

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

AUGUST 31, 1930

THE outstanding development in the Fifth Federal reserve district in July and the first half of August was the record drought in Virginia, West Virginia, Maryland, and to a lesser degree in North and South Carolina. The full effects of the drought on business may not be felt for some time, but the reduction in prospective yields of nearly all crops accompanying low prices for agricultural products will considerably curtail the purchasing power of the agricultural population. The forecasts of cotton and tobacco yields in the Fifth district are higher this year than in 1929, due to material gains in the two Carolinas, but the price situation for both cotton and tobacco is very discouraging. The larger yields this season will not nearly compensate for the drop in prices since last Fall, unless there is a marked change for the better later in the selling season, of which no signs are now apparent.

Business developments during the past month were mainly of a seasonal nature, but trade continued in smaller volume than a year ago. Member banks in rural sections slightly increased their borrowing at the reserve bank, due chiefly to the opening of tobacco markets in South Carolina and border counties in North Carolina, but the usual increase at this season in the circulation of Federal reserve notes did not occur between the middle of July and the middle of August. Reporting member banks are lending considerably less than at the middle of August last year, but they have increased their investments in securities, their deposits are higher, and their rediscounts at the reserve bank are much lower this year. Debits to individual accounts figures show the influence of lower price levels and generally depressed business this year, running about 10 per cent lower than debits last year. Commercial failures in the Fifth district in July were more numerous than in July last year, but showed the lowest aggregate liabilities for any July in the past seven years. The Fifth district insolvency record in July was better than the National record in comparison with both June this year and July last year. Employment conditions showed no

material change last month, unemployment continuing to be more extensive than at the same time a year ago. Construction under way in the Fifth district is considerably less this Summer than a year ago, and both retail and wholesale trade in July was in smaller volume than in July 1929. Coal production in July was below the output in July 1929, and during the present calendar year coal consumption in all major industries has been less than in 1929. One favorable factor in the coal situation is a small reserve stock in the hands of consumers, and any increase in industrial activity will be quickly reflected in larger output at the mines. The textile industry reports no progress out of the depression in which it has operated for some time, but cotton consumption statistics seem to indicate that conditions in Fifth district mills are not quite as bad as in some other textile centers. Cotton consumption in American mills and exports of cotton both fell off further in July, and were materially below the figures for July 1929. The carryover of cotton into the new cotton year beginning August 1 this year was much larger than the carryover last year, and the Department of Agriculture's first estimate of the 1930 crop indicated a total yield of over 14 million bales. The outlook for tobacco growers is much like that for cotton farmers. There was a record carryover of tobacco at the end of the 1929 season, and this year's prospective yield for the United States is relatively large.

Reserve Bank Statement.

During the month between the middle of July and the middle of August, there was a slight increase in reserve bank credit outstanding in the Fifth reserve district, chiefly due to the opening of tobacco markets in South Carolina and a few border markets in North Carolina, and to early sales of other agricultural products. The increase in rediscounts for member banks held by the Federal Reserve Bank of Richmond during the month amounted to \$2,292,000, or 12.6 per cent, all of it occurring in country bank borrowing. The reserve

bank also increased its holdings of open market paper by \$872,000 and its portfolio of Government securities by \$1,389,000 between July 15 and August 15. These changes in rediscounts and other paper

ITEMS	000 omitted		
	Aug. 15 1930	July 15 1930	Aug. 15 1929
Rediscounts held.....	\$ 20,460	\$ 18,168	\$ 59,006
Open market paper.....	8,393	7,521	2,178
Government securities.....	16,983	15,594	1,809
Total earning assets.....	45,836	41,283	62,993
Circulation of Fed. Res. notes.....	63,782	64,379	78,864
Members' reserve deposits.....	62,017	63,435	64,779
Cash reserves.....	92,049	97,267	94,419
Reserve ratio.....	71.46	74.37	63.77

raised the total earning assets of the Richmond bank by \$4,553,000, or 11 per cent. In contrast to the seasonal increase in country bank borrowing, last month witnessed an unseasonal decline in the volume of Federal reserve notes in actual circulation. In most years the opening of tobacco markets in South Carolina is accompanied by an upward turn in note circulation, but last month the downward trend which began in the last week of December continued and the amount outstanding on August 15 was \$597,000 less than the amount in circulation on July 15. Member bank reserve deposits at the Federal Reserve Bank of Richmond dropped \$1,418,000 between July 15 and August 15, a usual decline at this time of the year. The changes in the items mentioned, with others of less importance, lowered the cash reserves of the Federal Reserve Bank of Richmond by \$5,218,000 during the past month, and reduced the ratio of reserves to note and deposit liabilities combined by 2.91 points.

A comparison of the items in the Bank's statement for August 15, 1930, with the figures reported for August 15, 1929, shows some important changes during the period. The volume of rediscounts for member banks held by the Richmond bank dropped \$38,546,000, or 65.3 per cent, during the period, but this decline in rediscounts was partly offset by increases of \$6,215,000 in holdings of open market paper and \$15,174,000 in Government securities, resulting in a net decrease of \$17,157,000 in earning assets of the Bank during the period. The circulation of Federal reserve notes of the Richmond institution showed a decline of \$15,082,000 between August 15, 1929, and August 15, 1930, but this change is difficult to interpret because last year the small size notes had been in circulation a month only and a relatively small volume of the old notes had been retired. The aggregate amount of note circulation on August 15 last year was therefore larger than the requirements of current business made necessary. Member bank reserve deposits at the Federal Reserve Bank of Richmond declined \$2,762,000 during the period under review, and the cash reserves of the Bank dropped by \$2,370,000. On the other hand, the ratio of cash reserves to

note and deposit liabilities combined rose 7.69 points during this period, chiefly due to the decrease in note circulation previously mentioned.

Member Bank Statement.

ITEMS	000 omitted		
	Aug. 13 1930	July 9 1930	Aug. 14 1929
Loans on stocks and bonds (in- cluding Governments).....	\$176,995	\$181,676	\$197,948
All other loans.....	289,965	285,821	315,795
Total loans and discounts.....	466,960	467,497	513,743
Total inv. in stocks and bonds....	182,537	173,853	153,889
Reserve bal. with F. R. Bank.....	40,722	41,122	39,103
Cash in vaults.....	10,932	11,283	12,147
Demand deposits.....	352,135	340,031	346,393
Time deposits.....	253,002	247,328	238,875
Borrowed from Fed. Res. Bank....	3,899	4,576	26,758

The accompanying table shows the principal items of condition reported on three dates by fifty-six regularly reporting member banks in thirteen of the larger cities of the Fifth reserve district. The figures as of August 13, 1930, are shown in contrast with those of July 9, 1930, and for August 14, 1929, thus affording an opportunity for comparison of the latest available figures with those of the preceding month and the preceding year. During the periods included, changes in the number of reporting banks have occurred, chiefly due to consolidations among the reporting institutions themselves, but insofar as is possible figures have been adjusted to make the several figures comparable.

Between July 9 and August 13, both this year, loans on stocks and bonds decreased by \$4,681,000, but all other loans, which are chiefly commercial or agricultural, rose by \$4,144,000. These changes resulted in a net decline in outstanding loans amounting to \$537,000, or one-tenth of 1 per cent, during the month. The reporting banks increased their investments in bonds and securities by \$8,684,000 between July 9 and August 13, but reduced their reserve deposits at the reserve bank by \$400,000 and their cash in vaults by \$351,000. Aggregate deposits in the fifty-six banks increased materially last month, demand deposits rising by \$12,104,000, or 3.6 per cent, and time deposits gaining \$5,674,000, or 2.3 per cent. Borrowing by the reporting banks at the reserve bank was reduced \$677,000 between July 9 and August 13.

Comparison of the August 13, 1930, figures in the table with those for August 14, 1929, show relatively large changes in nearly all items. Total loans and discounts dropped \$46,783,000 during the period, loans on stocks and bonds decreasing \$20,953,000 and all other loans declining \$25,830,000. On the other hand, aggregate deposits in the reporting banks increased by \$19,869,000, an unusual occurrence in the face of material reductions in loans. The reporting banks transferred the funds derived from repaid loans and increased deposits to investments in stocks and bonds, which rose by

\$28,648,000, and paid off 85 per cent of their indebtedness to the Federal reserve bank, reducing their rediscounts by \$22,859,000.

Debits to Individual Accounts.

CITIES	000 omitted		
	Total debits, five weeks ended		
	August 13 1930	July 9 1930	August 14 1929
Asheville, N. C.....	\$ 22,612	\$ 32,873	\$ 29,161
Baltimore, Md.....	486,779	514,967	542,648
Charleston, S. C.....	27,108	30,210	22,500
Charleston, W. Va.....	42,751	53,632	47,407
Charlotte, N. C.....	47,805	57,247	61,061
Columbia, S. C.....	19,504	24,780	24,694
Cumberland, Md.....	11,050	12,140	12,267
Danville, Va.....	7,727	8,941	8,576
Durham, N. C.....	29,708	29,785	33,251
Greensboro, N. C.....	21,943	24,737	24,814
Greenville, S. C.....	16,148	19,131	21,602
Hagerstown, Md.....	11,464	11,839	14,588
Huntington, W. Va.....	21,987	24,067	25,351
Lynchburg, Va.....	19,826	23,395	22,088
Newport News, Va.....	13,059	14,077	12,661
Norfolk, Va.....	62,246	67,554	69,904
Portsmouth, Va.....	5,267	5,281	6,325
Raleigh, N. C.....	24,406	32,736	23,974
Richmond, Va.....	144,294	162,602	163,020
Roanoke, Va.....	32,691	36,152	36,508
Spartanburg, S. C.....	10,443	12,875	13,408
Washington, D. C.....	267,717	302,866	287,652
Wilmington, N. C.....	12,998	15,202	15,966
Winston-Salem, N. C....	34,565	45,087	40,766
District Totals.....	\$1,394,098	\$1,562,176	\$1,560,192

Aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-four cities of the Fifth reserve district are shown in the accompanying table for three equal periods of five weeks, ended August 13, 1930, July 9, 1930, and August 14, 1929. Debits to individual accounts figures may be taken as an indicator of the volume of business passing through the banks, and also as an approximate measure of general business if proper allowance be made for price changes between the periods under review.

During the five weeks ended August 13 this year, aggregate debits to individual, firm and corporation accounts in the reporting cities totaled \$1,394,098,000, a decrease of \$168,078,000, or 10.8 per cent, under aggregate debits in the preceding five weeks, ended July 9, 1930, every city on the reporting list showing lower figures for the more recent period. A decline at this time is seasonal, due chiefly to large semi-annual and quarterly payments occurring in the earlier period, around July 1. It is seldom, however, that the seasonal decline is shown in every city on the list. Durham, N. C., and Portsmouth, Va., reported the smallest decreases.

A comparison of the figures reported for the five weeks ended August 13, 1930, with the figures for the corresponding period ended August 14, 1929, shows a decided decline this year. Aggregate debits for the 1930 period were \$166,094,000, or 10.6 per cent, below the figures for the 1929 period, but

it should be remembered that a generally lower price level this year is undoubtedly responsible for part of the decrease in total payments by check. Among the individual cities, twenty-one failed to reach the level of the 1929 figures. The three cities which reported higher totals for the 1930 period were Charleston, S. C., Newport News and Raleigh. Charleston reported the largest percentage increase, but part of this was due to relatively small figures last year.

Savings and Time Deposits.

There was a slight decline in deposits in twelve mutual savings banks in Baltimore during July, a drop which occurs in most years at vacation time. Total deposits in the twelve banks amounted to \$195,806,687 at the end of July, compared with \$195,819,626 at the end of June 1930, and \$189,209,209 on July 31, 1929. During the first seven months of this year deposits in these banks rose approximately \$5,500,000, compared with an increase of only \$1,300,000 in the first seven months of 1929. An examination of monthly deposit figures reported by the twelve mutual banks in Baltimore for a period of ten years discloses the interesting fact that savings deposits increase at a more rapid rate during periods of relatively high unemployment than in more prosperous periods. Time deposits in fifty-six regularly reporting member banks rose during the past month to a figure higher than at the corresponding time a year ago, total time deposits on August 13, 1930, amounting to \$253,002,000 comparing with \$247,328,000 on July 9 this year and \$238,875,000 on August 14, 1929.

Commercial Failures.

There were 114 business failures in the Fifth Federal reserve district in July 1930, with aggregate liabilities totaling \$1,342,100. In number of insolvencies, last month witnessed a decline of 15.6 per cent in comparison with June this year, but showed an increase of 16.3 per cent over the number of failures in July 1929. Aggregate liabilities reported last month in the Fifth district were however 41.3 per cent less than liabilities in June this year, and 50.3 per cent less than in July 1929, in contrast to an increase of 22.8 per cent in liabilities for the United States as a whole. The July 1930 liabilities in the Fifth district were the lowest for any July since 1923. Bankruptcy statistics in the Fifth district in July were more favorable than those for the United States in comparison with both the preceding month and the preceding year.

Employment.

Employment conditions did not change materially during July and early August, and there is still much unemployment in the Fifth district, but apparently no more than existed a month ago. With the exception of shipyards and tobacco manufacturing plants, practically all industries in the district are restricting operations to some extent,

with the greatest curtailment probably in lumber and textile plants. The volume of building operations is less than in recent years, and therefore a surplus of workers in the building trades is in evidence.

Coal Production.

Bituminous coal production in the United States in July 1930 totaled 34,715,000 net tons, a larger output than 33,714,000 tons dug in June this year but materially below 41,175,000 tons brought to the surface in July 1929. Total production of soft coal during the present calendar year to August 9 (approximately 188 working days) amounted to 275,302,000 net tons, the lowest figure in five years. The July 26 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of June 1930, and also for the first six months of this year in comparison with other recent years. West Virginia mines produced 9,620,000 net tons in July, ranking second to Pennsylvania with 9,744,000 tons, and West Virginia's total production this year through July amounting to 60,318,000 tons was also less than 62,391,000, tons mined in Pennsylvania.

On August 13 the Bureau of Mines issued a report on consumers' stocks of bituminous coal in storage on July 1, 1930. A total reserve stock of 32,200,000 tons was the smallest tonnage held by consumers since the Fall of 1922. The report states that the usual seasonal decline in coal consumption, which normally follows the close of the heating season, was accentuated this year by depression in general business. During the second quarter of 1930 all major classes of consumers used less coal than in the corresponding period of the preceding year. In comparison with the same period of 1929, the rate of home consumption plus exports shows a decline of 1,057,000 tons per week, or 11.8 per cent.

Textiles.

Cotton mills in the Fifth district continue to operate on restricted schedules, and in July this year consumed only 166,730 bales of cotton compared with 226,714 bales used in July 1929, a decrease this year of 26.5 per cent. However, as the National consumption figures for July 1930 were 30.8 per cent less than the figures for July last year, a comparison of the Fifth district decrease with that of the United States indicates that the depression in the textile industry is being felt somewhat less in the Carolinas and Virginia than in some other sections of the country. Cotton consumed by Fifth district mills last month amounted to 44.0 per cent of National consumption, an improvement over 41.7 per cent of National consumption used in the district in June 1930 and 41.5 per cent in July 1929. North Carolina mills used 87,929 bales of cotton in July this year, South Carolina mills used 69,968 bales, and Virginia mills 8,833 bales. The South Carolina figure was higher

than the corresponding figure for June 1930, and the Virginia figure was higher than that for July 1929.

Cotton Statistics.

The decline in spot cotton prices, which began nearly two years ago and has continued more or less steadily since then, depressed the average price for upland middling grade cotton to 10.97 cents per pound on August 15, the figure being an average of prices on ten Southern spot markets on the date mentioned. This represents a decline of approximately \$7.50 per bale during the past month and is \$32 per bale below the average price on August 16, 1929; in addition, the August 15, 1930, average price was the lowest reported since July 30, 1921, and is only 1.63 cents per pound below the lowest price reached since the "Buy-a-bale" movement in 1914-1915.

Consumption of cotton in the United States in July 1930 totaled 378,835 bales, compared with 405,181 bales used in June this year and 547,165 bales in July 1929. Total consumption for the cotton year ended July 31, 1930, amounted to 6,113,932 bales, compared with 7,091,065 bales consumed in the corresponding period of the 1928-1929 season. Manufacturing establishments held 1,183,167 bales on July 31, compared with 1,357,394 bales held on June 30 and 1,052,128 bales on July 31, 1929. Public warehouses and compresses held 2,877,416 bales in storage at the end of July this year, compared with 3,104,989 bales so held a month earlier and 984,860 bales on July 31 last year. July exports totaled 176,435 bales, compared with 185,053 bales sent abroad in June 1930 and 237,507 bales exported in July 1929. Exports during the cotton year ended July 31 totaled 6,690,709 bales, compared with 8,043,588 bales shipped over seas during the corresponding year ended July 31, 1929. Spindles active at some time during July numbered 26,464,444, compared with 27,642,158 in June this year and 30,397,190 in July 1929.

Cotton consumption in the cotton growing states totaled 302,561 bales in July, compared with 320,043 bales used in June and 409,141 bales in July 1929. Last month's consumption in the cotton growing states amounted to 79.87 per cent of National consumption, a higher percentage than either 78.99 per cent in June this year or 74.77 per cent in July 1929. Of the 302,561 bales of cotton consumed in the cotton growing states in July, the Fifth district mills used 166,730 bales, or 55.11 per cent, a slightly lower percentage than 55.41 per cent of Southern consumption attained by Fifth district mills in July last year.

On August 8, 1930, the Department of Agriculture issued its first cotton report of the season, based upon the condition of the crop on August 1. A condition of 62.2 per cent of a theoretical normal indicated a probable yield of 14,362,000 standard 500-pound bales, compared with final ginnings of 14,828,000 bales from the 1929 crop. The report

states that unusually hot, dry weather had curtailed the crop in many sections of the cotton belt, but on the other hand the heat and dryness tended to check boll weevils, which offset the drought damage to a considerable degree. Since the official report was issued dry weather has continued and further damage has been done to the growing crop of cotton, but official reports on this damage will not be available until next month.

In the Fifth reserve district, prospects for cotton yield are better than in 1929, South Carolina showing the greatest improvement with a forecast of 930,000 bales in comparison with 830,000 bales ginned last year. North Carolina's prospective yield this year is 782,000 bales, compared with 747,000 bales grown in 1929. Virginia shows lower figures this year, 42,000 bales compared with 48,000 bales ginned last season. The weather in the Fifth district has been on the whole more favorable for cotton than for most other crops, and better than in the Western section of the cotton belt. Virginia and North Carolina have had insufficient rain for best development, but South Carolina seasons have been more favorable than in any recent year. The Department of Agriculture reports fruiting more advanced in the Carolinas than at this time last year. In spite of a large yield in prospect this year, Fifth district farmers will not receive as much money for their cotton as last year unless there is a considerable advance in spot cotton prices during the Fall months, when the bulk of the crop passes out of the growers' hands.

Tobacco.

Prospects for the tobacco crop in the Fifth district declined materially during July and early August, due to the severe drought in Virginia, North Carolina, West Virginia and Maryland, but on August 1 indications were for a yield of approximately 736,670,000 pounds in comparison with 726,638,000 pounds produced in the district in 1929. In North Carolina, which leads in tobacco production in the Fifth district, a yield of about 512,000,000 pounds is expected this year, compared with 508,060,000 pounds in 1929. The Virginia crop prospects decreased about 24 per cent in July, and probably somewhat more during the first half of August, and on August 1 a crop of only 100,100,000 pounds was indicated, compared with 113,865,000 pounds grown last year. South Carolina tobacco suffered less from drought than any other Fifth district state, and a yield of 94,430,000 pounds is not only above 82,992,000 pounds harvested in 1929 but is the largest crop of tobacco ever produced in the State. The Maryland crop of about 25,000,000 pounds is approximately the same as last year. Prospects in West Virginia are exceedingly poor, the condition on August 1 of 36 per cent being the lowest reported by any tobacco growing state. The yield this year is forecast as 5,200,000 pounds, compared with 6,588,000 pounds grown in 1929. Tobacco markets in Georgia opened in July, and

markets in South Carolina and border counties in North Carolina opened early in August. Prices were very low on the openings, and have made little advance thus far. As a result of dissatisfaction with prevailing prices, farmers have held a good deal of their tobacco off the auction floors and sales have therefore been much smaller than in most years. Prospects for tobacco total yield in the United States are slightly lower than a year ago, but there was a record carry-over of tobacco at the end of the 1929 season and with average yields in prospect this year there appears to be more tobacco available, resulting in a buyers' market and low prices.

Agricultural Notes.

On July 1, prospects for agriculture insofar as production was concerned were better than average in the Fifth reserve district, but since that time one of the worst droughts on record has reduced prospective yields of most crops to low figures. In South Carolina the drought did relatively little damage to the leading crops, and North Carolina suffered only in spots, but in Virginia, West Virginia and Maryland the exceedingly hot, dry weather affected the entire states and reduced all crops materially.

MARYLAND grain crops were harvested before the drought affected them, and turned out well, but hay, corn and alfalfa were damaged critically, yields in some counties being cut almost to the vanishing point. Canning crops on the Eastern Shore were damaged from 50 to 100 per cent. Some counties report their pea crops damaged 80 to 90 per cent. Pastures in most of the State burned brown, and milk production declined drastically. There is practically no hay yield this year in Maryland.

VIRGINIA prospects on August 1 were the poorest since estimates were begun in 1866, and the decline in average condition for all crops combined between July 1 and August 1 was 25.2 points, the greatest decline reported for any state. The drought has become so severe in the Valley and Southwest that many farmers have been obliged to dispose of their livestock due to the shortage of feed, pastures and drinking water. Corn prospects dropped approximately 48 per cent last month, and the forecast on August 1 was for a yield of only 21,518,000 bushels. In spite of dry weather, the wheat crop turned out exceptionally well, a production of 10,199,000 bushels comparing with 8,960,000 bushels in 1929 and a five-year average of 9,373,000 bushels. The quality of the grain is also exceptionally high this year. The Virginia hay crop of 623,000 tons is considerably less than one-half of last year's yield, and a 30 per cent condition of pastures on August 1 was the lowest in the history of crop reporting in the state. As a result of the pasture and feed shortage, milk production declined considerably in July.

WEST VIRGINIA crop prospects on August 1 were the poorest in the country, according to official reports. The drought and hot weather has reduced prospective yields to a point 35 per cent below the ten-year average, and since August 1 there has been further deterioration. The yield of wheat in West Virginia this year totaled 2,453,000 bushels, compared with 1,782,000 bushels in 1929, and the quality of the crop is exceptionally good. On the other hand, corn indicates a yield of only 8,172,000 bushels, as compared with 13,892,000 bushels harvested in 1929. In some sections of the Ohio Valley corn is being cut for fodder. Prospects are for a yield of oats totaling 4,388,000 bushels, compared with 5,616,000 bushels last year. Hay crops yielding approximately 672,000 tons are extremely light and in no section of the state will more than half a normal yield be secured. The Irish potato crop is estimated to be about a third less than last year and in some sections where digging has been done the potatoes show damage from rot. Sweet potato production in West Virginia has been cut in half by the dry weather this year. Exceedingly poor pasture conditions over the entire state have resulted in an early movement of cattle to market and a sharp decrease in milk production. Apples are small, and many of them are dropping from the trees. In the commercial apple section, some damage to trees has been reported.

NORTH CAROLINA crop conditions vary widely, with extreme drought damage in mountain counties, some damage in Piedmont counties, and good prospects in Eastern counties. Averaging all sections together, most crops show lower prospective yields than last year, but the decrease is not nearly so marked as in Virginia, West Virginia and Maryland. The corn acreage in North Carolina was increased about 10 per cent this year, but the August 1 forecast of 48,000,000 bushels is about 8 per cent less than last year's crop. The wheat crop, grown on a smaller acreage than in 1929, was good. Hay yields are poorer than usual, especially in the mountain counties, but are much better than yields in the upper half of the Fifth district.

SOUTH CAROLINA escaped the disastrous drought prevailing elsewhere in the country and on August 1 the combined indicated yield per acre of all important crops was 11.1 per cent above the average yield of the ten years 1919-1928. In this respect, South Carolina stands second in the nation. Compared with 1929, prospects this year are for 14 per cent more tobacco, 12 per cent more cotton, 6 per cent more corn, 60 per cent more peaches, and 31 per cent more apples. On the other hand, the weather has been too dry for best development of sweet potatoes and hay, and reductions in yields of about 15 per cent are indicated. However, the 1929 sweet potato crop was the largest on record. If cotton and tobacco prices were not very low this year, South Carolina farmers would be in the

strongest position for a number of years, but the increases in cotton and tobacco yields are insufficient to balance the decline in prices for these crops since 1929.

Wholesale Trade, 65 Firms.

	24	9	5	15	12
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
July 1930 sales, compared with sales in July 1929:	-11.0	-21.8	-21.7	-16.4	-4.2
July 1930 sales, compared with sales in June 1930:	-2.0	11.1	25.2	3.1	5.5
Jan.-July 1930 sales, compared with Jan.-July 1929 sales:	-3.3	-12.0	-3.3	-11.6	-3.3
July 31, 1930, stocks, compared with July 31, 1929, stocks:	-4.1(9*)	-22.6(4*)	24.3(5*)	-10.5(8*)	—
July 31, 1930, stocks, compared with June 30, 1930, stocks:	-.5(9*)	16.1(4*)	12.9(5*)	5.0(8*)	—
Percentage of July 1, 1930, receivables collected in July:	65.7(15*)	34.5(6*)	22.3(5*)	28.8(12*)	55.9(9*)

—Denotes decreased percentage. *Number of reporting firms.

Sixty-five wholesalers and jobbers reported on their July business to the Federal Reserve Bank of Richmond. In comparison with sales in July last year, July sales this year were materially less in all of the five lines for which figures are available, dry goods and shoes showing the greatest declines and drugs the least change. In comparison with June 1930 sales, July sales showed seasonal increases in most lines, groceries being the only line which failed to make a gain last month. As is usually the case at this season, shoes recorded the largest increase over the volume of business done in June. Cumulative sales since January 1 this year were lower in every line reported upon than sales in the first seven months of 1929, dry goods with a decline this year of 12 per cent showing the greatest decrease. Groceries, shoes and drugs show exactly the same percentage decline in 1930 sales, 3.3 per cent.

Wholesale stocks on the shelves of the reporting firms increased seasonally during July in dry goods, shoes and hardware, but grocery stocks declined a fraction of 1 per cent. In comparison with stocks carried last year, stocks on July 31, 1930, were larger in shoes, but were smaller in groceries, dry goods and hardware.

Collections in July were better in groceries and dry goods than in either June this year or July last year, but were slower in shoes, hardware and drugs.

Retail Trade, 35 Department Stores.

	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
July 1930 sales, compared with sales in July 1929:	-2.9	-2.3	-10.7	-4.3
Jan.-July 1930 sales, compared with Jan.-July 1929:	2.1	-1.1	-7.8	-1.2
July 31, 1930, stock, compared with stock on July 31, 1929:	-6.9	-6.2	-8.1	-7.0
July 31, 1930, stock, compared with stock on June 30, 1930:	-8.9	-8.8	-4.5	-7.8
Number of times stock turned in July 1930:	.229	.237	.174	.219
Number of times stock turned since January 1, 1930:	2.009	1.981	1.479	1.874
Percentage of July 1, 1930, receivables collected in July:	23.4	29.7	29.2	26.4

— Denotes decreased percentage.

Retail trade in July in the Fifth reserve district, as reflected in department stores sales, was in smaller volume than in July 1929, but made a better comparison with the preceding year than trade in June. Baltimore and Washington stores reported July sales between 2 and 3 per cent less than in July 1929, a decline probably accounted for largely by price changes during the year, but the Other Cities stores, many of which serve a rural population to a considerable extent, reported an average decline in July sales of nearly 11 per cent. In total sales since January 1, 1930, Baltimore stores are ahead of their 1929 figures for the corresponding seven months, and Washington shows a decline this year of only 1.1 per cent, but the Other Cities stores average 7.8 per cent below their 1929 figures

for the first seven months of the year.

A seasonal decrease in stock on hand was reported during July, and at the end of the month averaged 7.8 per cent less than on July 31, 1929. The reporting stores turned their stock .219 times in July, and since January 1 stocks have been turned an average of 1.874 times, a slightly higher figure than 1.855 times for the corresponding period last year.

Collections in July averaged 26.4 per cent of total receivables outstanding on July 1, compared with 28.2 per cent of outstanding receivables collected in July 1929. Collections were slower in nearly all reporting stores in July this year, but the difference was not great.

BUILDING OPERATIONS FOR THE MONTHS OF JULY 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.....	446	641	962	994	\$ 2,097,000	\$ 2,591,040	\$ 461,760	\$ 477,120	\$—	509,400	1
2	Cumberland, Md.....	7	10	10	6	13,160	21,625	3,205	4,975	—	10,235	2
3	Frederick, Md.....	5	7	6	3	13,250	58,055	2,232	5,750	—	48,323	3
4	Hagerstown, Md.....	20	20	8	9	125,030	60,600	4,091	17,105	—	51,416	4
5	Salisbury, Md.....	17	26	5	13	47,650	26,275	2,600	7,700	—	16,275	5
6	Danville, Va.....	7	16	4	14	4,030	29,355	900	9,951	—	34,376	6
7	Lynchburg, Va.....	25	18	22	30	60,920	65,515	175,292	20,405	—	150,292	7
8	Norfolk, Va.....	56	58	78	62	209,679	241,440	36,635	27,120	—	22,246	8
9	Petersburg, Va.....	4	2	8	10	7,050	3,800	10,845	2,552	—	11,543	9
10	Portsmouth, Va.....	7	13	22	22	6,225	22,150	13,118	10,425	—	13,232	10
11	Richmond, Va.....	64	92	64	75	227,376	324,269	76,337	146,801	—	167,357	11
12	Roanoke, Va.....	30	44	24	17	959,851	213,835	8,890	3,455	—	751,451	12
13	Bluefield, W. Va.....	12	5	7	2	15,990	3,460	4,275	125	—	16,680	13
14	Charleston, W. Va.....	34	61	24	23	160,597	119,920	43,485	110,975	—	26,813	14
15	Clarksburg, W. Va.....	5	10	6	3	6,830	23,612	7,010	415	—	10,187	15
16	Huntington, W. Va.....	13	37	4	6	47,000	178,860	740	9,500	—	140,620	16
17	Asheville, N. C.....	7	8	36	33	44,750	665,447	10,405	7,177	—	617,469	17
18	Charlotte, N. C.....	29	43	48	65	218,785	200,048	68,911	39,392	—	48,256	18
19	Durham, N. C.....	7	13	9	10	50,750	363,450	20,825	7,365	—	299,240	19
20	Greensboro, N. C.....	19	21	20	26	51,231	98,095	9,530	18,298	—	55,632	20
21	High Point, N. C.....	11	20	1	4	39,190	61,675	500	1,675	—	23,660	21
22	Raleigh, N. C.....	9	17	7	24	25,525	39,905	4,075	5,950	—	16,255	22
23	Rocky Mount, N. C.....	3	12	1	2	100	26,110	250	800	—	26,560	23
24	Salisbury, N. C.....	2	4	1	2	26,000	13,300	1,000	2,000	—	11,700	24
25	Wilmington, N. C.....	8	12	7	13	13,300	38,800	8,900	11,200	—	27,800	25
26	Winston-Salem, N. C.....	39	57	54	68	102,050	227,595	15,475	21,510	—	131,580	26
27	Charleston, S. C.....	8	25	25	35	19,175	44,826	18,327	5,735	—	13,059	27
28	Columbia, S. C.....	23	35	37	47	67,650	109,600	47,595	25,715	—	20,070	28
29	Greenville, S. C.....	10	11	13	32	38,400	118,490	13,185	13,610	—	80,515	29
30	Rock Hill, S. C.....	5	3	21	10	68,900	16,500	6,550	11,840	—	47,110	30
31	Spartanburg, S. C.....	6	22	31	12	13,400	18,615	44,145	22,625	—	16,305	31
32	Washington, D. C.....	147	202	337	284	1,891,730	4,769,845	464,840	358,770	—	2,772,045	32
	Totals.....	1,085	1,565	1,902	1,956	\$ 6,672,574	\$10,796,112	\$1,585,928	\$1,408,036	\$—	\$3,945,646	

— 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.

Building permits issued for new construction in thirty-two leading Fifth district cities in July 1930 numbered only 1,085, with estimated valuation totaling \$6,672,574, compared with 1,565 permits issued for similar work in July 1929, with total valuation estimated at \$10,796,112. In alteration and repair work, July 1930 witnessed 1,902 permits costing \$1,585,928, compared with 1,956 permits

costing \$1,408,036 in July last year. Combined valuation figures in July this year showed a decrease of \$3,945,646, or 32.3 per cent. Among the individual cities, Roanoke with permits for new work totaling nearly \$1,000,000 made the best showing. Baltimore, Washington, Richmond, and Norfolk reported smaller figures than for July 1929, but Charlotte reported a small increase. The

decline was general throughout the district, only ten cities reporting higher figures for July this year, while twenty-two cities fell below last year's totals.

Contracts awarded in July for construction work in the Fifth reserve district, including both rural and urban projects, totaled \$36,357,300, compared

with \$51,363,635 awarded in July 1929 and \$32,884,428 in July 1928, according to figures collected by the F. W. Dodge Corporation. Of the awards in July this year, \$8,525,705 was for residential work, compared with awards totaling \$10,303,375 for this class of construction in July last year.

(Compiled August 21, 1930)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Business activity declined further during July and industrial production and factory employment reached the lowest levels in recent years. Crops were damaged by prolonged drought. Wholesale prices declined further until early in August when agricultural prices increased. Money rates continued easy.

Production and Employment.

Output of factories and mines decreased by about 6 per cent during July according to the Board's index of production, which makes allowance for seasonal fluctuations. A number of automobile factories were closed during part of the month and there was a substantial reduction in output of iron and steel and cotton textiles. Daily average production of bituminous coal, lumber, and shoes continued small. In the first half of August, the output of steel showed a further slight decrease. Some automobile plants resumed operations on a limited scale.

Factory employment and wage payments decreased further, and at the middle of July were at the lowest level since 1922. The reduction in number of workers employed was largest at steel and automobile plants, car shops and foundries, hosiery and cotton mills, and clothing factories. There was a seasonal increase in employment in the canning, flour, and shoe industries. Working forces at bituminous coal mines were further reduced, and the Department of Agriculture reported an unusually small demand for farm labor.

Building contracts awarded during July and the first half of August were in exceptionally small volume, according to reports by the F. W. Dodge Corporation. The reduction from June was primarily on account of smaller awards for public works and utility construction. Building in other lines continued relatively inactive.

Feed crops and pasturage have been severely damaged by drought, which was not broken until the middle of August. The August 1 crop report of the Department of Agriculture indicated a corn crop of 2,212,000,000 bushels, the smallest since 1901, and the smallest hay crop in ten years. Food crops were less severely affected, with wheat production estimated at 821,000,000 bushels—15,000,000 bushels larger than last year. The cotton crop was

estimated at 14,362,000 bales, or slightly less than a year ago.

Distribution.

Freight-car loadings have been in smaller volume than at the same season of any other recent year. Department store sales declined in July to the lowest level since the summer of 1924.

Prices.

The sharp downward movement of wholesale prices continued through July, and the Bureau of Labor Statistics index fell to a level 14 per cent below that of a year ago. The most pronounced decreases from June to July were in the prices of cattle, beef, wheat, cotton, silk, and rubber, and nearly all commodities showed some decline. During the first half of August, prices of grains moved upward, reflecting the influence of the drought. There have also been recent increases in the prices of cattle, hogs, silver, and silk, while the prices of cotton, copper, iron and steel, and rubber have declined further to the lowest levels in recent years.

Bank Credit.

Loans and investments of reporting member banks in leading cities decreased slightly between July 16 and August 13, largely as a result of a decline of \$48,000,000 in security loans. All other loans showed little change, while investments increased further.

Reserve bank credit outstanding increased by about \$60,000,000 during the first three weeks of August, reflecting seasonal increase in the demand for currency and a decrease of about \$25,000,000 in the country's gold stock chiefly on account of gold exports to France. The increase in reserve bank credit was in the form of bankers' acceptances and U. S. Government securities; member bank borrowings showed little change.

Money rates continued easy. The prevailing rate on commercial paper was reduced to 3 per cent around the first of August and remained at that level during the first three weeks of the month. Bond yields continued to decline. Discount rates at the Federal reserve banks of St. Louis, San Francisco, and Kansas City were lowered from 4 to 3½ per cent during August.