

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1942

BUY
WAR
BONDS



BUY
SAVINGS
STAMPS

INVEST FOR VICTORY NOW

Summary of November Business Conditions

BUSINESS and industrial activity in the Fifth Federal Reserve district, embracing Maryland, the District of Columbia, Virginia, the Carolinas and all of West Virginia except the northern Panhandle, continued during November and early December at the record level of recent months. The total volume of business done in most lines in November was less than in October, but November was a shorter month and on a daily basis November volume was generally larger than that of October. In comparison with November 1941, November 1942 showed increases in all lines of trade and industry except in lines affected by freezing, rationing, or exhaustion of stocks.

Between the middle of November and the middle of December, this bank's Government security holdings rose by \$71,117,000, as a result of allocation to the bank of its share of System purchases made on the open market. Federal Reserve notes in actual circulation rose \$47,698,000 in the district during the same period, a greater than seasonal increase. On the other hand, member bank reserve deposits at the Reserve bank declined \$1,481,000 during the month, and aggregate cash reserves of the Reserve bank also declined, by \$36,581,000. Reporting member banks further reduced their loans, and their investments in Government securities also dropped slightly between November 11 and December 9, but their cash in vaults and their demand deposits increased. Time deposits in member banks registered a moderate recession during the period under review, probably due in large part to payment of Christmas Savings Clubs around December 1. Debits to individual accounts in the banks of 25 leading cities in the Fifth district declined 13 per cent in November from the October total, but were 17 per cent above November 1941 debits.

With nearly full employment and high wage levels, the public had more money to spend during the fall months than ever before, and merchants able to obtain goods reported record sales. Department stores in the Fifth district sold 19 per cent more goods in November than in the corresponding month last year, and a very much

larger part of the business done was on a cash basis than a year ago. Department store collections in November were also much better than in 1941. Furniture stores in the district reported a 3 per cent decline in November 1942 sales in comparison with November 1941 sales, but since a number of high priced articles handled by furniture stores are frozen this year the drop of only 3 per cent in total sales indicates that a considerably larger amount of straight furniture was sold than in the like period last year. Much money which ordinarily would have gone into automobiles, automobile upkeep or gasoline was spent this season in department stores, furniture stores and apparel stores. Many people have put part of their incomes into Government bonds, but it appears that relatively few people have begun to accumulate funds for the payment of income taxes next March.

Industrial activity apparently advanced somewhat in the Fifth district during November. Cotton textile mills, located chiefly in the two Carolinas, consumed more cotton on a daily basis than they used in October, and about 8 per cent more than in November 1941. Tobacco factories reported some recession in output last month from October figures, but the decline was due chiefly to fewer days in November. Cigarette production declined 3 per cent in the district and 11 per cent in the United States last month from the preceding month, but the district production was 28 per cent above November 1941 production and output in the entire country rose 19 per cent during the year. Bituminous coal mining increased in November on a daily basis, although total production during the month was 9 per cent less than October output. Shipyards, airplane plants, rayon mills, lumber yards, chemical works and many miscellaneous industries working chiefly on war materials continued operations at capacity or expanded further. Civilian construction work decreased somewhat further in November, but construction for the war program and housing made necessary by an influx of thousands of workers to certain industrial areas handling large volumes of Government work continued to provide employment for all available building tradesmen.

FINANCIAL AND BUSINESS CONDITIONS IN THE FIFTH FEDERAL RESERVE DISTRICT

	November 1942	October 1942	November 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,175,239,000	\$2,498,659,000	\$1,855,206,000	-13	+ 17
Sales, 77 department stores, 5th district.....	\$ 23,282,772	\$ 23,891,906	\$ 19,585,168	- 3	+ 19
Sales, 106 furniture stores, 5th district.....	\$ 2,796,600	\$ 3,062,000	\$ 2,877,500	- 9	- 3
Sales, 212 wholesale firms, 5th district.....	\$ 17,179,000	\$ 19,171,000	\$ 15,912,000	-10	+ 8
Tobacco sold in 5th district (Pounds).....	53,192,579	238,970,501	41,078,143	-78	+ 29
Average price of tobacco, per 100 lbs.....	\$ 42.40	\$ 42.19	\$ 26.38	0	+ 61
Growers' receipts from tobacco, 5th district.....	\$ 22,555,303	\$ 100,830,027	\$ 10,835,573	-78	+108
Number of business failures, 5th district.....	14	22	17	-36	+ 18
Liabilities in failures, 5th district.....	\$ 131,000	\$ 515,000	\$ 136,000	-75	- 4
Value of building permits issued, 29 cities.....	\$ 2,705,172	\$ 2,707,847	\$ 5,782,399	0	- 53
Value of contracts awarded, 5th district.....	\$ 92,653,000	\$ 81,713,000	\$ 58,153,000	+13	+ 59
Cotton consumption, 5th district (Bales).....	432,020	454,121	401,201	- 5	+ 8
Cotton price, cents per lb., end of month.....	19.23	19.07	16.57	+ 1	- 16
Rayon yarn shipments, U. S. (Pounds).....	12,500,000	12,600,000	11,500,000	- 1	+ 9
Rayon yarn stocks, U. S. (Pounds).....	7,800,000	7,700,000	4,500,000	+ 1	+ 73
Cigarettes made, 5th district.....	18,480,805,000	18,998,155,000	14,382,865,000	- 3	+ 28
Cigarettes made, U. S.	20,447,202,135	23,075,492,090	17,140,650,000	-11	+ 19
Bituminous coal mined, 5th district (Tons).....	14,383,000	15,587,000	13,713,000	- 8	+ 5
Bituminous coal mined, U. S. (Tons).....	46,800,000	51,650,000	44,426,000	- 9	+ 5

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Dec. 15 1942	Nov. 15 1942	Dec. 15 1941
Discounts held	\$ 15	\$ 10	\$ 0
Foreign loans on gold.....	220	220	0
Industrial advances	694	747	770
Government securities	370,317	299,200	137,163
Total earning assets.....	371,246	300,177	137,933
Circulation of Fed. Res. notes.....	776,156	728,458	418,403
Members' reserve deposits.....	525,987	527,468	462,763
Cash reserve	947,687	984,268	817,411
Reserve ratio	70.49	75.41	85.08

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Dec. 9 1942	Nov. 11 1942	Dec. 10 1941
Loans to business & agriculture.....	\$138,011	\$143,454	\$161,683
All other loans	143,520	146,497	175,148
Investments in securities.....	885,292	891,734	566,184
Reserve bal. with F. R. Bank.....	322,231	312,274	320,007
Cash in vaults	34,477	31,753	30,537
Demand deposits	989,963	986,775	779,618
Time deposits	204,094	210,210	204,519
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
9 Baltimore Banks

	Nov. 30, 1942	Oct. 31, 1942	Nov. 30, 1941
Total deposits	\$229,475,144	\$228,250,410	\$225,322,207

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			
	Nov. 1942	Oct. 1942	Nov. 1941	% of Change Month Year
Dist. of Col.				
Washington	\$ 414,671	\$ 451,303	\$ 363,843	- 8 +14
Maryland				
Baltimore	627,888	692,826	523,652	- 9 +20
Cumberland	9,827	11,469	9,774	-14 + 1
Frederick	8,703*	10,385*	.....	-16 ..
Hagerstown	12,950	15,190	12,500	-15 + 4
North Carolina				
Asheville	17,879	19,697	18,168	- 9 -- 2
Charlotte	132,621	141,631	97,086	- 6 +37
Durham	60,246	97,744	45,956	-38 +31
Greensboro	26,877	27,868	26,653	- 4 + 1
Kinston	8,129*	21,461*	.....	-62 ..
Raleigh	42,081	57,072	60,888	-26 -31
Wilmington	34,848	37,727	21,116	- 8 +65
Wilson	13,757*	33,763*	.....	-59 ..
Winston-Salem ..	64,606	76,904	57,959	-16 +11
South Carolina				
Charleston	34,951	37,294	29,135	- 6 +20
Columbia	49,958	46,752	46,324	+ 7 + 8
Greenville	35,075	38,367	30,590	- 9 +15
Spartanburg	21,347	23,854	17,539	-11 +22
Virginia				
Charlottesville ..	11,079*	12,086*	.....	- 8 ..
Danville	25,363	42,662	17,756	-41 +43
Lynchburg	19,481	18,864	19,048	+ 3 + 2
Newport News ..	25,106	66,586	14,216	-62 +77
Norfolk	105,488	113,866	81,190	- 7 +30
Portsmouth	12,222	12,952	7,604	- 6 +61
Richmond	263,090	319,874	215,534	-18 +22
Roanoke	33,301	37,738	36,289	-12 - 8
West Virginia				
Bluefield	17,525*	20,219*	.....	-13 ..
Charleston	68,792	69,356	65,829	- 1 + 5
Clarksburg	11,358*	13,703*	.....	-17 ..
Huntington	24,268	27,234	23,045	-11 + 5
Parkersburg	12,303	13,830	13,650	-11 -10
District Totals ..	\$2,175,239	\$2,498,660	\$1,855,344	-13 +17

* 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.
November 1942.....	14	585	\$ 131,000	\$ 5,245,000
October 1942.....	22	673	515,000	7,181,000
November 1941.....	17	842	136,000	9,197,000
11 Months 1942.....	276	8,899	\$4,198,000	\$ 93,813,000
11 Months 1941.....	351	10,950	3,791,000	122,635,000

EMPLOYMENT

There has been practically no seasonal decrease in employment with the coming of winter. In normal times outdoor work declines substantially when cold weather sets in, but this year nearly all outdoor work is connected in some way with the war effort and has not been stopped. Stores have had difficulty in finding extra workers to take care of the large volume of Christmas trade, especially as they continue to lose regular employees to defense plants which pay higher salaries. Many married women are returning to work, and a considerable number of women who have never worked before are now obtaining employment. They are going to work partly because increased commodity prices and higher taxes have made it necessary to supplement family incomes, and partly in order to obtain funds with which to buy Government bonds as a means of helping in the war effort. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and pay rolls in Fifth district industries from October to November:

STATES	Percentage change from October 1942 to November 1942	
	In number on payroll	In amount of payroll
Maryland	+0.1	+2.9
Dist. of Col.	+0.5	+0.9
Virginia	0.0	+0.8
West Virginia	-0.8	-0.8
North Carolina	+1.0	+1.4
South Carolina	-0.2	+1.3

BITUMINOUS COAL MINING

The daily production of bituminous coal in November 1942 increased over October production, and was also higher than that of November 1941. Last month the average daily output was 1,975,000 net tons, in comparison with 1,891,000 tons in October this year and 1,882,000 tons in November last year. However, November had fewer working days than October, and total production of 46,800,000 tons last month was less than 51,065,000 tons mined in October. November 1941 total production was 44,426,000 tons. From January 1 through December 12, 1942 U. S. mines produced 548,808,000 tons of bituminous coal, an increase of 13 per cent over 485,354,000 tons mined to the same date in 1941. In the Fifth district production of coal in November 1942, October 1942 and November 1941 was as follows:

REGIONS	SOFT COAL PRODUCTION IN TONS		
	Nov. 1942	Oct. 1942	Nov. 1941
West Virginia	12,595,000	13,674,000	12,002,000
Virginia	1,657,000	1,764,000	1,585,000
Maryland	131,000	149,000	126,000
5th District	14,383,000	15,587,000	13,713,000
United States	46,800,000	51,650,000	44,426,000
% in District.....	31	30	31

CONSTRUCTION

Building permits issued in twenty-nine Fifth district cities continued to decline in November, and totaled only \$2,705,172 in estimated valuation. Restrictions laid by the Government on the use of many building materials for private work have reduced civilian construction to maintenance and alteration work. It is almost impossible to obtain plumbing and electrical materials, and therefore almost no new residences or business buildings are being started unless they can qualify as war or defense projects and thereby obtain priorities on critical material. Among Fifth district cities, Washington led in permit valuation

figures last month with \$1,362,319, Norfolk was second with \$398,450, Baltimore was third with \$296,525, Durham was fourth with \$153,807, and Charleston, S. C., was fifth with \$110,160. The figures for Washington, Norfolk and Charleston were probably swelled by work made necessary because of great numbers of new workers who have recently moved to those cities for employment in war work.

Contracts let for construction work of all kinds, in both rural and urban sections, totaled \$92,653,000 in the Fifth Reserve district in November 1942, compared with awards totaling \$81,713,000 in October 1942 and \$58,153,000 in November 1941. Nearly all of the new work provided for in last month's contracts is for use in connection with the war, and the bulk of it is publicly financed.

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

CONSTRUCTION CONTRACTS AWARDED			
STATES	Oct. 1942	Oct. 1941	% Change
Maryland	\$37,625,000	\$ 17,141,000	+120
Dist. of Col.	4,066,000	4,803,000	- 15
Virginia	18,780,000	48,658,000	- 61
West Virginia	911,000	2,113,000	- 57
North Carolina	16,205,000	4,900,000	+231
South Carolina	4,126,000	5,450,000	- 24
Fifth District	\$81,713,000	\$ 88,065,000	- 2

COTTON TEXTILES

Cotton textile mills continued capacity operations during November, and average daily consumption of cotton increased over the October average. Mill margins narrowed slightly to about 21.40 cents in November against 21.85 cents in October and 20.18 cents in November 1941. Textile mills continue to operate on Government orders, and are specializing in the production of medium and heavy weight goods. Many types of textiles desired by civilians have been discontinued by the mills, and some others are being produced in limited quantities. Practically all mills which could convert their machinery to the production of war goods have done so. The full-fashioned hosiery mills were not able to adapt their machines to this work, and being unable to obtain silk or nylon yarn, they have been hard hit by the general shift in the textile industry to war work.

COTTON CONSUMPTION—FIFTH DISTRICT In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
November 1942.....	230,725	179,940	21,355	432,020
October 1942.....	244,472	187,302	22,347	454,121
November 1941.....	216,592	165,804	18,805	401,201
11 Months 1942.....	2,658,745	2,052,333	243,716	4,954,794
11 Months 1941.....	2,404,194	1,807,415	205,489	4,417,098
% Inc. in 1942.....	+11	+14	+19	+12

RAYON YARN

Rayon Organon for December, reporting on rayon yarn shipments for November, says that deliveries of filament yarn plus staple fiber totaled 51,500,000 pounds, compared with 53,700,000 pounds delivered in the longer month of October this year and 50,000,000 pounds in November a year ago. Total deliveries of rayon in the eleven months of 1942 have amounted to 566,600,000 pounds, an increase of 5 per cent over 539,900,000 pounds delivered in the first eleven months of 1941.

November shipments of 51,500,000 pounds were made up of 39,000,000 pounds of filament yarn and 12,500,000 pounds of staple fiber. In November 1941 shipments totaled 38,500,000 pounds of filament yarn and 11,500,000 pounds of staple fiber. At the end of November filament yarn stocks totaled 7,800,000 pounds, compared with 4,500,000 pounds held in reserve a year ago, and staple fiber stocks at the end of November amounted to 4,300,000 pounds compared with 1,800,000 pounds on November 30, 1941.

It is reported that the Navy has recently issued an invitation for bids on 11,000,000 yards of rayon cloth to be used for lining in Navy enlisted men's pea jackets. *Rayon Organon* says that the fabric desired is an all-viscose twill, 41 inches wide in the finished state. This is believed to be the first time that the Navy has sought rayon linings for enlisted men's clothing.

It was recently announced that a special committee of chemists and textile experts has been set up by the Quartermaster Corps of the U. S. Army to act as a clearing house and liaison between it and the rayon and synthetic textile industry on all technical matters relating to the use of man-made yarns and fabrics in military equipment. This committee was appointed in order that the Army may acquire greater knowledge of the synthetic fiber industry and at the same time provide the industry with information on the special requirements of the Quartermaster Corps.

COTTON STATISTICS

Spot cotton prices on ten Southern markets advanced from an average of 19.27 cents per pound, middling basis, on November 20 to 19.70 cents on December 18. The latest price quoted was the highest for any date since the new cotton year began on August 1. Cotton farmers have been reluctant to sell the new crop at prices offered, and reports indicate that they are using the Government loan to hold most of their low grade cotton of which supplies are large. The Commodity Credit Corporation reported that through December 12 loans had been made on 1,356,100 bales of 1942 cotton against loans made on 1,495,000 bales a year ago.

The final estimate on the 1942 cotton crop, issued by the Department of Agriculture on December 8, lowered the perspective yield figures from 13,329,000 bales on November 1 to 12,982,000 bales on December 1, but the figure is still substantially above 10,744,000 bales grown in 1941. In the Fifth Reserve district, the latest estimate gave North Carolina 721,000 bales, South Carolina 705,000 bales, and Virginia 33,000 bales. These figures show an increase in North Carolina prospects during the past month, while Virginia's prospects remained unchanged and those of South Carolina declined. Total production in the three cotton growing states of the district amounting to 1,459,000 bales this year shows a substantial increase over 986,000 bales produced in the same states in 1941.

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1942	Nov. 1941	Aug. 1 to Nov. 30 This Year Last Year	
Fifth district states:				
Cotton consumed	432,020	401,201	1,783,077	1,646,037
Cotton growing states:				
Cotton consumed	792,123	727,095	3,269,695	3,023,253
Cotton on hand Nov. 30 in				
Consuming establishments ..	2,060,083	1,869,031	.....	.....
Storage & compresses	13,340,408	13,596,578	.....	.....
United States:				
Cotton consumed	913,038	849,143	3,776,766	3,554,806
Cotton on hand Nov. 30 in				
Establishments ..	2,440,684	2,248,280	.....	.....
Storage & compresses	13,637,120	13,959,627	.....	.....
Spindles active	22,948,248	23,079,000	.....	.....

TOBACCO MANUFACTURING

After setting new production records in five consecutive months, cigarette production declined in November from the October figure, but part of this decrease was due to fewer working days in November. The output of cigarettes and snuff in November 1942 was larger than in November 1941 but the output of cigars and manufactured tobacco declined this year. Production figures released by the Bureau of Internal Revenue on December 23 are as follows:

	Nov. 1942	Oct. 1942	Nov. 1941
Smoking & chewing tobacco, pounds	22,837,753	27,393,220	24,345,905
Cigarettes, number	20,447,202,135	23,075,492,090	17,140,649,845
Cigars, number	474,348,160	633,349,780	542,905,735
Snuff, pounds	3,044,735	3,563,073	3,030,490

AUCTION TOBACCO MARKETING

Most flue-cured tobacco in the Fifth district was sold before November, and total sales in that month declined sharply from the October figure. At the beginning of December only a few markets remained open in North Carolina and Virginia. Fire-cured markets in Virginia opened on December 7, and the burley market at Abingdon and the sun-cured market at Richmond opened on December 8. Average prices paid for tobacco declined slightly in North Carolina in November, as much poor tobacco is always offered at the end of the season. The average price for Virginia advanced in November over the October price. Prices this year were far above those for 1941. With only a little flue-cured tobacco remaining to be sold in December, season sales through November totaled 731,895,523 pounds this year in the Fifth district. This tobacco was sold for an average of \$39.28 per hundred pounds, and brought \$287,464,468 to Fifth district farmers. Sales in 1941 prior to December 1 totaled 558,684,155 pounds at an average of \$29.68 per hundred, bringing a total of \$165,832,684. Sales in November, both this year and last, were as follows in the Fifth district:

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	November 1942	November 1941	1942	1941
No. Carolina	36,676,268	24,583,715	\$41.72	\$26.39
Virginia	16,516,311	16,494,428	43.92	26.36
District Total	53,192,579	41,078,143	42.40	26.38
Season through	731,895,523*	558,684,155*	39.28*	29.68*

* Includes South Carolina sales prior to Nov. 1

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Change in November 1942 sales in comparison with sales in November 1941:				
+30	+23	+12	+22	+19
Change in Jan.-Nov. 1942 sales in comparison with sales in Jan.-Nov. 1941:				
+18	+20	+20	+17	+19
Change in stocks on Nov. 30, 1942, compared with stocks on Nov. 30, 1941:				
+17	+12	+12	+1	+11
Change in outstanding orders on Nov. 30, 1942 compared with Nov. 30, 1941:				
+81	+27	+48	+61	+47
Change in total receivables on Nov. 30, 1942, compared with Nov. 30, 1941:				
-26	-30	-30	-31	-30
Percentage of current receivables as of Nov. 1, 1942 collected in November:				
57 (37)	59 (38)	58 (44)	60 (41)	59 (40)
Percentage of instalment receivables as of Nov. 1, 1942 collected in Nov.:				
31 (14)	35 (23)	21 (15)	25 (17)	25 (17)

Note: 1941 collection percentages in parentheses.

State figures on sales, November 1942 compared with November 1941, and total sales in 11 months this year compared with total sales in the like 1941 period, show the following percentage changes: Maryland +23 & +20; Virginia +28 & +20; West Virginia +5 & +2; North Carolina +14 & +8; South Carolina +32 & +28.

RETAIL FURNITURE SALES

STATES	Percentage Changes in November 1942 Sales Compared with	
	Oct. 1942	Nov. 1941
Maryland (11)*	+3	+2
Dist. of Col. (8)*	-19	-9
Virginia (31)*	-4	+7
West Virginia (14)*	-3	-19
North Carolina (22)*	-20	+6
South Carolina (20)*	-12	-11
District (106)*	-9	-3
Individual Cities		
Baltimore (11)*	+3	+2
Washington (8)*	-19	-9
Danville (3)*	-8	3
Lynchburg (3)*	-18	-9
Richmond (8)*	0	+8
Charleston, W. Va. (4)*	+4	-22
Huntington (3)*	-17	-7
Charlotte (5)*	-4	-21
Winston-Salem (3)*	-18	+4
Columbia (5)*	-13	-31
Greenville (3)*	-4	-10
Greenwood (3)*	-17	+11

*Number of reporting stores.

WHOLESALE TRADE, 212 FIRMS

LINES	Net Sales November 1942 compared with		Stocks Nov. 30, 1942 compared with		Ratio Nov. collections to accounts outstanding Nov. 1
	Nov. 1941	Oct. 1942	Nov. 30 1941	Oct. 31 1942	
Auto supplies (16)*	-14	-12	-20	-3	83
Shoes (4)*	+30	-14	-22	-14	66
Drugs & sundries (8)*	+9	-15	..	..	98
Dry goods (6)*	+27	-15	-16	-14	62
Electrical goods (11)*	+6	-2	-30	-2	66
Groceries (65)*	+19	-8	-16	-5	121
Hardware (14)*	-14	-17	-42	-7	82
Industrial supplies (9)*	-11	-18	-31	-7	71
Paper & products (10)*	-4	+18	+27	-5	87
Tobacco & products (6)*	+12	-24	..	..	..
Miscellaneous (63)*	0	-9	-16	-1	87
District Avg. (212)*	+8	-10	-23	-6	81

Source: Department of Commerce

* Number of reporting firms.

(Compiled December 21, 1942)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Aggregate industrial production in November was maintained close to the October level, reflecting a continued growth of output in war industries and a seasonal decline in production of civilian goods. Distribution of commodities to consumers rose further in November and the first half of December, reducing somewhat the large volume of stocks on hand. Retail food prices continued to advance.

PRODUCTION

Maintenance of industrial production in November when the seasonal tendency is downward was reflected in a rise of the Board's seasonally adjusted index from 189 to 191 per cent of the 1935-1939 average. This rise was largely accounted for by a further advance in output of durable manufactures. Non-durable manufactures declined seasonally, while output of minerals showed less than the usual seasonal decrease. In all groups of products the proportion of output for war purposes was considerably larger than a year ago.

The increase reported for durable manufactures from October to November was in finished munitions and industrial equipment for new plants which will be completed in large number over the next few months. Steel production, at 98 per cent of capacity in November and the first three weeks of December, was down slightly from the October peak, but the reduction appeared temporary as the scrap supply situation had been relieved and as further progress was being made on construction of additional iron and steel capacity. Supplies of iron ore on hand are regarded as sufficient for operations at capacity until movement of ore down the lakes is resumed in the spring. Shipments from Upper Lake ports this year totaled 92 million tons, and were 15 per cent above the record established in 1941.

At cotton textile mills activity was maintained at a high level in November and at shoe factories production declined less than is usual at this season. Output of manufactured foodstuffs showed a seasonal decline.

Construction contract awards in November were 10 per cent below the level of the three preceding months, according to data of the F. W. Dodge Corporation, but were still about forty per cent higher than in November of last year. As in other recent months, publicly-financed work accounted for over ninety per cent of all awards.

DISTRIBUTION

Distribution of commodities to consumers increased further in November and December with active Christmas buying. At department stores, variety stores, and mail-order houses serving rural areas, sales in November expanded more than seasonally. In the first half of December department store sales continued to rise sharply and were considerably larger than a year ago.

Freight-car loadings in November declined about 7 per cent from their peak levels in September and October but on a seasonally adjusted basis rose slightly over the October level. Coal loadings rose somewhat although a decline is usual in November. Shipments of other commodities declined seasonally.

COMMODITY PRICES

Grain prices advanced from the middle of November to the middle of December, while most other wholesale commodity prices showed little change.

Retail food prices increased further by 1 per cent in the five weeks ending November 17 to a level 16 per cent higher than in November 1941. Prices of such fresh foods as are uncontrolled—fruits, vegetables, and fish—showed the largest advances from October to November, but price increases in controlled items contributed about two-fifths of the total rise.

BANK CREDIT

During the period of large-scale Treasury financing in December, total excess reserves of member banks were generally above 2.5 billion dollars. Substantial purchases of Government securities for the Federal Reserve System offset the effect of drains on reserves by the continued heavy currency outflow and further increases in required reserves resulting from a rapid growth in bank deposits.

Reserve Bank holdings of Government securities showed an increase of 850 million dollars in the four weeks and reached a total of 5.5 billion on December 16.

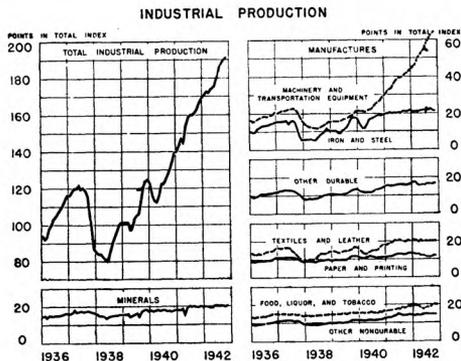
At reporting member banks in 101 leading cities holdings of United States Government securities increased by 800 million dollars in the four weeks ending December 9. Treasury bills accounted for practically the entire increase, with almost two-thirds of the amount going to New York City banks. In the week ending December 16, bond holdings rose sharply as banks received their allotments of the new 1 3/4 per cent bonds subscribed on November 30-December 2; allotments of this issue to all banks totaled 2 billion dollars, representing 85 per cent of subscriptions.

Total loans showed little change over the four weeks ending December 9. Commercial loans declined by 200 million dollars, with about half the decline at New York City banks, while loans to brokers and dealers increased over the period, reflecting largely advances made to security dealers in New York in connection with the Victory Fund drive.

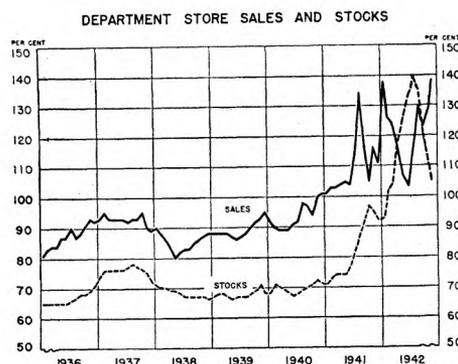
Payments by bank depositors for new Government security issues resulted in a decline of adjusted demand deposits and a rise of U. S. Government deposits to 5.8 billion dollars in mid-December, the largest total on record.

UNITED STATES GOVERNMENT SECURITY PRICES

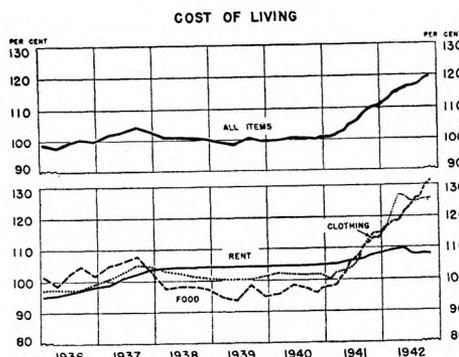
Prices of United States Government securities have been steady in the past three weeks following an adjustment in the latter part of November when the Treasury announced the drive to sell 9 billion dollars of securities in December. Long-term taxable bonds are selling on a 2.36 per cent yield basis on the average and long partially tax-exempt bonds on a 2.09 per cent basis.



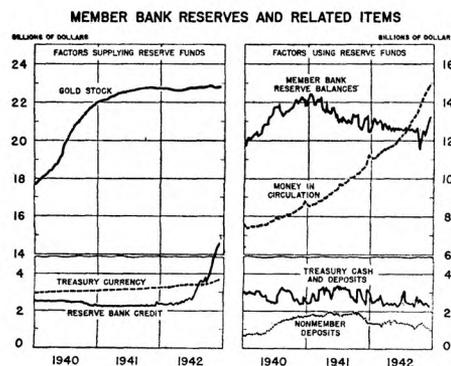
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for November 1942.



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



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 November 1942.



Wednesday figures. Latest figures are for Dec. 9, 1942.