

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

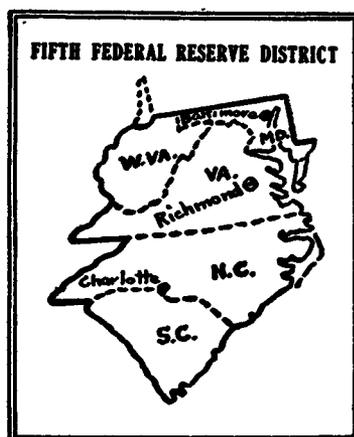


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RICHMOND, VIRGINIA

SEPTEMBER 30, 1933

THE improvement in business which had been in evidence for the preceding two months continued in August and early September, but there was a moderate sag in August, much of which was probably a natural reaction from the rather high level of July. In spite of the slowing down in some lines, however, trade and industry were much above the 1932 levels. Rediscounts at the Federal Reserve Bank of Richmond decreased between the middle of August and the middle of September, member banks being able to care for seasonal demands for credit by merchants for discounting Fall bills without further assistance from the reserve bank. The circulation of Federal reserve notes rose as usual last month with the opening of the crop marketing season. The reserve bank increased its investments in Government securities between August 15 and September 15. Reporting member banks in leading cities moderately increased their commercial loans and also invested further in securities, chiefly Government obligations. Demand deposits rose between the middle of August and the middle of September, but time deposits declined by approximately the same amount. Debits to individual accounts figures in five weeks ended September 13, 1933, showed a 10 per cent decrease in comparison with the preceding five weeks, ended August 9, but made a favorable comparison with debits for the corresponding five weeks last year, seventeen of twenty-three reporting cities showing higher figures for the 1933 period. Commercial failure figures for August were much better than for August 1932 in both number of insolvencies and liabilities involved, and the Fifth district record compared favorably with that of the Nation. The employment situation in the district is much better than in the first half of this year, and appears



to be still improving. Coal production in August showed a seasonal increase over July production, and exceeded August 1932 production by a wide margin. The textile industry did not operate quite so actively in August as in July, but the recession was moderate and the industry still ran far above the level of August last year. Construction work continues in very small volume, but there has been some improvement in recent weeks even in this field. Retail trade in August, as reflected in department store sales, made an excellent record in the Fifth reserve district, averaging more than 20 per cent above sales in August 1932, and wholesale trade also showed marked improvement in comparison with the volume of trade in August last year. Wholesale trade has improved so much during the past three months that cumulative sales for the eight elapsed months of this year in groceries, dry goods, shoes and hardware have passed total sales for the corresponding eight months of 1932. In agriculture, prospects for yields in the Fifth district are good this year, and much larger money returns to farmers seem assured. Tobacco markets in the lower section of the district opened in August, with prices slightly better than those of 1932. The tobacco crop in the Fifth district is so much larger than last year's crop that even if no further advances are made in prices the farmers will receive a much larger money return from this year's sales. The district's cotton crop is about 3 per cent smaller than that of 1932, but this year's price at the middle of September is 25 per cent higher than the price last Fall, and cotton farmers will therefore receive more money for this year's crop. Weather throughout the entire Summer was more favorable for farming operations this year than for several years, taking the district as a whole, although a

severe storm which struck the upper half of the district on August 22nd and 23rd damaged some crops quite seriously. On the whole, the outlook for Fall and Winter business appears notably better than it was a year ago.

Reserve Bank Statement

ITEMS	000 omitted		
	Sept. 15 1933	Aug. 15 1933	Sept. 15 1932
Rediscounts held	\$ 10,452	\$ 12,443	\$ 23,555
Open market paper.....	239	266	2,495
Government securities	67,971	60,258	47,133
Total earning assets.....	78,662	72,967	73,183
Circulation of Fed. Res. notes	138,869	137,172	104,740
Members' reserve deposits.....	67,342	69,772	49,007
Cash reserves	147,986	160,843	99,847
Reserve ratio	67.78	72.07	60.34

Rediscounts for member banks at the Federal Reserve Bank of Richmond declined by \$1,991,000 between August 15 and September 15, both this year, contrary to seasonal trend. In most years, credit which wholesalers and retailers require between the middle of August and the middle of September to discount bills for Fall merchandise offsets early agricultural liquidation, but this year member banks handled a moderate rise in loans without assistance from the reserve bank. The Bank's portfolio of open market paper, which has been very small for some time, declined by \$27,000 during the past month, but holdings of Government securities increased by \$7,713,000. Total earning assets of the Richmond reserve bank therefore rose by \$5,695,000 between August 15 and September 15. Federal reserve notes in actual circulation rose seasonally last month, by \$1,697,000, although the increase was not as large as in most years. Member banks decreased their reserve deposits at the Federal Reserve Bank of Richmond by \$2,430,000 during the past month, but at the middle of September reserve deposits were far above the required level. The several changes in the statement during the period under review, with others of less importance, reduced the cash reserves of the Federal Reserve Bank of Richmond by \$12,857,000, and lowered the ratio of reserves to note and deposit liabilities combined by 4.29 points.

A comparison of the condition figures for September 15, 1933, with those reported for September 15, 1932, shows marked changes in nearly all items. Rediscounts for member banks declined \$13,103,000 during the year, and holdings of open market paper dropped by \$2,256,000, but Government securities held by the Federal Reserve Bank of Richmond increased by \$20,838,000, bringing a net gain of \$5,479,000 in total earning assets during the year. The circulation of Federal reserve notes rose by \$34,129,000 between September 15 last year and this, and member bank reserve deposits increased by \$18,335,000, most of the rise in reserve deposits

reflecting surplus funds in possession of the member banks. The changes mentioned in the statement raised the cash reserves of the Richmond bank by \$48,139,000 during the year under review, and also raised the ratio of reserves to note and deposit liabilities combined by 7.44 points.

Member Bank Statement

ITEMS	000 omitted		
	Sept. 13 1933	Aug. 9 1933	Sept. 14 1932
Loans on stocks and bonds (including Governments)	\$ 59,441	\$ 61,781	\$ 63,984
All other loans.....	114,381	111,023	121,587
Total loans and discounts.....	173,822	172,804	185,571
Investments in securities.....	160,837	155,217	125,468
Reserve bal. with F. R. Bank..	26,569	28,936	18,481
Cash in vaults.....	10,149	9,759	8,573
Demand deposits	183,673	180,096	160,506
Time deposits	130,268	133,148	133,700
Borrowed from F. R. Bank.....	268	240	1,457

The accompanying table shows the principal items of condition on the weekly statement of thirty regularly reporting member banks in ten leading cities of the Fifth Federal reserve district as of three dates, September 13 and August 9, this year, and September 14, last year, thus affording opportunity for comparison of the latest available figures with those a month and a year earlier.

During the five weeks between August 9 and September 13, the reporting banks increased their loans by \$1,018,000, a seasonal rise due to increased demand for funds with which to discount bills for early Fall merchandise. The increase was entirely in All Other Loans, which at this season are chiefly commercial, loans on stocks and bonds having declined during the period under review. The reporting banks increased their investments in securities between August 9 and September 13, chiefly by the purchase of Government securities. Aggregate reserve balances of the thirty banks at the Federal reserve bank declined by \$2,367,000 last month, the institutions finding use for part of the excess reserves they are carrying at the reserve bank. Cash in vaults rose by \$390,000, and aggregate deposits increased between August 9 and September 13, demand deposits rising by \$3,577,000 while time deposits declined by \$2,880,000. The reporting banks slightly increased their borrowing at the reserve bank last month, this item rising by \$28,000, but on September 13 only two of the thirty banks were borrowing, the same number which was rediscounting on August 9.

On September 13, 1933, nearly all figures on the combined statement of the thirty banks were larger than the figures a year earlier, September 14, 1932, the exceptions being in loans, time deposits, and borrowing at the reserve bank. Total loans declined by \$11,749,000 during the year, loans on stocks and bonds decreasing \$4,543,000 and all other loans \$7,206,000. Time deposits dropped \$3,432,000 during the year, and borrowing by the

thirty banks at the reserve bank declined by \$1,189,000. Six of the reporting banks were borrowing at the middle of September last year, compared with two which were borrowing on September 13 this year. Investments in bonds and other securities rose by \$35,369,000 during the year under review, and reserve balances of the reporting banks at the reserve bank increased by \$8,088,000. Cash in vaults showed an increase of \$1,576,000 between September 14, 1932, and September 13, 1933, and demand deposits rose by \$23,167,000, far exceeding the decline in time deposits previously mentioned.

Time and Savings Deposits

Time deposits in thirty reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$315,057,864 at the end of August 1933, a lower figure than either \$319,392,733 reported at the end of July this year or \$339,804,090 at the end of August 1932.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Sept. 13, 1933	Aug. 9, 1933	Sept. 14, 1932
Asheville, N. C.....	\$ 10,236	\$ 10,327	\$ 8,545
Baltimore, Md.....	246,586	289,326	292,349
Charleston, S. C.....	11,404	10,852	11,162
Charleston, W. Va....	27,964	32,203	26,856
Charlotte, N. C.....	41,907	44,669	37,415
Columbia, S. C.....	13,436	15,025	13,127
Cumberland, Md.....	5,802	6,871	5,466
Danville, Va.....	5,418	6,636	4,456
Durham, N. C.....	29,431	22,152	16,756
Greensboro, N. C.....	5,731	4,701	10,662
Greenville, S. C.....	13,929	14,150	9,848
Hagerstown, Md.....	5,662	6,363	5,481
Huntington, W. Va....	10,691	11,600	10,333
Lynchburg, Va.....	13,744	15,569	12,027
Newport News, Va....	6,299	6,802	6,659
Norfolk, Va.....	33,088	40,161	32,994
Portsmouth, Va.....	3,150	3,508	3,204
Raleigh, N. C.....	14,705	15,426	12,140
Richmond, Va.....	114,853	121,230	105,490
Roanoke, Va.....	18,867	20,982	17,919
Washington, D. C.....	157,307	184,310	186,232
Wilmington, N. C.....	6,328	6,911	7,122
Winston-Salem, N. C.	31,992	30,744	22,770
Fifth District Totals	\$828,530	\$920,518	\$859,013

Debits to individual accounts figures shown in the table for three equal periods of five weeks include all checks drawn against depositors' accounts in the banks of twenty-three leading trade centers in the Fifth Federal reserve district. Figures for the five weeks ended September 13, 1933, are included, and for comparison the corresponding figures for the preceding five weeks this year, ended August 9, 1933, and the same five weeks last year, ended September 14, 1932, are also listed.

Aggregate debits in the reporting cities declined 10 per cent in the latest five weeks, compared with

figures for the preceding like period, only four of the twenty-three cities showing higher figures. All of the four cities which reported gains for the later period are in the Carolinas, being Charleston, Durham, Greensboro and Winston-Salem. Part of the average decline in debits during the period ended September 13 was due to some late semi-annual payments which occurred in the earlier period.

In comparison with debits to individual accounts figures for the five weeks ended September 14, 1932, the figures reported for the corresponding period this year show an average decline of only 3.5 per cent, the best comparison made with the preceding year for several years. Seventeen of the twenty-three reporting cities show higher figures for the 1933 period, but the district average shows a decline because of materially reduced totals in Baltimore, Washington and Greensboro, in which very important banks were not opened after the March banking holiday. The declines in the other three cities were very small.

Commercial Failures

Commercial insolvencies in the Fifth Federal reserve district in August 1933 totaled 91, with aggregate liabilities amounting to \$1,917,769, a decrease in number of 46.8 per cent and a fall in liabilities of 50.7 per cent in comparison with 171 failures and estimated liabilities totaling \$3,892,210 in August 1932. The number of failures in August was the smallest for any August except one since 1920, and last month's aggregate liabilities also compared quite favorably with earlier August figures, smaller figures having been reported only three times in the past thirteen years. The number of failures in the Fifth district in August was exceeded by those of January, February, April, May and July this year, and last month's liabilities were smaller than liabilities in January, February, and May. The record of the Fifth district in August was slightly worse than the National average in number of failures, but in liabilities involved the district record was better than the National showing. In the United States as a whole, failures in August 1933 decreased 47.4 per cent and liabilities dropped 44.5 per cent in comparison with the figures for August 1932. All of the twelve reserve districts reported fewer failures in August 1933 than in August 1932, and all districts except Minneapolis also reported decreased liabilities last month.

Employment

Employment conditions in the Fifth Federal reserve district have distinctly improved since the NRA drive for re-employment began, but on the whole the reduction in the number of idle workers is less than some people anticipated. Merchants on the whole appear to have taken on additional help, many industrial plants have done the same, and increased demand for coal has given miners more work, but very little progress has been made

in construction fields. However, even in building there has been sufficient gain in employment to make it difficult for some relief projects to obtain building tradesmen at the wages paid on made work. Cities, counties and states are still spending considerable sums in relief of workers unable to provide for their needs.

Coal Production

Bituminous coal production in the United States in August 1933 totaled 33,910,000 net tons, an average of 1,256,000 tons per working day, a seasonal increase over 29,482,000 tons mined in July this year and 50 per cent above 22,489,000 tons dug in August 1932. Total production of bituminous coal this calendar year through September 9 totaled 217,336,000 net tons, compared with 190,815,000 tons mined to the same date last year. The August 26 report of the Bureau of Mines, Department of Commerce, gave coal production by states for July. West Virginia led all states with 8,810,000 tons, going ahead of Pennsylvania, which mined 8,560,000 tons. West Virginia also led in production this calendar year through July with 46,860,000 tons in comparison with 46,395,000 tons for Pennsylvania. Total production in the Fifth district in July was 9,895,000 tons, or 33.6 per cent of National production, compared with 6,209,000 tons, or 34.8 per cent of National production, mined in the Fifth district in July 1932. Industrial consumption of bituminous coal increased sharply in July, rising by 8.8 per cent over consumption in June. The Bureau's report states that a small part of the increase is explained by the longer month, but substantial increases were made in consumption by all classes of industry except coal-gas retorts and miscellaneous manufacturing plants.

Textiles

There was some decrease in activity in the textile field in August in comparison with July, but operations continued at a much higher level than a year earlier. In August, 1933, Fifth district textile mills consumed 260,402 bales of cotton, a decrease of 5.3 per cent under 274,957 bales used in July this year, but 40.3 per cent more than 185,543 bales consumed in the district in August 1932. Last month North Carolina mills consumed 141,670 bales, South Carolina mills used 106,046 bales, and Virginia mills 12,686 bales, all the figures being higher than the ones reported for August last year. Fifth district consumption figures in August 1933 were 44.24 per cent of National consumption, compared with 45.87 per cent of National consumption attained by the Fifth district mills in August last year.

On August 22, the Department of Commerce issued a report on spindles in place, spindles active in July, total spindle hours of operation in July, and average hours of operation per spindle in place in July. On July 31, 1933, there were 30,893,970

spindles in place in the United States, North Carolina leading with 6,136,702, or 19.86 per cent of the total, Massachusetts ranking second with 5,864,584 spindles, or 18.98 per cent, and South Carolina third with 5,677,322 spindles, or 18.38 per cent. The Fifth district as a whole had 40.32 per cent of total spindles in place in the United States at the end of July 1933. In actual spindle hours of operation, South Carolina led all states for July with 1,989,647,998 hours, or 24.48 per cent of the National total of 8,127,978,275 hours, and North Carolina ranked second with 1,848,103,634 hours, or 22.74 per cent, while Massachusetts had only 982,269,828, or 12.09 per cent. The Fifth district, with 40.32 per cent of total spindles in the United States in place in July, showed 59.3 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 350 hours per spindle ranked first, North Carolina with 301 hours ranked fourth, and Virginia with 240 ranked eighth. The average hours of operation for the United States was 263, considerably lower than the average in either of the Carolinas but higher than the Virginia average.

Cotton Statistics

Spot cotton prices on ten Southern markets fluctuated considerably between the middle of August and the middle of September. The price advanced from an average of 8.90 cents per pound on August 18 to 9.26 cents on August 25, but then dropped to 9.01 cents on September 1 and continued downward to 8.46 cents on September 8. However, the price recovered some of the loss during the second week of the month, and on September 15 averaged 9.11 cents per pound for $\frac{7}{8}$ inch staple cotton, middling grade. Cotton prices have not advanced as much as was expected when the acreage abandonment campaign closed, but no one at that time could foresee the exceptionally high yields being secured from the cotton which was left for harvest.

Condition figures on the 1933 cotton crop, the second report of the year, were issued by the Department of Agriculture on September 8. This report estimated probable production in 1933 at 12,414,000 bales, based on the September 1 condition of 67.5 per cent of a normal on 30,036,000 acres remaining in cultivation. The production estimate compares with a forecast of 12,314,000 bales made on August 1 and a crop of 13,002,000 bales ginned in 1932. The September report placed Virginia's 1933 crop as 38,000 bales, compared with 45,000 bales forecast on August 1 and final ginings of 34,000 bales in 1932. North Carolina's probable production was given as 636,000 bales, compared with 696,000 bales forecast on August 1 and 660,000 bales grown last year. South Carolina's September 1 estimate of 690,000 bales compares with the August 1 estimate of 791,000 bales and a 1932 crop of 716,000 bales. The Department of Agriculture's report lowered the figures for

the Fifth district states to a total of 1,364,000 bales, a decrease of 168,000 bales under the August 1 forecast, but only 46,000 bales below final production figures for 1932. The decrease in 1933 production in the Fifth district is due to acreage reduction, and the decrease during the past month was due to weevil activity and unfavorable weather.

Ginning figures on this year's crop, released by the Census Bureau on September 8, indicate that the crop is earlier than the 1932 crop, warm and dry weather having caused the cotton to open rapidly. Ginnings this year prior to September 1 totaled 1,394,220 bales, compared with only 865,232 bales ginned before the corresponding date last year.

Cotton consumption in the United States in August 1933 fell below the very high figure of July, but continued much above consumption a year ago. Cotton used in American mills last month totaled 588,570 bales, compared with 600,143 bales used in July this year and 404,497 bales in August 1932. Manufacturing establishments held 1,159,897 bales on August 31, compared with 1,351,033 bales held on July 31 and 1,087,967 bales on August 31, 1932. Public warehouses and compresses held 5,785,579 bales in storage at the end of August this year, compared with 5,739,100 bales so held a month earlier and 6,569,196 bales on August 31 last year. August exports totaled 530,627 bales, compared with 692,007 bales sent abroad in July 1933 and 452,154 bales exported in August 1932. Spindles active at some time during August numbered 25,884,704, compared with 26,069,158 in July this year and 22,045,060 in August 1932.

Cotton growing states consumed 464,343 bales in August, compared with 483,230 bales used in July and 338,750 bales in August 1932. Last month's consumption in the cotton growing states amounted to 78.89 per cent of National consumption, a lower percentage than either 80.51 per cent in July this year or 83.75 per cent in August 1932. Of the 464,343 bales of cotton consumed in the cotton growing states in August, the Fifth district mills used 260,402 bales, or 56.08 per cent, a higher percentage than 54.77 per cent of Southern consumption attained by Fifth district mills in August last year.

Tobacco

South Carolina auction tobacco markets opened on August 10th, and during the month sold 32,478,779 pounds of growers' tobacco for a total of \$4,166,580, an average of \$12.83 per hundred pounds, according to a report issued by the South Carolina Commissioner of Agriculture. The price paid last month was slightly higher than the average of \$11.80 per hundred pounds paid for 12,284,791 pounds in August 1932. The market at Mullins led in sales in August with 10,330,702 pounds, Lake City ranked second with 7,569,758 pounds, and Timmons ville third with 5,208,768 pounds. On a basis of the September 1 condition, the South Car-

olina tobacco crop of this year is estimated to be 75,440,000 pounds, an increase over the August 1 forecast of 71,300,000 pounds and nearly double the very short 1932 production of 39,236,000 pounds. This year's production is nearly up to the five-year average production of 81,408,000 pounds.

North Carolina border markets in the South Carolina belt opened on August 10, and sold 25,627,798 pounds of producers tobacco during the month, at an average price of \$12.96 per hundred pounds, compared with 11,685,651 pounds sold by the same markets in August 1932 for \$12.10 per hundred. On August 29, fourteen markets in the eastern bright belt opened and by the end of August sold 13,726,227 pounds for \$10.44 per hundred pounds, but these markets did not open until September last year. The tobacco crop in North Carolina improved in condition during August, and the forecast of production was raised from 470,400,000 pounds on August 1 to 492,576,000 pounds on September 1. The crop in 1932 was very short and totaled only 293,750,000 pounds, and the five-year average is 486,948,000 pounds.

Virginia tobacco made rapid growth during the first three weeks of August and prior to the storm of the 22nd and 23rd the finest crop in ten years was expected. The wind and heavy rains damaged the crop considerably in the fire-cured and sun-cured districts, but only slightly in the flue-cured district. Leaves were torn and bruised by the wind, and the quality lowered. Total production of all types is forecast at 83,145,000 pounds or about 6 per cent above the August 1 forecast, and compares with the short crop of 53,084,000 pounds in 1932 and average production of 120,930,000 pounds for the five-years 1926-1930. The flue-cured crop is expected to be larger than the August forecast and the quality is much better than in recent years. Tobacco in approximately two-thirds of the fire-cured section was injured by the storm, but despite this loss, production is expected to be slightly above the August forecast. Many fields were badly bruised, but there are some fine crops and the quality will probably average better than in the past three seasons. The burley crop in Southwest Virginia improved considerably during August and an excellent yield of good quality tobacco is now expected. The sun-cured crop, although badly injured by the wind, will be much larger than last year.

Maryland tobacco is forecast at 20,312,000 pounds this year, compared with 22,750,000 pounds cured in 1932 and a five-year average production of 23,230,000 pounds.

West Virginia has a large tobacco crop this year for that state, production being 5,320,000 pounds, compared with only 2,312,000 pounds harvested in 1932 and a five-year average production of 4,362,000 pounds.

Tobacco markets in the two Carolinas have been closed most of September, because of dissatisfaction with prices paid for this year's crop. When the markets opened in August, and prices were

higher than last year in spite of a much larger crop, the growers appeared to be well satisfied, but after the markets had been open two or three weeks the prices declined somewhat, and much complaint was heard. Finally a movement was begun to close all markets until something could be done to increase the farmers' receipts for their tobacco. The markets were closed, and remain closed at the present writing, but no one can say as yet whether the plan will succeed in raising this year's tobacco prices.

Agricultural Notes

Prospects for agricultural yields in the Fifth district this year are nearly all better than they were last year. The outstanding feature of the past month was a very severe storm which struck the coast of Virginia on August 22, and went inland across Virginia and Maryland, doing great damage to crops which had not been harvested. The storm damaged the quality of farm products even more than the quantity.

Maryland crops suffered during August from the storm on the 23rd. Corn prospects declined nearly two million bushels, and on September 1 a yield of 16,356,000 bushels was forecast, compared with 16,440,000 bushels harvested in 1932. The oats crop is estimated at 1,348,000 bushels, which is the same as the August 1 forecast, and 77,000 bushels less than the 1932 yield. Production of Irish potatoes is now forecast at 2,670,000 bushels, compared with 2,945,000 bushels harvested last year. Sweet potatoes indicate a yield of 780,000 bushels, compared with last year's crop of 920,000 bushels. Maryland's hay crop is expected to be approximately 472,000 tons, compared with 470,000 tons cured last year, and the condition of pastures on September 1 was much better than last year.

Virginia crops, especially corn, hay, peanuts and tobacco, made rapid progress during the first three weeks of August, and September forecasts for most crops are greater than the August forecasts, despite the loss from the storm on the 22nd and 23rd. In the northern, central, eastern and south-eastern districts crops were badly damaged by the wind and high water, especially along the coast, but the remaining districts escaped injury. During the latter part of August farm work was interrupted and delayed by frequent rains, but clear weather the first week of September was favorable for harvesting hay, apples, tobacco and corn. Corn made rapid improvement during the first part of August, but the storm damaged the crop considerably, many fields as much as 50 per cent. The heaviest loss was along the coast where some fields were flooded by high waters. Corn in one-half the state was blown flat; the fodder was stripped off and the stalks twisted and broken. Total production of corn is estimated to be 35,132,000 bushels, an increase of 2 per cent over the August forecast and compares with the 1932 crop of 26,388,000 bushels. Fruit crops were damaged by the

August storm, and the forecast of production of apples, pears and grapes is smaller than on August 1. Many orchards reported 50 per cent of the apples blown from the trees, but in other orchards which were protected by hills and mountains the damage was much less. Total production of apples is estimated to be 12,262,000 bushels, which is about 546,000 bushels less than the August forecast and compares with the 1932 crop of 7,830,000 bushels. The commercial crop is estimated to be 2,025,000 barrels, compared with the August forecast of 2,265,000 barrels and the 1932 crop of 1,963,000 barrels. In well sprayed orchards the size of the apples is larger than usual, but in many orchards scab, aphid and cedar rust have prevented the usual large growth that would be expected in such a favorable season. Late hay crops made much improvement during August, and the yield will be larger than expected earlier in the season. The total crop of hay is estimated to be 899,000 tons, compared with 772,000 tons last year. The condition of peanuts improved during August due to the abundant rains. Vines grew rapidly, and although the stand is below average, the yield is now expected to be very good. The estimated acreage to be harvested for nuts is 18 per cent less than in 1932 and the production is forecast at 117,875,000 pounds, compared with 140,000,000 pounds gathered in 1932. Prospects for late potatoes declined slightly because of the damage from the wind and rain storms, although in the Southwest the crop improved. The total production of potatoes, including the early crop, is estimated to be 8,649,000 bushels, compared with 9,682,000 bushels last year and 15,464,000 bushels the five-year average. Sweet potatoes improved during August and the vines made a heavy growth, but the yield, while better than expected a month ago, will probably not be as heavy as the large vines would indicate. The total crop is estimated to be 4,440,000 bushels, compared with 3,610,000 bushels last year and 4,602,000 bushels the five-year average.

In North Carolina, varied weather conditions during August improved some crops, while others were damaged by continuous rains. Corn improved 5 per cent and was 2 per cent above the ten-year average on September 1, and this year's forecast of 42,550,000 bushels is much above last year's crop of 34,830,000 bushels. The oats crop of 3,075,000 bushels is less than last year's yield of 3,690,000 bushels. A peanut crop of 208,075,000 pounds is forecast on the basis of the September 1 condition, compared with 254,740,000 pounds in 1932. The hay crop is forecast at 605,000 tons, compared with 565,000 tons in 1932, and pastures on September 1 showed an average condition of 79 per cent, compared with 64 per cent a year earlier. North Carolina's 1933 sweet potato crop forecast is 8,272,000 bushels, compared with 7,990,000 bushels dug in 1932 and 6,629,000 bushels the five-year average. Prospects for apples are much above those of last year, a total of 5,550,000 bushels this year comparing with 1,825,000 bushels in 1932 and a five-

year average of 3,571,000 bushels. This year's commercial apple crop is 356,000 barrels, compared with 119,000 barrels in 1932.

South Carolina food and feed crops about held their own during August. On September 1 the production estimates for corn, hay and sweet potatoes combined were the same as a month earlier, 19 per cent above last year's outturn and 9 per cent above the average production for the five years 1926-1930. A corn crop of 22,330,000 bushels is forecast, compared with 17,885,000 bushels harvested in 1932. This year's sweet potato crop of 4,720,000 bushels is much smaller than 6,072,000 bushels dug in 1932. A hay crop of 204,000 tons compares with 210,000 tons cured last year. Present prospects are for a yield of peanuts totaling 9,450,000 pounds, compared with 10,240,000 pounds in 1932. Tree fruits were good in South Carolina this year, the peach crop of 1,633,000 bushels being about double that of last year, and apples also turned out better than in 1932.

West Virginia crops generally are giving good yields this season, with the exception of oats and potatoes. Favorable weather conditions, which continued throughout July and August, improved the growing condition of corn, hay, soybeans and fruit. The corn crop improved 6 points during the past month, and on September 1 a crop of 12,852,000 bushels was indicated, compared with last year's crop of 11,150,000 bushels and a five-year (1926-1930) average of 11,408,000 bushels. Production of oats in West Virginia was not very satisfactory. The condition of the crop on September 1 indicates a crop of 2,620,000 bushels, compared with 3,036,000 bushels for 1932. The threshing of the oats crop is nearing completion and the reported low yields confirm early estimates. The condition of hay remained the same as the August 1 condition, which indicates a total production this year of 650,000 tons compared with 558,000 tons cured in 1932. The potato crop continued to decline, and production in West Virginia is now estimated at 3,080,000 bushels, compared with 3,608,000 bushels last year and a five-year average production of 3,562,000 bushels. Both the early and the intermediate potato crops made very low yields on account of small sizes. West Virginia fruit is turning out somewhat better than indicated by the early estimates, with the exception of the commercial apple crop. A hurricane which struck a portion of the Eastern Panhandle section damaged the fruit in many commercial sections. Commer-

cial apple production is forecast at 800,000 barrels, which is 40,000 barrels less than the estimate on August 1 and is compared with 833,000 barrels in 1932 and a five-year production of 1,340,000 barrels. A great many of the apples damaged by the storm will probably be diverted to cider mills or canning plants. The peach crop is estimated at 374,000 bushels, compared with 143,000 bushels gathered in 1932.

Construction

Building Permits Issued in August 1933 and 1932

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md.....	596	1,071	\$ 555,720	\$1,128,120
Cumberland, Md.....	10	7	96,425	5,600
Frederick, Md.....	14	18	8,680	7,501
Hagerstown, Md.....	14	19	7,765	9,125
Salisbury, Md.....	7	12	11,925	4,450
Danville, Va.....	9	10	22,085	231,815
Lynchburg, Va.....	28	30	26,110	28,654
Norfolk, Va.....	94	114	74,671	105,829
Petersburg, Va.....	4	9	2,043	8,136
Portsmouth, Va.....	24	25	23,902	13,515
Richmond, Va.....	109	94	88,887	108,586
Roanoke, Va.....	27	18	41,827	25,086
Bluefield, W. Va.....	6	5	1,065	2,070
Charleston, W. Va.....	80	97	29,830	41,314
Clarksburg, W. Va....	19	15	19,675	22,860
Huntington, W. Va....	17	23	5,245	5,180
Asheville, N. C.....	22	22	13,688	9,370
Charlotte, N. C.....	29	43	34,629	104,412
Durham, N. C.....	26	10	51,083	16,025
Greensboro, N. C.....	32	41	12,266	11,702
High Point, N. C.....	13	9	10,797	4,775
Raleigh, N. C.....	12	16	11,250	4,512
Rocky Mount, N. C....	13	10	21,169	9,850
Salisbury, N. C.....	7	5	3,022	6,615
Wilmington, N. C.....	14*	4,050*
Winston-Salem, N. C..	53	46	24,185	20,550
Charleston, S. C.....	34	37	14,281	18,395
Columbia, S. C.....	27	36	21,129	4,925
Greenville, S. C.....	28	21	11,825	4,040
Rock Hill, S. C.....	12	13	10,090	3,445
Spartanburg, S. C.....	17	20	3,760	3,465
Washington, D. C.....	423	514	439,935	1,017,740
TOTALS.....	1,806	2,410	\$1,698,964	\$2,987,662

* Not included in totals.

Contracts awarded in August for construction work in the Fifth district, including both rural and urban projects, totaled \$6,156,503, compared with \$13,611,282 awarded in August 1932, according to figures collected by the F. W. Dodge Corporation. Of the awards in August this year, \$1,930,773, or 31.4 per cent, was for residential work, while last year residential contracts totaled \$2,621,202, or only 19.3 per cent of all awards.

Retail Trade, 31 Department Stores

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
August 1933 sales, compared with sales in August 1932:	+23.4	+30.3	+12.1	+17.0	+20.8
Total sales Jan.-Aug. 1933, compared with Jan.-Aug. 1932:	- 5.8	- 9.2	-11.7	- 8.2	- 9.8
Aug. 31, 1933, stocks, compared with stocks on Aug. 31, 1932:	- .6	+23.7	+28.2	-11.7	+18.9
Aug. 31, 1933, stocks, compared with stocks on July 31, 1933:	+ 6.3	+16.2	+18.7	+ 7.2	+15.5
Number of times stock was turned in August 1933:	.355	.26	.246	.261	.26
Number of times stock was turned since January 1, 1933:	2.501	2.256	2.282	1.812	2.243
Percentage of Aug. 1, 1933, receivables collected in August:	24.7	20.3	23.4	22.5	22.0

Wholesale Trade, 59 Firms

	21	7	6	13	12
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
August 1933 sales, compared with sales in August 1932:	+18.4	+28.6	+61.7	+82.0	+ 1.7
August 1933 sales, compared with sales in July 1933:	+ 8.3	-30.7	+72.9	+33.4	+ 7.2
Jan.-Aug. 1933 sales, compared with sales in Jan.-Aug. 1932:	+ 2.2	+42.4	+24.4	+23.1	-11.1
Aug. 31, 1933, stocks, compared with Aug. 31, 1932, stocks:	+13.0(8*)	+101.3(3*)	+17.7(5*)	+ 2.4(7*)
Aug. 31, 1933, stocks, compared with July 31, 1933, stocks:	+ 9.2(8*)	+17.0(3*)	+11.7(5*)	+ 5.8(7*)
Percentage of Aug. 1, 1933, receivables collected in Aug.:	67.9(12*)	31.9(4*)	57.1(6*)	33.4(11*)	51.0(8*)

* Number of reporting firms.

(Compiled September 21, 1933)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

The general level of industrial production declined in August and the early part of September, reflecting reductions in activity of industries in which there had been a rapid rise in previous months. Employment and wage payments were larger in August than in July.

Production and Employment

The Federal Reserve Board's seasonally adjusted index of industrial production which had been rising rapidly for several months, declined from 100 per cent of the 1923-1925 average in July to 92 per cent in August. The principal decreases were in the primary textile industries, in flour milling, and in output of steel ingots which declined from 59 per cent of capacity in July to 49 per cent in August. Average daily output of automobiles declined somewhat from the level of July. There were increases during the month in production of petroleum, nonferrous metals, and cigarettes; and output of lumber and coal increased seasonally.

During September, reports indicate further reductions in output of steel and flour; petroleum production slackened under new restrictions, and output of lumber decreased.

Increases in employment between the middle of July and the middle of August, the latest date for which figures are available were general in most lines of industry and there were numerous increases in wage rates and reductions in working hours. Compared with the low point of last spring there has been an estimated increase of 2,200,000 in number of industrial wage workers.

Value of construction contracts awarded, as reported to the F. W. Dodge Corporation, increased in August owing to awards for public works, particularly highways and bridges; contracts for other types of construction were in smaller volume than in July.

An increase of \$1,000,000,000 in gross income of farmers for the year 1933 is indicated by estimates of the United States Department of Agriculture, primarily as a result of higher prices for certain farm products, notwithstanding small crops of grains, hay, and potatoes.

Distribution

Sales by department stores increased in August, and the Board's index, which is adjusted for seasonal variations, advanced from 71 to 75 per cent of the 1923-1925 average, the highest level since the spring of 1932. The recent increase in dollar sales reflects to a large extent advancing prices.

The volume of freight shipped by rail declined slightly during August, on an average daily basis, although an increase is usual at this time of year.

Commodity Prices

The general average of wholesale commodity prices fluctuated within a narrow range during August and early September at a level about 17 per cent above the low point of last spring. Prices of individual commodities showed divergent movements, decreases being reported for prices of domestic agricultural products while prices of many manufactured goods, of coal, petroleum, and other industrial raw materials, increased. During the second and third weeks of September prices of commodities in organized markets advanced considerably.

Retail prices of food continued to advance.

Foreign Exchange

In the foreign exchange markets the value of the dollar in terms of the French franc declined from 75 per cent of its gold parity on August 15 to 65 per cent on September 22.

Bank Credit

At member banks in 90 leading cities, there was a growth of \$200,000,000 in net demand deposits in the four weeks ending September 13, following a decline of \$300,000,000 between the middle of June and the middle of August. More than half of the recent increase reflected a return of bankers' balances to New York City banks. The banks gradually reduced their holdings of United States Government securities following an increase in the week ending August 16, when a new issue of Treasury bonds was sold, and on September 13 their holdings were in about the same volume as in early August. There was some increase in commercial loans both at member banks in New York City and in other leading cities.

Member bank balances at the reserve banks continued to increase during August and the first three weeks of September, and excess reserves of member banks reached \$700,000,000. This increase reflected primarily additional purchases of government securities by the Federal reserve banks, which have averaged \$35,000,000 a week since August 16. Money in circulation, which usually increases at this season, has shown little change in the past month, indicating a continued return from hoards.

Money rates in the open market showed a renewed decline during August and the first half of September.