

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

JULY 31, 1930

JUNE business did not measure up to seasonal level in the Fifth Federal reserve district, and the half-year closed with trade at about the lowest point reached since the recession set in last fall. A few favorable signs appear in a survey of the activities of June and early July, but on the whole there has been a progressive decline from month to month this year. Rediscounts for member banks held by the Federal Reserve Bank of Richmond decreased nearly 7 per cent between the middle of June and the middle of July, and Federal reserve note circulation continued to decline, the latter a seasonal development. On July 15th the Richmond reserve bank was discounting only about 30 per cent as much for member banks as on the same date last year. Loans in reporting member banks declined last month, while their investments in securities were increased. Debits to individual accounts figures for the four weeks ended July 9, 1930, show a seasonal increase over debits in the preceding like period this year, but fell below the total of debits reported for the corresponding four weeks in 1929, and aggregate debits in the first half of 1930 also failed to equal the figures for the first half of last year. Commercial failures in the Fifth district in June were less numerous than in June 1929, and last month's liabilities were also below those of June a year ago, but the figures were nevertheless high, although better than those for other sections of the country. Employment conditions made no improvement in June and early July, and perhaps became worse in sections of the district. Coal production in June was in less volume than in June last year, and showed somewhat more than a seasonal decline in comparison with May. Textile mills reported no improvement in the demand for cotton goods, and restrictions in operating time spread further during June. Most of the mills are running about 75 per cent of full time. Cotton prices continued to decline during most of the past month, although the downward tendency was checked in the third week of July by unfavorable news on the new cotton crop. Consumption of cotton in June in the United States was much lower than in June 1929, and export figures also showed a decline amounting to nearly 40 per cent. Permits issued in leading cities for construction work

were fewer in number and lower in valuation than the figures for June 1929, which were also low. Contracts awarded compared more favorably with earlier periods than permits issued, chiefly due to road construction. Retail trade as reflected in department store sales made an unfavorable comparison with June 1929 trade, and wholesale trade also reported a considerably smaller volume of business this year. In agriculture, prospects vary widely in different sections and in different crops, but on the whole the past month or six weeks has not been favorable, insufficient rain having fallen to supply needed moisture to the growing crops. It is, however, too early in the season to form definite opinions on probable crop yields.

Reserve Bank Statement.

ITEMS	000 omitted		
	July 15 1930	June 15 1930	July 15 1929
Rediscounts held.....	\$ 18,168	\$ 19,476	\$ 58,931
Open market paper.....	7,521	6,448	1,452
Government securities.....	15,594	16,044	1,809
Total earning assets.....	41,283	41,968	62,192
Circulation of Fed. Res. notes.....	64,379	67,288	75,250
Members' reserve deposits.....	63,435	64,138	65,696
Cash reserves.....	97,267	106,216	89,874
Reserve ratio.....	74.37	76.60	62.92

The discount rate on all classes of paper at the Federal Reserve Bank of Richmond was lowered from 4 to $3\frac{1}{2}$ per cent, effective July 18, 1930, as low a rate as has ever been in effect at this Bank. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond on July 15, 1930, was \$1,308,000, or 6.7 per cent, less than rediscount holdings on June 15 this year and \$40,763,000, or 69.2 per cent, less than on July 15, 1929. There was an increase of \$1,073,000 during the past month in the Bank's portfolio of open market paper, and during the year this class of assets rose \$6,069,000. Government securities held rose \$13,785,000 between July 15, 1929, and July 15, 1930, but changed relatively little during the past month. The increases in open market paper and Government security holdings did

not balance the declines of the month and year in re-discounts and consequently total earning assets show net declines of \$685,000 last month and \$20,909,000, or 33.6 per cent, in comparison with the same day last year. The circulation of Federal reserve notes continued a seasonal decline between the middle of June and the middle of July, and on July 15th the amount in actual circulation was \$10,871,000 less than on July 15, 1929. Member bank reserve deposits declined about 1 per cent between June 15 and July 15, and on the latter date were 3.4 per cent below aggregate reserve deposits on July 15, 1929. The changes mentioned lowered the cash reserves of the Federal Reserve Bank of Richmond during the past month by \$8,949,000, or 8.4 per cent, and the ratio of cash reserves to note and deposit liabilities combined dropped 2.23 points, but on July 15 aggregate cash reserves of the Bank were \$7,393,000 higher than on the corresponding date last year and the ratio of reserves to note and deposit liabilities was 11.45 points higher.

Member Bank Statement.

ITEMS	000 omitted		
	July 9 1930	June 11 1930	July 10 1929
Loans on stocks and bonds (including Governments).....	\$184,733	\$201,929	\$200,573
All other loans.....	287,593	281,129	320,190
Total loans and discounts.....	472,326	483,058	520,763
Total inv. in bonds and stocks.....	177,045	162,156	158,542
Reserve bal. with F. R. Bank.....	41,678	40,010	37,938
Cash in vaults.....	11,493	13,942	14,944
Net demand deposits.....	343,917	347,890	354,942
Time deposits.....	251,305	253,285	242,705
Borrowed from Fed. Res. Bank.....	4,576	3,899	27,513

The accompanying table shows the principal items of condition reported by fifty-eight member banks in thirteen cities of the Fifth reserve district, figures as of three dates being given to afford opportunity for comparison of the latest available figures with those for the preceding month and the preceding year. It should be understood that the figures are not necessarily the highest or lowest figures that occurred during the periods reviewed, but represent conditions on the three report dates only.

The reporting member banks decreased their loans on stocks and bonds by \$17,196,000 between June 11 and July 9, this year, while their agricultural, commercial and industrial loans rose \$6,464,000, a net decline of \$10,732,000, or 2.2 per cent, in total loans and discounts. The reduction in loans was accompanied by a drop in deposits, but the decline was much less than the decrease in loans. Demand deposits dropped \$3,973,000 during the month, and time deposits fell off \$1,980,000. The fifty-eight banks increased their investments in securities by \$14,889,000, or 9.2 per cent, between June 11 and July 9, and their aggregate reserve balances at the reserve bank rose by \$1,668,000, during the same period. The reporting banks were borrowing \$677,000 more from the reserve bank on July 9 than on June 11, but the increase was only a daily fluctuation. Cash in vaults dropped \$2,449,000, or 17.6 per cent, last month.

A comparison of the July 9, 1930, figures with those reported for July 10, 1929, shows some interesting developments during the year. The outstanding change is the material shift of the bank's funds from loans to investments. Last year business was generally active, and the demand for credit in business circles and in speculative channels was so great as to absorb loanable funds at rates more profitable than the yield from investments. The situation has changed completely, however, and as funds have accumulated from the payment of loans they have been employed in the investment field. The banks have also greatly reduced their own borrowing at the reserve bank. A second striking feature of the statement is the relative stability of deposits, in spite of a marked reductions in loans. Total loans by the fifty-eight member banks declined \$48,437,000 during the year under review, but deposits showed a net decrease of only \$2,425,000. Demand deposits dropped \$11,025,000, but time deposits rose \$8,600,000 during the year. With the funds received from the reduction in loans, the reporting banks increased their investments by \$18,503,000, and their reserve balances at the reserve bank by \$3,740,000. They also reduced their borrowing at the reserve bank by \$22,937,000 during the year. Cash in vaults on July 9, 1930, showed a decline of \$3,451,000, or 23.1 per cent, from the figures for July 10, 1929, but a year ago the introduction of the new currency and the demand for samples of it by customers of the reporting banks raised cash in vault figures to an unseasonably high level. The decline this year represents a return to normal demand for actual cash in the operations of the reporting banks.

Debits to Individual Accounts.

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 four weeks, ended July 9, 1930, June 11, 1930, and July 10, 1929. In addition, the table also shows figures for the half-year ended June 30, 1930, with comparative figures for the first half of 1929. Debits figures may be used as an approximate barometer of relative changes in business activity.

During the four weeks ended July 9, 1930, aggregate debits to individual accounts in the twenty-four reporting cities totaled \$1,260,212,000, an increase of \$103,624,000, or 9 per cent, over debits totaling \$1,156,588,000 during the preceding four weeks, ended June 11, 1930. This increase was seasonal, and was caused by the quarterly and semi-annual payments on and around July 1st. The increase in debits during the latest four weeks was generally distributed throughout the district, sixteen of the twenty-four cities reporting higher figures. Of the eight cities which failed to show an increase last month, two had reported unusually high figures for the preceding period, and four others reported very small declines. All of the larger centers reported higher figures for the later period.

When the figures for the four weeks ended July 9, 1930, are compared with the figures for the cor-

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED			SEMI-ANNUAL TOTALS	
	July 9, 1930	June 11, 1930	July 10, 1929	1930	1929
Asheville, N. C.....	\$ 26,467,000	\$ 25,699,000	\$ 25,728,000	\$ 158,551,000	\$ 193,917,000
Baltimore, Md.....	416,238,000	380,026,000	419,267,000	2,585,257,000	2,506,144,000
Charleston, S. C.....	24,210,000	25,750,000	21,097,000	151,922,000	159,902,000
Charleston, W. Va.....	44,130,000	39,472,000	44,890,000	263,917,000	255,827,000
Charlotte, N. C.....	46,047,000	45,799,000	53,019,000	312,116,000	367,941,000
Columbia, S. C.....	17,361,000	25,859,000	19,600,000	158,766,000	154,936,000
Cumberland, Md.....	10,021,000	8,282,000	11,249,000	55,158,000	58,320,000
Danville, Va.....	7,074,000	5,944,000	7,601,000	48,257,000	51,858,000
Durham, N. C.....	24,278,000	21,521,000	27,997,000	159,083,000	186,190,000
Greensboro, N. C.....	19,444,000	20,674,000	21,424,000	136,030,000	153,452,000
Greenville, S. C.....	15,018,000	15,494,000	20,430,000	120,592,000	138,423,000
Hagerstown, Md.....	9,769,000	8,633,000	11,348,000	59,944,000	64,749,000
Huntington, W. Va.....	19,405,000	19,421,000	21,580,000	131,255,000	136,839,000
Lynchburg, Va.....	18,799,000	16,619,000	19,649,000	119,612,000	119,529,000
Newport News, Va.....	11,091,000	11,045,000	10,007,000	67,537,000	63,481,000
Norfolk, Va.....	52,919,000	53,238,000	57,249,000	352,500,000	384,449,000
Portsmouth, Va.....	4,168,000	4,477,000	6,452,000	29,724,000	32,640,000
Raleigh, N. C.....	28,593,000	19,673,000	31,595,000	142,987,000	154,796,000
Richmond, Va.....	131,930,000	113,790,000	132,812,000	794,694,000	842,731,000
Roanoke, Va.....	29,365,000	27,240,000	31,015,000	189,772,000	184,855,000
Spartanburg, S. C.....	9,817,000	11,466,000	12,059,000	77,658,000	87,187,000
Washington, D. C.....	244,763,000	216,177,000	259,486,000	1,478,681,000	1,656,536,000
Wilmington, N. C.....	12,221,000	11,893,000	16,807,000	89,624,000	110,314,000
Winston-Salem, N. C.....	37,084,000	28,396,000	38,699,000	235,138,000	261,332,000
District Totals.....	\$1,260,212,000	\$1,156,588,000	\$1,321,060,000	\$7,918,775,000	\$8,326,348,000

responding four weeks last year, ended July 10, 1929, a general decline averaging 4.6 per cent is found, only three of the twenty-four cities showing higher figures for the 1930 period. Asheville reported an increase of 2.9 per cent, Charleston, S. C., a gain of 14.8 per cent, and Newport News an increase of 10.3 per cent. The gain in Asheville is nominal, the gain in Charleston is due chiefly to transfers of State funds, but the increase in Newport News probably represents an actual increase in business as a result of a larger volume of ship and boat building under way this year. Most of the textile centers in the district showed relatively larger declines in debits during the 1930 period than the other cities.

Total debits in the first half of 1930 reached \$7,918,775,000 in the twenty-four reporting cities, but lacked \$407,573,000, or 4.9 per cent, of reaching the total of \$8,326,348,000 for the first half of 1929. Six cities reported higher figures for this year, but the other eighteen failed to reach the 1929 level. Baltimore was the only one of the half dozen largest cities which exceeded the 1929 figures, Washington, Richmond, Norfolk, Huntington, Winston-Salem, and Charleston, S. C., failing to equal last year's figures. Among the six cities which reported higher figures this year, Newport News led with a gain of 6.4 per cent.

Savings and Time Deposits.

Aggregate deposits in twelve mutual savings banks in Baltimore on June 30, 1930, totaled \$195,819,626, in comparison with \$195,057,396 on May 31, 1930, and \$190,273,519 on June 30, 1929. The June 30, 1930, figure was the highest on record for the twelve reporting banks. On July 9, 1930, time deposits in fifty-eight regularly reporting member banks totaled \$251,305,000, a lower figure than \$253,285,000 reported on June 11, 1930, but 3.5 per cent above the total

of \$242,705,000 reported on July 10, 1929. The time deposit figures reported by member banks do not represent actual savings accounts to as large a degree as do the figures for the mutual savings banks, and other items in the reporting member bank statement, discussed earlier in this *Review*, indicate that probably the decline in time deposits last month was due to withdrawals of funds that were more in the nature of commercial deposits than of savings.

Commercial Failures.

Numbering 135, business failures in the Fifth district in June 1930 showed an increase of 8.9 per cent over 124 insolvencies reported for May this year, but were 2.2 per cent fewer than 138 failures in June 1929. Liabilities involved in June 1930 failures totaling \$2,286,226 compared more favorably with figures for other recent months, being lower than the figures for any other month this year and 9.8 per cent below the total of \$2,534,991 reported for June 1929. In comparison with June 1929 figures, the Fifth district's decreases last month of 2.2 per cent in number of failures and 9.8 per cent in liabilities involved made a much better showing than a National increase of 14.7 per cent in number of insolvencies and a rise of 101.2 per cent in total liabilities. The Fifth district was the only district of the twelve in the United States which reported fewer failures in June 1930 than in June 1929, and only one other district, St. Louis, reported lower liabilities.

Total insolvencies in the Fifth district in the first half of 1930 numbered 844, with liabilities amounting to \$22,165,014, compared with 825 failures in the first six months of 1929, with liabilities totaling \$13,436,178. This year's increase in number of failures was only 2.3 per cent, but liabilities made a much more unfavorable showing with an increase of 65 per cent.

Employment.

Little improvement occurred in employment conditions in the Fifth district in June and the first half of July, except in South Carolina where the beginning of an extensive road building program gave work to a considerable number of unskilled workers. It is probable that conditions became worse in certain sections of the district during the past month, partly due to further lay-offs of workers in industrial plants, railroad shops, etc., and partly to an influx of people from other sections. Labor officials in Virginia, for example, report that a relatively large number of out of state workmen have come to Virginia under the impression that employment could be secured, but in most cases these people have been disappointed. Reports indicate that general employment conditions in the Fifth district are perhaps better than in most sections of the country, but they are not sufficiently good to take care of all home workers. Concerted efforts of labor officials, Chambers of Commerce, and other organizations are being made to persuade contractors, industries, etc., to employ local workers in preference to floaters, and co-operation is being secured to a considerable extent. There is a good deal of building being planned in the Fifth district, some of it in the nature of public work partly designed to relieve unemployment, but it is slow in getting started and the best season of the year for outdoor work is rapidly passing.

Coal Production.

The total production of bituminous coal in the United States in June 1930 amounted to 33,714,000 net tons, compared with 35,954,000 tons mined in May 1930 and 38,580,000 tons in June last year. Daily average production in June this year of 1,349,000 tons compared with an average of 1,362,000 tons in May 1930 and 1,543,000 tons in June 1929. Total production of soft coal during the present calendar year to July 12 (approximately 163 working days) amounted to 243,452,000 net tons, the lowest figure for the corresponding period of recent years. Tidewater shipments of coal in June through Fifth district ports totaled 1,720,341 tons, and total shipments since January 1st totaled 13,003,619 tons, or 68.5 per cent of total tide-water shipments through all ports.

The June 21st report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of May 1930. West Virginia with 10,078,000 tons was in second place, Pennsylvania leading with 10,344,000 tons. The states of West Virginia, Virginia and Maryland mined a total of 11,108,000 tons of bituminous coal, approximately 31 per cent of total National production in May.

Textiles.

Restrictions in operating time spread further among Fifth district textile mills in June 1930, and cotton consumption during that month totaled only 168,806 bales, a decrease of 30.7 per cent in comparison with 243,682 bales used by Carolina and Virginia mills in

June 1929. Last month North Carolina mills consumed only 92,417 bales, South Carolina mills used 67,423 bales, and Virginia mills 8,966 bales. There has been no improvement in the demand for cotton textiles in recent weeks, and mill authorities as a rule do not appear optimistic on prospects for early resumption of buying.

Cotton Statistics.

Spot cotton prices continued to decline from the middle of June to about the middle of July, dropping to 12.10 cents per pound on July 11th, the lowest average reported for ten Southern spot markets since January 8, 1927. However, the weather between July 11th and July 18th was considered unfavorable for the growing crop, and prices turned upward moderately, averaging 12.55 cents per pound on July 18th, the latest date for which official figures are available. The unfavorable factor in the new crop situation which turned prices upward was the continuation of dry weather in the Western half of the cotton belt until it threatened to develop into a more or less serious drought.

Consumption of cotton in the United States in June 1930 totaled 405,181 bales, compared with 473,917 bales used in May this year and 569,414 bales in June 1929. Total consumption for the eleven months of the present cotton year—August 1st to June 30th—amounted to 5,735,097 bales, compared with 6,543,900 bales consumed in the corresponding period of the 1928-1929 season. Manufacturing establishments held 1,357,394 bales on June 30th, compared with 1,531,346 bales held on May 31st and 1,287,740 bales on June 30, 1929. Public warehouses and compresses held 3,104,989 bales in storage at the end of June this year, compared with 3,337,360 bales so held a month earlier and 1,376,704 bales on June 30th last year. June exports totaled 185,053 bales, compared with 208,796 bales sent abroad in May 1930 and 299,136 bales exported in June 1929. Exports during the eleven months of this cotton year totaled 6,514,375 bales, compared with 7,806,081 bales shipped over seas during the corresponding eleven months ended June 30, 1929. Spindles active at some time during June numbered 27,642,158, compared with 23,374,434 in May this year and 30,631,800 in June 1929.

Cotton consumption in the cotton growing states totaled 320,043 bales in June, compared with 370,676 bales used in May and 431,450 bales in June 1929. Last month's consumption in the cotton growing states amounted to 78.99 per cent of National consumption, a higher percentage than either 78.22 per cent in May this year or 75.77 per cent in June 1929. Of the 320,043 bales of cotton consumed in the cotton growing states in June, the Fifth district mills used 168,806 bales, or 52.74 per cent, a lower percentage than 56.48 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 8th, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as 2.7 per cent less than the acreage in 1929. About half the cotton growing

states increased their acreage, Tennessee leading this group with 7 per cent, but most of the largest states reduced their planting. North Carolina with a reduction of 10 per cent showed the greatest change. South Carolina showed a reduction of 3 per cent, but Virginia reported an increase of 1 per cent. The heavy producing states of Texas, Oklahoma and Alabama reported decreases in acreage this year, but Arkansas and Mississippi increased and Georgia reported no change. No official condition figures on the growing crop are yet available, but on the whole the weather has been rather more favorable for cotton in the Fifth district than in the Western section of the belt. Weevils appear to be active this season, and have appeared in numbers even in Virginia, but July has been hot and dry, and the weevils have been checked. Most of the cotton sections of the Fifth district have had sufficient rain during the past month to supply the needs of cotton.

Agricultural Notes.

Virginia crop conditions on July 1st were considerably below average, and during the first half of July little improvement was reported. Temperatures were favorable in June, but rainfall was below normal and crops suffered quite materially. Local rains which commenced in the first half of June proved beneficial and relieved drought conditions in Eastern, Central and Western districts, but in the Northern and Southwestern districts not enough rain has fallen since April to wet the soil thoroughly. The dry weather was favorable for harvesting grain and cultivation of crops, however. The condition of corn was reported as 81 per cent on July 1st, compared with 85 per cent a year ago, and a 1930 production of 41,499,000 bushels is indicated in comparison with 44,138,000 bushels harvested in 1929. Wheat in Virginia turned out better than had been expected, the heads being well filled and the grain of excellent quality. Total production is estimated to be 9,870,000 bushels this year, compared with 8,960,000 bushels in 1929 and a five-year average of 9,373,000 bushels. Prospects for oats are very poor, but due to a larger acreage a yield of approximately 3,876,000 bushels is indicated, compared with 3,841,000 bushels harvested in 1929. Hay crops were seriously injured by dry weather, and the yield of 779,000 tons is one of the smallest during recent years. Pastures are short in most of the state, and in Southwest Virginia, the principal grazing section, pastures have been extremely short throughout the season. The condition of Irish potatoes on July 1st was 70 per cent, compared with 85 per cent a year earlier. A yield of about 15,836,000 bushels is forecast, which is about 1,500,000 bushels less than last year's crop. The commercial yield is expected to be 11,024,000 bushels, about a million bushels less than in 1929. On an acreage 3 per cent larger than last year, sweet potatoes indicate a yield this year of 6,210,000 bushels, a smaller crop than 6,705,000 bushels dug in 1929. The condition of Virginia peanuts on July 1st was 4 per cent below the condition on July 1, 1929, but 2 per cent above the average for the

preceding ten years. The commercial apple crop is forecast at 2,108,000 barrels, compared with 3,100,000 barrels last year, but reports indicate that this year's apples are above the average in size and the crop is of exceptional quality. The commercial peach crop is almost an entire failure, with expectations for only 4 per cent of a full crop. Virginia tobacco acreage shows an increase of 8 per cent this year, all types having been increased. Conditions were favorable for transplanting except in the burley growing sections of the Southwest. The crop has been well worked, is clean of grass, and in condition to respond to favorable weather. On the basis of the reported acreage and condition, this year's production of tobacco in Virginia is forecast to be 134,000,000 pounds, compared with 113,865,000 pounds harvested last year.

West Virginia farmers increased their acreage one and one-half per cent this year, and the spring was favorable for planting, but the severe drought of the past three months has hindered growth and the general condition of all crops on July 1st was far below average for that date. Corn withstood the dry weather better than most crops, and a yield of 13,620,000 bushels is expected, in comparison with 13,892,000 bushels gathered in 1929. Wheat improved during June and turned out better than was expected, but the condition of oats is very poor. It is expected that some oats will be harvested as hay instead of grain, the yield not justifying threshing expense. Expectations for a hay crop are very poor, a yield less than half that of 1929 being indicated by the condition of hay fields on July 1st. Potatoes have suffered more than any other crop in West Virginia except hay, and although the acreage was increased 10 per cent this year, the estimated yield is only 5,355,000 bushels compared with 6,555,000 bushels dug in 1929. West Virginia tobacco growers increased acreage 15 per cent this year, but had great difficulty in setting out plants and the condition on July 1st indicated a crop of 6,370,000 pounds in comparison with 6,588,000 pounds in 1929.

North Carolina crop conditions are quite variable. Corn is looking well over most of the state, and the indicated yield of 54,200,000 bushels is the largest crop for many years. Corn acreage was increased 10 per cent this year. Wheat yields turned out better than expected, and the crop is of unusually good quality. A production of 4,580,000 bushels is expected on a reduced acreage. The oat crop is forecast at 6,728,000 bushels. The early Irish potato crop shows an average yield of 113 bushels on 47,000 acres, a total of 5,311,000 bushels, and the late crop indicates a yield of 2,546,000 bushels. The sweet potato crop is expected to yield 9,270,000 bushels this year. Tobacco varied in condition in the different sections, but an average of 640 pounds per acre indicated a probable production of 504,000,000 pounds on a 3 per cent increase in acreage. The peanut crop shows only a fair condition, but it is still too early to judge the probable yield with much accuracy. Hay prospects are poor, and apples promise only 34 per cent of a full crop and even less in the mountain counties where most of the crop is grown for sale.

South Carolina crops are in better condition than in

other sections of the Fifth district. The unusually hot weather since July 1st has caused some deterioration, but crop prospects as reported on July 1st were good to excellent, the combined indicated yield per acre for all important crops being 8.3 per cent above the average yield during the ten years 1919-1928. Crops already harvested show fair to good yields. Grain was somewhat below the excellent yields of last year but, with the exception of spring oats, made yields slightly above the average for several years. Corn is looking better than a year ago, and a crop of 24,634,000 bushels is indicated, compared with 23,321,000 bushels harvested last year. The oat production this year of 10,486,000 bushels compares with 11,016,000 bushels threshed in 1929. Wet weather in the Piedmont counties last fall seriously interfered with sowing grain so that only about 46,000 acres of wheat were harvested this summer compared with 64,000 acres harvested last year. The yield per acre was slightly better this year, however, and the total yield was 589,000 bushels. The reported condition of tobacco in South Carolina on July 1st indicates a probable production of 91,770,000 pounds, which will be, if it materializes, the largest crop of tobacco ever grown in the state. Prospects are for a hay yield of only 289,000 tons this year, in comparison with 313,000 tons last year, but most of the decrease is due to a reduced acreage in cowpeas.

Construction.

Building permits issued in June 1930 in thirty-two Fifth district cities were fewer in number and lower in estimated valuation than those issued in June 1929. Permits for new work issued last month numbered 1,162, compared with 1,299 permits for similar work issued in June a year ago. Valuation for new work in June 1930 was only \$6,147,036, one of the smallest figures in recent years, and even less than the low total of \$8,620,540 reported for June last year. Combining valuation figures for both new work and alterations and repairs, and comparing the total with the corresponding total for June 1929, last month shows a decline of \$2,655,155, or 25.8 per cent. Baltimore, Washington, Richmond and Norfolk all reported low figures for June 1930. Among the smaller cities, several showed satisfactory figures in proportion to population, Columbia, S. C., Wilmington and High Point, N. C., Salisbury and Hagerstown, Md., all reporting relatively high totals. In several of the reporting cities large building projects were definitely planned during June, but permits were not issued until after the close of that month.

Contracts actually awarded in June for construction work in the Fifth reserve district totaled \$37,665,960, compared with \$34,431,160 in contracts awarded in June last year, the district making a much better showing in contracts awarded than in permits issued. The contract award figures include both urban and rural construction, including road-building, bridges, etc., while the figures on permits issued include projects inside city limits only. Of the contract awards in June this year, \$10,120,240 represented residential types of

construction, a relatively low figure for this class of work.

Retail Trade, 35 Department Stores.

<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
June 1930 sales, compared with sales in June 1929:			
— 5.3	— 4.7	— 9.8	— 5.9
Jan.-June 1930 sales, compared with Jan.-June 1929:			
2.7	— 1.0	— 7.4	— .8
June 30, 1930, stock, compared with stock on June 30, 1929:			
— 4.2	— 4.4	— 8.3	— 5.3
June 30, 1930, stock, compared with stock on May 31, 1930:			
— 4.9	— 5.4	— 6.1	— 5.4
Number of times stock turned in June 1930:			
.297	.307	.213	.281
Number of times stock turned since January 1, 1930:			
1.768	1.732	1.3	1.645
Percentage of June 1, 1930, receivables collected in June:			
24.1	31.0	29.7	27.3

Thirty-five department stores in the Fifth district, located in eighteen cities, sold an average of 5.9 per cent less goods in June 1930 than in June 1929, a very large majority of the stores reporting smaller figures. Total sales during the half-year ended June 30, 1930, averaged 8/10ths of 1 per cent less than sales in the first half of 1929, a decline probably accounted for by price declines this year. The reporting stores in Baltimore averaged 2.7 per cent larger sales during the first half of this year, but Washington stores decreased an average of 1.0 per cent and the Other Cities an average of 7.4 per cent.

Stocks on hand in the reporting stores declined seasonally in June, decreasing an average of 5.4 per cent during the month, and on June 30th were 5.3 per cent smaller in selling value than at the end of June last year. Part of this decline in comparison with 1929 figures was also probably due to price changes during the year. The stores turned their stock .281 times during June, and between January 1st and June 30th the average turnover was 1.645 times, a slightly higher figure than 1.627 times reported by thirty of the thirty-five stores in the first half of 1929.

Collections during June totaled 27.3 per cent of outstanding receivables as of June 1st, a lower figure than either 28.2 per cent of outstanding receivables collected in May this year or 28.5 per cent collected in June 1929. Nearly all of the individual stores reported slightly lower collection figures this year than last.

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>
June 1930 sales, compared with June 1929 sales:				
— 3.7	—29.8	— 9.8	—11.1	— 2.9
June 1930 sales, compared with May 1930 sales:				
— 2.2	—36.1	—31.5	—17.9	— 8.5
Jan.-June 1930 sales, compared with Jan.-June 1929 sales:				
— 1.8	—10.7	— .1	—10.9	— 3.1
June 30, 1930, stocks, compared with June 30, 1929, stocks:				
— 7.5(9*)	—31.6(4*)	14.3(5*)	—10.8(8*)	—
June 30, 1930, stocks, compared with May 31, 1930, stocks:				
— 7.6(9*)	— 5.0(4*)	11.0(5*)	— 1.3(8*)	—
Percentage of June 1, 1930, receivables collected in June:				
60.7(17*)	31.5(6*)	29.3(5*)	32.1(12*)	57.1(9*)

— Denotes decreased percentage. * Number of reporting firms.

Wholesale trade in the Fifth reserve district in June 1930, as reflected in reports from sixty-seven firms in five lines, was in smaller volume in all lines than in either May 1930 or June 1929. Part of the declines in comparison with June 1929 were due to price changes, but in most cases the decreases were considerably more than average price declines during the year. In total sales during the first half of 1930, all lines show lower figures than for the first half of 1929, but the declines in groceries, shoes, and perhaps

in drugs, were due chiefly to lower price levels this year.

Stocks on the shelves of the reporting firms decreased in all lines except shoes during June, and at the end of the month were lower than stocks on the shelves on June 30, 1929, again with the exception of shoes.

Collections in June were slower in every line than in either May this year or June last year. There is more complaint of collections in wholesale lines than in retail circles.

(Compiled July 21, 1930)

BUILDING OPERATIONS FOR THE MONTHS OF JUNE 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.....	600	467	1,174	1,285	\$ 2,353,320	\$ 4,448,520	\$ 563,520	\$ 615,600	\$—2,147,280	1
2	Cumberland, Md.....	12	31	4	8	30,409	105,003	1,173	1,660	— 75,081	2
3	Frederick, Md.....	5	4	6	5	19,260	3,250	2,246	8,750	9,506	3
4	Hagerstown, Md.....	17	14	5	8	167,914	19,440	1,065	28,740	120,799	4
5	Salisbury, Md.....	11	17	11	10	216,250	17,575	3,700	9,000	193,375	5
6	Danville, Va.....	8	11	9	14	29,570	16,165	10,875	14,185	10,095	6
7	Lynchburg, Va.....	27	16	18	26	155,960	33,335	6,410	11,811	117,224	7
8	Norfolk, Va.....	37	52	54	78	66,870	297,420	32,100	39,435	— 237,885	8
9	Petersburg, Va.....	2	9	2	9	3,000	27,456	406	3,036	— 27,086	9
10	Portsmouth, Va.....	18	17	16	27	39,725	25,320	6,575	18,670	2,310	10
11	Richmond, Va.....	56	88	70	80	229,450	432,477	74,647	122,512	— 250,892	11
12	Roanoke, Va.....	21	38	20	22	51,058	152,306	4,150	45,421	— 142,519	12
13	Bluefield, W. Va.....	6	9	4	2	3,400	23,600	2,500	1,550	— 19,250	13
14	Charleston, W. Va.....	24	54	19	20	91,726	331,555	55,102	65,350	— 250,077	14
15	Clarksburg, W. Va.....	16	22	18	20	3,605	44,334	9,640	7,470	— 38,559	15
16	Huntington, W. Va.....	23	31	7	10	71,800	50,127	1,500	2,000	21,173	16
17	Asheville, N. C.....	10	7	28	47	12,324	26,274	12,106	12,973	— 14,817	17
18	Charlotte, N. C.....	23	34	46	40	194,970	158,985	19,181	25,671	29,495	18
19	Durham, N. C.....	8	17	9	8	74,700	46,335	11,980	13,650	26,695	19
20	Greensboro, N. C.....	8	37	32	33	136,255	135,995	13,052	36,588	— 23,276	20
21	High Point, N. C.....	10	15	5	6	232,700	69,150	17,650	3,200	178,000	21
22	Raleigh, N. C.....	13	20	6	29	62,600	288,016	5,325	3,350	— 223,441	22
23	Rocky Mount, N. C.....	6	17	4	4	7,385	105,417	1,330	2,680	— 99,382	23
24	Salisbury, N. C.....	4	7	1	1	10,410	55,500	1,200	2,000	— 45,890	24
25	Wilmington, N. C.....	9	7	9	14	307,500	42,600	5,900	15,050	255,750	25
26	Winston-Salem, N. C.....	9	24	82	57	21,390	94,090	21,685	33,592	— 84,607	26
27	Charleston, S. C.....	10	18	37	32	26,700	77,420	36,960	23,700	— 37,460	27
28	Columbia, S. C.....	9	29	26	44	389,600	125,400	6,490	41,150	229,540	28
29	Greenville, S. C.....	10	7	22	21	48,700	21,100	24,030	13,345	38,285	29
30	Rock Hill, S. C.....	6	7	10	15	11,740	129,455	4,410	5,885	— 119,190	30
31	Spartanburg, S. C.....	9	12	24	19	9,085	30,070	5,890	31,935	— 47,030	31
32	Washington, D. C.....	135	161	348	540	1,067,660	1,186,850	545,395	429,885	— 3,680	32
	Totals.....	1,162	1,299	2,126	2,534	\$ 6,147,036	\$ 8,620,540	\$1,508,193	\$1,689,844	\$—2,655,155	

— 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)

Industrial production decreased in June by more than the usual seasonal amount and factory employment and payrolls declined to new low levels. The volume of building contracts awarded was large. Prices declined sharply and money rates continued downward.

Industrial Production and Employment.

In June industrial production showed a further substantial decrease and the Board's index, which is adjusted for ordinary seasonal variations, declined to the lowest level since last December. Output of steel ingots declined in June and early July more than is usual at this season, while automobile production was sharply curtailed to a level considerably below that of the same period of the past two years. Cotton consumption, already at a low level, declined further in June. Output of bituminous coal and copper continued in small volume. Wool consumption and shoe production increased slightly and cement output, as in the preceding month, was at a high level.

Factory employment and payrolls decreased further in June. The number employed at steel plants and in the automobile, agricultural implement, and cotton goods industries, declined more than is usual at this season, and employment in the woolen goods and lumber industries continued at unusually low levels.

The value of building contracts awarded in June, \$600,000,000, according to the F. W. Dodge Corporation, was about 30 per cent more than in May and the largest since last July. The increase reflected chiefly unusually large awards for natural gas pipe lines and power plants; the volume of contracts for residential building was somewhat smaller than in May. In early July the total volume of contracts was small.

Department of Agriculture estimates, based on July 1 conditions, indicate a decrease from last year of about 20,000,000 bushels in the winter wheat crop and a corresponding increase in spring wheat. The corn crop is expected to be about 2,800,000,000 bushels, 7 per cent larger than last year and 4 per cent above the five-year average. Area planted to cotton is estimated at 45,815,000 acres, 2.7 per cent less than last year.

Distribution.

The volume of freight car loadings in June and early July continued to be substantially below the cor-

responding periods of 1928 and 1929. Preliminary reports indicate that the decline in department store sales from a year ago was of larger proportions in June than in any previous month this year.

Wholesale Prices.

Commodity prices declined more rapidly in June than in any other recent month, and the index of the Bureau of Labor Statistics, at 86.8 per cent of the 1926 average, was about 10 per cent below the level of a year ago. Prices of many important agricultural commodities and their manufactures declined further, and those of certain leading imported raw products—silk, rubber, and coffee—reached new low levels. There were also further declines in iron, steel, and copper. Prices of raw wool, hides, and raw sugar increased slightly during June. Early in July, prices of meats were stronger, but there were further declines in many other commodities.

Bank Credit.

Loans of reporting member banks in leading cities declined somewhat between the middle of June and the middle of July, and on July 16 were \$60,000,000 smaller than five weeks earlier. Loans on securities decreased by \$140,000,000, while "all other" loans increased by \$80,000,000. The banks' investments increased further by about \$280,000,000 during this period and were in larger volume than at any other time in the past two years.

Member bank balances at the reserve banks increased, and in the week ending July 19, averaged \$60,000,000 more than five weeks earlier, and at the same time their borrowings from the reserve banks declined by nearly \$20,000,000—reflecting an increase in the reserve banks' holdings of acceptances and Government securities, a further slight growth in gold stock, and a continued decline in the volume of money in circulation.

Money rates in the open market continued to ease and in the middle of July rates on 90-day bankers' acceptances at $1\frac{7}{8}$ per cent were at a new low level, while rates on commercial paper at $3-3\frac{1}{4}$ per cent were at the low point of 1924.

During July the reserve bank discount rate was reduced at Boston from $3\frac{1}{2}$ to 3 per cent, and at Philadelphia, Atlanta, and Richmond, from 4 to $3\frac{1}{2}$ per cent.