,000	+ 954
West Virginia ..	2,824,000	2,584,000	+ 9
North Carolina ..	5,580,000	7,427,000	- 25
South Carolina ..	18,057,000	6,660,000	+171
Fifth District	\$130,782,000	\$ 57,017,000	+129

COTTON TEXTILES

Reviewing April activities in cotton goods markets, the *Journal of Commerce* stated that business in coarse yarn gray cloth was largely confined to military priority rated contracts, including deliveries in numerous instances as far away as the close of the year. Around 25,000,000 yards of 64x60s print cloths were taken for military comfortables, and another 20,000,000 yards were ordered for soldier shorts, half of 64x60s print cloths and half of 136x60s combed broadcloth. The WPB issued orders requiring mills of all kinds to divert varying percentages of production to bagging sheetings and osnaburgs. Class C sheeting manufacturers were ordered to shift 50 per cent of their looms to heavier bag weights. Twenty per cent of looms operating on bed ticking, cottonades, suitings, coverts, colored yarn suitings, denim, pin stripes, drapery, upholstery, tapestry, turkish and terry weaves, huck and damask toweling must change to bag osnaburgs. Other diversions to bag goods were also ordered, effective 30 to 60 days from the date of the order. Civilian business was

comparatively quiet during April, but late in the month mills released a few million yards of print cloths from stock to the regular trade. Late in April it was learned that on and after May 4 the system of shifting prices tied to spot cotton quotations would be replaced by rigid and unchanging prices, based on the highest point to which cotton had ascended during March, namely 20.37 cents.

Cotton consumption in both the Fifth district and the United States set new records in April, partly due to the shift to heavy weight goods recently made by many mills. District consumption figures last month in comparison with figures for the preceding month this year and the corresponding month last year were as follows:

COTTON CONSUMPTION—FIFTH DISTRICT

		In bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
April	1942	252,790	193,005	22,659	468,454
March	1942	246,932	184,428	23,125	454,485
April	1941	223,032	171,865	18,959	413,856
4 Months,	1942	964,074	736,826	88,236	1,789,136
4 Months,	1941	839,771	638,549	68,138	1,546,458
% Increase in	1942	15	15	29	16

RAYON

Rayon Organon for May reports that shipments of rayon filament yarn to domestic consumers in April totaled 37,500,000 pounds, compared with 40,000,000 pounds shipped in March 1942 and 38,700,000 pounds in April 1941. In the 4 months of this year shipments of 154,700,000 pounds compared with 140,700,000 pounds shipped in the corresponding period last year. Stocks of filament yarn in the hands of producers at the end of April amounted to 5,400,000 pounds, compared with 4,100,000 pounds at the end of March and 7,400,000 pounds at the end of April 1941. These yarn inventories continue to reflect the poundage of unreleased reserved yarn held under Order M-37-c for former silk and nylon users and for the export program. Deliveries of rayon staple fiber during April totaled 13,000,000 pounds as compared with 12,600,000 pounds in March and 12,000,000 pounds in April a year ago. Stocks of staple fiber held by producers on April 30 totaled 1,600,000 pounds, compared with 2,300,000 pounds held at the end of March. In April the WPB notified producers of viscose staple fiber that during May and June they would be required to set aside for worsted mills an amount of their staple fiber production equivalent to 2½ per cent of the worsted mills' basic quarterly wool poundage. This allotment figures to about 1,500,000 pounds of viscose rayon staple fiber during each of the two months. The poundage reserved in April was 1,200,000 pounds and in March was 600,000 pounds. On April 16 Revised Price Schedule No. 23 providing maximum prices for 229 constructions of rayon gray goods was issued by the OPA. This price schedule became effective April 21, and added 177 cloths to the 52 constructions of rayon gray goods covered by the original order.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets were relatively steady during April, varying only a shade over half a cent per pound from the highest to the lowest daily average. From 20.35 cents per pound for middling grade 15/16-inch staple on April 1 the price rose to 20.47 cents on the 10th, then declined to 19.88 cents on the 28th. From that point the price rose again to 20.24 cents on May 15, the latest date for which official figures are available. On May 16, 1941, the base price on the 10 markets was 12.67 cents per pound.

On April 2 the Wages and Hours Commissioner signed an order establishing a 40-cents wage minimum for the textile industry, effective April 20, 1942. The order applied chiefly to the cotton textile branch of the industry, and brought about 150,000 additional workers up to the highest minimum level authorized under the Fair Labor Standards Act. Approximately 600,000 textile workers were already receiving at least 40 cents per hour.

COTTON CONSUMPTION AND ON HAND—BALES

	April 1942	April 1941	Aug. 1 to This Year	April 30 Last Year
Fifth district states:				
Cotton consumed	468,454	413,856	3,866,843	3,198,747
Cotton growing states:				
Cotton consumed	848,854	776,686	7,006,374	5,958,148
Cotton on hand April 30 in				
Consuming establishments ..	2,115,659	1,557,734		
Storage and compresses ...	10,018,066	11,995,471		
United States				
Cotton consumed	998,754	920,950	8,245,493	6,992,591
Cotton on hand April 30 in				
Consuming establishments ..	2,631,889	1,935,365		
Storage and compresses ...	10,396,962	12,369,867		
Spindles active	23,100,202	22,807,432		

TOBACCO MANUFACTURING

Tobacco manufacturing increased in April in comparison with March, and production exceeded that of April last year in all lines except smoking and chewing tobacco. Production figures released by the Bureau of Internal Revenue are as follows:

	April 1942	Mar. 1942	April 1941
Smoking & chewing tobacco, pounds	23,790,440	24,013,599	25,619,906
Cigarettes, number	17,379,870,280	17,015,736,280	15,853,661,710
Cigars, number	503,536,469	489,726,665	490,584,765
Snuff, pounds	4,034,899	3,905,636	3,507,505

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in April 1942 in comparison with April 1941:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 5 (+20)	+45	+113	+13
Baltimore (10)	+11 (+31)	+63	+219	+ 9
Washington (7)	+21 (+35)	+67	+108	+16
Other Cities (12)	+ 8 (+23)	+37	+ 81	+ 8
Fifth District (78)*	+13 (+29)	+47	+136	+12

Same stores by states, including stores reporting sales only:

Maryland (13)	+11 (+32)	..	..	..
Virginia (16)	+10 (+25)	..	..	..
West Virginia (15)	- 4 (+15)	..	..	..
North Carolina (16)	- 5 (+11)	..	..	..
South Carolina (11) ..	+21 (+27)	..	..	..

* Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 4 months of 1942 with sales in the first 4 months of 1941.

RETAIL FURNITURE SALES

% Changes in Sales, April and 4 months of 1942 Compared with April 1941 Compared with 4 Months 1941

STATES	April and 4 months of 1942 Compared with April 1941	4 months of 1942 Compared with 4 Months 1941
Maryland (9)	+31	+29
Dist. of Col. (7)	+41	+38
Virginia (13)	+ 5	+18
North Carolina (5)	- 6	- 8
South Carolina (6)	-14	-13
District (40)	+21	+23
Individual Cities:		
Baltimore (9)	+31	+29
Richmond (5)	- 4	+18
Washington (7)	+41	+38

Note: Number of reporting stores in parentheses.

WHOLESALE TRADE, 197 FIRMS

LINES	Net Sales April 1942 compared with		Stocks April 30, 1942 compared with		Ratio April collections to accounts outstanding April 1
	April 1941	Mar. 1942	April 30 1941	Mar. 31 1942	
Auto supplies (10)....	+49	+30	..	..	95
Shoes (4)	+12	-25	+36	- 5	64
Drugs & Sundries (6) ..	+15	- 4	..	..	118
Dry goods (8)	+55	+ 5	+63	+ 4	53
Electrical goods (14) ..	0	+ 8	- 1	-10	67
Groceries (60)	+24	+ 2	+17	- 2	111
Hardware (14)	+11	- 4	- 6	- 2	67
Industrial supplies (9) ..	+11	- 4	+11	- 3	78
Paper & products (11) ..	+34	-14	+20	+ 4	82
Tobacco & products (4) ..	+17	+ 4	..	..	..
Miscellaneous (57)	+35	+14	+20	- 7	78
District Average (197) ..	+23	- 1	+18	- 3	77

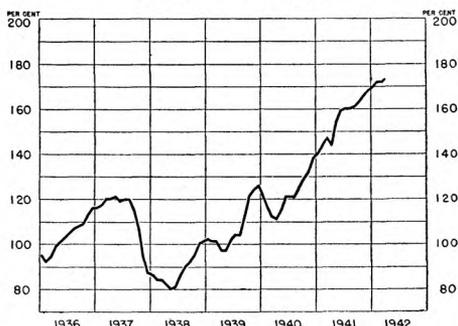
Source: Bureau of the Census.

(Compiled May 21, 1942)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

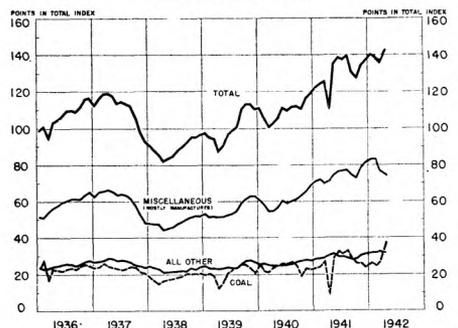
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



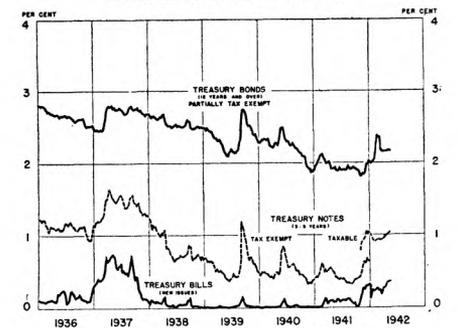
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Latest figures shown are for April 1942.

FREIGHT-CAR LOADINGS



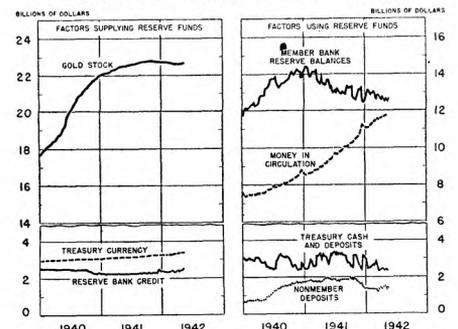
Federal Reserve monthly index of total loadings of revenue freight, adjusted for seasonal variation, 1935-1939 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for April 1942.

MONEY RATES IN NEW YORK CITY



Weekly averages of daily yields of Treasury notes and bonds and average discount on new issues of Treasury bills offered within week. Latest figures shown are for week ended May 16, 1942.

MEMBER BANK RESERVES AND RELATED ITEMS



Wednesday figures. Latest figures shown are for May 13, 1942.

Industrial activity increased in April and the first half of May reflecting continued advances in armament production. Following an increase in buying during the first quarter, retail trade declined somewhat. Wholesale commodity prices advanced further.

PRODUCTION

Expansion of industrial production in April was reflected in an advance in the Board's seasonally adjusted index from 172 to 174 per cent of the 1935-39 average. This increase followed upon a period of relative stability during the first quarter of the year, when growing war production was offset by decreased civilian output.

Since the beginning of the year total volume of industrial output has shown little change but there have been marked differences among individual industries. In general output of machinery, chemicals, and armament of all kinds has continued to expand at a rapid rate. There have also been substantial increases in output of electric steel, nonferrous metals, glass containers, wood pulp, and coal. On the other hand, output of many products for civilian use such as automobiles, tires and tubes, wool textiles, electrical appliances, alcoholic beverages, petroleum, and petroleum products has been sharply reduced either by direct order or by shortages of material or transportation facilities. In the month of April crude petroleum and petroleum products were the principal commodities showing a decline in output. Output of furniture, cotton and rayon textiles, manufactured foods, paper products, and tobacco products has been maintained in large volume.

Value of construction contracts awarded in April, as reported by the F. W. Dodge Corporation, was almost one-fifth below the high March total, reflecting a decline in publicly financed construction. Residential contracts decreased by one-fourth and for the month were at about the same level as last year. Awards for non-residential building increased slightly, mainly because of a 40 per cent increase in awards for factory construction, practically all publicly financed.

In the first four months of 1942, total awards were about one-fourth greater than in the corresponding period last year; public awards more than doubled, while those for private projects were down by about two-fifths. Public awards in this period made up over 70 per cent of the total, compared with about 40 per cent last year.

DISTRIBUTION

Retail sales declined somewhat in April, following a considerable amount of anticipatory buying during the first quarter of this year. At department stores, dollar sales in April were about 10 per cent below the first quarter average, making allowance for usual seasonal variations, but were 5 per cent above the level prevailing during the latter part of 1941. During the first half of May sales showed a further decrease and were around 6 per cent larger than a year ago in contrast with price increases amounting on the average to about 20 per cent over the year period.

Total freight car loadings increased sharply in April owing chiefly to larger shipments of coal and forest products, and to a sharp rise in iron ore loadings as the Great Lakes shipping season got underway. Shipments of merchandise in less than carload lots, which had begun to decline in March, were reduced sharply further in April, reflecting Government action to increase the average load per car in order to effect fuller utilization of railroad equipment.

COMMODITY PRICES

Beginning on May 11, wholesale prices of most commodities were limited to the highest levels reached during March, according to the general maximum price regulation issued April 28. Effective May 18, retail prices of most commodities were likewise limited. Retail prices of related services will be limited beginning July 1.

About 30 new maximum price schedules for industrial products were issued from the middle of April to the middle of May. Most of these covered wholesale prices of items previously subject to informal or temporary controls. Upward adjustments in maximum prices were allowed for coal, ferromanganese, tires, petroleum products, and a few other items.

Wholesale prices of most farm products and basic foods, which are exempt from direct control, showed little change in this period, following sharp increases earlier in the year.

BANK CREDIT

During the five weeks ending May 20 Federal Reserve Bank holdings of Government securities increased by about 20 million dollars, while currency in circulation rose by 260 million. Member bank deposits increased during the period and required reserves showed a corresponding growth. The net result was a decline of 300 million in excess reserves. Holdings of United States securities at banks in leading cities increased further, while commercial loans declined. Liquidation of loans was concentrated at banks in New York City and in the Kansas City district.

UNITED STATES GOVERNMENT SECURITY PRICES

Prices of U. S. Government bonds declined in the last half of April, but steadied in the first half of May. Rates on current Treasury bill issues rose from about 0.20 per cent in March to 0.36 per cent in May. The Federal Open Market Committee announced on April 30 that Federal Reserve Banks stood ready to purchase all Treasury bills offered at 0.375 per cent.