

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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**FEDERAL RESERVE BANK OF RICHMOND**

RICHMOND, VIRGINIA

JUNE 30, 1930

**M**AY business was irregular in the Fifth Federal reserve district; there was no marked change from other recent months in any special line. Between the middle of May and the middle of June there was some increase in rediscount holdings at the Federal Reserve Bank of Richmond, a later expansion of credit than usually develops in the spring. Member bank loans on securities showed an increase during the past month, but all other loans by reporting member banks declined by approximately the same amount. Debits to individual accounts figures, considered a fairly good indicator of business activity, were materially lower during the four weeks ended June 11th than in the preceding four weeks this year and the corresponding four weeks in 1929, the decline being uniformly distributed over the entire district. In comparing this year's figure with these of last year, however, some allowance should be made for lower prices. Business failures in the Fifth district in May were 6 per cent more numerous than failures in May last year, and liabilities involved in insolvencies last month showed an increase of approximately 50 per cent over the May 1929 liabilities. Employment conditions did not improve as much as seasonal activities might have implied, and it cannot be said that prospects for early improvement are at present any better than they were a month or six weeks ago. Coal production in the district was smaller in May than in either April this year or May last year. Conditions show no improvement in the textile field in the Fifth district, except that the mills have put into effect a schedule of curtailment and are thus keeping down the accumulation of manufactured goods in their warehouses. Cotton prices declined further between the middle of May and the middle of June, making the accumulation of finished products at textile mills more undesirable than usual. Cotton consumption in the district last month totaled only 199,858 bales, compared with 283,623 bales used in May 1929. The district used a smaller percentage of the country's total consumption in May than in any other month for a considerable period. Conditions for this year's crops were on the whole quite unfavorable in May in the Fifth district, due to cool weather and frosts, and a marked deficiency in rainfall. All crops

were retarded in growth, and some of them quite seriously damaged by the cold and dryness. Construction work provided for in permits issued in cities and contracts actually awarded for both urban and rural construction was in considerably lower volume last month than in May 1929, and May last year was itself a rather poor month in this respect. Wholesale trade in five leading lines was in less volume last month than in the same month last year, and collections were also slower in nearly all lines.

Last month was not without favorable signs. Deposits have recently increased considerably in reporting member banks and at the middle of June totaled more than aggregate deposits a year earlier, which would seem to indicate that aggregate purchasing power of the banking public is increasing in spite of much unemployment and losses in last fall's decline in stock prices. Another favorable sign at present is the comfortable position in which both member banks and the reserve bank find themselves, with their funds in a relatively liquid condition and with ample resources to care for legitimate needs as they arise. Business failures, while more numerous than a year ago, were fewer in May than in April, and last month's liabilities were only about half the exceptionally high figures of the preceding month. Retail trade as reflected in department store sales in May was on the whole better in most of the district than in May last year, and the stores are operating with smaller stocks than last year, thus increasing their rate of stock turnover. Finally, copious rains in nearly all sections of the district at the end of May and in the first three weeks of June distinctly improved agricultural prospects since the official June 1 condition reports were issued.

## Reserve Bank Statement.

The fluctuations in the principal items of condition in the statement of the Federal Reserve Bank of Richmond were slight between the middle of May and the middle of June. Contrary to seasonal trend, rediscounts for member banks rose by \$2,625,000, or approximately 16 per cent, during the month. Holdings of Government securities also increased, by \$3,404,000, or 27 per cent, but the Bank's holdings of open market paper de-

clined by \$2,657,000, or 29 per cent. These changes resulted in a net increase of \$3,372,000, or 8.7 per cent, in total earning assets during the month under review. Federal reserve note circulation declined only about one-half of 1 per cent between May 15th and June 15th,

ITEMS	000 omitted		
	June 15 1930	May 15 1930	June 15 1929
Rediscounts held .....	\$ 19,476	\$ 16,851	\$ 54,753
Open market paper .....	6,448	9,105	3,890
Government securities .....	16,044	12,640	4,809
Total earning assets .....	41,968	38,596	63,452
Circulation of Fed. Res. notes.....	67,288	67,643	66,679
Members' reserve deposits .....	64,138	63,229	70,693
Cash reserves .....	106,216	102,693	82,721
Reserve ratio .....	76.60	77.20	59.83

a smaller decrease than usually occurs at this season. Member banks increased their reserve deposits by 1.4 per cent last month, partly to meet the higher requirements resulting from some increase in deposits in member banks. The several changes in the items mentioned, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$3,523,000, or 3.4 per cent, but the ratio of reserves to note and deposit liabilities combined dropped from 77.20 per cent on May 15th to 76.60 per cent on June 15th.

A comparison of the figures reported for June 15, 1930, with those reported a year earlier, June 15, 1929, shows important changes in the Bank's earning assets and cash reserves. Rediscounts for member banks declined by \$35,277,000, or 64.4 per cent, during the year, but this was partly offset by increases of \$2,558,000 in holdings of open market paper and \$11,235,000 in investments in Government securities. The net decrease in total earning assets during the year was \$21,484,000, or 51.2 per cent. The circulation of Federal reserve notes was practically the same at the middle of June in both 1930 and 1929, being less than 1 per cent higher this year. Member bank reserve deposits declined \$6,555,000, or 9.3 per cent, during the year, but probably almost half of this decrease is due to withdrawals from the Reserve System during the year by reason of consolidations. The material reduction in funds invested in earning assets this year, with small changes in deposit and note liabilities, naturally results in an increase in cash reserves, which were \$23,495,000, or 28.4 per cent, higher on June 15, 1930, than on June 15, 1929. The ratio of cash reserves to note and deposit liabilities combined rose 16.77 points during the year, approximately the same percentage increase as that shown by cash reserves.

### Member Bank Statement.

The accompanying table shows the principal items of condition reported by fifty-eight member banks in thirteen leading cities in the Fifth reserve district on three dates, June 11th and May 14th, 1930, and June 12, 1929, thus affording opportunity for comparison of the latest available figures with those for the preceding month this year and the corresponding date a year ago.

The banks which reported for the 1930 dates are identical, but the lists used this year and in 1929 vary slightly, although in total resources the reporting institutions were substantially the same in both years.

ITEMS	000 omitted		
	June 11 1930	May 14 1930	June 12 1929
Loans on stocks and bonds (in- cluding Governments) .....	\$201,929	\$197,028	\$186,836
All other loans .....	281,129	285,238	321,312
Total loans and discounts.....	483,058	482,266	508,148
Total inv. in bonds and stocks.....	162,156	160,595	158,249
Reserve bal. with F. R. Bank.....	40,010	41,028	39,554
Cash in vaults .....	13,942	11,398	11,075
Net demand deposits .....	347,890	346,538	348,635
Time deposits .....	253,285	247,302	239,215
Borrowed from Fed. Res. Bank.....	3,899	3,797	24,858

During the past month, the fifty-eight reporting banks increased their loans on stocks and bonds by \$4,901,000, but decreased all other loans by \$4,109,000, a net increase in total loans and discounts of only \$792,000, although deposits increased about \$7,000,000. Total investments in bonds and stocks rose \$1,561,000 between May 14th and June 11th, and cash in vaults rose \$2,544,000 during the same period. Aggregate reserve balances of the reporting banks at the Federal Reserve Bank of Richmond declined \$1,018,000 between May 14th and June 11th, little more than a daily fluctuation. Total deposits rose \$7,344,000 last month, net demand deposits increasing \$1,361,000 and time deposits rising \$5,983,000. Little change occurred in the borrowing by the reporting banks at the reserve bank, the total rising by \$102,000.

A comparison of the June 11, 1930, figures with those for June 12, 1929, shows some interesting changes, chief among them being the marked decline in borrowing at the reserve bank, which dropped from \$24,858,000 last year to only \$3,899,000 on June 11th this year. At the same time the reporting banks decreased total loans to their customers by \$25,090,000, a drop of \$40,183,000 in all other loans much more than offsetting a rise of \$15,093,000 in loans on securities. It is undoubtedly true that loans on securities do not represent stock exchange or speculative loans to as great a degree as was once the case, since business firms and corporations as well as individuals borrow for ordinary commercial purposes on such collateral to a considerable extent. The reporting banks increased their investments in bonds and stocks by \$3,907,000 during the past year, and their cash in vaults rose \$2,867,000. Demand deposits declined a fraction of 1 per cent during the year, due to a change in the list of reporting banks, but in spite of this change which took out slightly larger deposits than were substituted to replace them an increase of \$14,070,000 is shown in time deposits.

### Debits to Individual Accounts.

Aggregate payments by check in the clearing house banks in twenty-four leading Fifth district cities are shown in the accompanying table for three equal periods of four weeks, ended June 11th and May 14th,

this year, and June 12th last year. These figures include all checks drawn against depositors' accounts in the reporting banks, irrespective of whether or not the checks go through the clearing house, and are generally considered to be a good barometer of banking transactions.

CITIES	000 omitted		
	Total debits, four weeks ended		
	June 11 1930	May 14 1930	June 12 1929
Asheville, N. C.....	\$ 25,699	\$ 21,633	\$ 31,131
Baltimore, Md. ....	380,026	411,481	364,083
Charleston, S. C.....	25,750	28,090	24,800
Charleston, W. Va.....	39,472	42,387	37,780
Charlotte, N. C.....	45,799	47,229	51,362
Columbia, S. C.....	25,859	31,149	20,057
Cumberland, Md. ....	8,282	8,457	8,723
Danville, Va. ....	5,944	6,584	7,560
Durham, N. C.....	21,521	22,587	30,508
Greensboro, N. C.....	20,674	19,925	20,982
Greenville, S. C.....	15,494	16,428	18,701
Hagerstown, Md. ....	8,633	9,448	9,527
Huntington, W. Va.....	19,421	19,312	20,513
Lynchburg, Va. ....	16,619	16,270	17,017
Newport News, Va.....	11,045	10,309	9,592
Norfolk, Va. ....	53,238	54,696	56,932
Portsmouth, Va. ....	4,477	4,648	5,058
Raleigh, N. C.....	19,673	26,134	22,385
Richmond, Va. ....	113,790	120,416	118,768
Roanoke, Va. ....	27,240	27,931	29,211
Spartanburg, S. C.....	11,466	11,684	13,229
Washington, D. C.....	216,177	217,780	242,098
Wilmington, N. C.....	11,893	14,845	15,336
Winston-Salem, N. C.....	28,396	32,233	38,409
District Totals .....	\$1,156,588	\$1,221,656	\$1,213,762

Aggregate debits in the four weeks ended June 11th were \$65,068,000, or 5.3 per cent, less than debits in the preceding four weeks, ended May 14th, and were \$57,174,000, or 4.7 per cent, less than in the corresponding four weeks last year, ended June 12, 1929. The decrease in the latest period in comparison with the preceding one this year was largely seasonal, due to after-Easter payments for merchandise and also to the occurrence of holidays in some parts of the district on May 30th and June 3rd. Only five cities, Asheville, Greensboro, Huntington, Lynchburg and Newport News, reported larger figures for the four weeks ended June 11th than for the four weeks ended May 14th. As previously intimated, the decrease in debits this year in comparison with the corresponding four weeks in 1929 is probably accounted for in large part by price changes, the general level of prices being lower at present than in June a year ago. Five cities reported higher totals for the latest 1930 period than for the same period last year, Baltimore, Charleston, S. C., Charleston, W. V., Columbia and Newport News. Newport News was the only city which showed gains for both the monthly and yearly comparison. The increases in Charleston, S. C., and Columbia were due to State government transactions, and probably the same statement applies to Charleston, W. Va.

### Savings and Time Deposits.

Total deposits in twelve mutual savings banks in Baltimore declined from \$195,174,471 on April 30, 1930, to \$195,057,396 on May 31st, but on the latter date stood approximately 3 per cent above \$189,402,208 on deposit in the same institutions on May 31, 1929. The decline in mutual savings bank deposits in May appears to be seasonal, a drop during that month having occurred in nine of the past eleven years. On June 11th this year, fifty-eight regularly reporting member banks had time deposits aggregating \$253,285,000, a sum 2.4 per cent above \$247,302,000 reported on May 14, 1930, and 5.9 per cent above \$239,215,000 on June 12, 1929. The time deposit figures for member banks do not all represent savings accounts, however, as do the mutual savings bank figures. Reserve requirements being lower on time deposits than on demand deposits, there has been a considerable shift of demand to time deposits in member banks in recent years.

### Business Failures.

Bankruptcies in the Fifth reserve district in May 1930 numbered 124, an increase of 6 per cent over 117 failures in May 1929, but a smaller number than 130 insolvencies in April this year. In number of failures, the district record for May was better than the National record, which showed an increase of 15 per cent in comparison with the number of failures in May 1929. Liabilities involved in Fifth district failures last month totaled \$3,067,805, an increase of approximately 50 per cent over \$2,052,505 reported for May 1929 but a large decrease under \$7,244,020 for April 1930. The National liabilities showed an increase this year of only 35 per cent in comparison with the Fifth district rise of 50 per cent. Eight of the twelve Federal reserve districts reported a larger number of insolvencies in May this year than in May 1929, and eight districts also reported higher liabilities this year, but only five districts, of which the Fifth district was one, reported increases last month in both number of failures and total of liabilities involved.

### Employment.

Employment conditions in the Fifth reserve district have not improved as much this spring as many people expected they would. There is no very large number of people out of work at any particular place, but throughout the entire district there are workers in nearly every community who cannot find employment. The industries of the district, with the exception of tobacco factories, and some of the ship yards, are operating below capacity, and construction work on the whole is below what might be called normal for this season of the year. In some cities and at least one state in the district plans for additional building and road work are shaping up, distinctly improving prospects for additional employment in the next few months.

### Coal Production.

The total production of bituminous coal in the United States in May 1930 amounted to 35,954,000 net tons, compared with 35,860,000 tons during the shorter month of April and 40,706,000 tons mined in May last year. Daily average production in May this year of 1,376,000 tons compared with an average of 1,390,000 tons in April 1930 and 1,542,000 tons in May 1929. Total production of soft coal during the present calendar year to June 7 (approximately 135 working days) amounted to 205,073,000 net tons, the lowest figure for the corresponding period of recent years. Tidewater shipment of coal in May through Fifth district ports totaled 2,033,265 tons, and total shipments since January 1, 1930, totaled 11,283,278 tons.

The May 24th report of the Bureau of Mines, Department of Commerce, gave coal production figures for the month of April. West Virginia continued in second place with 9,662,000 net tons. The states of West Virginia, Virginia and Maryland mined a total of 10,765,000 tons in April, slightly more than 30 per cent of the National production.

In retail yards, summer prices were put into effect in May, and in Richmond are at substantially the same levels as in 1929. Yards are adequately stocked with all prepared sizes of coal to fill orders promptly, and some home owners are filling their bins for next winter.

### Textiles.

The movement to curtail operating time, which began to be noticed in April, continued in the textile mills of the Fifth district through May and June, and cotton consumption by the mills of the district in May totaled only 199,858 bales, compared with 230,968 bales in April 1930 and 283,623 bales in May 1929. Mills in all three of the cotton manufacturing states in this district are operating on restricted schedules, but the decline in production appears to be greatest in South Carolina where most of the mills make cloth. The yarn mills, most numerous in North Carolina, and specialty mills making towels, hosiery, underwear, etc., are doing somewhat better than the regular cloth mills. North Carolina mills used 108,204 bales of cotton in May, a decrease of 11,271 bales under the April consumption figure, South Carolina mills used 80,934 bales in May, a drop of 19,652 bales under the April figure, and Virginia mills used 10,720 bales in May, 187 bales below the April figure. Practically all of the business the mills are doing is from hand to mouth, as is natural in the face of a steadily declining cotton market, and there is much complaint about narrow profit margins from mill executives.

### Cotton Statistics.

The average price for spot cotton on ten Southern markets continued to decline steadily in May and the first half of June, and on June 13th, the latest date for which statistics are available, was 13.28 cents per pound, the lowest average since February 12, 1927. This price represents a decline of \$20 per bale since last September

and a drop of \$10 in the past six weeks. The farmers of the district sell very little cotton at this season, but the price fluctuations are important to textile mills and also afford a clue to what cotton merchants and speculators think of new crop prospects, the probable future demand for cotton textiles both at home and abroad, and the world supply of available cotton.

Consumption of cotton in the United States in May 1930 totaled 473,917 bales, compared with 532,382 bales used in the shorter month of April this year and 668,650 bales in May 1929. Total consumption for the ten months of the present season—August 1st to May 31st—amounted to 5,329,916 bales, compared with 5,974,486 bales consumed in the corresponding period of the 1928-1929 season. Manufacturing establishments held 1,531,346 bales on May 31st, compared with 1,667,394 bales held on April 30th and 1,475,837 bales on May 31, 1929. Public warehouses and compresses held 3,337,360 bales in storage at the end of May this year, compared with 3,636,296 bales so held a month earlier and 1,845,771 bales on May 31st last year. May exports totaled 208,796 bales, compared with 349,762 bales sent abroad in April 1930 and 313,003 bales exported in May 1929. Exports during the ten months of this cotton year totaled 6,329,322 bales, compared with 7,506,945 bales shipped over seas during the corresponding ten months ended May 31, 1929. Spindles active at some time during May numbered 23,374,434, compared with 28,860,382 in April this year and 30,937,182 in May 1929.

Cotton consumption in the cotton growing states totaled 370,676 bales in May, compared with 413,039 bales used in April and 504,513 bales in May 1929. Last month's consumption in the cotton growing states amounted to 78.22 per cent of National consumption, a higher percentage than either 77.58 per cent in April this year or 75.45 per cent in May 1929. Of the 370,676 bales of cotton consumed in the cotton growing states in May, the Fifth district mills used 199,858 bales, or 53.91 per cent, a lower percentage than this district usually attains.

Although this year's cotton crop was planted promptly and on the whole came up to good stands, the weather has been unfavorable for proper development and prospects for this year's probable yield have declined since the latter part of April. Cotton is a hot weather plant, but the spring was unusually cool and growth was retarded. In addition to this factor, insufficient rain has fallen in most of the district, and growers have been unable to cultivate the fields properly. However, there is no plant which can endure more unfavorable conditions and then make a quicker recovery than cotton, and it is yet too early in the season to form any opinion as to probable yield.

### Agricultural Notes.

MARYLAND crops were retarded in May by dry weather. Wheat developed earlier than usual, hay crops made little growth, and pastures were much below the average for this time of year. The strawberry crop was also hurt by lack of rain, and potatoes show a rather poor stand. Apples show a better set of fruit

than orchardists had expected, while peaches indicate about 50 per cent of a full yield.

VIRGINIA suffered from cool weather during the entire spring and a severe drought from the middle of April until well into June further damaged nearly all farm crops. Spring planting was delayed and in many cases seed germinated poorly, coming up to irregular stands. Corn is up to a poor stand, and this, with considerable damage from wire and cut worms, made a considerable amount of replanting necessary. Local rains around the middle of May enabled some of the tobacco growers to transplant to the fields at the proper time, but in other sections artificial watering was necessary. Tobacco plants were plentiful, seed beds having done well. Cotton and peanuts were late in coming up, and stands were irregular. Many fields of peanuts were planted a second time. Farm gardens are later than usual. Wheat headed out rather close to the ground, but the heads were of fair length and the straw was unusually healthy, and a crop of exceptional quality is expected. Fall sown oats stood the dry weather very well, but spring oats, comprising about 75 per cent of the total oat crop, was severely damaged by the drought. Hay crops are very short, and pastures are far below normal growth. Fruit prospects in Virginia this season are for a yield of apples somewhat less than in 1929, and the peach and pear crops are unusually short. Spring frosts and freezes did more damage than was thought earlier in the season, and the young fruit suffered further from lack of moisture.

WEST VIRGINIA reports serious damage to all fruit crops, hays, potatoes, wheat and beans from a frost on May 26th, and crops were further damaged by lack of sufficient rain during April and May. On June 1st corn had made little growth, pastures were very brown and short, and prospects were for not more than half a normal hay crop. Oats were very short on June 1st and the condition was the poorest for this season in 30 years. The condition figure for wheat declined 11 per cent during May, and apples showed a condition of only 40 per cent, while the peach crop at 15 per cent seems to be practically a failure.

NORTH CAROLINA experienced the same dry weather already mentioned in other states, and crops were generally held back in growth. Much replanting was necessary. Good rains at the end of May and in early June distinctly improved the general outlook, however, and it appears likely that a considerable part of the damage done by the dry weather in April and May can be overcome if favorable seasons prevail during the next few weeks. Wheat plants were small, but the heads filled well and a fairly good yield is indicated on a smaller acreage than was planted last year. The early Irish potato crop was held back by the dry weather, but good rains at the end of May helped the crop materially. On June 1st pastures in North Carolina were very poor and hay crops were also much below normal, but the rains in late May and early June brought immediate improvement and there are prospects for a good hay yield.

SOUTH CAROLINA had more rain in May than the balance of the Fifth district, and on June 1st the

crop situation was officially reported as satisfactory for the state as a whole. In Piedmont counties the spring weather was too dry for the best development of grain, but in the lower half of the state these crops were good. The weather was favorable for harvesting and the grain crops were gathered in excellent condition. In Eastern Carolina some tobacco is buttoning out and preparations to begin curing at an early date are being made. Cotton in Eastern South Carolina is doing well, but considerable deterioration is reported in cotton in Piedmont counties since the middle of May, at which time prospects were quite promising.

### Building Permits.

A table showing building permits issued in May in thirty-two cities of the Fifth reserve district appears elsewhere in this *Review*. Permits issued in May for new construction numbered 1,217, compared with 1,539 permits for similar work issued in May 1929, a decrease this year of 21 per cent. Valuation figures for new work totaled \$7,338,786 last month and \$8,943,991 in May last year, a decrease of 18 per cent. Alteration and repair permits also showed lower figures this year for both number and estimated valuation. Total valuation in May for all classes of work amounted to \$9,099,297, compared with \$10,790,914 in May 1929, a decrease of \$1,691,617, or 15.7 per cent, for the 1930 month. Twelve of the thirty-two cities reported higher valuation figures last month than in the same month of the preceding year, but twenty cities reported lower figures. Among the larger cities Baltimore, Charleston, W. Va., and Washington reported larger valuation figures this year, but in all three instances the gains were due chiefly to comparatively low figures in May 1929 rather than to an unusual amount of work this year. Norfolk, Richmond, Charlotte and Winston-Salem reported lower figures than a year earlier, Richmond showing especially small figures for the past month.

### Contract Awards.

Contracts actually awarded for construction work in the Fifth district in May 1930 totaled \$29,942,510, according to figures collected by the F. W. Dodge Corporation. This figure shows a decrease of approximately 19 per cent under \$37,071,793 reported for May 1929. Most of the decline was in contracts for residential types of construction, which dropped from \$11,294,633 in May 1929 to \$6,579,780 in May 1930. It appears that a considerable number of cities are somewhat over-built in residences and apartment houses, and a larger proportion of current construction work than usual is going into industrial and business buildings.

**Retail Trade, 35 Department Stores.**

<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
May 1930 sales, compared with sales in May 1929:			
6.9	2.9	-- 1.4	3.6
Jan.-May 1930 sales, compared with Jan.-May 1929:			
4.5	-- .2	-- 7.0	.3
May 31, 1930, stock, compared with May 31, 1929:			
-- 4.6	-- 5.2	-- 5.5	-- 5.0
May 31, 1930, stocks, compared with April 30, 1930:			
-- 3.3	-- 4.1	-- 1.7	-- 3.7
Number of times stock turned in May 1930:			
.319	.327	.245	.304
Number of times stock turned since January 1, 1930:			
1.465	1.420	1.081	1.358
Percentage of May 1, 1930, receivables collected in May:			
25.3	30.8	32.2	28.2

-- Denotes decreased percentage.

Department store sales in the Fifth reserve district in May 1930 averaged 3.6 per cent higher than sales in May 1929, according to confidential reports from thirty-five stores. Baltimore stores with a gain of 6.9 per cent made the best record. Cumulative sales in the thirty-five stores since January 1st now show an increase of three-tenths of 1 per cent over sales in the first five months of 1929, this increase being due entirely to an increase of 4.5 per cent in Baltimore. In Washington total sales since the first of the year lack two-tenths of 1 per cent of equalling sales in the corresponding period last year, and the stores in the Other Cities group are 7.0 per cent behind their 1929 sales to the end of May. Most of these decreases were due to the unfavorable comparison of March 1930 sales with those of March 1929, the other four months this year comparing quite favorably in a majority of the reporting stores with last year's business.

There was a seasonal decline in stocks carried by the reporting stores during May, and at the end of the month stocks on hand averaged 5.0 per cent less than stocks on hand on May 31, 1929. Smaller stocks and larger sales last month resulted in a better turnover rate than in May last year, stocks being turned .304 times in comparison with .284 times a year ago. Since January 1, 1930, the reporting stores have turned their stock 1.358 times, compared with 1.329 times in the first five months of 1929.

Collections in the reporting stores averaged 28.2 per cent of receivables outstanding on May 1st, a slightly lower rate than 28.7 per cent of outstanding receivables collected in May 1929. Washington and the Other Cities collections were slightly better last month than a year ago, but Baltimore stores reported an average decrease.

**Wholesale Trade, 67 Firms.**

26	9	5	15	12
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
May 1930 sales, compared with May 1929 sales:				
-- 5.5	-- 2.6	-- 4.6	-- 7.2	-- .5
May 1930 sales, compared with April 1930 sales:				
1.9	-- 2.4	-- 11.0	-- 2.6	-- 2.5
Jan.-May 1930 sales, compared with Jan.-May 1929 sales:				
-- 1.5	-- 8.5	1.2	-- 10.8	-- 3.1
May 31, 1930, stocks, compared with May 31, 1929, stocks:				
-- 3.7(9*)	-- 18.0(4*)	12.4(5*)	-- 12.9(8*)	.....
May 31, 1930, stocks, compared with April 30, 1930, stocks:				
-- 5.2(9*)	-- 4.6(4*)	3.8(5*)	-- 7.0(8*)	.....
Percentage of May 1, 1930, receivables collected in May:				
63.1(16*)	35.5(7*)	41.5(5*)	33.8(12*)	60.0(9*)

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

Sixty-seven wholesale firms, representing five important lines of trade in the Fifth reserve district, reported to the Federal Reserve Bank of Richmond on their May business. Sales last month were lower in every line than sales in May 1929, drugs showing the smallest decline and hardware the largest. In comparison with sales during April this year, May sales gained in groceries, but declined in dry goods, shoes, hardware and drugs. In total sales since January 1st, all lines for which figures are available except shoes show smaller sales than in the first five months of 1929.

Stocks of shoes on the shelves of the reporting firms at the end of May were larger than stocks on May 31st last year, but grocery, dry goods and hardware stocks were smaller. Shoe stocks increased in May over the April 30th figures, but the other three lines declined.

Collections in May were better than in April in all lines, chiefly a seasonal development, but were somewhat slower in all lines except shoes than in May last year.

(Compiled June 20, 1930)

## BUILDING OPERATIONS FOR THE MONTHS OF MAY 1930 AND 1929.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	No.
		New		Repairs		1930	1929	1930	1929		
		1930	1929	1930	1929						
1	Baltimore, Md.....	532	496	1,444	1,549	\$ 2,928,080	\$ 1,894,320	\$ 653,120	\$ 743,040	\$ 943,840	1
2	Cumberland, Md.....	18	32	10	13	36,580	46,680	18,690	9,053	— 463	2
3	Frederick, Md.....	7	10	7	5	13,668	37,380	2,567	10,250	— 31,395	3
4	Hagerstown, Md.....	16	23	5	9	26,515	26,590	7,398	2,745	— 4,578	4
5	Salisbury, Md.....	16	23	12	12	18,630	102,750	9,250	3,700	— 78,570	5
6	Danville, Va.....	10	13	9	7	17,600	69,305	3,280	5,050	— 53,475	6
7	Lynchburg, Va.....	7	20	22	17	65,225	162,390	5,480	22,161	— 113,846	7
8	Norfolk, Va.....	67	90	34	80	146,696	175,460	10,179	44,985	— 63,570	8
9	Petersburg, Va.....	8	4	5	4	42,100	11,218	7,740	1,100	37,522	9
10	Portsmouth, Va.....	14	22	31	21	12,515	15,200	18,430	10,346	5,399	10
11	Richmond, Va.....	74	106	64	72	193,148	1,544,348	144,150	100,825	—1,307,875	11
12	Roanoke, Va.....	32	52	27	40	176,684	90,519	48,439	12,963	121,641	12
13	Bluefield, W. Va.....	9	4	7	5	6,150	6,190	4,855	670	4,145	13
14	Charleston, W. Va.....	52	43	16	28	133,245	89,631	17,450	29,010	32,054	14
15	Clarksburg, W. Va.....	22	22	18	21	34,480	91,010	6,550	7,655	— 57,635	15
16	Huntington, W. Va.....	13	31	5	12	45,405	771,586	1,000	2,000	— 727,181	16
17	Asheville, N. C.....	8	9	35	46	24,430	118,851	14,525	17,550	— 97,446	17
18	Charlotte, N. C.....	45	71	58	38	355,861	399,310	45,955	89,333	— 86,827	18
19	Durham, N. C.....	13	21	18	8	42,050	106,375	8,842	8,740	— 64,223	19
20	Greensboro, N. C.....	9	35	42	34	19,816	105,340	43,074	178,054	— 220,504	20
21	High Point, N. C.....	13	25	3	6	45,115	129,600	8,340	7,200	— 83,345	21
22	Raleigh, N. C.....	11	28	5	13	15,145	119,152	13,300	8,700	— 99,407	22
23	Rocky Mount, N. C.....	22	14	8	3	31,838	101,880	13,450	690	— 57,282	23
24	Salisbury, N. C.....	5	5	1	3	16,700	15,600	300	7,000	— 5,600	24
25	Wilmington, N. C.....	8	14	7	12	22,800	45,600	4,200	7,650	— 26,250	25
26	Winston-Salem, N. C.....	28	31	64	74	103,535	171,180	20,807	43,935	— 90,773	26
27	Charleston, S. C.....	13	22	26	52	65,350	24,072	13,818	9,843	45,253	27
28	Columbia, S. C.....	17	25	35	62	70,200	65,925	26,775	23,170	7,880	28
29	Greenville, S. C.....	6	14	20	23	38,450	76,200	65,525	6,500	21,275	29
30	Rock Hill, S. C.....	4	13	9	14	11,750	684,345	5,565	4,040	— 671,070	30
31	Spartanburg, S. C.....	11	17	23	23	59,200	45,309	4,870	8,395	10,366	31
32	Washington, D. C.....	107	204	426	726	2,519,825	1,600,675	512,587	420,570	1,011,167	32
	Totals.....	1,217	1,539	2,496	3,032	\$ 7,338,786	\$ 8,943,991	\$1,760,511	\$1,846,923	\$—1,691,617	

— Denotes decrease.

NOTE—The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

*Business Conditions in the United States  
will be found on next page.*

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

The volume of industrial production declined in May by about the same amount as it increased in April. Factory employment decreased more than is usual at this season and the downward movement of prices continued. Money rates eased further, to the lowest level in more than five years.

**Industrial Production and Employment.**

The Board's index of industrial production, adjusted for usual seasonal variations, declined about 2 per cent in May. In 1930 industrial production has fluctuated between 4 and 7 per cent above the 1923-1925 average, and the preliminary estimate for May is 4 per cent above the average for those years. Production at steel and automobile plants declined, cotton mills curtailed output, and activity at woolen and silk mills continued at low levels. Cement production increased sharply, while output of petroleum and of copper showed little change. In the first half of June, output at steel plants declined further.

The decrease in factory employment in May was larger than usual and there was also a decline in factory payrolls. The number employed in the cotton and silk goods industries decreased further, while in the woolen goods industry there was an increase from the extreme low point of April. Employment in the agricultural implement and electrical machinery industries decreased from April but remained large relative to earlier years. Employment in the cement industry increased, but in the lumber industry continued at an unusually low level.

Building contract awards in May, as reported by the F. W. Dodge Corporation, continued to be in substantially smaller volume than in any other year since 1924.

**Distribution.**

Freight carloadings increased by less than the usual seasonal amount during May and continued to be in somewhat smaller volume than in the corresponding period of 1928 and substantially below the unusually active period of 1929. Department store sales in May were approximately the same as those of a year ago.

**Wholesale Prices.**

A further decline in the wholesale prices of commodities occurred in May and the first half of June.

The downward movement was interrupted in the last half of May by substantial increases in the prices of grains, meats, and livestock, but became pronounced about the middle of June when the prices of cotton, silk, rubber, copper, and silver reached exceptionally low levels. Wheat, meats, livestock and cotton textiles also declined in price at that time, while prices of wool and woolen goods, pig iron, and steel showed little change.

**Bank Credit.**

Loans and investments of reporting member banks increased further by \$265,000,000 in the four weeks ending June 11, to a level considerably higher than a year ago. The increase was entirely in investments and in loans on securities, of which a large part represented loans made by New York City banks to brokers and dealers in securities in replacement of loans withdrawn by other lenders. "All other" loans continued to decline and at \$8,400,000,000 on June 11, were the smallest since 1926.

Expansion of member bank credit during this period was reflected in larger demand deposits and an increase of \$30,000,000 in member bank reserves at the reserve banks. The volume of money in circulation showed a net increase of \$13,000,000. Funds for these uses were obtained largely from further additions of \$24,000,000 to the stock of monetary gold and from an increase of \$22,000,000 in the volume of reserve bank credit outstanding. Reserve bank holdings of U. S. securities increased by about \$50,000,000, and their holdings of acceptances declined by about half this amount. For the week ending June 18, the total volume of reserve bank credit declined somewhat and there was a decline in the volume of money in circulation.

Money rates in the open market continued to decline during the latter half of May and the first half of June, and at the middle of the month commercial paper at  $3\frac{1}{2}$ - $3\frac{3}{4}$  per cent and acceptances at  $2\frac{1}{8}$  per cent were at the lowest levels since 1924 and early 1925. Bond yields moved slightly lower in June. In the first week of June the rediscount rate at Cleveland was reduced from 4 to  $3\frac{1}{2}$  per cent; in the third week the rate at New York was reduced from 3 to  $2\frac{1}{2}$  per cent and the rate at Chicago from 4 to  $3\frac{1}{2}$  per cent.