

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT  
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

JULY 31, 1931

THE period between the middle of June and the middle of August is usually one of the duller of the year in trade and industry, and so far this year is no exception. Business in the Fifth Federal reserve district between the first of June and the middle of July was mostly seasonal in nature, with no outstanding developments. Rediscounts for member banks held by the Federal Reserve Bank of Richmond declined slightly last month, and on July 15 were less than rediscounts held a year earlier. The Bank's holdings of Government securities doubled during the year, however, and therefore total earning assets of the Richmond bank were larger at the middle of July than on the corresponding date in 1930. Fifty-two regularly reporting member banks in the Fifth district reduced their outstanding loans and further increased their investments in bonds and other securities between the middle of June and the middle of July, and on July 15 their loans were 13 per cent less than a year ago, while their investments in bonds and securities were 28 per cent higher. Both demand and time deposits rose slightly in the reporting banks last month, and aggregate deposits were higher than a year ago, due to a large increase in savings and time deposits. On July 15, 1931, the reporting banks were borrowing less from the reserve bank than a month or a year earlier. Debits to individual accounts figures for the five weeks ended July 15, 1931, showed a seasonal increase over debits for the preceding five weeks, ended June 10, 1931, but the increase was somewhat smaller than occurs in most years. In comparison with debits for the five weeks ended July 16, 1930, those for the corresponding five weeks this year showed a decline of 12.5 per cent, only three of twenty-four cities showing higher 1931 figures. Total debits in twenty-four cities for the first half of 1931 were 12 per cent less than debits in the first half of 1930, every city reporting lower figures this year. Employment conditions showed no improvement last month, but instead there seems to have been some additional workers laid off either temporarily or permanently, scattered industrial plants and business houses made wage reductions, and labor trouble developed in West Virginia coal mining regions. Coal production, while slightly above that of May,

continued below the rate of production of June last year. Textile mills continue to find business hard to obtain, especially advance orders, but, on the whole, it appears that Fifth district mills are doing rather better than the average for the United States. Cotton prices were slightly higher last month than in the preceding one, but considerably below the corresponding 1930 prices. Official acreage figures for this year's cotton crop show a reduction of 10 per cent for the country as a whole, Fifth district cotton states making larger reductions than the National average. Construction work provided for in permits issued and contracts awarded in June was much lower than the work provided for in June last year. Retail trade as reflected in department store sales showed an increase of 3.4 per cent over June trade last year, but wholesale trade in four of five lines showed lower 1931 sales, shoe jobbers reporting the only increase last month. Agricultural developments in June and the first half of July were favorable on the whole, and while the outlook for money crops is not good from a price standpoint, production prospects in the Fifth district are better than in average years, and are far above those of 1930 in the sections of the district which were damaged by the drought last summer and fall. In practically all sections of the district farmers have larger acreages in crops used primarily for home consumption, and this will enable them to get along next winter on less cash than they needed last winter, when they had very little food for themselves or feed for their stock, chiefly as a result of the disastrous drought.

## Reserve Bank Statement

The figures in the accompanying table show the principal items on the Federal Reserve Bank of Richmond's statement of condition as of July 15, 1931, in comparison with corresponding figures a month and a year earlier. The volume of rediscounts for member banks held by this Bank on July 15, 1931, was less by \$1,038,000 than rediscounts held on June 15 this year and also showed a decline of \$933,000 from the July 15, 1930, figure. There was a decrease in open market paper in the Bank's portfolio last month, the decline amounting to \$1,154,000, and the amount held was

ITEMS	000 omitted		
	July 15 1931	June 15 1931	July 15 1930
Rediscounts held .....	\$17,235	\$18,273	\$18,168
Open market paper.....	3,160	4,314	7,521
Government securities .....	31,558	29,983	15,594
Other earning assets.....	220	425	0
Total earning assets.....	52,173	52,995	41,283
Circulation of Fed. Res. notes....	68,970	73,083	64,379
Members' reserve deposits.....	62,211	59,022	63,435
Cash reserves .....	90,222	86,753	97,267
Reserve ratio .....	66.49	65.43	74.37

less by \$4,361,000 than a year earlier. On the other hand, holdings of Government securities advanced \$1,575,000 between June 15 and July 15 this year, and on the later date totaled \$15,964,000 more than Government security holdings on July 15, 1930. These securities were acquired through allotment of System purchases on the open market. The changes in the several items resulted in a net decrease of \$822,000 in the Bank's total earning assets during the past month, but there was an increase of \$10,890,000 in earning assets during the year. However, the discount rate is 3 per cent at present in comparison with 4 per cent on July 15, 1930, and yields from other assets are also lower than yields last year. As a result, the Bank's income this year has been considerably less than that of the first half of 1930. Federal reserve notes in actual circulation decreased by \$4,113,000 last month, a seasonal development, but on July 15 totaled \$4,591,000 more than the volume of notes in circulation July 15, 1930. This increase over the 1930 circulation figure is interesting, in view of lower price levels and a generally reduced volume of business this year, but indications are that the rise is due to hoarding of money in pockets, homes, and safety deposit boxes, in consequence of uneasiness arising from bank failures earlier in the year. Notwithstanding this hoarding, the aggregate of bank deposits has increased. Member bank reserve deposits increased \$3,189,000 between the middle of June and the middle of July, but on July 15 reserve deposits showed a decline of \$1,224,000 in comparison with July 15, 1930. This decline was due chiefly to a reduction in the number of member banks in the Fifth district during the year. Changes in the statement during the past month raised the cash reserves of the Richmond bank by \$3,469,000, and the ratio of cash reserves to note and deposit liabilities combined rose 1.06 points, but during the year cash reserves declined \$7,045,000 and the reserve ratio dropped 7.88 points, this decline being due to investments in Government securities.

### Member Bank Statement

Fifty-two member banks in thirteen leading cities of the Fifth Federal reserve district make weekly reports of condition to the Federal Reserve Bank of Richmond, and the accompanying table shows the totals of the principal items for the latest available date, July 15, 1931, in comparison with corresponding figures a month and a year earlier. It should be understood that the figures reflect the composite condition of the reporting banks on the report dates only, and are not

ITEMS	000 omitted		
	July 15 1931	June 17 1931	July 16 1930
Loans on stocks and bonds (including Governments) .....	\$156,157	\$161,092	\$186,475
All other loans.....	251,029	258,775	281,036
Total loans and discounts.....	407,186	419,867	467,511
Investments in stocks and bonds.....	225,623	220,818	176,420
Reserve bal. with F. R. Bank....	40,794	38,252	42,149
Cash in vaults.....	13,346	15,384	10,463
Demand deposits .....	335,436	334,405	351,731
Time deposits .....	267,209	262,495	245,441
Borrowed from F. R. Bank.....	2,565	4,234	3,423

necessarily the highest or lowest figures that occurred during the period under review.

The reporting member banks decreased their loans on stocks and bonds by \$4,935,000 between June 17 and July 15, this year, and their agricultural, commercial and industrial loans declined by \$7,746,000, a total drop in loans and discounts of \$12,681,000. Contrary to the usual course, deposits did not decline correspondingly to the decrease in loans, but actually increased during the month, demand deposits rising \$1,031,000 and time deposits increasing \$4,714,000. The fifty-two banks increased their investments in securities by \$4,805,000 between June 17 and July 15, and also built up their reserve deposits at the reserve bank by \$2,542,000. Cash in vaults declined \$2,038,000 during the past month, and the banks reduced their rediscounts at the Federal Reserve Bank of Richmond by \$1,669,000.

Comparison of the July 15, 1931, figures with those for July 15, 1930, shows a continuation of a marked shift from loans to investments for the funds of the reporting institutions. Total loans and discounts in the fifty-two banks dropped \$60,325,000, or nearly 13 per cent, during the year, and at the same time investments in stocks and bonds rose by \$49,203,000, approximately 28 per cent. Demand deposits also declined during the year, but the decrease was only \$16,295,000, or 4.6 per cent, and was more than compensated for by an increase of \$21,768,000, or 8.9 per cent, in time deposits. The other items shown in the table changed relatively little during the year, aggregate reserve balance with the Federal Reserve Bank of Richmond declining \$1,355,000, rediscounts of the reporting banks at the reserve bank decreasing \$858,000, and cash in vaults rising \$2,883,000.

### Savings and Time Deposits

Aggregate deposits in twelve mutual savings banks in Baltimore totaled \$209,924,547 on June 30, 1931, compared with \$207,926,317 on May 31, 1931, and \$195,819,626 on June 30, 1930. On July 15, 1931, fifty-two regularly reporting member banks had time deposits aggregating \$267,209,000, compared with \$262,495,000 on June 17 this year and \$245,441,000 on July 16, 1930. The savings and time deposit figures have been increased to some extent during the past year by investment funds which were unable to find more profitable outlets, and in some banks the accumulation of these funds at current interest rates on savings accounts is becoming more or less a burden.

## DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Total Debits During the Five Weeks Ended			SEMI-ANNUAL TOTALS	
	July 15, 1931	June 10, 1931	July 16, 1930	1931	1930
Asheville, N. C.....	\$ 13,042,000	\$ 12,969,000	\$ 31,186,000	\$ 70,626,000	\$ 158,551,000
Baltimore, Md. ....	442,210,000	424,197,000	526,436,000	2,272,463,000	2,585,257,000
Charleston, S. C. ....	25,267,000	18,805,000	29,696,000	109,638,000	151,922,000
Charleston, W. Va.....	46,898,000	41,791,000	53,101,000	237,655,000	263,917,000
Charlotte, N. C.....	50,324,000	50,469,000	56,222,000	259,904,000	312,116,000
Columbia, S. C.....	25,035,000	27,348,000	22,167,000	141,863,000	158,766,000
Cumberland, Md. ....	11,051,000	9,058,000	13,028,000	47,210,000	55,158,000
Danville, Va. ....	8,709,000	6,531,000	8,956,000	38,329,000	48,257,000
Durham, N. C.....	31,528,000	25,241,000	30,331,000	143,300,000	159,083,000
Greensboro, N. C.....	20,303,000	20,824,000	24,516,000	112,317,000	136,030,000
Greenville, S. C.....	18,196,000	17,105,000	18,705,000	96,632,000	120,592,000
Hagerstown, Md. ....	10,508,000	9,203,000	12,570,000	51,213,000	59,944,000
Huntington, W. Va.....	18,725,000	20,147,000	24,305,000	101,330,000	131,255,000
Lynchburg, Va. ....	22,704,000	18,299,000	22,971,000	102,415,000	119,612,000
Newport News, Va.....	12,522,000	11,905,000	13,903,000	64,619,000	67,537,000
Norfolk, Va. ....	58,661,000	56,142,000	65,215,000	292,707,000	352,500,000
Portsmouth, Va. ....	5,594,000	5,534,000	5,233,000	27,311,000	29,724,000
Raleigh, N. C.....	27,974,000	20,603,000	34,799,000	120,007,000	142,987,000
Richmond, Va. ....	144,594,000	137,629,000	164,853,000	743,073,000	794,694,000
Roanoke, Va. ....	30,116,000	29,037,000	36,582,000	158,384,000	189,772,000
Spartanburg, S. C.....	10,897,000	10,380,000	12,074,000	58,280,000	77,658,000
Washington, D. C.....	289,778,000	273,473,000	305,683,000	1,443,395,000	1,478,681,000
Wilmington, N. C.....	13,050,000	13,595,000	14,878,000	73,096,000	89,624,000
Winston-Salem, N. C.....	38,842,000	35,939,000	45,102,000	206,505,000	235,138,000
District Totals .....	\$1,376,528,000	\$1,296,224,000	\$1,572,512,000	\$6,972,272,000	\$7,918,775,000

The accompanying table of debits to individual accounts shows aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-four cities of the Fifth reserve district during three equal periods of five weeks, ended July 15, 1931, June 10, 1931, and July 16, 1930. In addition, the table also shows figures for the half-year ended June 30, 1931, with comparative figures for the first half of 1930.

During the five weeks ended July 15, 1931, aggregate debits to individual accounts in the twenty-four reporting cities totaled \$1,376,528,000, an increase of \$80,304,000, or 6.2 per cent, over debits totaling \$1,296,224,000 during the preceding five weeks, ended June 10, 1931. This increase was seasonal, and was caused by quarterly and semi-annual payments on and around July 1, but the rise was somewhat less than usually occurs at mid-year. The increase in debits during the latest five weeks was generally distributed throughout the district, nineteen of the twenty-four cities reporting higher figures.

When the figures for the five weeks ended July 15, 1931, are compared with the figures for the corresponding five weeks last year, ended July 16, 1930, a general decline averaging 12.5 per cent is found, only three of the twenty-four cities showing higher figures for the 1931 period. Columbia, S. C., reported an increase of 12.9 per cent, Durham a gain of 3.9 per cent, and Portsmouth an increase of 6.9 per cent. The increase in Columbia was chiefly due to State financing.

Total debits in the first half of 1931 amounted to \$6,972,272,000 in the twenty-four reporting cities, but lacked \$946,503,000, or approximately 12 per cent, of reaching the total of \$7,918,775,000 for the first half of 1930. In comparison with semi-annual totals for other recent years, debits for the first half of 1931

were 12 per cent less than 1930, 16 per cent less than 1929, 14 per cent less than 1928, 13 per cent less than 1927, 15 per cent less than 1926, 9 per cent less than 1925, but 2 per cent more than debits for the first half of 1924. Every one of the twenty-four reporting cities show lower debits figures for the past six months than for the corresponding six months of 1930.

### Commercial Failures

Business failures in the Fifth district in June totaled only 112, in comparison with 135 failures reported in June 1930, but aggregate liabilities involved in last month's insolvencies totaled \$2,393,591, a slightly higher figure than \$2,286,226 reported for June last year. Insolvencies in the first half of 1931 totaled 948 in the Fifth district, compared with 844 failures in the first half of 1930, but 1931 liabilities totaling \$19,986,263 compared favorably with \$22,165,014 for the first six months of last year.

### Employment

The past month or six weeks showed no improvement in employment conditions, but on the contrary there appear to have been unfavorable developments. Unemployment and labor trouble has spread further in West Virginia coal fields, railroads in the Fifth district have consolidated and readjusted some train schedules, enabling them to discontinue a few trains, and railroad clerical workers have also been reduced in number slightly. Wage reductions, although not general in the district, continue here and there, chiefly in the smaller industrial plants which tried to maintain wages at former levels when the present depression began, but which have been unable to stand the strain over so long a period. The outlook in the Fifth dis-

tract is materially worse for industrial workers, railroad employees, and persons in building trades than it was a year ago, since many people who were unable to find steady work last year had some surplus on which they could fall back. This year, however, some portion and in many cases all of these surplus funds have been used, and as a result the number of calls for assistance received by charitable and welfare agencies is increasing steadily.

### Coal Production

The total production of bituminous coal in the United States in June 1931 amounted to 29,185,000 net tons, compared with 28,314,000 tons mined in May 1931 and 33,714,000 tons in June last year. Daily average production in June this year of 1,123,000 tons compared with an average of 1,115,000 tons in May 1931 and 1,349,000 tons in June 1930. Total production of soft coal during the present calendar year to July 11 (approximately 162 working days) amounted to 199,886,000 net tons, the lowest figure for the corresponding period of recent years. Tidewater shipments of coal in June through Fifth district ports totaled 1,750,795 tons, and total shipments since January 1 totaled 11,246,564 tons, or 66.8 per cent of total tidewater shipments through all ports.

The July 11 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of May 1931. West Virginia with 7,640,000 tons was in second place, Pennsylvania leading with 7,783,000 tons. Chiefly because of labor troubles in Pennsylvania, West Virginia came nearer to taking first place in production in May than in any recent month. The states of West Virginia, Virginia and Maryland mined a total of 8,613,000 tons of bituminous coal in May, 30.4 per cent of total National production.

### Textiles

Cotton consumption in Fifth district mills in June 1931 totaled 204,769 bales, a slightly lower figure than 208,822 bales used in May this year but 21.3 per cent more than 168,806 bales consumed in June 1930. Last month North Carolina mills used 107,465 bales, South Carolina mills used 87,904 bales, and Virginia mills used 9,400 bales, all higher figures than those reported for June 1930. June 1931 consumption in Virginia and the Carolinas was 45 per cent of National consumption, a higher figure than either 44.8 per cent of National consumption in May 1931 or 41.7 per cent in June 1930. On June 22, the Department of Commerce issued a report on spindles in place, spindles active in May, total spindle hours for May, and average hours of operation per spindle in place in May. On May 31, 1931, there were 32,993,820 spindles in place in the United States, Massachusetts leading with 7,003,878, or 21.23 per cent of the total, North Carolina ranking second with 6,212,832 spindles, or 18.83 per cent, and South Carolina third with 5,686,380 spindles, or 17.23 per cent. In actual spindle hours, however, South Carolina led all states for May with 1,675,824,729, or

24.87 per cent of the National total of 6,738,740,226 hours, and North Carolina ranked second with 1,409,749,502 hours, or 20.92 per cent, while Massachusetts had only 981,836,850 hours, or 14.57 per cent. In average hours which each spindle operated during May, South Carolina led all states with 295, but North Carolina's average of 227 was exceeded by the average for Tennessee, Alabama and Georgia mills in the order named. Virginia mills reported 214 hours per spindle for May, ranking next to North Carolina.

### Cotton Statistics

Spot cotton prices ruled higher during the past month than in the preceding one. In our June 30 *Review* we quoted the average price paid for middling 7/8 inch upland cotton on ten Southern markets as 8.07 cents per pound on June 12. From that figure the average price advanced to 8.21 cents on June 19 and 9.78 cents on June 26, but after that date the price declined to 9.71 cents on July 3, and continued downward to 8.78 cents on July 10 and 8.65 cents on July 17, the latest date for which official quotations are available.

Consumption of cotton in the United States in June 1931 totaled 455,388 bales, compared with 465,770 bales used in May this year and 405,236 bales in June 1930. Total consumption for the eleven months of the present cotton year—August 1 to June 30—amounted to 4,820,430 bales, compared with 5,726,818 bales consumed in the corresponding period of the 1929-1930 season. Manufacturing establishments held 1,310,514 bales on June 30, compared with 1,258,222 bales held on May 31 and 1,356,664 bales on June 30, 1930. Public warehouses and compresses held 4,970,626 bales in storage at the end of June this year, compared with 5,494,025 bales so held a month earlier and 5,726,818 bales on June 30 last year. June exports totaled 255,459 bales, compared with 335,796 bales sent abroad in May 1931 and 185,053 bales exported in June 1930. Exports during the eleven months of this cotton year totaled 6,500,924 bales compared with 6,514,274 bales shipped over seas during the corresponding eleven months ended June 30, 1930. Spindles active at some time during June numbered 25,798,910, compared with 26,397,906 in May this year and 27,659,308 in June 1930.

Cotton consumption in the cotton growing states totaled 357,872 bales in June, compared with 362,136 bales used in May and 320,190 bales in June 1930. Last month's consumption in the cotton growing states amounted to 78.59 per cent of National consumption, a higher percentage than 77.75 per cent in May this year but less than 79.01 per cent in June 1930. Of the 357,872 bales of cotton consumed in the cotton growing states in June, the Fifth district mills used 204,769 bales, or 57.22 per cent, a higher percentage than 52.72 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 8, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as 10 per cent less than the acreage in 1930. Every one of the cotton growing states except Florida decreased acreage this year. North

Carolina with a reduction of 18 per cent showed the greatest change among important cotton growing states, and South Carolina showed a reduction of 12 per cent. Virginia, an unimportant factor in cotton production, planted 25 per cent less than last year. Heavy producing states outside the Fifth district reported the following reductions: Oklahoma, 17%; Georgia, 12%; Alabama, Louisiana and Tennessee, 10% each; Arkansas and Texas, 8% each; and Mississippi, 6%. No official condition figures are yet available, but on the whole the weather has been moderately good for cotton development. Less fertilizer was used under most of this year's crop, which may affect final production materially.

### Agricultural Notes

This year's crops have advanced far enough to give some indication of probable yields, and on the whole prospects in Fifth district states are much better than last year, and are probably somewhat above those of average years. From the standpoint of the farmer, the unfavorable price outlook for this year is a cloud on the horizon.

*Maryland* prospects are for good yields of nearly all crops. Production of corn is now forecast at 20,400,000 bushels, nearly three times as large as the short crop of 1930 but slightly below the five-year average of 21,593,000 bushels. Corn planting was somewhat later than usual because of wet weather, and considerable acreage was replanted following cutworm damage, but stands now are generally good and the crop is growing well. The wheat acreage is the smallest on record for Maryland, and conditions at planting time were unfavorable. Last December the condition of wheat was the lowest on record, but early this Spring it began to improve and on July 1 probable production was estimated at 8,159,000 bushels, compared with 11,086,000 bushels last year and the ten-year average of 9,934,000. Production per acre this year is about two bushels higher than average, and is the third highest since 1914. The acreage of white potatoes in Maryland is about the same as last year, and this year's crop is forecast at 3,575,000 bushels, compared with 2,427,000 bushels last year and the ten-year average of 4,051,000 bushels. Sweet potato acreage was increased this year, and the July 1 forecast of 1,560,000 bushels compares with the short crop of 660,000 bushels last year and the five-year average of 1,462,000 bushels. Hay crops were seriously damaged by the drought last summer, but this year's crop of hay is expected to total 490,000 tons, compared with 344,000 tons last year, and 642,000 tons for the five-year average. Tobacco growers in Maryland increased their acreage this year, and the condition of the crop is above the average. Production of 31,000,000 pounds is forecast, compared with only 18,190,000 pounds last year and a five-year average of 24,423,000 pounds. Conditions have been very favorable for all tree fruits and the production forecasts for apples, peaches, pears and grapes are all higher than last year's productions and are also higher than the five-year averages of produc-

tion. Apple production this year is estimated at 3,460,000 bushels, of which about 697,000 barrels will be shipped commercially.

*Virginia* crop prospects on July 1 continued favorable and the yield of all crops is expected to be about 13 per cent above the ten-year average. The corn crop has made an excellent start, fields have been well cultivated, growth is above the average, and the plants have an excellent color. The July 1 condition indicates a production of approximately 45,000,000 bushels, compared with the short crop of last year of 17,227,000 bushels, and the five-year average of 44,000,000 bushels. Wheat prospects improved during June, and growers estimate the yield to be heavier than had been expected. The probable yield of 15.5 bushels per acre indicates a production of 9,068,000 bushels, compared with 9,160,000 bushels harvested last season. An unusually large acreage of oats was seeded this Spring, and as weather conditions have been favorable for growth, the indicated production of 4,275,000 bushels is approximately 50 per cent greater than last season. Hay prospects improved during June, but owing to the damage from last year's drought the yield is not expected to be as large as usual, but will be considerably above last year's production. Pastures are excellent throughout the State, and are affording ample grazing for livestock, the number of which was reduced because of feed shortage last winter. Early potato acreage was reduced but the yield was heavier, so production is expected to be 12,330,000 bushels this year, compared with 11,893,000 bushels harvested in 1930. Owing to the extremely low prices, the crop has been harvested slowly and shipments to July 4 were only 7,755 cars, compared with 11,830 cars on July 5, 1930. The total number of cars shipped last year was 21,682, which gave Virginia third place among all states in car lot shipments of potatoes. The non-commercial potato crop has been increased considerably in all parts of the State in accordance with the intention of farmers to produce sufficient food supplies for their own use, and prospects indicate a total production of about 4,000,000 bushels, compared with 2,000,000 bushels last year. The acreage planted to sweet potatoes is 3 per cent greater than last year, the increase being in the farm crop for local consumption. The indicated production is 4,750,000 bushels, compared with 2,960,000 bushels last year. The Virginia tobacco acreage is about 8 per cent less than last year, flue-cured acreage having been cut about 15 per cent while the acreage in other types was slightly increased. The season was favorable for transplanting, so an excellent stand was secured. Growth was retarded by cool weather the first part of June, but progress was rapid the last of the month. The crop has been well worked and the yield is expected to be approximately 113,000,000 pounds, compared with 94,302,000 pounds harvested last year and a five-year average of 121,753,000 pounds. The commercial apple crop is estimated to be 4,200,000 barrels, compared with only 1,300,000 barrels harvested in 1930 and a five-year average of 2,718,000 barrels. Apple prospects are uniformly good

throughout the State, and all orchards have a good set of fruit. Prospects for peaches are also good.

*West Virginia* crop conditions are good in all sections of the State except in the lower Ohio Valley where the dry hot weather has caused considerable damage. The 1931 corn acreage is the same as that of 1930. Conditions now point to a much larger percentage of this acreage being harvested for grain than was harvested in 1930. This year's probable production is estimated at 14,756,000 bushels, compared with 5,772,000 bushels harvested in 1930. Winter wheat made good yields in all sections of the State and the indicated production of 1,717,000 bushels compares with 1,838,000 bushels harvested on a slightly larger acreage last year. The past two wheat crops in West Virginia have been the best crops in yield per acre since the Crop Reporting Service was begun in 1867. This year's production of rye is forecast at 154,000 bushels, compared with 147,000 bushels harvested in 1930. The acreage planted to oats was increased 6 per cent this year, and 1931 production of 3,927,000 bushels compares with 2,972,000 bushels harvested in 1930. The Irish potato crop of the State is much more promising at this time than on July 1, 1930, and the estimated production of 3,705,000 bushels is much higher than 2,800,000 bushels harvested in 1930. Potatoes are in good condition in all sections of the State excepting the lower Ohio Valley. Sweet potato condition figures on July 1 indicate a crop of 210,000 bushels this year, compared with 150,000 bushels in 1930 and a five-year average of 254,000 bushels. Tobacco acreage in West Virginia was increased 10 per cent this year, but the bulk of the tobacco acreage is located in the lower Ohio Valley where growing conditions are least favorable. Conditions at transplanting time were unfavorable and much of the crop had to be reset. Present conditions of the crop indicate production of 5,332,000 pounds, compared with 4,896,000 pounds harvested in 1930. All hay crops in West Virginia are in fine condition and this year's yield of 860,000 tons is nearly double last year's crop of 446,000 tons. Pastures on July 1 had a fairly high average condition, but were in need of general rains. Old sods which were thought killed by the 1930 drought were revived by spring rains but a dry period of short duration would cut the condition of pastures materially. West Virginia's apple crop gives promise of an exceptionally large yield. The July 1 condition indicates a yield of 12,240,000 bushels, compared with only 3,944,000 bushels harvested in 1930 and a five-year average of 6,882,000 bushels. This year's crop is expected to be the second largest on record, ranking next to 12,400,000 bushels harvested in 1914. Of the total apple crop, 1,980,000 barrels are forecast for the commercial crop, compared with 680,000 barrels in 1930 and a five-year average of 1,334,000 barrels.

*North Carolina* crops suffered more or less seriously from dry weather during June, but since July 1 most of the excessive dryness has been relieved by rain in sufficient amount to bring crops out markedly. Even if dry, crop prospects for the entire State were above

an average on July 1. Cultivation is unusually good and fields are free from grass. Corn acreage is 4 per cent above 1930, and is the largest since 1917. Plants had an opportunity to establish good roots during the dry spell and recent rains brought them out quickly. North Carolina had almost ideal weather for small grains during the winter and spring. All grain acreages were increased this year, wheat rising 20 per cent, oats 6 per cent, barley 21 per cent, and rye 25 per cent. Prospective yields of 6,180,000 bushels of wheat and 8,181,000 bushels of oats are 45 and 25 per cent, respectively, over 1930 yields. Tobacco probably suffered more from June dryness than any other North Carolina crop, and both plants and leaves are rather small. However, the recent rains made the fertilizer under the plants available, and prospects may be greatly altered for the better during the next few weeks. Tobacco is in some danger of second growth in the southern counties. Commercial early Irish potatoes in North Carolina showed 10 per cent increase in acreage and 15 per cent larger yields per acre than last year. The late crop condition on July 1 was unfavorable, due to dry weather. Sweet potato acreage was increased 17 per cent this year, but crop prospects on July 1 were decidedly lower than usual, and the State's indicated production is only 13 per cent above last year's yield. Early hay crops yielded good cuttings, but cuttings through July will be somewhat light. However, with a 13 per cent increase in acreage and especially low yields last year, this year's hay crop is forecast 19 per cent above that of 1930. Apples are showing a good setting over the State, although blight and other troubles seem to be more prevalent than for many years. This year's crop is expected to be almost double that of last year, and the estimated commercial crop of 245,000 barrels is more than twice the 1930 yield.

*South Carolina* acreages planted to cash crops were reduced this year, cotton acreage declining 11 per cent, tobacco acreage 8 per cent, sugar cane 17 per cent, and Irish potatoes the same as last year. All other crops were increased, corn acreage rising 5 per cent, wheat 30 per cent, oats 10 per cent, sweet potatoes 6 per cent, tame hay 9 per cent, peanuts 31 per cent, rye 15 per cent, and sorghum for syrup, 15 per cent. Deficient moisture and abnormal heat during the latter part of June checked development and caused some deterioration in growing crops, so that the reported condition of most crops on July 1 was below last year and the ten-year average. However, rains since July 1 have materially improved the situation generally, although moisture is still deficient in some places. The corn crop condition forecasts a yield of 22,988,000 bushels this year, compared with 25,806,000 bushels last year and a five-year average of 21,484,000 bushels. The average yield of oats equalled the previous record, and estimated production of 10,935,000 bushels exceeds 9,016,000 bushels in 1930 and the five-year average of 9,352,000 bushels. The per acre yield of wheat this year was second on record, and estimated production of 720,000 bushels is far above last year's yield of 474,000 bushels, but is below the five-year average production of 751,000 bushels, the five-year

average being made on a larger acreage. The July 1 condition of 63 per cent for tobacco compares unfavorably with 78 per cent a year ago, and this year's production of about 62,675,000 pounds compares with 94,140,000 pounds harvested in 1930 and a five-year average of 73,843,000 pounds. Hay prospects indicate a yield of 167,000 tons this year, compared with 171,000 tons cured last year.

### Building Permits Issued, Fifth District Cities, June 1931 and 1930

CITIES	Permits Iss'd		Total Valuation	
	1931	1930	1931	1930
Baltimore, Md. ....	1,611	1,774	\$2,423,880	\$2,916,840
Cumberland, Md. ....	13	16	8,560	31,582
Frederick, Md. ....	10	11	10,005	21,506
Hagerstown, Md. ....	21	22	36,350	168,979
Salisbury, Md. ....	19	22	72,300	219,950
Danville, Va. ....	20	17	11,835	40,445
Lynchburg, Va. ....	44	45	128,435	162,370
Norfolk, Va. ....	145	91	199,431	98,970
Petersburg, Va. ....	9	4	9,025	3,406
Portsmouth, Va. ....	29	33	12,795	46,300
Richmond, Va. ....	146	126	252,603	304,097
Roanoke, Va. ....	28	41	60,187	55,208
Bluefield, W. Va. ....	11	10	28,955	5,900
Charleston, W. Va. ....	39	23	120,025	146,828
Clarksburg, W. Va. ....	42	34	65,297	13,245
Huntington, W. Va. ....	14	29	69,300	73,300
Asheville, N. C. ....	21	38	6,755	24,430
Charlotte, N. C. ....	55	69	151,065	214,151
Durham, N. C. ....	18	17	25,650	86,680
Greensboro, N. C. ....	43	40	32,054	146,307
High Point, N. C. ....	17	15	32,765	250,350
Raleigh, N. C. ....	17	19	23,575	67,925
Rocky Mount, N. C. ....	....	*10	.....	*8,715
Salisbury, N. C. ....	4	5	17,800	11,610
Wilmington, N. C. ....	26	18	62,300	313,400
Winston-Salem, N. C. ....	87	91	126,665	43,075
Charleston, S. C. ....	32	47	26,795	63,660
Columbia, S. C. ....	....	*35	.....	*396,090
Greenville, S. C. ....	31	32	36,215	72,730
Rock Hill, S. C. ....	16	16	7,500	16,150
Spartanburg, S. C. ....	25	33	28,610	14,975
Washington, D. C. ....	649	483	2,495,100	1,613,055
Totals .....	3,242	3,221	\$6,581,832	\$7,247,424

\*Not included in totals, 1931 figures for comparison being unavailable.

This month we have changed the style of the building permit table, and now show combined figures for all classes of permits, making no distinction between permits issued for new construction, alterations or repairs. Some years ago, when there was a shortage of housing and business premises, and when industries were expanding, the distinction between different classes of permits was important, but at present the employment of labor is the significant feature in construction, and alteration or repair work gives employment to as many people as new work.

Building permits issued in June in thirty leading cities of the Fifth reserve district numbered 3,242, compared with 3,221 permits issued in June 1930, but estimated valuation figures for last month totaled only \$6,581,832, a decrease of 9.2 per cent under valuation

of \$7,247,424 in June 1930. Only nine of the thirty reporting cities showed higher valuation figures for June 1931 than for June 1930, and the district comparison between the two months would have been much more unfavorable if Washington had not reported an increase this year of approximately 55 per cent.

Contracts actually awarded in June for construction work in the Fifth reserve district totaled \$23,635,727, compared with \$37,665,960 reported for June 1930, according to figures collected by the F. W. Dodge Corporation. Of the June 1931 awards, \$6,730,982 represented residential types of construction, compared with \$10,120,240 for this class of work in June last year.

### Retail Trade, 35 Department Stores

Richmond	Baltimore	Washington	Other Cit.	District
June 1931 sales, compared with sales in June 1930:				
.6	2.3	8.7	— 8.8	3.4
Total sales first half of 1931, compared with first half of 1930:				
— 5.2	— 4.5	2.1	—11.8	— 2.9
June 30, 1931 stocks, compared with stocks on June 30, 1930:				
—21.3	—11.7	— 9.7	—15.1	—12.6
June 30, 1931 stocks, compared with stocks on May 31, 1931:				
— 6.5	— 5.3	— 6.5	— 3.3	— 5.6
Number of times stock was turned in June 1931:				
.348	.347	.367	.22	.337
Number of times stock was turned since January 1, 1931:				
1.94	1.928	2.01	1.358	1.882
Percentage of June 1, 1931, receivables collected in June:				
31.0	25.1	33.5	27.6	28.7

### Wholesale Trade, 66 Firms

24	9	6	15	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
June 1931 sales, compared with sales in June 1930:				
—17.2	— 2.6	16.4	—16.6	— 5.4
June 1931 sales, compared with sales in May 1931:				
— .1	—12.8	—19.6	—10.6	— 3.9
Jan.-June 1931 sales, compared with sales in Jan.-June 1930:				
—18.1	—24.5	— 6.2	—26.6	— 6.2
June 30, 1931 stocks, compared with June 30, 1930 stocks:				
—10.7(8*)	—31.7(4*)	—29.0(6*)	— 9.5(8*)	.....
June 30, 1931 stocks, compared with May 31, 1931 stocks:				
— 8.4(8*)	— 8.3(4*)	— .6(6*)	— 4.8(8*)	.....
Percentage of June 1, 1931, receivables collected in June:				
60.7(14*)	34.5(6*)	38.2(6*)	32.1(12*)	56.4(8*)

—Denotes decreased percentage. \*Number of reporting firms.

(Compiled July 21, 1931)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Industrial production showed more than the usual seasonal decline in June, and factory employment and pay rolls decreased. Wholesale prices, which had continued to decline until the end of May, advanced in June, but for most commodities declined again in the first half of July.

**Production**

A decrease in industrial output from May to June was reflected in a decline in the Board's index of industrial production, which is adjusted for seasonal variations, to 86 per cent of the 1923-1925 output, as compared with 89 per cent in May. Taking the second quarter of the year as a whole, production has averaged about 4 per cent above its low level in the last three months of 1930.

The reduction of activity in June was most marked in the iron and steel industry, with steel plants operating at 38 per cent of capacity. Automobile output declined further, and there was some recession in production of lumber, meat products, and flour. Petroleum output, however, was not reduced. Activity of textile mills and shoe factories continued in relatively large volume; in the woolen industry, activity was sustained at the unusually high level of May, and the decline in the consumption of cotton was not in excess of the usual seasonal amount.

During the first half of July, there were further reductions, partly seasonal in nature, in output of steel, automobiles, and lumber.

Factory employment was further reduced by nearly 3 per cent, and pay rolls declined by 6 per cent between the middle of May and the middle of June. The largest decreases were in the steel, machinery, and women's clothing industries, while reductions at automobile plants and cotton mills were partly seasonal in character, and employment at woolen and hosiery mills increased.

Building contracts awarded in June were somewhat larger than in May, but declined again in the first half of July. Since the early spring, awards have not increased as much as is usual for the season. In residential building there has been relatively little change for about a year and a half, except for seasonal fluctuations, and the decline in construction has been chiefly in other types of building, principally public works and utilities.

**Distribution**

At department stores, daily average sales were seasonally smaller in June than in May. Freight-car loadings were also reduced, reflecting principally a further reduction in loadings of miscellaneous commodities.

**Prices**

During June wholesale prices of many commodities advanced considerably, after having reached low levels late in May and early in June. Prices of livestock and meats increased; and after June 21 there were rapid advances in prices of raw materials important in world markets, especially cotton, hides, sugar, silk, copper, silver, and rubber. Subsequently, however, most of these prices receded somewhat, although in mid-July they were, in general, above their lowest levels. The price of wheat declined during June and the first half of July, as the domestic price became adjusted to world levels.

**Bank Credit**

At reporting member banks in leading cities, loans on securities continued to decline between the middle of June and the middle of July, while all other loans increased by \$140,000,000. This increase was concentrated at New York City banks, and was largely in the form of acceptances purchased in the open market. Member banks' investments continued at about the same level as in May and early June.

Notwithstanding a further addition of \$77,000,000 to the country's stock of monetary gold between the weeks ending June 20 and July 18, there was no decrease in Federal reserve bank credit outstanding. During the period the reserve banks' portfolio of United States securities was increased by \$75,000,000, while their combined holdings of acceptances and of discounts for member banks decreased by approximately the same amount. The gold inflow provided member banks with funds to meet an added demand for currency, as well as to increase their balances with the reserve banks. There was also a considerable growth in foreign bank deposits with the reserve banks.

Money rates continued at low levels.