

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

---

*Federal Reserve Bank, Richmond, Va.*

*June 30, 1942*

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BUY  
WAR  
BONDS



BUY  
SAVINGS  
STAMPS

**INVEST FOR VICTORY NOW**

## The General Situation in the Fifth District

TRADE and industry in the Fifth Reserve district show the disruptive effects of the war economy more clearly month by month, and business firms are having to adjust to an increasing number of rules and regulations made by Government agencies in the interest of all-out war work.

Industries such as shipyards, airplane plants, textile mills, steel mills, coal mines, chemical and ammunition plants, and railroads are working at capacity, and in many instances 24 hours a day. People who have training which fits them for work in any of the many industries making war material are in great demand and are fully employed. Another group of industries, of which tobacco manufacturing is the outstanding example, is not producing war material but is turning out products which the public want and have money to buy, and these industries are also working at or near capacity. This group uses comparatively little critical material, and has found substitutes for items it cannot obtain. A third group of industries formerly used raw material which either cannot now be obtained or can be obtained only in small quantities. Such of these as could convert to war work have done so, but others have already substantially reduced their output and still others have ceased operations for the duration. The full fashioned hosiery industry, for example, was

severely hit by silk restrictions, and is now faced with further shortage of material as Government requirements expand into the synthetic fiber field. A year ago synthetic yarns and cloths made from them were expected to be available largely as a substitute for civilian use of silk, cotton and wool, but further experiments and improvements in their manufacture have indicated greatly enlarged use of these fibers for war purposes. Fortunately the Fifth district has relatively few industries using critical material that cannot change over to some type of war work.

In spite of greatly increased taxes this year and efforts being made to sell War Bonds and Stamps to the public, consumers have plenty of money with which to buy commodities they want, and stores which have adequate stocks are doing a very large volume of business. Many retail outlets, however, either cannot secure merchandise or find themselves so restricted by freezing orders, priority rules and rationing regulations that they cannot distribute the merchandise their customers would like to buy. Others have had the volume of business reduced by stiffening of credit terms under which commodities may be sold. Furniture sales particularly are affected by retail credit restrictions, owing to the large proportion of business done on a credit basis.

### FINANCIAL AND BUSINESS CONDITIONS IN THE FIFTH FEDERAL RESERVE DISTRICT

	May 1942	April 1942	May 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,038,925,000	\$1,979,732,000	\$1,717,276,000	+ 3	+ 19
Sales, 78 department stores, 5th district.....	\$ 17,187,817	\$ 18,203,702	\$ 16,474,309	- 6	+ 4
Sales, 113 furniture stores, 5th district.....	2,513,770	2,942,668	3,346,754	- 15	- 25
Sales, 205 wholesale firms, 5th district.....	15,849,000	16,778,000	13,694,000	- 6	+ 16
Number of business failures, 5th district.....	35	19	37	+ 84	- 5
Liabilities in failures, 5th district.....	485,000	113,000	281,000	+329	+ 73
Value of building permits, 29 cities.....	5,476,957	11,037,893	14,579,982	- 50	- 62
Value of contracts awarded, 5th district.....	68,914,000	90,984,000	100,005,000	- 24	- 31
Cotton consumption, 5th district (Bales).....	452,996	468,454	413,387	- 3	+ 10
Cotton price, cents per lb. end of month.....	19.66	20.11	12.89	- 2	+ 53
Rayon yarn shipments, U. S. (Pounds).....	37,600,000	37,600,000	40,200,000	0	- 6
Rayon yarn stocks, U. S. (Pounds).....	6,800,000	5,400,000	5,800,000	+ 26	+ 17
Bituminous coal mined, U. S. (Tons).....	48,250,000	49,000,000	42,892,000	- 2	+ 12

**BANKING STATISTICS**

**RESERVE BANK STATEMENT ITEMS**  
Fifth District

ITEMS	000 omitted		
	June 15 1942	May 15 1942	June 15 1941
Discounts held	\$ 50	\$ 0	\$ 108
Foreign loans on gold	22	0	0
Industrial advances	619	654	852
U. S. Securities owned	153,114	148,687	121,486
Total earning assets	153,805	149,341	122,446
Circulation of Fed. Res. notes	501,602	473,124	309,206
Members' reserve deposits	483,992	456,017	394,524
Cash reserves	876,016	843,530	678,548
Reserve ratio	85.12	84.87	84.04

**SELECTED ITEMS—41 REPORTING MEMBER BANKS**  
Fifth District

ITEMS	000 omitted		
	June 10 1942	May 13 1942	June 11 1941
Loans to business & agriculture	\$152,405	\$161,726	\$148,400
All other loans	163,816	170,723	161,278
Investments in securities	624,131	599,469	458,814
Reserve bal. with F. R. Bank	315,213	293,866	269,162
Cash in vaults	31,112	31,564	27,929
Demand deposits	866,027	836,264	696,815
Time deposits	199,844	200,615	207,584
Money borrowed	0	0	0

**MUTUAL SAVINGS BANK DEPOSITS**  
9 Baltimore Banks

	May 31, 1942	April 30, 1942	May 31, 1941
Total deposits	\$219,575,973	\$219,666,308	\$224,836,673

**DEBITS TO INDIVIDUAL ACCOUNTS**  
Fifth District

CITIES	000 omitted				% of Change	
	May 1942	April 1942	May 1941	May 1941	Month	Year
Dist. of Col.						
Washington	\$ 422,584	\$ 427,943	\$ 358,663	- 1	+ 18	
Maryland						
Baltimore	593,473	566,739	493,412	+ 5	+ 20	
Cumberland	9,755	9,604	9,352	+ 2	+ 4	
Frederick	8,853*					
Hagerstown	14,651	15,148	11,056	- 3	+ 33	
North Carolina						
Asheville	17,576	18,362	16,774	- 4	+ 5	
Charlotte	122,237	113,029	96,343	+ 8	+ 27	
Durham	52,052	37,123	33,975	+ 40	+ 53	
Greensboro	23,969	24,796	27,309	- 3	- 12	
Kinston	4,477*					
Raleigh	44,051	68,774	51,214	- 36	- 14	
Wilmington	25,946	25,901	17,425	0	+ 49	
Wilson	4,370*					
Winston-Salem	52,122(1)	48,378	47,254	+ 8	+ 10	
South Carolina						
Charleston	32,374	30,563	30,494	+ 6	+ 6	
Columbia	41,577	42,747	42,753	- 3	- 3	
Greenville	33,059	33,876	28,629	- 2	+ 15	
Spartanburg	18,213	16,919	16,859	+ 8	+ 8	
Virginia						
Charlottesville	10,104*					
Danville	10,313	11,472	9,838	- 10	+ 5	
Lynchburg	17,706	18,919	16,959	- 6	+ 4	
Newport News	17,668(1)	15,368	16,466	+ 15	+ 7	
Norfolk	109,497(1)	93,680	75,720	+ 17	+ 45	
Portsmouth	12,343(1)	10,262	6,833	+ 20	+ 81	
Richmond	232,704(1)	215,367	181,474	+ 8	+ 28	
Roanoke	34,496(1)	34,247	36,044	+ 1	- 4	
West Virginia						
Bluefield	21,668*					
Charleston	65,080	65,084	60,093	0	+ 8	
Clarksburg	12,590*					
Huntington	23,059	23,112	19,732	0	+ 17	
Parkersburg	12,370	12,319	12,605	0	- 2	
District Totals	\$2,038,925	\$1,979,732	\$1,717,276	+ 3	+ 19	

\*Figures not included in District Total.

(1) Additional banks began reporting in May, 1942, and May figures are not exactly comparable with figures for earlier months. The additional banks added \$19,979,000 to the District Total, not quite 1%.

The accompanying table of debits in leading Fifth district cities has been revised to give better coverage of the Fifth district; six new cities are shown this month. In

addition, one or more banks that for various reasons have not previously been included in debits figures have been added to the reporting banks in six other cities. The new cities are Frederick, Md., Kinston and Wilson, N. C., Charlottesville, Va., and Bluefield and Clarksburg, W. Va. Total debits in these six cities amounted to \$62,063,000 in May 1942. Of the individual banks added in cities previously on the debits list one was in Winston-Salem, two were in Newport News, three in Norfolk, two in Portsmouth, two in Richmond, and one in Roanoke; a total of eleven banks with aggregate debits of \$19,979,000 in May 1942. The addition of the eleven banks in these six cities brings figures for all reporting centers up to 100 per cent coverage for all banks doing a commercial business and maintaining open checking accounts. Items included in debits are all checks drawn against deposit accounts of individuals, firms and corporations; all payments from Trust funds; checks against accounts of Federal, State, county and local governments; and withdrawals from savings accounts including certificates of deposit paid. Debits against deposit accounts of other banks are not included, since they usually reflect transfers of funds rather than actual business transactions.

**COMMERCIAL FAILURES**

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1942	35	955	\$ 485,000	\$ 9,839,000
April 1942	19	938	113,000	9,282,000
May 1941	37	1,119	281,000	10,065,000
5 Months, 1942	161	4,819	1,491,000	50,679,000
5 Months, 1941	206	5,732	2,381,000	62,707,000

Source: Dun & Bradstreet

**EMPLOYMENT**

There have been no changes of importance in the labor situation in the Fifth district in the past month, except that there has not been quite as much difficulty in obtaining necessary farm labor as was feared earlier in the season. In the cities a decided shortage in household servants has developed, apparently partly due to the fact that many cooks and maids whose husbands are now working at good wages no longer find it necessary to supplement the family income. There are people who have been forced to seek new work because their former jobs were abolished, such as employees in automobile sales agencies, filling stations, establishments handling electric refrigerators and similar items, and other businesses which have experienced a drying up of the merchandise they sell. These people, however, usually find other employment in a short time. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and pay rolls in the Fifth district from April to May:

STATES	Percentage change from April 1942 to May 1942	
	In number on payroll	In amount of payroll
Maryland	+2.1	-0.1
Dist. of Columbia	+2.2	+2.3
Virginia	+0.6	+6.8
West Virginia	+0.2	+2.7
North Carolina	-0.9	+2.9
South Carolina	-0.8	+2.7
District Average	+0.4	+2.4

### AUTOMOBILE SALES

Stocks of new automobiles continue frozen, except where prospective purchasers have priority ratings, but no restrictions have as yet been placed on sales of used cars. The tire shortage and gasoline rationing have dealt a severe blow to the used car market, and used cars are not selling nearly as well as was expected before the gasoline rationing program went into effect. Another obstacle for the used car dealer is the disposal of cars, frequently at a sacrifice, by young men inducted into the armed forces. The automobile repair business has fallen off more than was expected, owners of cars apparently being reluctant to spend money on their cars until it is absolutely necessary.

### BITUMINOUS COAL PRODUCTION

Production of bituminous coal continued at high levels in May, and output of 48,250,000 net tons exceeded May 1941 production of 42,892,000 tons by 12 per cent, although May last year contained 1.1 more working days and mines were trying to rebuild reserve stocks depleted during the April strike. Total production of 237,424,000 tons in the United States in the first five months of 1942 exceeded production of 182,628,000 tons in the corresponding period last year by 30 per cent, but output in April 1941 was merely nominal. Distribution of coal in recent weeks has been retarded to some extent by car shortage, but more householders than usual have purchased fuel supplies in advance of actual need. Increased coal for heating will be required next winter because of difficulty in obtaining fuel oil in Atlantic Coast states, and when fall demands come the car shortage may be serious. The danger of transportation difficulties in the fall and winter is the basis of a drive retail coal dealers are making to persuade consumers to stock their coal bins during the summer.

#### SOFT COAL PRODUCTION IN TONS

REGIONS	May 1942	Apr. 1942	May 1941
West Virginia .....	13,838,000	13,761,000	13,429,000
Virginia .....	1,850,000	1,750,000	1,660,000
Maryland .....	186,000	183,000	135,000
5th District .....	15,874,000	15,694,000	15,224,000
United States .....	48,250,000	49,000,000	42,892,000
% in District .....	33	32	35

### CONSTRUCTION WORK

Restrictions laid on private building by the Federal Government in the interest of conservation of materials for necessary war work reduced building permits issued in Fifth district cities in May to the lowest point for any month since January 1940. Permits issued last month totaled only \$5,476,957, in contrast with permits issued in May 1941 totaling \$14,579,982. In every month of this calendar year permits issued totaled less than those issued in corresponding months last year, and the total of \$39,962,857 for permits issued since January 1, 1942, is 34 per cent less than the total of \$60,256,047 for permits issued in the first five months of 1941. In permits issued in May 1942, Baltimore led with a total of \$2,603,868, Washington was second with \$1,485,880, Columbia was

third with \$362,677, Richmond was fourth with \$348,153, and Norfolk was fifth with \$238,385.

Contracts awarded for construction in the Fifth Reserve district in May 1942 totaled \$68,914,000, compared with \$90,984,000 for awards in April this year and \$100,005,000, in May last year. Contract award figures cover all types of construction, and include rural as well as urban projects. With priority regulations severely restricting civilian construction, contract awards reflect very largely the volume of public work for which provision is made, and the recently adopted policy of the Federal Government toward conversion of existing plant facilities to war work instead of erecting new buildings naturally holds contract award figures below the level which would be reached if construction of additional plants had not been substantially curtailed.

Figures by states for April 1942 contract awards, 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	Apr. 1942	Apr. 1941	% Change
Maryland .....	\$ 21,399,000	\$ 10,391,000	+106
Dist. of Col. ....	26,957,000	3,895,000	+592
Virginia .....	32,606,000	14,598,000	+123
West Virginia .....	2,759,000	3,394,000	- 19
North Carolina .....	4,125,000	9,125,000	- 55
South Carolina .....	3,138,000	6,695,000	- 53
Fifth District .....	\$ 90,984,000	\$ 48,093,000	+ 89

### COTTON TEXTILES

The cotton textile industry is so closely involved in the war economy of the country that the civilian market has become distinctly secondary in importance. Under Government orders, most mills which have machinery suitable for heavy work have been changed over to production of ducks, osnaburgs, sheetings, and other constructions needed in large quantities by the Army or Navy, or for important civilian uses such as bagging for agricultural requirements. Mills are standardizing more and more, and reducing types and patterns turned out. The amount of cloth available for ordinary trade channels is relatively small, but retailers anticipated their needs months ahead and to date most merchants have sufficient textiles to supply their customers. Price fluctuations have been largely prevented in recent weeks by ceiling prices fixed by Government regulation.

Cotton consumption figures by states in the Fifth district for May 1942 and the first five months of this year are compared in the accompanying table with corresponding figures for 1941.

#### COTTON CONSUMPTION—FIFTH DISTRICT

		In Bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
May	1942.....	241,904	188,998	22,094	452,996
April	1942.....	252,790	193,005	22,659	468,454
May	1941.....	223,743	169,452	20,192	413,387
5 Months,	1942.....	1,205,978	925,824	110,330	2,242,132
5 Months,	1941.....	1,063,514	808,001	88,330	1,959,845
% Increase	in 1942.....	13	15	25	14

### RAYON

Shipments of rayon filament yarn to domestic consumers in May totaled 37,600,000 pounds. Shipments in the preceding month, April, were exactly the same, but

yarn delivered in May 1941 totaled 40,200,000 pounds. *Rayon Organon* reports shipments in the first five months of this year amounting to 192,400,000 pounds, an increase of 6 per cent over 180,900,000 pounds shipped in the same period last year. At the end of May producers held 6,800,000 pounds of filament yarn, compared with 5,800,000 pounds held a year ago.

Deliveries of rayon staple fiber during May totaled 12,600,000 pounds, compared with 13,000,000 pounds in April and 11,500,000 pounds in May 1941. In the first five months of 1942, 62,000,000 pounds of staple fiber delivered to consumers showed an increase of 19 per cent over 51,900,000 pounds delivered in the first five months of 1941. Rayon staple fiber has increased in importance in recent months, since it blends better than filament yarn with wool and cotton.

On June 1, the War Production Board amended Wool Conservation Order M-73. One amendment requires that acetate rayon staple fiber be made available to manufacturers for blending with wool. Formerly only viscose rayon staple fiber was set aside for such purposes. The percentage of production to be allocated each month to eligible wool consumers will be designated by the Director of Industry Operations.

In the June issue, *Rayon Organon* presents an up-to-date list of American rayon yarn manufacturers. The list shows that the American rayon industry consists of fifteen companies operating twenty-seven plants. Nine of the twenty-seven plants are located in the Fifth Reserve District.

**COTTON STATISTICS**

Spot cotton prices on ten Southern markets declined from an average of 20.28¢ per pound, middling grade, on May 8 to 18.62¢ on June 12, but on June 19 the average rose to 18.84¢. The decline resulted chiefly from favorable development of the 1942 cotton crop. On June 20, 1941, the average price on the ten Southern markets was 14.09¢. The Commodity Credit Corporation made loans to farmers on 2,221,224 bales of the 1941 cotton crop, but on June 13 only 1,027,481 bales were still held under loan, the growers having repaid their loans on 1,193,743 bales. The cotton upon which loans have been repaid was of course sold at the relatively attractive prices offered in recent months.

**COTTON CONSUMPTION AND ON HAND—BALES**

	May 1942	May 1941	Aug. 1 to May 31 This Year Last Year	
<b>Fifth district states:</b>				
Cotton consumed	452,996	413,387	4,319,839	3,612,134
<b>Cotton growing states:</b>				
Cotton consumed	823,058	795,050	7,829,432	6,753,198
Cotton on hand May 31 in				
Consuming establishments	2,078,720	1,539,937		
Storage & compresses	9,034,591	11,014,494		
<b>United States:</b>				
Cotton consumed	957,015	923,518	9,202,508	7,916,109
Cotton on hand May 31 in				
Consuming establishments	2,589,456	1,931,565		
Storage & compresses	9,402,969	11,399,982		
Spindles active	23,120,666	23,004,082		

**TOBACCO MANUFACTURING**

Production of cigarettes in May 1942 was higher than in either April 1942 or May 1941, but output of all other tobacco products was less last month than in either of the two earlier periods. Production figures released by the Bureau of Internal Revenue are as follows:

	May 1942	Apr. 1942	May 1941
<b>Smoking &amp; chewing tobacco, pounds</b>	21,956,402	23,790,440	25,621,949
Cigarettes, number	18,455,318,320	17,379,870,280	17,858,111,310
Cigars, number	457,767,155	503,536,469	475,067,340
Snuff, pounds	3,224,368	4,034,899	3,609,796

**RETAIL AND WHOLESALE TRADE**

	Department Store Trade				
	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in May 1942 in comparison with May 1941:		Sales, Stocks, Orders, Receivables		
Richmond (5)	+ 2	(+16)	+42	+ 86	+ 5
Baltimore (10)	+ 3	(+24)	+69	+ 63	- 3
Washington (7)	+12	(+29)	+71	+ 55	+ 7
Other Cities (12)	0	(+20)	+40	+ 52	- 3
Fifth District (78)*	+ 4	(+23)	+63	+ 62	+ 3

Same stores by states, including stores reporting sales only:

Maryland (13)	+ 3	(+25)	..	..	..
Virginia (16)	+ 2	(+19)	..	..	..
West Virginia (15)	-16	(+ 6)	..	..	..
North Carolina (16)	-12	(+ 5)	..	..	..
South Carolina (11)	+17	(+20)	..	..	..

\*Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 5 months of 1942 with sales in the first 5 months of 1941.

**RETAIL FURNITURE SALES**

During the past three years we have carried a table in the *Review* each month showing sales by approximately 40 retail furniture stores and furniture departments of department stores. Realizing that the coverage of the retail furniture business was not satisfactory, the field has been canvassed in the Fifth Reserve district and the number of reporting firms greatly increased. This month we include percentages compiled from sales reported by 113 stores.

For May, sales data only are included in the accompanying table, but we expect to include percentages on outstanding receivables, collections, and inventories as soon as tabulation of the data is completed.

INDIVIDUAL CITIES	Percentage Changes in May 1942 Sales	
	Compared with May 1941	Compared with April 1942
Baltimore, Md. (11)*	-21	-17
Washington, D. C. (9)*	+ 8	-10
Richmond, Va. (11)*	-30	-14
Norfolk, Va. (3)*	+ 6	0
Roanoke, Va. (3)*	-30	- 5
Charleston, W. Va. (3)*	-50	- 6
Huntington, W. Va. (3)*	-38	-30
Charlotte, N. C. (5)*	-48	-22
Winston-Salem, N. C. (3)*	-53	-22
Columbia, S. C. (4)*	-40	-15
Other Cities (58)*	-35	-16
Fifth District (113)*	-25	-15
<b>Same Stores, Grouped</b>		
By States:		
Maryland (11)*	-21	-17
Dist. of Col. (9)*	+ 8	-10
Virginia (37)*	-20	- 7
West Virginia (13)*	-42	-18
North Carolina (23)*	-47	-20
South Carolina (20)*	-40	-18
Fifth District (113)*	-25	-15

\*Number of reporting stores.

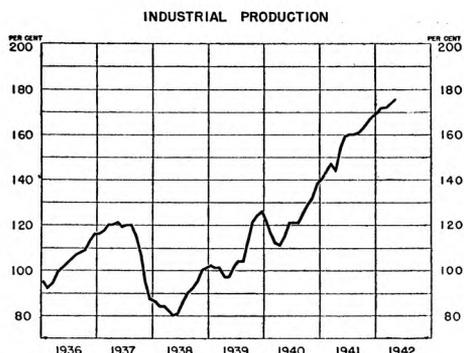
**WHOLESALE TRADE, 205 FIRMS**

LINES	Net Sales May 1942 compared with		Stocks May 31, 1942 compared with		Ratio May collections to accounts outstanding May 1
	May 1941	Apr. 1942	May 31 1941	Apr. 30 1942	
Auto supplies (7)	- 8	- 8	+15	0	71
Shoes (4)	+10	-16	+55	+17	62
Drugs & sundries (8)	+ 5	- 7	..	..	101
Dry goods (8)	+35	- 9	+55	0	49
Electrical goods (14)	+80	+ 7	- 6	- 8	54
Groceries (63)	+10	- 6	+ 9	- 4	105
Hardware (16)	+ 6	- 2	-10	- 8	64
Industrial supplies (9)	+31	+12	0	- 5	86
Paper & products (11)	+ 3	- 5	+30	+ 4	74
Tobacco & products (7)	+10	+ 2	..	..	..
Miscellaneous (58)	+ 4	-12	+ 9	- 6	76
District Average (205)	+16	- 6	+15	- 2	71

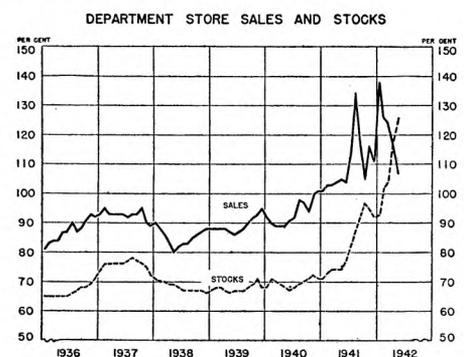
Source: Department of Commerce

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

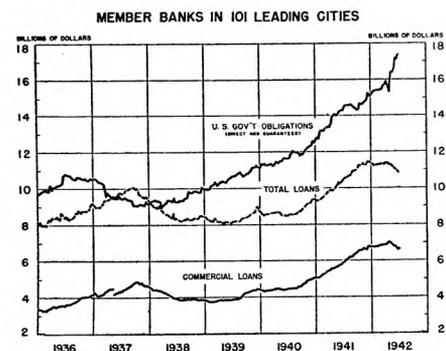
(Compiled by the Board of Governors of the Federal Reserve System)



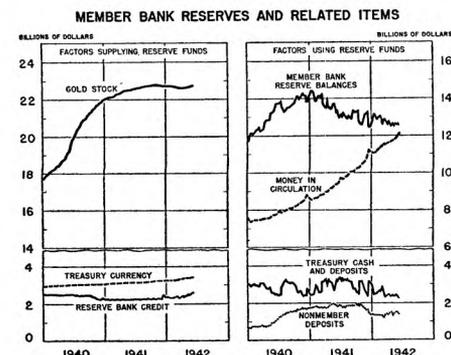
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for May 1942.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for May 1942.



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported. Latest figures shown are for June 10, 1942.



Wednesday figures. Latest figures are for June 10, 1942.

Industrial activity continued to advance in May and the first half of June. Commodity prices showed little change after the middle of May when the general maximum price regulation went into effect. Retail trade declined further in May but increased somewhat in the first half of June.

### PRODUCTION

Volume of industrial production increased in May and the Board's seasonally adjusted index advanced to 176 per cent of the 1935-39 average, as compared with 173 in April and 171 during the first quarter of this year. Output of manufactured products continued to increase, reflecting chiefly further growth in production of war materials, while mineral production showed a seasonal rise.

The largest increases in May, as in other recent months were in the machinery and transportation equipment industries which are now making products chiefly for military purposes. The amount of copper smelted rose sharply and output of chemicals continued to advance. Activity in the automobile industry, which since January had been retarded during the conversion of plants for armament production, showed an increase in May.

Steel production was maintained at about 98 per cent of capacity in May and the first half of June. Lumber production increased seasonally and activity at furniture factories, which usually declines at this time of year, was sustained at a high rate. In industries manufacturing textiles and food products, output continued large in May. Gasoline production declined further, however, reflecting the effects of transportation difficulties. There was a further marked decrease in paperboard production which, according to trade reports, reflected a slackening in demand.

Coal production was sustained at a high rate in May and output of crude petroleum increased somewhat, following considerable declines in March and April. Copper production and iron ore shipments rose sharply to new record levels.

Value of construction contract awards increased sharply in May, following a decline in the previous month, and was close to the record high level reached last August, according to figures of the F. W. Dodge Corporation. Awards for publicly financed work increased in May and, as in other recent months, constituted around three quarters of the total. Awards for residential building continued to decline.

### DISTRIBUTION

Retail trade declined further in May. Department store sales were about 7 per cent smaller than in April and sales by mail-order houses showed a similar decrease. In the first half of June department sales increased somewhat.

Carloadings of revenue freight increased in May by about the usual seasonal amount. There was a further substantial decline in the number of cars loaded with merchandise in less than carload lots, reflecting the effect of Federal orders raising the minimum weights for such loadings. Increases were reported in shipments of most other classes of freight, particularly coal, ore, and miscellaneous freight.

### COMMODITY PRICES

Prices of most commodities both at wholesale and retail showed little change after the general maximum price regulation went into effect around the middle of May. Declines occurred in prices of cotton and some other agricultural commodities, and prices of some industrial commodities were reduced to conform with the general order that prices should not exceed the highest levels reached in March. Action was taken to exempt most military products from the general regulation and to allow for special treatment of women's coats and dresses and a few other nonmilitary items.

### BANK CREDIT

During May and the first half of June, the Federal Reserve Banks purchased about 200 million dollars of United States Government securities. Additions to member banks' reserves from this source, however, were offset by continued withdrawals of currency by the public. Excess reserves fluctuated around 2,700 million dollars during the six-week period.

Reporting member bank holdings of United States Government securities increased by nearly a billion dollars during the period. Two-thirds of the increase came in the week ending May 20 with delivery of new Treasury 2 per cent 1949-51 bonds, and the balance represented mainly increased bill holdings. Loans declined somewhat in the period. Adjusted demand deposits continued to increase, while United States Government deposits were reduced.

### UNITED STATES GOVERNMENT SECURITY PRICES

Prices of taxable United States Government bonds, which declined by about  $\frac{1}{2}$  point at the time of the early May financing, subsequently regained that loss and during the first half of June remained steady.