

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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

RICHMOND, VIRGINIA

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**B**USINESS developments in the Fifth Federal reserve district in July and early August were chiefly seasonal in nature, and the volume of trade changed little from that of other recent months. As is customary at this time of the year, member banks in rural sections increased their borrowing at the reserve bank to some extent, incident to early crop marketing needs, and the circulation of Federal reserve notes turned upward during the first half of August as a result of the opening of auction tobacco markets in the South Carolina belt. Member banks in the larger centers slightly decreased their outstanding loans between the middle of July and the middle of August, and their deposits also declined, while they increased their investments in bonds and securities and their rediscounts at the Federal Reserve Bank of Richmond. Debits to individual accounts in the banks of twenty-four trade centers in the Fifth district were lower during the four weeks ended August 12 than during the preceding four weeks, a seasonal decline due to large payments around July 1, but the decline this year was somewhat less marked than in most years. The commercial failure record of the Fifth district for July was good in comparison with the average for the United States, showing the smallest number of insolvencies and the lowest aggregate liabilities for any July since 1923. The number of failures in the district in July decreased 21.9 per cent in comparison with a National decline of only 2.2 per cent from insolvencies in July 1930, and liabilities in the district declined 1.6 per cent last month while the National figures showed an increase of 53.2 per cent in liabilities. Employment conditions showed no material change during July and early August, an unfavorable condition in view of the near approach of winter weather. The amount of construction under way and contemplated in the near future is much below normal, which partly accounts for the large number of people who are unable to obtain steady employment. Coal production in July, while seasonally higher than in June, was materially below the rate of production in July 1930, and during the first half of 1931 consumption of coal was less than consumption in the first half of 1930 in all industries. Reserve stocks of coal in the hands of consumers are relatively small,

however, and any increase in industrial activity will be quickly reflected in larger output at the mines. The textile industry in the Fifth district is operating at a somewhat higher rate than at this time last year, but business is hard to secure except for immediate needs. Retail trade, as reflected in department store sales, has held up remarkably well in the Fifth district, and in July averaged only 2.4 per cent less in dollar volume than in July 1930, while the average decline for the United States was approximately 8 per cent. In agriculture, crop prospects are excellent in the entire Fifth district insofar as production of crops is concerned, weather having been highly favorable for growth, but prices are very low. Wheat is selling around 45 cents a bushel, cotton between 6 and 6.5 cents per pound, and many vegetables and fruits are selling at extremely low levels. Tobacco farmers are getting low prices for their products, about the same as last year and far below other recent years, but they are considerably better off than the cotton planters. The one favorable condition in agriculture this year is that a larger number of farmers than usual planted food and feed crops in sufficient amount to provide for their families and their farm stock, and with excellent yields they are in position to live during the coming winter with less expenditure of money than was the case last year, when the disastrous drought in the upper half of the district burned up kitchen gardens, greatly reduced production of potatoes, fruits, and other food crops, and made corn and hay so scarce that many farmers were forced to dispose of their farm animals.

## Reserve Bank Statement

ITEMS	000 omitted		
	Aug. 15 1931	July 15 1931	Aug. 15 1930
Rediscounts held .....	\$19,008	\$17,235	\$20,460
Open market paper.....	4,010	3,160	8,393
Government securities .....	31,558	31,558	16,983
Other earning assets.....	60	220	.....
Total earning assets.....	54,636	52,173	45,836
Circulation of Fed. Res. notes.....	68,782	68,970	63,782
Members' reserve deposits.....	60,133	62,211	62,017
Cash reserves .....	91,037	90,222	92,049
Reserve ratio .....	65.13	66.49	71.46

The figures in the accompanying table show the principal items on the condition statement of the Federal Reserve Bank of Richmond as of August 15, 1931, in comparison with corresponding figures a month and a year earlier. The volume of rediscounts for member banks held by this Bank increased by \$1,773,000 between the middle of July and the middle of August, but on the latter date totaled \$1,452,000 less than rediscounts held a year ago, August 15, 1930. The Bank increased its portfolio of open market paper by \$850,000 during the past month, but the amount held on August 15 was \$4,383,000 less than the amount held on the same date last year. Holdings of Government securities did not change last month, but was \$14,575,000 above the holdings of Government securities at the middle of August 1930. Total earning assets rose \$2,463,000 between July 15 and August 15 this year, and on the latter date totaled \$8,800,000 in excess of total earning assets on August 15, 1930. The volume of Federal Reserve notes in actual circulation on August 15 was \$188,000 less than on July 15, but was exactly \$5,000,000 above the circulation on August 15, 1930. Although the volume of notes in circulation on August 15 was slightly below the amount on July 15, a lower point was reached around August 1, after which a seasonal rise in actual circulation began incident to the opening of auction tobacco markets in the South Carolina belt. Member bank reserve deposits on August 15 were \$2,078,000 less than deposits on July 15, and \$1,884,000 less than deposits at the middle of August last year. This decline in reserve deposits was partly due to a reduction in the number of member banks and partly to lower deposits against which reserves are carried. The changes previously mentioned in the statement, with others of less importance, caused a net increase in the cash reserves of the Federal Reserve Bank of Richmond between July 15 and August 15 amounting to \$815,000, but on the latter date reserves totaled \$1,012,000 less than on August 15, 1930. The ratio of cash reserves to note and deposit liabilities combined declined 1.36 points last month, and at the middle of August stood 6.33 points lower than the figure on August 15, 1930.

### Member Bank Statement

ITEMS	000 omitted		
	Aug. 12 1931	July 15 1931	Aug. 13 1930
Loans on stocks and bonds (including Governments) .....	\$158,700	\$156,157	\$176,995
All other loans.....	248,448	251,029	289,965
Total loans and discounts.....	407,148	407,186	466,960
Investments in stocks and bonds..	227,548	225,623	182,537
Reserve bal. with F. R. Bank....	41,063	40,794	40,722
Cash in vaults.....	12,781	13,346	10,932
Demand deposits .....	333,702	335,436	352,135
Time deposits .....	263,281	267,209	253,002
Borrowed from F. R. Bank.....	3,368	2,565	3,899

Fifty-two member banks in thirteen leading cities of the Fifth Federal reserve district make weekly reports of condition to the Federal Reserve Bank of

Richmond, and the accompanying table shows the totals of the principal items for the latest available date, August 12, 1931, in comparison with corresponding figures a month and a year earlier. It should be understood that the figures reflect the composite condition of the reporting banks on the report dates only, and are not necessarily the highest or lowest figures that occurred during the period under review.

Total loans in the fifty-two reporting member banks remained practically unchanged between July 15 and August 12, but there was a slight shift from all other loans to loans on stocks and bonds amounting to approximately \$2,500,000. Most of the rise in security loans occurred in one large bank. Investments of the reporting banks in bonds and securities rose \$1,925,000 during the past month, and their aggregate reserve balance with the Federal reserve bank rose \$269,000. On the other hand, cash in vaults declined \$565,000 between July 15 and August 12, and deposits dropped \$5,661,000, demand deposits declining \$1,734,000 and time deposits decreasing \$3,927,000. The reporting banks increased their borrowing at the reserve bank by \$803,000 during the month under review. On August 12, 1931, nine of the fifty-two institutions were rediscounting at the Federal Reserve Bank of Richmond.

Comparison of the August 12, 1931, figures with those for August 13, 1930, shows a decrease of \$59,812,000 in total loans during the year, and an increase of \$45,011,000 in investments and securities. Aggregate reserve balance with the Federal Reserve Bank of Richmond totaled \$341,000 more on the 1931 date than a year earlier, and cash in vaults rose \$1,849,000 during the year. On the other hand, total deposits declined \$8,154,000 between the middle of August last year and this, a decline of \$18,433,000 in demand deposits exceeding an increase of \$10,279,000 in time deposits. On August 12, 1931, the fifty-two reporting banks were borrowing \$531,000 less from the reserve bank than they were borrowing on August 13, 1930.

### Savings and Time Deposits

Aggregate deposits in twelve mutual savings banks in Baltimore totaled \$209,935,480 on July 31, 1931, compared with \$209,924,547 on June 30, 1931, and \$195,806,687 on July 31, 1930. In most years, savings deposits tend to decline slightly in July, probably due to vacation withdrawals, but this year deposits on July 31 in the twelve reporting banks were the highest on record. Time deposits in fifty-two regularly reporting member banks declined last month, dropping from \$267,209,000 on July 15 to \$263,281,000 on August 12, but on the latter date totaled approximately \$10,000,000 more than time deposits aggregating \$253,002,000 on August 13, 1930. Some commercial banks are discouraging the accumulation of funds in savings departments, it being difficult for them to handle profitably funds upon which savings interest is paid.

**Debits to Individual Accounts**

CITIES	000 omitted		
	Total debits, four weeks ended		
	Aug. 12, 1931	July 15, 1931	Aug. 13, 1930
Asheville, N. C.....	\$ 10,182	\$ 10,325	\$ 17,893
Baltimore, Md. ....	373,602	353,769	376,581
Charleston, S. C.....	18,590	19,562	21,622
Charleston, W. Va.....	30,885	35,847	33,780
Charlotte, N. C.....	34,588	39,591	37,630
Columbia, S. C.....	16,009	21,242	14,698
Cumberland, Md. ....	7,078	8,959	8,043
Danville, Va. ....	5,907	7,345	5,845
Durham, N. C.....	19,411	26,394	23,655
Greensboro, N. C.....	14,769	15,815	16,871
Greenville, S. C.....	11,958	14,508	12,461
Hagerstown, Md. ....	6,796	8,535	8,663
Huntington, W. Va.....	12,995	14,776	17,087
Lynchburg, Va. ....	11,961	18,696	15,654
Newport News, Va.....	9,777	9,674	10,247
Norfolk, Va. ....	42,326	45,437	49,950
Portsmouth, Va. ....	3,770	4,519	4,202
Raleigh, N. C.....	21,941	23,734	18,200
Richmond, Va. ....	101,393	117,385	111,371
Roanoke, Va. ....	22,480	24,228	25,474
Spartanburg, S. C.....	7,006	8,573	8,186
Washington, D. C.....	189,371	228,600	206,797
Wilmington, N. C.....	8,291	10,849	10,341
Winston-Salem, N. C...	26,312	31,692	26,547
District Totals .....	\$1,007,398	\$1,100,055	\$1,081,798

Aggregate payments by checks drawn on clearing house banks in twenty-four cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of four weeks, ended August 12, 1931, July 15, 1931, and August 13, 1930, thus affording opportunity for comparison of the latest available figures with those for the preceding like period this year and the corresponding period a year ago. Lower price levels this year in many lines affect the comparison of the 1931 figures with those for 1930, and account for part of this year's decline.

During the four weeks ended August 12 this year, aggregate debits to individual, firm and corporation accounts in the reporting cities totaled \$1,007,398,000, a decrease of \$92,657,000, or 8.4 per cent, under aggregate debits in the preceding four weeks, ended July 15, 1931, every city on the reporting list except Baltimore and Newport News 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. Last year the decline between the two periods was 10.8 per cent, considerably more than the 8.4 per cent decrease this year. Baltimore showed an increase of 5.6 per cent, and Newport News gained 1.1 per cent.

A comparison of the figures reported for the four weeks ended August 12 this year with the figures for the corresponding period ended August 13, 1930, shows a decline of \$74,400,000, or 6.9 per cent, but at least part of this decrease was due to lower price levels this year. Among the individual cities, twenty-one reported lower figures for the 1931 period. Columbia, S. C., Danville, Va., and Raleigh, N. C., showed the only gains this year, and in Columbia and Raleigh the in-

creases were due chiefly to transfers of State funds rather than to ordinary business transactions.

**Commercial Failures**

Commercial insolvencies in the Fifth Federal reserve district in July 1931 totaled 89, with aggregate liabilities amounting to \$1,320,725, a decrease in number of 21.9 per cent and in liabilities of 1.6 per cent in comparison with 114 failures and estimated liabilities totaling \$1,342,000 in July 1930. Both the number of failures and the estimated liabilities involved in Fifth district failures last month were lower than for any other July since 1923, and were the lowest for any month for more than a year. The district record for July 1931 was much better than the average record for the United States, which showed a decline in number of insolvencies amounting to only 2.2 per cent and an increase in estimated liabilities totaling 53.2 per cent in comparison with July 1930. Only one other district, St. Louis, reported a larger percentage decrease in the number of failures than was shown by the Fifth district, and only two districts, Chicago and Kansas City, made a better record in estimated liabilities involved. Seven of the twelve reserve districts reported fewer failures in July 1931 than in July 1930, but only four of the twelve districts reported lower liabilities this year.

**Employment**

The employment situation in the Fifth Federal reserve district, as in most other sections of the country, is giving concern to public officials, welfare agencies, and the public generally. There has been no material reduction in the number of persons unable to obtain work in recent months, and the approach of another winter is looked upon with anxiety. It is possible that business may pick up in the fall and winter sufficiently to absorb some of the idle workers, but at present there are no definite signs of this development. The length of the period during which many people have been unemployed has made heavy inroads on surplus funds, and therefore it is expected that more aid will be required from all agencies during the coming winter than was necessary during the past two years. In aid of the situation, the State of Virginia is preparing to borrow \$1,000,000 with which to provide additional highway construction, and relief committees are being appointed to do what they can to relieve distress in their localities and to co-operate with other committees and agencies.

**Coal Production**

Bituminous coal production in the United States in July 1931 totaled 29,790,000 net tons, a larger output than 29,185,000 tons dug in June this year but materially below 34,715,000 tons brought to the surface in July 1930. Total production of soft coal during the present calendar year to August 8 (approximately 186 working days) amounted to 227,036,000 tons, the lowest figure in six years. The August 15 report of the Bureau of Mines, Department of Com-

merce, gave coal production figures by states for the month of June 1931, and also for the first six months of this year in comparison with other recent years. West Virginia mines produced 8,606,000 net tons in June, taking the lead from Pennsylvania, which dug 7,755,000 tons, but West Virginia's total production this year through June amounting to 49,031,000 tons was less than 50,598,000 tons mined in Pennsylvania.

### Textiles

Cotton consumption in Fifth district mills in July 1931 totaled 202,187 bales, a slightly lower figure than 204,769 bales used in June this year but 21.3 per cent more than 166,730 bales consumed in July 1930. Some decrease in July consumption in comparison with June is seasonal, many mills closing several days around July 4 for a holiday and to overhaul machinery. Last month North Carolina mills used 104,394 bales, South Carolina mills used 87,016 bales, and Virginia mills used 10,777 bales, all higher figures than those reported for July 1930 and the Virginia figure exceeding the one reported for June this year. July 1931 consumption in Virginia and the Carolinas was 44.9 per cent of National consumption, a lower figure than 45 per cent of National consumption in June 1931 but higher than 44 per cent in July 1930. The business being done by textile mills in the Fifth district is nearly all of the hand-to-mouth variety, steadily declining cotton prices making it practically impossible for the mills to book any advance orders.

### Cotton Statistics

Since the *Review* for July 31 was written, spot cotton prices have declined to the lowest point in twenty-five years, most of the decrease occurring immediately after the release of the Department of Agriculture's first condition report of the year, issued on August 8. On July 17, the average price for 7/8 inch staple upland middling cotton on ten markets in the South was 8.65 cents per pound, but there was a steady decline to 7.30 cents on August 7. On August 8 the price fell about a cent and a quarter a pound as soon as the first forecast of production was issued, and on August 14, the latest date for which figures are available, the average price on Southern markets was 6.33 cents per pound.

Consumption of cotton in the United States in July 1931 totaled 450,518 bales, compared with 455,388 bales used in June this year and 379,022 bales in July 1930. Total consumption for the cotton year ended July 31, 1931, amounted to 5,270,948 bales, compared with 6,105,840 bales consumed in the corresponding period of the 1929-1930 season. Manufacturing establishments held 994,979 bales on July 31, compared with 1,130,514 bales held on June 30 and 1,183,007 bales on July 31, 1930. Public warehouses and compresses held 4,524,426 bales in storage at the end of July this year, compared with 4,970,626 bales so held a month earlier and 2,877,422 bales on July 31 last year. July exports totaled 259,059 bales, compared with 255,459 bales sent abroad in June 1931 and 175,522 bales exported in July 1930. Exports during the cotton year

ended July 31 totaled 6,759,927 bales, compared with 6,689,796 bales shipped over seas during the corresponding year ended July 31, 1930. Spindles active at some time during July numbered 25,836,262, compared with 25,789,910 in June this year and 26,457,786 in July 1930.

Cotton consumption in the cotton growing states totaled 353,611 bales in July, compared with 357,872 bales used in June and 302,650 bales in July 1930. Last month's consumption in the cotton growing states amounted to 78.49 per cent of National consumption, a lower percentage than either 78.59 per cent in June this year or 79.85 per cent in July 1930. Of the 353,611 bales of cotton consumed in the cotton growing states in July, the Fifth district mills used 202,187 bales, or 57.18 per cent, a higher percentage than 55.09 per cent of Southern consumption attained by Fifth district mills in July last year.

On August 8, the Department of Agriculture issued its first condition report on the 1931 cotton crop, and estimated probable production at 15,584,000 equivalent 500 pound bales. The estimate was about a million and a half bales greater than the average of private reports previously issued, and destroyed hope for better cotton prices for this year's crop. The condition of the crop was 74.9 per cent of a theoretical normal on August 1, and a prospective yield of 185.8 pounds per acre was indicated, the highest figures since 1915 and 1914, respectively. The indicated crop of 15,584,000 bales compares with 13,932,000 bales ginned from the 1930 crop, an increase this year of 1,652,000 bales, or 11.9 per cent. The forecast for this year shows a greater gain than the number of bales alone show, since this year's crop is growing on an acreage 10 per cent less than the 1930 acreage. The Department of Agriculture's report states that there was a smaller use of fertilizer this year, but the distribution of rainfall has been such as to make possible the maximum utilization of plant food by the cotton plant. Weevil damage is expected to be somewhat higher than last year for the country as a whole, but still considerably less than the average loss during the last ten years.

In the cotton growing states of the Fifth reserve district, production this year is forecast to be smaller than last year, due chiefly to reduction in acreage. South Carolina is expected to grow 835,000 bales this year, compared with 1,001,000 bales ginned in 1930. North Carolina's crop this year is forecast as 713,000 bales, compared with 775,000 bales last year. The Virginia crop this year is 38,000 bales, compared with 42,000 bales in 1930. Most of the other South Atlantic states show lower production figures this year, but large gains in Texas, Arkansas, Oklahoma and Mississippi brought the totals for the United States above the figures for 1930.

### Tobacco

Prospects for the tobacco crop in the Fifth district on August 1 indicate a yield of approximately 756,388,000 pounds in comparison with 816,106,000 pounds produced in the district in 1930. In North Carolina, which leads in tobacco production in the Fifth district,

a yield of about 517,560,000 pounds is expected this year, compared with 584,000,000 pounds in 1930. The Virginia crop on August 1 indicated a yield of 116,832,000 pounds, compared with 111,776,000 pounds grown last year. South Carolina tobacco is expected to yield 81,750,000 pounds, compared with 96,250,000 pounds in 1930. The Maryland crop of 34,400,000 pounds is much above 19,040,000 pounds last year. Prospects in West Virginia are for a yield of 5,846,000 pounds this year, compared with 5,040,000 pounds grown in 1930. Tobacco auction 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, especially for poorer grades, but for better tobacco prices seem to be somewhat higher this year. Farmers are marketing their tobacco slowly, and auction sales have therefore been smaller during the first weeks of the season than in most years.

### Agricultural Notes

Except in South Carolina, which was little affected by the 1930 drought, crop prospects in the Fifth Federal reserve district are much better this year than they were a year ago, but the price situation is materially worse this year for most of the district's leading crops. In cases in which smaller production figures for 1931 are cited, the decreases are for the most part due to smaller acreages this year.

*Maryland* crops improved during July, and on August 1 conditions were favorable for further development, except on the Eastern Shore where rain was needed. On August 1 prospects were good for one of the largest corn crops ever grown in Maryland, and a yield of 20,910,000 bushels was indicated, compared with only 7,276,000 bushels harvested in 1930. Wheat improved very materially during July, bringing the average yield per acre to the highest figure on record in the state. Total production is estimated at 9,552,000 bushels, which is below 11,086,000 bushels threshed in 1930, but this year's acreage was greatly reduced. Production of 3,520,000 bushels of Irish potatoes was forecast on August 1, compared with 2,427,000 bushels dug last year, and sweet potato production totaling 1,680,000 bushels compares with 660,000 bushels in 1930. Maryland fruit crops are in fine condition, the apple crop of 3,744,000 bushels comparing with 1,650,000 bushels last year and this year's peach crop totaling 630,000 bushels comparing with 231,000 bushels in 1930. Pastures are good this year, averaging 81 per cent on August 1, in comparison with 31 per cent on August 1, 1930.

*Virginia* crops made favorable progress during July, and on August 1 the condition of all crops was considerably above the ten-year average. Prospects, however, were somewhat spotted, some sections having had much better growing weather than others. The wheat yield was astonishing this year, and the average of 22 bushels per acre is by far the largest on record. Total production is estimated at 12,870,000 bushels, compared with 9,160,000 bushels harvested last season, and is the largest crop since 1917 when the acreage was

nearly twice as much as this season. Corn on August 1 was quite promising in practically all parts of the state, although in some localities the crop was beginning to need rain at the end of July. Corn has an excellent color, has been well worked, and the growth is farther advanced than usual. A probable yield of 45,518,000 bushels is indicated, compared with only 17,227,000 bushels harvested last year and a five-year average of 44,077,000 bushels. This year's hay crop in Virginia is estimated at 976,000 tons, a higher yield than 512,000 tons cut last year but considerably less than the five-year average of 1,213,000 tons. The severe drought last year so seriously damaged stands of hay that it will take time for the yield to come back to average. Peanut prospects improved in July, and the vines are in fine condition, but the stand is unusually poor. A crop of oats totaling 4,275,000 bushels this year compares with 2,831,000 bushels in 1930 and a five-year average of 4,289,000 bushels. The forecast of 16,864,000 bushels of Irish potatoes is higher than either 13,989,000 bushels dug in 1930 or a five-year average production of 16,374,000 bushels. Sweet potatoes are expected to yield 5,130,000 bushels in 1931, compared with 2,960,000 bushels in 1930 and a five-year average of 5,643,000 bushels. On August 1 prospects indicated a commercial apple crop of 4,264,000 barrels in Virginia this year, a record yield, and about three and a half times the 1930 crop of 1,300,000 barrels. The peach crop is also good, and shipment of about 1,000 cars is expected, compared with only 19 cars shipped last year and 623 cars in 1929.

*West Virginia* farm prospects were very bright on August 1, in sharp contrast to conditions a year ago when average crop conditions in the state were the poorest in the United States. Corn advanced rapidly in July, and on August 1 a yield of 14,756,000 bushels was forecast, in comparison with 5,772,000 bushels harvested last year and a five-year average of 16,432,000 bushels. Winter wheat set a record from the standpoint of yield per acre. Yields as high as 45 bushels per acre were recorded, and the average for the state was 21 bushels. Total production of 2,121,000 bushels of wheat this year compares with 1,838,000 bushels harvested in 1930 and the five-year average of 1,865,000 bushels. The quality of West Virginia wheat is not up to last year, the crop having been damaged somewhat while in the shock by heavy rains. Oats are in much better condition this year than last, and a yield of 3,850,000 bushels is indicated, in comparison with 2,972,000 bushels in 1930. Hay yields are forecast this year at 860,000 tons, compared with 446,000 tons in 1930 and a five-year average of 1,126,000 tons. The Irish potato crop in West Virginia is below average this year, but is far better than a year ago. Present condition of the crop indicates a yield of 3,510,000 bushels, compared with 2,800,000 bushels last year and a five-year average of 5,800,000 bushels. The sweet potato forecast for 1931 is 220,000 bushels, compared with 150,000 bushels in 1930 and 254,000 bushels the average for the past five years. Pastures are somewhat below the ten-year average in conditions, but are considered good in all sections of the state. The

August 1 estimate of apple production this year was 11,832,000 bushels, compared with only 3,944,000 bushels harvested in 1930 and a five-year average of 6,882,000 bushels. Of the total apple crop, 1,775,000 barrels are expected to move into commercial channels, compared with only 680,000 barrels last year. A very large peach crop is forecast, 1,142,000 bushels this year comparing with only 122,000 bushels last year and a five-year average of 538,000 bushels. The prevailing price for peaches is so low, however, that probably only the best quality fruit will move to market.

*North Carolina* small grains made record yields this year. Wheat yield is forecast at 6,180,000 bushels, compared with 4,288,000 bushels in 1930, and an oat crop of 8,181,000 bushels compares with 6,521,000 bushels last year. Weather was favorable for corn in North Carolina in July, and the August 1 condition indicated a production of 59,198,000 bushels this year, compared with 51,865,000 bushels last year. This year's hay crop of 990,000 tons compares with 748,000 tons cut in 1930. Prospects at present indicate an Irish potato crop of 10,544,000 bushels in 1931, compared with 8,590,000 bushels dug in 1930, and this year's sweet potato yield of 12,075,000 bushels contrasts with 9,506,000 bushels last year. The North Carolina apple crop is forecast at 5,329,000 bushels this season, of which 266,000 barrels will be handled commercially, compared with 2,555,000 bushels in 1930, of which 100,000 barrels made up the commercial crop. In common with practically all of the peanut belt, the stand of peanuts in North Carolina is poor this year, but otherwise the crop promises a good yield.

*South Carolina* crops improved considerably in July, and on August 1 were about 15 per cent above the ten-year average and almost up to the fine prospects of August 1 a year ago. The wheat yield this year totaled 720,000 bushels, compared with 474,000 bushels harvested in 1930, and oats this year produced 10,935,000 bushels in comparison with 9,016,000 bushels last year. Corn is expected to produce 25,451,000 bushels in 1931, compared with 25,806,000 bushels last year, and the 1931 hay crop is forecast at 190,000 tons in comparison with 171,000 tons in 1930. A sweet potato crop of 4,180,000 bushels compares with 5,200,000 bushels dug in 1930. All fruit crops in South Carolina are larger this year than last. The drought in 1930 affected South Carolina crops relatively little, and therefore there is not the wide difference in prospective yields for 1931 crops in comparison with 1930 yields to be noticed in the figures given elsewhere in the *Review* for Maryland, West Virginia and Virginia. North Carolina also suffered much less from last year's drought than the states in the upper half of the Fifth district.

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

CITIES	Permits Iss'd		Total Valuation	
	1931	1930	1931	1930
Baltimore, Md. ....	1,179	1,408	\$4,989,120	\$2,558,760
Cumberland, Md. ....	20	17	62,865	16,365
Frederick, Md. ....	15	11	28,362	15,482
Hagerstown, Md. ....	12	28	20,145	129,121
Salisbury, Md. ....	30	22	88,775	50,250
Danville, Va. ....	11	11	11,880	4,930
Lynchburg, Va. ....	32	47	77,380	236,212
Norfolk, Va. ....	151	134	233,093	246,314
Petersburg, Va. ....	7	12	18,080	17,895
Portsmouth, Va. ....	35	29	21,435	19,343
Richmond, Va. ....	140	128	287,285	303,713
Roanoke, Va. ....	29	54	41,775	968,741
Bluefield, W. Va. ....	5	19	12,500	20,265
Charleston, W. Va. ....	40	58	149,828	204,082
Clarksburg, W. Va. ....	12	11	22,400	13,840
Huntington, W. Va. ....	13	17	8,850	47,740
Asheville, N. C. ....	26	43	18,300	55,155
Charlotte, N. C. ....	50	77	80,510	287,696
Durham, N. C. ....	21	16	70,925	71,575
Greensboro, N. C. ....	29	39	24,565	60,761
High Point, N. C. ....	20	12	96,625	39,690
Raleigh, N. C. ....	18	16	25,715	29,600
Rocky Mount, N. C. ....	9	4	51,800	350
Salisbury, N. C. ....	6	3	11,040	27,000
Wilmington, N. C. ....	17	15	32,200	22,200
Winston-Salem, N. C. ....	84	93	97,500	117,525
Charleston, S. C. ....	47	33	93,025	37,502
Columbia, S. C. ....	56	60	61,612	115,245
Greenville, S. C. ....	21	23	62,035	51,585
Rock Hill, S. C. ....	15	26	252,193	75,450
Spartanburg, S. C. ....	17	37	12,190	57,545
Washington, D. C. ....	590	484	2,305,115	2,356,570
District Totals .....	2,757	2,987	\$9,369,123	\$8,258,502

*Building permits issued* in July in thirty-two leading cities of the Fifth reserve district numbered 2,757, compared with 2,987 permits issued in July 1930, but estimated valuation figures for last month totaled \$9,369,123, an increase of 13.4 per cent over valuation of \$8,258,502 in July 1930. Fourteen of the thirty-two reporting cities showed higher valuation figures for July 1931 than for July 1930, but the district increase was largely accounted for by an increase of 95 per cent in Baltimore.

*Contracts* actually awarded in July for construction work in the Fifth reserve district totaled only \$17,449,102, compared with \$36,357,300 reported for July 1930, according to figures collected by the F. W. Dodge Corporation. Of the July 1931 awards, \$5,354,157 represented residential types of construction, compared with \$8,525,705 for this class of work in July last year. Contracts for residential work made up approximately 31 per cent of all contracts awarded in July 1931, compared with only 23 per cent in July 1930.

**Retail Trade, 34 Department Stores**

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cit.</i>	<i>District</i>
July 1931 sales, compared with sales in July 1930:				
— 1.6	— 2.7	2.1	—17.8	— 2.4
Total sales Jan.-July 1931, compared with Jan.-July 1930:				
— 4.8	— 4.3	2.1	—12.4	— 2.8
July 31, 1931 stocks, compared with stocks on July 31, 1930:				
—17.4	— 9.9	—11.3	—15.8	—12.1
July 31, 1931 stocks, compared with stocks on June 30, 1931:				
— 6.1	— 8.4	—10.4	— 8.1	— 8.9
Number of times stock was turned in July 1931:				
.271	.248	.271	.172	.248
Number of times stock was turned since January 1, 1931:				
2.219	2.189	2.297	1.545	2.148
Percentage of July 1, 1931, receivables collected in July:				
30.4	24.1	31.7	26.7	27.4

Retail trade in July in the Fifth reserve district, as reflected in sales in 34 department stores, was in smaller volume than in July 1930, but made the best comparison of all Federal reserve districts. Trade in Washington was better than in July last year, and Richmond stores reported a very small average decline last month. In cumulative sales since January 1, Washington stores lead with a gain this year of 2.1 per cent, Baltimore taking second place with a decline of 4.3 per cent compared to Richmond's decline of 4.8 per cent. A seasonal decrease in stocks on hand was reported for July, and at the end of the month practically all stores were carrying considerably smaller stocks than on July 31, 1930. The reporting stores turned their stocks .248 times in July, and since January 1 stocks have been turned an average of 2.148 times, a higher figure than 1.874 times for the corresponding seven months last year. Collections in July averaged 27.4 per cent of total receivables outstanding on July 1, compared with 26.4 per cent of outstanding receivables collected in July 1930.

**Wholesale Trade, 65 Firms**

23	9	6	15	12
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
July 1931 sales, compared with sales in July 1930:				
— 9.9	— 8.8	— 6.7	—20.1	— 4.4
July 1931 sales, compared with sales in June 1931:				
6.6	— 3.6	2.9	— 1.2	6.5
Jan.-July 1931 sales, compared with sales in Jan.-July 1930:				
—16.7	—22.8	— 6.3	—25.8	— 6.0
July 31, 1931 stocks, compared with July 31, 1930 stocks:				
— 8.8(8*)	—32.0(4*)	—24.4(5*)	—12.0(8*)	.....
July 31, 1931 stocks, compared with June 30, 1931 stocks:				
2.7(8*)	15.7(4*)	23.9(5*)	2.1(8*)	.....
Percentage of July 1, 1931, receivables collected in July:				
63.2(14*)	31.8(6*)	29.6(6*)	27.8(12*)	56.2(8*)

—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, hardware showing the greatest decline and drugs the least change. In comparison with June 1931 sales, July sales showed seasonal increases in three lines, but dry goods and hardware failed to make gains last month. Shoes did not increase as much as usual in July this year. Cumulative sales since January 1 this year were lower in every line reported upon than sales in the first seven months of 1930, hardware with a decline this year of 25.8 per cent showing the greatest decrease.

Wholesale stocks on the shelves of the reporting firms increased seasonally during July in all lines. In comparison with stocks carried last year, stocks on July 31, 1931, were smaller in every line.

Collections in July were better in shoes and drugs than in July last year, but were slower in groceries, shoes and hardware.

(Compiled August 21, 1931)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Industrial production and factory employment declined by somewhat more than the usual seasonal amount in July, while the general level of commodity prices remained unchanged. Conditions in the money market continued easy.

**Production and employment**

Industrial production, as measured by the Board's index, which is adjusted to allow for the usual seasonal variations, declined 1 per cent further in July to 83 per cent of the 1923-1925 average, compared with the low point of 82 for last December and the year's high point of 90 in April. Output of iron and steel, automobiles, lumber, and copper decreased further, while activity at textile mills and shoe factories was maintained at a high level.

Factory employment and payrolls declined by somewhat more than the seasonal amount from the middle of June to the middle of July. Large decreases in employment were reported at car-building shops and machinery and automobile factories, and at lumber mills. In the textile industries as a whole employment decreased somewhat less than is usual in July; and there were increases in employment in the woolen goods and men's clothing industries.

Figures on the value of building contracts awarded during July and the first half of August, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months.

Department of Agriculture estimates based on August 1 conditions indicated an unusually large crop of winter wheat, an exceptionally small yield of spring wheat, and a total wheat crop of 894,000,000 bushels, 72,000,000 bushels larger than the five-year average. The corn crop was estimated at 2,775,000,000 bushels, about the usual size and 700,000,000 bushels larger than last year's small crop. In spite of a 10 per cent reduction in acreage, the cotton crop was estimated by the Department of Agriculture to be about 15,584,000 bales, an increase of 1,600,000 bales over last year.

**Distribution**

Freight-car loadings increased by slightly less than the usual seasonal amount in July and department store sales, which ordinarily decline sharply at this season, apparently decreased somewhat more than usual.

**Wholesale prices**

The general level of wholesale prices in July continued at 70 per cent of the 1926 average, according to the index of the Bureau of Labor Statistics. Increases were reported in the prices of livestock and meats, while prices of building materials and of grains, particularly wheat, declined. During July and the first half of August prices of cotton and cotton textiles declined sharply, while prices of dairy products increased.

**Bank credit**

Loans and investments of reporting member banks in leading cities declined by about \$340,000,000 between July 15 and August 12, reflecting chiefly further liquidation of loans on securities, and a decrease in all other loans, which was partly a consequence of sales of acceptances to the reserve banks. The volume of the member banks' investments also showed a slight decline for the period.

At the reserve banks there was an increase in the total volume of credit of \$190,000,000 between July 15 and August 19. Demand for reserve bank credit during this period increased as a result of an outflow of \$144,000,000 of currency, which was larger than is usual at this season, and further transfers of foreign funds from the open market into balances at the reserve banks. This demand for reserve bank credit was met by the reserve banks for the most part through the purchase of bills and United States Government securities in the open market, but also through increased discounts for member banks.

Money rates remained at low levels.