

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

---

*Federal Reserve Bank, Richmond, Va.*

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*November 30, 1942*

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BUY  
WAR  
BONDS



BUY  
SAVINGS  
STAMPS

INVEST FOR VICTORY NOW

## Summary of October Business Conditions

**B**USINESS in the Fifth Federal Reserve district in October and early November advanced perhaps more than seasonally, and was in most lines substantially above the volume of business transacted in the corresponding period last year.

At the Federal Reserve Bank of Richmond, Government security holdings rose by \$36,393,000 between October 15 and November 15, and on the latter date were \$164,204,000 higher than a year earlier. These increases occurred through allocation to the Richmond bank of its share of System purchases. Federal Reserve notes in actual circulation rose \$41,570,000 in the district last month, and at mid-November totaled \$329,137,000 above the November 15, 1941 figure, having increased 82 per cent during the year. Member bank reserve deposits at the Federal Reserve Bank of Richmond increased by \$27,075,000 during the past month and \$38,468,000 over reserves a year ago. Cash reserves of the Richmond bank likewise rose last month and during the year, but proportionately less than the increases in note and deposit liabilities, and therefore the ratio of cash reserves to note and deposit liabilities combined, 75.41 on November 15, 1942, was lower than either 77.07 on October 15, 1942 or 84.96 on November 15, 1941. At reporting member banks, loans declined slightly between the middle of October and the middle of November, but investments in securities and both demand and time deposits rose moderately. Debits to individual accounts in the banks of 25 leading cities in the Fifth district totaled \$2,498,659,000 in October, showing increases of 10 per cent and 18 per cent, respectively, over debits in September 1942 and October 1941.

Fifth district industries continued operations at virtual capacity during October. Cotton textile mills, working two and three shifts chiefly on Government orders, have begun to feel a labor pinch, but no reduction in output of textiles or consumption of cotton has occurred. Tobacco manufacturers set a new production record in cigarettes for the fifth consecutive month in October, and the Fifth

district alone made 18,998,155,000 cigarettes, or 82 per cent of total production for the United States. Coal mines in the district produced 15,795,000 net tons of bituminous coal in October, 31 per cent of National production. Rayon yarn mills continued operations up to full capacity, and in the third quarter of this year set a new record for yarn shipments to domestic consumers. Construction work is still in very large volume in the district, in spite of restrictions on civilian work, the decline in private work being more than made up by public construction connected with war work and defense housing. Many relatively small industries in various lines have Government contracts and are working at an all-time high level. Shipyards and airplane plants are of course using every human and mechanical facility to increase output.

Distribution of consumer goods in October set new records in many lines where restrictions are not in effect. People have money with which to buy the goods they want, and apparently the public is not providing for next year's sharply expanded payments on income taxes this far ahead of the date of payment; in any event, holiday trade has already opened in very large volume. Seventy-seven department stores in the Fifth district sold 26 per cent more goods in October 1942 than in October 1941, and in spite of restrictions on installment buying 105 furniture stores sold 2 per cent more last month than a year ago. Two hundred and fifteen wholesale firms in varied lines also sold a little more in October this year.

Returns to farmers from their 1942 operations are far above 1941 returns. Nearly every crop yielded better this year, and prices were also generally higher. The two leading cash crops in the Fifth district, tobacco and cotton, increased 26 per cent and 49 per cent, respectively, in yields, and prices this year are approximately 31 per cent higher for tobacco and 18 per cent higher for cotton. Yields of feed crops were good, and farmers are better supplied than usual with winter feed for their stock.

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

	October 1942	September 1942	October 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,498,659,000	\$2,263,480,000	\$2,116,532,000	+10	+ 18
Sales, 77 department stores, 5th district.....	\$ 23,891,906	\$ 19,739,670	\$ 19,014,891	+21	+ 26
Sales, 105 furniture stores, 5th district.....	\$ 26,050,000	\$ 23,791,000	\$ 25,430,000	+ 9	+ 2
Sales, 215 wholesale firms, 5th district.....	\$ 17,857,000	\$ 17,362,000	\$ 17,789,000	+ 3	0
Tobacco sold in 5th district (Pounds).....	238,970,501	270,651,001	162,237,929	-12	+ 47
Average price of tobacco, per 100 lbs.....	\$ 42.19	\$ 37.74	\$ 33.47	+12	+ 26
Growers' receipts from tobacco, 5th district.....	\$ 100,830,027	\$ 102,150,130	\$ 54,301,996	- 1	+ 86
Number of business failures, 5th district.....	22	17	28	+29	- 21
Liabilities in failures, 5th district.....	\$ 515,000	\$ 315,000	\$ 180,000	+63	+186
Value of building permits issued, 29 cities.....	\$ 2,707,847	\$ 8,989,501	\$ 11,494,803	-70	- 76
Value of contracts awarded, 5th district.....	\$ 81,713,000	\$ 78,946,000	\$ 83,065,000	+ 4	- 2
Cotton consumption, 5th district (Bales).....	454,121	458,495	442,728	- 1	+ 3
Cotton price, cents per lb., end of month.....	19.07	18.68	16.21	+ 2	+ 18
Rayon yarn shipments, U. S. (Pounds).....	40,600,000	38,400,000	41,700,000	+ 6	- 3
Rayon yarn stocks, U. S. (Pounds).....	7,400,000	8,000,000	5,400,000	- 8	+ 37
Cigarettes made, 5th district.....	18,998,155,000	18,180,351,000	16,572,086,000	+ 4	+ 15
Cigarettes made, U. S.....	23,075,492,090	21,798,447,820	19,632,466,010	+ 6	+ 18
Bituminous coal mined, 5th district (Tons).....	15,795,000	15,145,000	16,625,000	+ 4	- 5
Bituminous coal mined, U. S. (Tons).....	51,065,000	48,760,000	51,328,000	+ 5	- 1

## BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS  
Fifth District

ITEMS	000 omitted		
	Nov. 15 1942	Oct. 15 1942	Nov. 15 1941
Discounts held .....	\$ 10	\$ 10	\$ 0
Foreign loans on gold.....	220	220	0
Industrial advances .....	747	777	779
Government securities .....	299,200	262,807	134,996
Total earning assets.....	300,177	263,814	135,775
Circulation of Fed. Res. notes.....	728,458	686,888	389,321
Members' reserve deposits .....	527,468	500,393	489,000
Cash reserves .....	984,268	952,031	832,765
Reserve ratio .....	75.41	77.07	84.96

SELECTED ITEMS—41 REPORTING MEMBER BANKS  
Fifth District

ITEMS	000 omitted		
	Nov. 11 1942	Oct. 14 1942	Nov. 12 1941
Loans to business & agriculture.....	\$143,454	\$148,979	\$161,107
All other loans.....	146,497	149,559	170,473
Investments in securities.....	891,734	832,036	551,926
Reserve bal. with F. R. bank.....	312,274	308,660	321,854
Cash in vaults.....	31,753	33,720	30,764
Demand deposits .....	986,775	970,379	785,068
Time deposits .....	210,210	208,408	211,780
Money borrowed .....	0	0	0

MUTUAL SAVINGS BANK DEPOSITS  
9 Baltimore Banks

	Oct. 31, 1942	Sept. 30, 1942	Oct. 31, 1941
Total deposits .....	\$228,250,410	\$225,881,379	\$225,557,877

DEBITS TO INDIVIDUAL ACCOUNTS  
Fifth District

CITIES	000 omitted			% of Change	
	Oct. 1942	Sept. 1942	Oct. 1941		
Dist. of Col.					
Washington ...	\$ 451,303	\$ 406,390	\$ 412,871	+ 11	+ 9
Maryland					
Baltimore .....	692,826	648,051	614,763	+ 7	+ 13
Cumberland .....	11,469	10,357	11,374	+ 11	+ 1
Frederick .....	10,385*	10,090*	.....	+ 3	.....
Hagerstown .....	15,190	14,756	13,661	+ 3	+ 11
North Carolina					
Asheville .....	19,697	20,751	20,835	5	- 5
Charlotte .....	141,631	141,707	107,293	0	+ 32
Durham .....	97,744	89,360	75,534	+ 9	+ 29
Greensboro .....	27,868	31,035	28,916	- 10	- 4
Kinston .....	21,461*	24,355*	.....	- 12	.....
Raleigh .....	57,072	42,008	60,821	+ 36	- 6
Wilmington .....	37,727	32,869	22,351	+ 15	+ 69
Wilson .....	33,763*	37,790*	.....	- 11	.....
Winston-Salem .....	76,904	64,334	66,553	+ 20	+ 16
South Carolina					
Charleston .....	37,294	35,511	31,608	+ 5	+ 18
Columbia .....	46,752	54,220	41,103	- 14	+ 14
Greenville .....	38,387	34,628	35,584	+ 11	+ 8
Spartanburg .....	23,854	19,681	19,407	+ 21	+ 23
Virginia					
Charlottesville ..	12,086*	11,699*	.....	+ 3	.....
Danville .....	42,662	24,358	29,888	+ 75	+ 43
Lynchburg .....	18,863	18,706	18,884	+ 1	0
Newport News .....	66,586	19,526	14,736	+ 241	+ 352
Norfolk .....	113,866	105,376	85,815	+ 8	+ 33
Portsmouth .....	12,952	10,799	8,013	+ 20	+ 62
Richmond .....	319,874	301,771	249,109	+ 6	+ 28
Roanoke .....	37,738	32,665	37,692	+ 16	0
West Virginia					
Bluefield .....	20,219*	18,203*	.....	+ 11	.....
Charleston .....	69,356	66,592	70,114	+ 4	- 1
Clarksburg .....	13,703*	12,770*	.....	+ 7	.....
Huntington .....	27,234	24,600	25,551	+ 11	+ 7
Parkersburg .....	13,830	13,429	14,056	+ 3	- 2
District Totals..	\$2,498,659	\$2,263,480	\$2,116,532	+ 10	+ 18

\* Figures not included in District Total.

## COMMERCIAL FAILURES

Figures on insolvencies in the Fifth District and the United States, as compiled by *Dun & Bradstreet* for several recent periods, are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October 1942.....	22	673	\$ 515,000	\$ 7,181,000
September 1942.....	17	556	815,000	5,473,000
October 1941.....	28	809	180,000	7,333,000
10 Months 1942.....	262	8,314	4,067,000	88,568,000
10 Months 1941.....	334	10,108	3,655,000	113,438,000

## EMPLOYMENT

Labor shortages are developing in additional lines in the Fifth Reserve district, caused partly by induction of workers into the armed forces and partly by a shift of younger people to defense work which pays better than civilian employment. Mechanics of all kinds are in great demand and there are not nearly enough skilled men to meet the demands of industry. Farm laborers have left the land in large numbers for employment in industry, and in some sections the labor shortage on farms is quite acute. Skilled white collar workers are in strong demand, partly as replacements for people called to arms and partly to do the expanded clerical and stenographic work arising from the war program. Retail distributors are losing younger employees and are replacing them with older people, many of whom are new workers. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in Fifth district industries from September to October:

STATES	Percentage change from September 1942 to October 1942	
	In number on payroll	In amount of payroll
Maryland .....	-0.5	+0.4
Dist. of Col. ....	+0.9	+0.9
Virginia .....	-0.6	-1.7
West Virginia .....	-0.2	+3.8
North Carolina .....	-0.4	+3.2
South Carolina .....	+0.1	+0.3

## BITUMINOUS COAL MINING

Coal mining continued at a high rate in October, and mines in the United States produced 51,065,000 net tons of bituminous coal, against 48,760,000 tons mined in September and 51,328,000 tons in October 1941. Daily production in October of 1,891,000 tons showed a decline from the daily average of 1,950,000 tons in the shorter month of September. Total production of soft coal this calendar year to November 7 amounted to 491,197,000 tons, an increase of 14 per cent over 430,499,000 tons produced to the corresponding date last year. In the Fifth district production of coal in October 1942, September 1942 and October 1941 was as follows:

## SOFT COAL PRODUCTION IN TONS

REGIONS	Oct. 1942	Sept. 1942	Oct. 1941
West Virginia .....	13,826,000	13,319,000	14,614,000
Virginia .....	1,825,000	1,681,000	1,845,000
Maryland .....	144,000	145,000	166,000
5th District .....	15,795,000	15,145,000	16,625,000
United States .....	51,065,000	48,760,000	51,328,000
% in District.....	31	31	32

## CONSTRUCTION

Building for civilian use has almost ceased under priority regulations made in the interest of conserving materials and labor for use in war work, and for the most part city building permits now represent necessary repair jobs to preserve existing structures. In the Fifth district in October, building permits issued in 29 leading cities totaled only \$2,707,847 for all classes of work except Government projects in Washington. This was the smallest total figure reported for any month in many years, and compared with permits totaling \$11,494,803 issued in October last year. The total of permits issued in the 29 cities in the first 10 months of 1942 amounted to \$73,212,839, compared with \$123,256,356 in the corresponding period last year. In October 1942, Washington led in permits with \$1,566,663

(Federal building not included) and Baltimore was second with \$309,340. Durham with \$253,722 was third, Winston-Salem with \$117,081 was fourth, and Portsmouth with \$106,496 was fifth.

In spite of the great decline in city building permits, which reflect private work for the most part, a large volume of construction connected with the war effort is going on, and contracts awarded in the Fifth district in October totaled \$81,713,000, in comparison with contract awards totaling \$78,946,000 in September this year and \$83,065,000 in October last year. A large volume of housing contracts was let in October, chiefly in regions in which a great deal of defense work has drawn thousands of additional workers to communities which could not absorb them. These housing projects are publicly financed, and are in some cases temporary developments designed to furnish quarters for defense workers for the duration only.

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

#### CONSTRUCTION CONTRACTS AWARDED

STATES	Sept. 1942	Sept. 1941	% Change
Maryland .....	\$26,108,000	\$15,797,000	+ 65
Dist. of Col. ....	-5,963,000	5,755,000	
Virginia .....	34,144,000	32,596,000	+ 5
West Virginia .....	3,220,000	2,171,000	+ 48
North Carolina .....	11,512,000	11,119,000	+ 4
South Carolina .....	9,925,000	9,300,000	+ 7
Fifth District .....	\$78,946,000	\$77,738,000	+ 2

Note: The District of Columbia figure is shown negatively, due to revision of figures for an earlier month.

#### COTTON TEXTILES

Cotton textile mills in the Fifth district continued to operate in October above the National level, and with 50 per cent of spindles in place accounted for 53 per cent of actual spindle hours of operation. With 11,865,816 spindles in place, Fifth district mills operated 6,049,670,682 spindle hours in October, an average of 510 hours per spindle against the National average of 478 hours. South Carolina with 529 hours and North Carolina with 498 hours both bettered the National figure, but Virginia with 455 hours fell behind. North and South Carolina are first and second, respectively, in spindles in place, but Virginia ranks seventh. Labor in textile mills is beginning to present a serious problem, due to inductions of workers into the armed forces, and to shifts of personnel to industries paying higher wages. The relationship between textile prices and costs appear to have become fairly well balanced, and mill margins for 17 constructions of medium and coarse fabrics averaged 21.85 cents in October, compared with 22.03 cents in September and 20.45 cents in October last year.

#### COTTON CONSUMPTION—FIFTH DISTRICT

		In Bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
October 1942.....		244,472	187,302	22,347	454,121
September 1942.....		243,817	192,449	22,229	458,495
October 1941.....		244,667	177,431	20,630	442,728
10 Months 1942.....		2,428,020	1,872,393	222,361	4,522,774
10 Months 1941.....		2,187,602	1,641,611	186,684	4,015,897
% Inc. in 1942.....		+11	+14	+19	+13

#### RAYON YARN

Rayon filament yarn deliveries to domestic consumers totaled 40,600,000 pounds in October, compared with 38,400,000 pounds delivered in September and 41,700,000 pounds in October 1941, according to data released in *Rayon Organon* for November. Shipments slightly exceeded production, and stocks on hand at mills declined from 8,000,000 pounds on September 30 to 7,400,000 pounds on October 31. Rayon staple fiber deliveries totaled 12,600,000 pounds in October, compared with 12,400,000 pounds in September this year and 13,200,000 pounds in October last year. Staple fiber stocks also declined during October, from 4,300,000 pounds to 4,100,000 pounds.

During the third quarter of 1942, the rayon industry set a new quarterly record for production in both the filament yarn and staple fiber divisions. Filament yarn production during the quarter totaled 119,600,000 pounds, and staple fiber production totaled 39,800,000 pounds.

In the latter part of October, the Government approved a plan offered by the rayon industry to convert certain viscose rayon producing facilities to the manufacture of high tenacity rayon yarn for military purposes, chiefly for use in tires. The quantity of high tenacity yarns to be furnished approximates 50,000,000 pounds on an annual basis, and five viscose producing companies are included in the program. The program is expected to produce approximately 100,000,000 pounds annually when the conversion is completed.

One of the large rayon producing companies recently announced a new contribution to the war effort in the form of a special rayon tow for mechanical packing in hydraulic presses, pumps, etc. In the past mechanical packing came chiefly from braided rope made of imported flax, but shipping difficulties have greatly reduced the supply of flax and the development of a substitute material is important. Performance reports indicate that the new rayon tow is equally as good as flax tow, and has one or two definite advantages over the older material.

#### COTTON STATISTICS

Spot cotton prices on ten Southern markets advanced moderately between the middle of October and the middle of November. From an average price of 18.95 cents on October 16, the average price for middling grade, upland cotton rose to 19.73 cents per pound on November 6, but then turned down again to 19.27 cents on November 20, the latest date for which official figures are available.

The fourth forecast of 1942 cotton production, issued on November 8 by the Department of Agriculture, lowered the estimate from 13,818,000 bales at the first of October to 13,329,000 bales on the first of November, but the perspective yield is still much higher than 10,744,000 bales raised in 1941. In the Fifth Reserve District, South Carolina's perspective yield was reduced from 757,000 bales last month to 735,000 bales, Virginia's yield was lowered from 35,000 bales to 33,000 bales, and North Carolina's prospects declined from 750,000 to 705,000 bales.

## COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1942	Oct. 1941	Aug. 1 to Oct. 31 This Year Last Year	
<b>Fifth district states:</b>				
Cotton consumed .....	454,121	442,728	1,351,057	1,244,836
<b>Cotton growing states:</b>				
Cotton consumed .....	838,039	807,996	2,477,572	2,296,158
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,744,613	1,648,718	.....	.....
Storage & compresses .....	12,372,847	12,937,595	.....	.....
<b>United States:</b>				
Cotton consumed .....	972,490	955,657	2,863,728	2,705,663
Cotton on hand Oct. 31 in				
Consuming establishments ..	2,117,902	1,993,595	.....	.....
Storage & compresses .....	12,674,414	13,318,190	.....	.....
Spindles active .....	23,012,046	23,054,236	.....	.....

## TOBACCO MANUFACTURING

Cigarette production continues to set new records, and in September the number manufactured reached a new high for the fifth successive month. The output of cigars in October also exceeded production in October 1941, but the amount of snuff and chewing and smoking tobacco manufactured declined last month from the corresponding month of the preceding year. Production figures released by the Bureau of Internal Revenue on November 21 are as follows:

	Oct. 1942	Sept. 1942	Oct. 1941
<b>Smoking &amp; chewing</b>			
tobacco, pounds .....	27,393,220	24,238,452	28,485,698
Cigarettes, number .....	23,075,492,090	21,798,447,820	19,632,466,010
Cigars, number .....	633,349,780	519,975,860	621,989,890
Snuff, pounds .....	3,563,073	3,090,569	3,693,671

## AUCTION TOBACCO MARKETING

Tobacco markets closed in South Carolina during October, and North Carolina markets in the Carolina Border Belt also completed sales for the 1942 season, but sales on other North Carolina and Virginia markets continued large. Average prices advanced about 12 per cent in October, and were 26 per cent above October 1941 prices. Through October, Fifth district tobacco sales from the 1942 crop brought growers \$263,934,000, an increase of 70 per cent over \$155,005,000 received prior to November 1 last year. All sales so far this year have been of flue-cured tobacco. Sales in October, both this year and last, were as follows in the Fifth district:

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	October 1942	October 1941	1942	1941
South Carolina .....	441,981	225,640	\$36.64	\$19.38
North Carolina .....	182,132,504	121,737,343	42.27	33.53
Virginia .....	56,396,016	40,274,946	41.49	33.37
District Total .....	238,970,501	162,237,929	42.19	33.47
Season through ...	671,169,378	517,506,012	39.32	29.95

## RETAIL AND WHOLESALE TRADE

## DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Change in October 1942 sales in comparison with sales in October 1941:	+34	+21	+25	+30	+26
Change in Jan.-Oct. 1942 sales in comparison with sales in Jan.-Oct. 1941:	+17	+19	+21	+16	+19
Change in stocks on Oct. 31, 1942 compared to stocks on Oct. 31, 1941:	+19	+21	+19	+7	+19
Change in outstanding orders on Oct. 31, 1942 compared with Oct. 31, 1941:	+36	+2	+13	+23	+13
Change in total receivables on Oct. 31, 1942 compared with Oct. 31, 1941:	-26	-34	-29	-32	-31
Percentage of current receivables as of Oct. 1, 1942 collected in October:	57 (37)	59 (35)	59 (44)	61 (40)	59 (41)
Percentage of instalment receivables as of Oct. 1, 1942 collected in October:	30 (15)	33 (21)	22 (16)	26 (15)	25 (17)

Note: 1941 collection percentages in parentheses.

State figures on sales, October 1942 compared with October 1941, and total sales in 10 months this year compared with total sales in the like 1941 period, show the following percentage changes: Maryland +22 & +20; Virginia +35 & +19; West Virginia +10 & +1; North Carolina +26 & +6; South Carolina +51 & +27.

## RETAIL FURNITURE SALES

STATES	Percentage Changes in October 1942 Sales Compared with	
	Oct. 1941	Sept. 1942
Maryland (8)* .....	+ 6	-11
Dist. of Col. (8)* .....	- 5	+ 6
Virginia (34)* .....	+18	+12
West Virginia (14)* .....	+13	-20
North Carolina (22)* .....	+23	+11
South Carolina (19)* .....	+ 9	+13
District (105)* .....	+ 9	+ 2
<b>Individual Cities</b>		
Baltimore (8)* .....	+ 6	-11
Washington (8)* .....	- 5	+ 6
Danville (3)* .....	+45	+18
Lynchburg (3)* .....	+21	+16
Richmond (7)* .....	+12	+ 2
Charleston (3)* .....	+24	-25
Huntington (3)* .....	+31	+ 9
Charlotte (4)* .....	+13	+ 6
Columbia (4)* .....	+ 3	-15
Greenville (3)* .....	+ 5	+18
Greenwood (3)* .....	-21	+21

\* Number of reporting stores.

## WHOLESALE TRADE, 215 FIRMS

LINES	Net Sales October 1942 compared with		Stocks Oct. 31, 1942 compared with		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1941	Sept. 1942	Oct. 31 1941	Sept. 30 1942	
Auto supplies (12) ....	-14	+ 3	-23	+ 3	89
Shoes (4) .....	+13	-11	+ 3	-25	75
Drugs & sundries (8) ..	+13	+ 8	..	..	108
Dry goods (7) .....	+25	+ 6	- 3	-13	65
Electrical goods (16) ..	-33	- 6	-32	- 5	55
Groceries (61) .....	+15	+ 2	-15	- 2	129
Hardware (14) .....	- 9	+ 7	-39	-12	85
Industrial supplies (8) ..	+ 8	+ 5	-24	- 8	77
Paper & products (10) ..	-22	+ 2	+28	0	82
Tobacco & products (6) ..	+47	+15	..	..	..
Miscellaneous (69) ....	- 6	+ 8	-12	- 4	90
District Average (215) ..	0	+ 3	-17	- 9	82

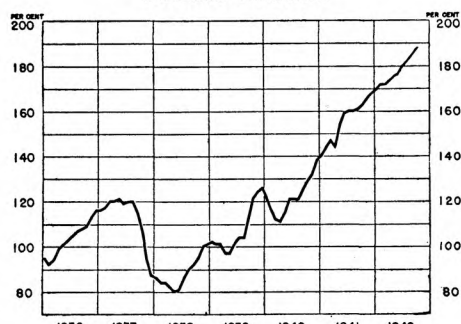
Source: Department of Commerce.

(Compiled November 21, 1942)

# SUMMARY OF NATIONAL BUSINESS CONDITIONS

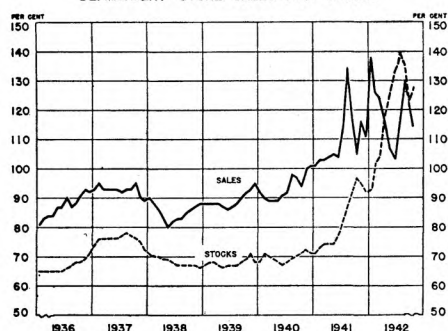
(Compiled by the Board of Governors of the Federal Reserve System)

## INDUSTRIAL PRODUCTION



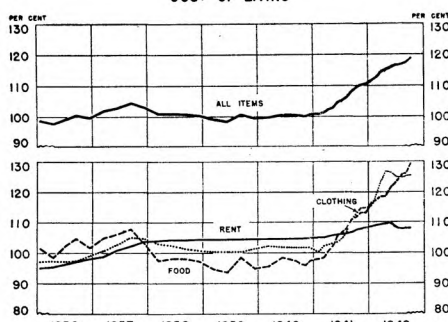
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Latest figures shown are for October 1942.

## DEPARTMENT STORE SALES AND STOCKS



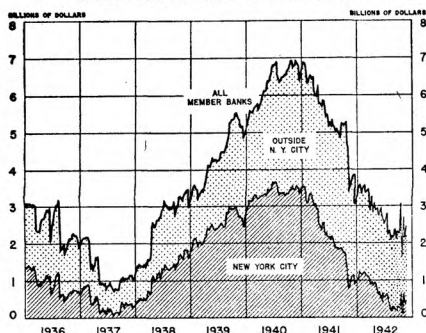
Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for October 1942.

## COST OF LIVING



Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through Sept. 1940, monthly thereafter. Latest figures shown are for October 1942.

## EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for Nov. 11, 1942.

Industrial output expanded further in October and the first half of November. Retail food prices continued to advance while prices of other commodities generally showed little change. Distribution of commodities to consumers was maintained in large volume.

## PRODUCTION

Industrial production continued to advance in October and the Board's seasonally adjusted index rose 3 points to 188 per cent of the 1935-1939 average. Gains in armament production accounted for most of the increase, and it is estimated that currently well over 50 per cent of total industrial output is for war purposes. In lines producing durable manufactures, approximately 80 per cent of output now consists of products essential to the war effort.

Steel output reached a new high level in October as production expanded to 100 per cent of rated capacity. In the first half of November output declined slightly to around 99 per cent, reflecting some shutdowns for furnace repairs, according to trade reports. Activity in industries producing nondurable goods declined less than seasonally in October. Production of foods, especially canning, was unusually large for this time of year and output of textiles continued at a high level. Mineral production, which usually increases in October, declined slightly this year owing chiefly to a decrease in coal production which had been maintained in large volume throughout the summer.

Value of construction contracts awarded in October increased somewhat over that of September, according to reports of the F. W. Dodge Corporation. Publicly-financed projects continued to account for over 90 per cent of total awards.

The Department of Commerce estimates that, in the third quarter of 1942, expenditures for new construction amounted to 4.2 billion dollars, of which 3.5 billion came from public funds. For the first nine months of this year the corresponding figures were 10.2 and 7.7 billion dollars. Construction of military and naval facilities and of industrial buildings accounted for the bulk of the expenditures.

## DISTRIBUTION

Department store sales increased in October and the Board's seasonally adjusted index rose to 129 per cent of the 1923-1925 average as compared with 123 in September and 130 in August. In the first half of November sales increased further and were 17 per cent larger than in the corresponding period last year, reflecting in part price advances of about 10 per cent.

Railroad shipments of freight were maintained in large volume during October and declined seasonally in the first half of November.

## COMMODITY PRICES

Retail food prices continued to advance sharply from the middle of September to the middle of October and further increases are indicated in November. Prices of most other goods and services increased slightly in this period. In the early part of October maximum price controls were established for a number of additional foods. Maximum price levels for many other food products have been raised, however, and the Office of Price Administration reports on the basis of a recent survey that in numerous instances sellers are not complying fully with the regulations now in effect.

## BANK CREDIT

Excess reserves of member banks were 2.5 billion dollars in the middle of November, a somewhat higher level than generally prevailed in the preceding four months. At New York City banks excess reserves amounted to about 500 million dollars.

Additions to member bank reserve balances during the four weeks ending November 18 were the net result of an increase of 500 million dollars in Reserve Bank holdings of Government obligations, which approximately covered the continued heavy currency drain, and a decrease of 200 million in Treasury balances at the Reserve Banks.

Holdings of Government securities by reporting banks in 101 cities increased by 1.9 billion dollars to 24 billion during the four weeks ending November 11. Almost half of the increase occurred at New York City banks. There were substantial increases in holdings of Treasury notes, bonds, and certificates, and a smaller increase in Treasury bills, while holdings of guaranteed obligations declined. These changes reflected new offerings and retirements by the Treasury during the period.

Commercial and industrial loans at reporting member banks in leading cities increased somewhat during the first two weeks of November. Brokers' loans in New York City increased around Government financing dates, but subsequently declined.

## UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities were steady in the four weeks ending November 18. Long-term taxable bonds yielded 2.32 per cent, and 3-month Treasury bills sold at a yield of 0.37 per cent.