

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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SEVERAL barometers of business reached the lowest levels in a number of years in the Fifth Federal reserve district in August, but there were also indications of some seasonal pick-up in trade. Rediscounts at the Federal Reserve Bank of Richmond increased between the middle of August and the middle of September, in keeping with a seasonal trend, and the volume of Federal reserve notes in actual circulation also rose moderately with the beginning of fall crop marketing. Reporting member banks in leading cities experienced little demand for loans, but deposits declined slightly, the banks increased their investments in stocks and bonds and their cash in vaults, and their borrowing at the reserve bank. Debits to individual accounts figures in the four weeks ended September 9, 1931, showed the lowest total for any four weeks in many years, but in spite of this fact the 1931 total was only 12.7 per cent below the total reported for the four weeks ended September 10, 1930, when price levels in many lines were materially higher than they are this year. Savings deposits in mutual savings banks and time deposits in member banks are higher than a year ago, indicating a large potential purchasing power on the part of the banking section of the public. Commercial failure figures for the twelve Federal reserve districts for August show that the Fifth district made the best record in the country in number of insolvencies in comparison with the number reported in August 1930, and the liability record was also not unsatisfactory, although it compared quite unfavorably with liabilities in August last year, when very low totals were reported. The employment situation in the Fifth district is quite bad, and shows no signs of early improvement, but indications are that it is better than in some other sections of the country. Coal production in August showed a seasonal increase over July production, but was less than production in August 1930. In the two latest months for which figures are available, June and July, West Virginia took the lead in bituminous coal production. The textile situation in the Fifth dis-

trict continues unsatisfactory, especially in view of steadily falling cotton prices in recent weeks which make it doubly hard to secure forward orders, but cotton consumption in the mills of the district in August materially exceeded consumption in August 1930, and the district consumed a larger percentage of all cotton used in the United States last month than in the same month a year ago. Building permits issued in the leading Fifth district cities in August provided for 17 per cent less work than the permits issued in August 1930, which in turn was approximately 27 per cent below the total for August 1929, and contracts actually awarded in August for construction in the district totaled only a little over half the aggregate awards in August last year. Retail trade as reflected in department store sales in August averaged 8.4 per cent less than sales in August 1930, a larger decline than has been reported in most recent months, but wholesale trade showed seasonal improvement last month, although falling below the level of trade in August last year. Both wholesale and retail percentages, which are based on dollar figures, are affected to some extent by price changes during the past year. In agriculture, the upper section of the Fifth district is in much better condition than at this time last year, but the Carolinas are not so favorably situated. In 1930 crop yields in Maryland, Virginia and West Virginia were cut drastically by the drought, but the Carolinas were not seriously affected by it. This year all sections of the district have fine crops, but prices are on the whole even lower than they were last year. Cotton prices are the lowest since before the World War, and cotton is of paramount importance in the two Carolinas. Tobacco prices are also low in comparison with most other post-war years, but are much better than cotton prices. The best feature of the agricultural situation is the increase in acreage planted to food and feed crops, which tends to make the farmers less dependent upon their cash crops and reduces the credit they need for their operations.

**Reserve Bank Statement**

ITEMS	000 omitted		
	Sept. 15 1931	Aug. 15 1931	Sept. 15 1930
Rediscounts held.....	\$23,032	\$19,008	\$19,473
Open market paper.....	2,628	4,010	10,279
Government securities.....	31,558	31,558	16,983
Other earning assets.....	700	60	0
Total earning assets.....	57,918	54,636	46,735
Circulation of Fed. Res. notes.....	72,910	68,782	64,526
Members' reserve deposits.....	60,017	60,132	63,582
Cash reserves.....	91,596	91,037	91,282
Reserve ratio.....	64.88	65.13	70.80

During the month between August 15 and September 15, rediscounts for member banks held by the Federal Reserve Bank of Richmond usually show some increase, borrowing by merchants to discount bills for early fall merchandise somewhat exceeding liquidation of agricultural paper. In keeping with this seasonal influence, rediscounts held by the Federal Reserve Bank of Richmond rose by \$4,024,000 between August 15 and September 15 this year, and this rise brought about an increase in total earning assets amounting to \$3,282,000, although there was a decline in the Bank's holdings of open market paper amounting to \$1,382,000 during the past month. The period under review witnessed a seasonal increase in the volume of Federal reserve notes in actual circulation totaling \$4,128,000, the rise being due to increased demand for currency as a result of early crop marketing. Aggregate reserve balances of member banks at the reserve bank dropped slightly last month, probably due to decreased deposits in member banks, but the decline in reserves was not greater than a daily fluctuation in balances. The changes mentioned in the reserve bank's statement practically offset each other during the month, and there were only minor changes in the Bank's cash reserves and ratio of reserves to note and deposit liabilities combined.

In comparison with condition figures reported a year ago, September 15, 1930, the figures for September 15, 1931, show relatively unimportant changes in nearly all items. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond rose by \$3,559,000 during the year, and Government securities held increased by \$14,575,000, but there was a decline of \$7,651,000 in the portfolio of open market paper. These changes resulted in a net increase of \$11,183,000 in total earning assets held on September 15 this year in comparison with those held on September 15, 1930. The circulation of Federal reserve notes outstanding on September 15, 1931, was \$8,384,000 greater than the amount outstanding a year earlier, and there is some evidence that at least a part of this increase is due to conversion of bank deposits into cash by some commercial bank customers. Member bank reserve deposits at the Federal Reserve Bank of Richmond were \$3,565,000 lower on September 15 this year than at the same time last year, the decrease being due partly to lower de-

posits in member banks and partly to a reduction in the number of member banks during the year. The several changes in the statement already mentioned, with others of less importance, resulted in an increase of \$314,000 in the Bank's actual cash reserve during the year, but the ratio of reserves to note and deposit liabilities combined declined 5.92 points.

**Member Bank Statement**

ITEMS	000 omitted		
	Sept. 16 1931	Aug. 12 1931	Sept. 17 1930
Loans on stocks and bonds (in- cluding Governments) .....	\$157,408	\$158,700	\$179,297
All other loans.....	247,706	248,448	287,315
Total loans and discounts.....	405,114	407,148	466,612
Investments in stocks and bonds.....	233,384	227,548	192,854
Reserve bal. with F. R. Bank.....	39,371	41,063	41,020
Cash in vaults.....	14,552	12,781	10,692
Demand deposits.....	328,098	333,702	347,892
Time deposits.....	259,630	263,281	256,080
Borrowed from F. R. Bank.....	8,358	3,368	4,124

The figures in the accompanying table show the principal items of condition reported by all member banks in thirteen of the largest cities in the Fifth reserve district on three dates, September 16 and August 12, 1931, and September 17, 1930, thus affording opportunity for comparison of the latest available figures with those of the preceding month this year and the corresponding month last year. The number of reporting banks was larger on the 1930 date, but the decrease is due to consolidations between reporting banks and the figures for the three dates are therefore comparable.

During the month between August 12 and September 16 this year, the reporting banks slightly reduced their loans, by \$2,034,000, but at the same time their investments in bonds and other securities rose by \$5,836,000. Aggregate reserve balances of the fifty-one banks at the reserve bank declined \$1,692,000 between August 12 and September 16, partly due to decreases in both demand and time deposits, against which reserves are carried. Demand deposits dropped \$5,604,000 during the period under review, and time deposits declined \$3,651,000, a total deposit decline of \$9,255,000. Cash in vaults rose between the middle of August and the middle of September by \$1,771,000. The several changes in the statement previously enumerated caused the reporting banks to increase their use of reserve bank credit, and their rediscounts at the Federal Reserve Bank of Richmond rose by \$4,990,000 between August 12 and September 16.

In comparison with condition figures for September 17, 1930, those for September 16, 1931, show a decline in total loans during the year amounting to \$61,498,000, of which \$21,889,000 was in loans on stocks and bonds and \$39,609,000 was in all other loans. Part of the funds released by the reduction in loans was invested in stocks and bonds, and this item rose by \$40,530,000 during the year. Demand

deposits declined \$19,794,000 between September 17, 1930, and September 16, 1931, but time deposits rose by \$3,550,000 during the same period. Lower deposits this year naturally resulted in lower reserve balances carried by the reporting banks at the reserve bank, this item declining \$1,649,000 during the year. Cash in vaults at the middle of September this year exceeded cash in vaults a year ago by \$3,860,000, larger cash holdings having been adopted by many banks this year as a precautionary measure. On September 16 this year, 17 of the reporting banks were borrowing a total of \$8,358,000 from the Federal reserve bank, an increase of \$4,234,000 over aggregate borrowings by 13 of the fifty-six banks which are included in the figures for September 17, 1930.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Sept. 9, 1931	Aug. 12, 1931	Sept. 10, 1930
Asheville, N. C.....	\$ 9,644	\$ 10,182	\$ 18,104
Baltimore, Md.....	297,256	373,602	345,025
Charleston, S. C.....	14,141	18,590	19,209
Charleston, W. Va.....	29,172	30,885	34,742
Charlotte, N. C.....	33,853	34,588	36,383
Columbia, S. C.....	14,822	16,009	16,250
Cumberland, Md.....	6,765	7,078	8,479
Danville, Va.....	4,833	5,907	6,353
Durham, N. C.....	22,839	19,411	24,388
Greensboro, N. C.....	13,049	14,769	15,810
Greenville, S. C.....	10,730	11,958	14,872
Hagerstown, Md.....	6,708	6,796	8,217
Huntington, W. Va.....	12,377	12,995	17,600
Lynchburg, Va.....	13,585	11,961	14,525
Newport News, Va.....	9,192	9,777	9,533
Norfolk, Va.....	36,922	42,326	43,968
Portsmouth, Va.....	3,389	3,770	4,618
Raleigh, N. C.....	14,508	21,941	14,160
Richmond, Va.....	102,837	101,393	119,423
Roanoke, Va.....	20,831	22,480	25,416
Spartanburg, S. C.....	7,500	7,006	7,719
Washington, D. C.....	177,236	189,371	182,616
Wilmington, N. C.....	8,811	8,291	10,776
Winston-Salem, N. C.....	23,708	26,312	26,548
District Totals.....	\$894,708	\$1,007,398	\$1,024,734

The debits to individual accounts figures shown in the table for three equal periods of four weeks include all checks drawn against depositors' accounts in the banks of twenty-four leading trade centers of the Fifth Federal reserve district. Figures for the four weeks ended September 9, 1931, are included, and for comparison the corresponding figures for the preceding four weeks this year, ended August 12, 1931, and the same four weeks last year, ended September 10, 1930, are also listed. These figures serve as an approximate measure of general business, if proper allowance be made for price changes between the periods under review.

There was an average decline in debits during the past four weeks amounting to 11.2 per cent in comparison with the figures for the preceding four

weeks. The period ended September 9 this year showed the lowest total for any four weeks in many years, falling below a billion dollars as the total for the first time. Only five of the twenty-four cities reported higher figures for the more recent period, although usually about half of the cities show some increase in debits at this season of the year, when crop marketing gets under way and some early fall trade begins. The five cities which reported higher figures for the past month were Durham, Lynchburg, Richmond, Spartanburg and Wilmington.

Debits in every one of the twenty-four reporting cities except Raleigh were lower during the four weeks ended September 9, 1931, than during the like period a year ago, the average decline being 12.7 per cent. This decline can be attributed in part to the lower prices prevailing in many lines this year.

### Savings and Time Deposits

Twelve mutual savings banks in Baltimore reported an increase in deposits during August, although in most years there is a slight decline in savings in that month. At the close of business August 31, 1931, these twelve institutions had deposits aggregating \$210,116,559, compared with \$209,935,480 on July 31, 1931, an increase of \$181,079. The August 31, 1931, figure was \$14,451,792 higher than the aggregate of \$195,664,767 on deposit at the end of August last year. Among the member banks, fifty-one regularly reporting banks had time deposits aggregating \$259,630,000 on September 16, 1931, a lower figure than \$263,281,000 reported on August 12 this year but higher than \$256,080,000 reported by the same banks on September 17, 1930.

### Commercial Failures

According to figures compiled by *Dun's Review*, there were 64 business failures in the Fifth Federal reserve district in August 1931, with liabilities totaling \$2,595,092, compared with 119 failures and liabilities totaling \$1,187,400 in August 1930. Failures in the United States numbered 1,944 last month, with aggregate liabilities amounting to \$53,025,132, compared with 1,913 failures and \$49,180,653 liabilities in August last year. The Fifth district record last month in the number of failures showed the greatest percentage decline in comparison with the same month last year of all Federal reserve districts, but in aggregate liabilities involved the Fifth district compared quite unfavorably with most of the other districts. However, this was partly due to unusually low liabilities in August 1930 rather than to exceptionally high figures this year. In fact, the August 1931 liabilities in the Fifth district were exceeded by August liabilities in 1924, 1923 and 1921, and were only 11 per cent above average August liabilities in the past ten years.

### Employment

Employment conditions in the Fifth district show no tendencies to clear up, but on the contrary appear to be slowly growing worse, a not unnatural development with the finishing up of summer undertakings and the approach of cold weather. It is confidently expected that persons unable to find employment will be more numerous during the coming winter than last winter, and that they will need more help from public and private agencies this year. A number of committees have been appointed by state, city and county authorities and charged with more or less responsibility in the matter of relieving any distress which may develop, but on the whole plans are rather nebulous and the problem of financing the relief work is giving much concern.

### Coal Production

Bituminous coal produced in the United States in August totaled 30,534,000 net tons, a seasonal increase over 29,790,000 tons mined in July this year but less than 35,661,000 tons brought to the surface in August 1930. Total production of bituminous coal this calendar year to September 12 (approximately 216 working days) amounted to 263,044,000 net tons, a decrease of 16.8 per cent under 316,342,000 tons mined in the corresponding period last year. The August 29 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of July 1931. West Virginia with 8,825,000 tons held first place in production over Pennsylvania, which mined 7,963,000 tons. Total production in the Fifth district was 9,786,000 net tons, or 32.8 per cent of National production for July, compared with 10,848,000 tons, or 31.2 per cent of National production, mined in the Fifth district in July 1930.

In most retail yards summer prices still prevail at practically the same levels of a year ago. In Richmond retail coal prices for standard grades were exactly the same during the past three summers. All retail yards are adequately stocked and can make immediate deliveries on prepared sizes of coal.

### Textiles

Steadily declining cotton prices have tended further to keep the volume of forward orders received by Fifth district textile mills at a low level, but nevertheless a considerable volume of hand-to-mouth business is being done, and the district mills consumed 197,404 bales of cotton in August 1931, in comparison with only 156,712 bales consumed in August last year, an increase of 26 per cent while the National increase was only 21 per cent. Last month North Carolina mills used 102,058 bales, South Carolina mills used 86,642 bales, and Virginia mills 8,704 bales. Fifth district consumption figures in August 1931 were 46.36 per cent of National consumption, compared with 44.44 per cent of National

consumption attained by the Fifth district in August last year.

### Cotton Statistics

*Cotton prices* paid on ten leading Southern spot markets continued to decline between the middle of August and the middle of September, dropping to an average of 5.79 cents per pound on September 18, the latest date for which official figures are available. This was the lowest average price reported since the Federal Reserve Bank of Richmond began tabulating spot cotton prices in 1920. The September 18 price represents a decrease of \$22 a bale in comparison with the average price on September 19, 1930, and is fully \$60 a bale below the price in September 1929.

*Condition figures* on the 1931 cotton crop, the second report of the year, were issued by the Department of Agriculture on September 8. This report estimated probable production in 1931 at 15,685,000 bales, based on the September 1 condition of 68 per cent of a normal on 40,889,000 acres remaining in cultivation. The production estimate compares with a forecast on August 1 of 15,584,000 bales and a crop in 1930 of 13,932,000 bales. The September report placed Virginia's 1931 crop at 41,000 bales, compared with 38,000 bales forecast on August 1 and final ginnings of 42,000 bales in 1930. North Carolina's probable production was given as 715,000 bales, compared with 713,000 bales forecast on August 1, 1931, and 775,000 bales grown last year. South Carolina's September 1 estimate of 929,000 bales compares with the August 1 estimate of 835,000 bales and a 1930 crop of 1,001,000 bales. The Department of Agriculture's report raised the figures for the Fifth district states to a total of 1,685,000 bales, an increase of 99,000 bales over the August 1 forecast, but 133,000 bales below final production in 1930. The decrease in 1931 production in the Fifth district is entirely due to acreage reduction.

*Ginning figures* on this year's crop, released by the Census Bureau on September 8 and including ginnings to September 1, indicate that the crop is much later than the 1930 crop, which, however, was unusually early in maturing. The crop this year had favorable weather for continued growth and was not opened prematurely by hot, dry weather. Ginnings this year prior to September 1 totaled 565,160 bales, compared with 1,879,919 bales ginned before the corresponding date last year and 1,568,434 bales ginned to September 1 in 1929.

*Cotton consumption* in the United States in August 1931 totaled 425,819 bales, compared with 450,518 bales used in July this year and 352,626 bales in August 1930. Manufacturing establishments held 839,850 bales on August 31, compared with 994,979 bales held on July 31 and 1,014,818 bales on August 31, 1930. Public warehouses and compresses held 4,426,154 bales in storage at the end of August this year, compared with 4,524,426 bales so held a month earlier and 3,456,371 bales on August 31 last year.

August exports totaled 211,030 bales, compared with 259,059 bales sent abroad in July 1931 and 366,036 bales exported in August 1930. Spindles active at some time during August numbered 25,622,526, compared with 25,836,262 in July this year and 25,814,188 in August 1930.

*Cotton growing states consumed* 341,542 bales in August, compared with 353,611 bales used in July and 284,035 bales in August 1930. Last month's consumption in the cotton growing states amounted to 80.21 per cent of National consumption, a higher percentage than 78.49 per cent in July this year but below 80.55 per cent in August 1930. Of the 341,542 bales of cotton consumed in the cotton growing states in August, the Fifth district mills used 197,404 bales, or 57.80 per cent, a higher percentage than 55.17 per cent of Southern consumption attained by Fifth district mills in August last year.

### **Tobacco**

*South Carolina* auction tobacco markets opened early in August, and during the month sold 24,473,743 pounds of growers' tobacco for a total of \$2,593,896, an average of \$10.62 per hundred pounds. The price was slightly higher than the average of \$9.65 per hundred pounds paid for 24,084,756 pounds in August 1931, but in both years farmers held much tobacco off the auction floors because of dissatisfaction with the prices paid. The market at Mullins led in sales last month with 7,761,494 pounds, Lake City ranking second with 4,663,473 pounds and Timmonsville third with 4,110,119 pounds. On a basis of the September 1 condition, the South Carolina tobacco crop for this year is estimated to be 76,300,000 pounds, a reduction from the August 1 forecast of 81,750,000 pounds and much below the 1930 record production of 96,250,000 pounds. This year's production is slightly higher than the five-year average of 73,843,000 pounds.

*North Carolina* tobacco warehouse sales to September 1, 1931, show 19,885,161 pounds of producers' sales, at an average of \$12.44 per hundred pounds, only the seven markets on the border which are included in the South Carolina belt being open in August. In August 1930, the same markets sold 18,486,642 pounds for an average of \$10.98 per hundred. While the grades offered last month were reported as poor, the average quality is slightly better than last year. During August the North Carolina tobacco crop suffered considerable damage from too much rain, and the forecast of production was reduced from 517,560,000 pounds on August 1 to 502,265,000 pounds on September 1. The crop in 1930 totaled 584,000,000 pounds, a record for the State, and the five-year average is 450,863,000 pounds.

*Virginia* markets were not open in August. Tobacco improved during the first three weeks of August, but excessive rains during the latter part caused considerable damage, so the September forecast of 117,815,000 pounds is only 1 per cent above the August report. Flue-cured production

is expected to be 69,080,000 pounds, which is practically the same as the August forecast, but is less than the 1930 crop of 75,316,000 pounds. The yield per acre will be considerably heavier than last year, but the acreage is much smaller. Although there was considerable damage to this type on account of heavy rains in August, the quality is expected to be much better than the poor crop of last year. Fire-cured tobacco improved during the month as the rainfall was not as heavy in this section as in the flue-cured section. The growth is generally large and the quality is expected to be better than last year. The forecast of production is 34,116,000 pounds, compared with 23,330,000 pounds last year. The sun-cured type also showed improvement during August and the production is estimated to be 4,819,000 pounds, compared with 3,380,000 pounds harvested last year. The burley crop is still poor. Although the acreage was increased, the production forecast of 9,800,000 pounds is practically the same as the 1930 crop.

### **Agricultural Notes**

Cotton and tobacco crops are smaller than in 1930 in the Fifth district because of reduced acreage, but all other major crops show larger yields this year. Most of the increases in production are in Maryland, Virginia and West Virginia, due to very poor yields last year because of the severe drought.

*Maryland* crops suffered somewhat during the first part of August from dry weather, but heavy rains during the latter part of the month overcame the lack of moisture and brought crops out materially. Corn prospects declined slightly during August, chiefly because of a storm on August 22 which blew down much of the crop in the eastern section of the State. However, the storm damage serves chiefly to make harvesting more difficult, and a good crop of corn is in prospect. Production of 20,400,000 bushels is forecast, compared with only 7,276,000 bushels harvested in 1930. The oats crop is estimated at 2,112,000 bushels, which is slightly lower than the August 1 forecast, but is larger by about 400,000 bushels than the 1930 yield. The late crop of Irish potatoes got off to a poor start, and suffered from dry weather early in March. Stands are spotted in many sections. Production of Irish potatoes is now forecast at 3,360,000 bushels, compared with 2,427,000 bushels harvested last year. A very good crop of sweet potatoes is in prospect and a yield of 1,776,000 bushels is forecast, nearly three times the 1930 yield of 660,000 bushels. Maryland expects to grow 34,000,000 pounds of tobacco this year, which will be the largest crop on record for the State. A hay crop of approximately 508,000 tons is expected, compared with 344,000 tons cured last year, and the heavy rains in August brought pastures up to a very high condition.

*Virginia* crops improved during August as a result of favorable weather conditions, and the soil was in excellent condition for fall plowing. This year there will be an abundance of food and feed

crops throughout the State, and farm income should be greater than last year, but prices for most agricultural products are so low that total income received by the farmers will be below the five-year average. The corn crop of Virginia is one of the best ever grown in the State, and is forecast at 45,518,000 bushels, compared with 17,227,000 bushels harvested last year. The oats crop turned out unusually well this season and a yield of 4,959,000 bushels is expected, compared with 2,831,000 bushels in 1930. An Irish potato crop of 14,756,000 bushels compares favorably with 13,989,000 bushels dug in 1930, but is below the forecast issued on August 1. Shipments of early potatoes totaled 18,309 cars, compared with 21,319 cars shipped of the 1930 crop. Although the sweet potato crop of 5,130,000 bushels is much larger than the 1930 crop of 2,960,000 bushels, this year's yield is considerably below the five-year average. Peanut vines made heavy growth during August but the yield of nuts is not expected to be in keeping with the vines, as wet weather usually reduces the number of nuts per vine. Total production of peanuts is forecast at 120,930,000 pounds, compared with 83,790,000 pounds last year. Hay production totaling 976,000 tons will be nearly twice the 1930 yield of 512,000 tons, but this year's crop is slightly below the five-year average, due to reduced acreage. The rains of August improved pastures materially, and a heavy growth of grass throughout the State assures excellent fall grazing. The commercial apple production of Virginia is forecast at 4,200,000 barrels this year, compared with 1,300,000 barrels gathered in 1930 and a five-year average of 2,718,000 barrels. The size of the apples is generally above average, and the quality is generally quite good, with some sections ranking as excellent. Prices are so low for the poorer grades of apples that it is probable most of them will be sold in bulk to save expense of packing.

*West Virginia* crops generally improved during August, and on September 1 higher condition figures were reported than on August 1 for corn, apples, tobacco, cowpeas, sorghum for syrup, and pastures. Oats, potatoes and sweet potatoes failed to hold their own during August. Corn prospects indicate a yield of 15,624,000 bushels this year, compared with 5,772,000 bushels harvested in 1930. The present high condition of oats indicates a crop of 4,004,000 bushels, compared with the 1930 yield of 2,972,000 bushels. The Irish potato crop declined during the month of August, but the forecast of 3,549,000 bushels is above 2,800,000 bushels harvested in 1930. The sweet potato crop of 210,000 bushels is larger than 150,000 bushels dug last year, but is not up to the five-year average of 254,000 bushels. West Virginia tobacco improved distinctly during August and a crop of 6,083,000 pounds is now expected, compared with 5,040,000 pounds harvested in 1930. Hay production of 890,000 tons is predicted this year, compared with only 446,000 tons last year. General rains and warm weather

in August improved pastures and the September 1 condition of 86 per cent compares with 33 per cent last year, when West Virginia pastures were the poorest in the United States. A commercial apple crop of 1,877,000 barrels is expected to move into commercial channels this year, compared with 680,000 barrels in 1930 and a five-year average of 1,334,000 barrels. Apples are plentiful in all sections of the State and are sizing up well with good color.

*North Carolina* has one of the best corn crops in many years, the forecast of 59,198,000 bushels exceeding 51,865,000 bushels harvested in 1930 and the five-year average of 48,754,000 bushels. The oats crop of 8,181,000 bushels is also above either 6,521,000 bushels threshed in 1930 or 5,570,000 bushels the five-year average production. A peanut crop of 255,360,000 pounds is forecast on the basis of the September 1 condition, compared with 191,700,000 pounds in 1930 and a five-year average of 207,819,000 pounds. The acreage in peanuts in North Carolina was greatly increased this year. The hay crop is forecast at 990,000 tons, compared with 748,000 tons in 1930, and pastures on September 1 showed an average condition of 89 per cent, compared with only 58 per cent a year earlier. Both the Irish and sweet potato crops in North Carolina are larger this year than last year, Irish potatoes being forecast at 10,544,000 bushels and sweet potatoes at 11,845,000 bushels. Prospects for apples improved slightly during August, and a commercial yield of 277,000 barrels is forecast on September 1, compared with only 100,000 barrels last year and a five-year average of 199,000 barrels.

*South Carolina* crop prospects on September 1 averaged 3 per cent better than a year ago and 21 per cent above the average September 1 condition for the past ten years. The State is making fine crops for the third successive year, and much attention is being given to food and feed crops. Grain crops harvested in June were excellent and this year's corn crop is the best for seven years. A corn crop of 27,093,000 bushels is forecast, compared with 25,806,000 bushels harvested in 1930. This year's sweet potato crop of 4,510,000 bushels is less than 5,200,000 bushels dug in 1930. A hay crop of 190,000 tons compares with 171,000 tons cured last year, and this year's yield of sorghum syrup totaling 600,000 gallons compared with 455,000 gallons last year. Present prospects are for a yield of peanuts totaling 9,800,000 pounds, compared with 8,400,000 pounds gathered in 1930. The 1931 wheat crop yielded 720,000 bushels, and the crop of 1930 threshed out 474,000 bushels. This year's crop of oats totaled 10,935,000 bushels and the 1930 yield was 9,016,000 bushels. Tree fruits were abundant in South Carolina this year, the peach crop being the largest ever made in the State. Farmers canned a great deal of fruit this season.

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

CITIES	Permits Iss'd		Total Valuation	
	1931	1930	1931	1930
Baltimore, Md.....	1,034	1,415	\$ 886,320	\$2,350,640
Cumberland, Md.....	6	24	11,600	34,669
Frederick, Md.....	3	9	485	5,880
Hagerstown, Md.....	16	13	20,220	11,070
Salisbury, Md.....	15	22	14,650	44,225
Danville, Va.....	12	15	7,380	19,905
Lynchburg, Va.....	32	44	43,925	48,977
Norfolk, Va.....	119	113	237,753	420,400
Petersburg, Va.....	7	13	6,500	21,196
Portsmouth, Va.....	41	41	30,284	19,292
Richmond, Va.....	112	134	460,847	802,268
Roanoke, Va.....	51	44	142,035	77,535
Bluefield, W. Va.....	9	7	8,468	21,300
Charleston, W. Va.....	24	36	42,592	98,218
Clarksburg, W. Va.....	19	33	26,525	22,005
Huntington, W. Va.....	26	28	16,200	44,550
Asheville, N. C.....	29	34	45,710	22,315
Charlotte, N. C.....	50	89	121,452	172,249
Durham, N. C.....	17	23	32,325	81,813
Greensboro, N. C.....	39	42	38,296	46,220
High Point, N. C.....	23	11	71,940	13,050
Raleigh, N. C.....	20	24	113,725	46,696
Rocky Mount, N. C.....	4	19	3,400	47,410
Salisbury, N. C.....	9	8	25,335	120,025
Wilmington, N. C.....	17	19	150,700	24,700
Winston-Salem, N. C.....	66	110	22,860	107,475
Charleston, S. C.....	48	28	33,515	68,540
Columbia, S. C.....	52	49	58,977	93,835
Greenville, S. C.....	27	25	36,805	20,058
Rock Hill, S. C.....	13	22	6,975	27,925
Spartanburg, S. C.....	19	31	8,625	18,650
Washington, D. C.....	1,330	501	3,375,650	2,396,620
Totals .....	3,289	3,026	\$6,102,074	\$7,349,711

Building permits issued in thirty-two cities of the Fifth Federal reserve district were more numerous in August than in August 1930, but most of them were for minor operations and the total estimated valuation of the work provided for was less than last year. Permits issued last month for all classes of work totaled 3,289, compared with 3,026 permits issued in August last year, an increase of 8.7 per cent, but last month's valuation of \$6,102,074 was 17 per cent less than the August 1930 valuation of \$7,349,711. Ten of the thirty-two reporting cities showed higher valuation figures for the 1931 month, but only two of them, Washington, D. C., and Wilmington, N. C., reported figures in line with their population figures.

Contracts awarded in August for construction work in the Fifth district, including both rural and urban projects, totaled only \$12,548,985, compared with \$23,676,552 awarded in August 1930, according to figures collected by the F. W. Dodge Corporation. Of the awards in August this year, \$4,195,990, or 33.4 per cent, was for residential work, while last year residential contracts totaled \$4,249,542, or only 17.9 per cent of all awards.

### Retail Trade, 34 Department Stores

Department store sales in the Fifth Federal reserve district in August compared favorably with

Richmond	Baltimore	Washington	Other Cit.	District
August 1931 sales, compared with sales in August 1930:				
-12.3	- 8.1	- 6.6	-11.4	- 8.4
Total sales Jan.-Aug. 1931, compared with Jan.-Aug. 1930:				
- 5.6	- 4.9	+ 1.2	-12.3	- 3.5
Aug. 31, 1931, stocks, compared with stocks on Aug. 31, 1930:				
-14.3	- 8.2	- 8.3	-15.4	- 9.9
Aug. 31, 1931, stocks, compared with stocks on July 31, 1931:				
+ 4.2	+ 2.6	+ 1.4	+ 1.1	+ 2.1
Number of times stock was turned in August 1931:				
.259	.259	.269	.212	.256
Number of times stock was turned since January 1, 1931:				
2.474	2.445	2.566	1.755	2.403
Percentage of Aug. 1, 1931, receivables collected in August:				
26.6	21.5	28.0	23.9	24.4

July sales, but averaged 8.4 per cent less than sales in August 1930, according to reports from thirty-four leading stores in thirteen cities of the district. Total sales this year, through August 31, were 3.5 per cent less than sales from January 1 through August a year ago.

Stocks on the shelves of the reporting stores increased 2.1 per cent during August, but on August 31 stocks averaged 9.9 per cent less in retail selling value than stocks on hand on August 31, 1930. The increase in stock in August was seasonal, and was caused by the receipts of early fall merchandise. The reporting stores turned their stocks .256 times in August, and since January 1 stocks have been turned an average of 2.403 times, a higher figure than 2.125 times for the corresponding eight months last year.

Collections during August in 32 of the 34 reporting stores averaged 24.4 per cent of receivables outstanding on August 1, a higher figure than 23.6 per cent collected in August a year ago. Collections last month were seasonally slower than in July of this year.

### Wholesale Trade, 64 Firms

23	9	6	14	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
August 1931 sales, compared with sales in August 1930:				
-19.2	-23.0	- 3.4	-11.3	- 5.5
August 1931 sales, compared with sales in July 1931:				
- 5.2	+24.5	+49.4	+ 6.0	- 5.3
Jan.-Aug. 1931 sales, compared with sales in Jan.-Aug. 1930:				
-17.1	-22.8	- 5.9	-25.1	- 5.9
August 31, 1931, stocks, compared with August 31, 1930, stocks:				
- 2.0(8*)	-29.4(4*)	-23.1(5*)	-12.7(7*)	.....
August 31, 1931, stocks, compared with July 31, 1931, stocks:				
+ 3.2(8*)	- 9(4*)	- 4.3(5*)	+ 2.5(7*)	.....
Percentage of Aug. 1, 1931, receivables collected in August:				
58.4(14*)	31.4(6*)	23.2(6*)	28.3(11*)	52.4(8*)

Sixty-four wholesalers and jobbers in five lines reported on their August business. There was some seasonal increase in sales last month, increases in comparison with July sales being reported in dry goods, shoes and hardware, but grocery and drug sales declined about 5 per cent last month. In comparison with August 1930 sales, sales last month were lower in dollar amounts in

every line, the decreases ranging from 3.4 per cent for shoes to 23.0 per cent for dry goods. Total sales from January 1 through August this year were lower in every line than sales during the corresponding eight months of 1930, the declines ranging from 5.9 per cent for both shoes and drugs to 25.1 per cent for hardware.

Stocks of groceries and drugs increased slightly during August, while dry goods stocks remained practically the same and shoe stocks declined. On

August 31 stocks in all four lines for which figures are available were lower than on August 31, 1930, but the decline in groceries was slight.

Collections in shoes and hardware were somewhat better in August this year than in August 1930, but the other three lines showed smaller percentages of outstanding receivables which were collected during the month.

(Compiled September 21, 1931)

## BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial production and factory employment, which usually increases at this season, showed little change from July to August, and the Board's seasonally adjusted indexes consequently declined. The general level of wholesale prices remained in August at about the same level as in the two preceding months, but declined somewhat in the first three weeks of September.

### Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, declined from 83 per cent of the 1923-1925 average in July to 80 per cent in August, which compares with the previous low level of 82 per cent for December, 1930. Output of steel, which ordinarily increases in August, declined further to 31 per cent of capacity, reflecting in part curtailment in automobile production; lumber output also decreased, contrary to seasonal tendency. Activity at textile mills and shoe factories showed about the usual seasonal changes, and production in these industries continued to be in substantially larger volume than a year ago. In the latter part of August, output of crude petroleum decreased 30 per cent, the reduction being in East Texas, following earlier curtailment in Oklahoma fields; in the middle of September production increased somewhat.

Volume of factory employment which usually increases at this season, showed little change from the middle of July to the middle of August. The number employed in the clothing and shoe industries and in canning factories increased, while employment at steel mills, automobile plants, foundries, and car building shops declined.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued to decline in August and for the first eight months of 1931 was 31 per cent less than in the corresponding period of 1930, reflecting decreases of 18 per cent in contracts for residential building, 30 per cent for public works and utilities, 54 per cent for factories, and 56 per cent for commercial building.

Department of Agriculture crop estimates based on September 1 conditions were about the same as estimates made a month earlier. High yields per acre and large crops were indicated for cotton, winter wheat and tobacco, while crops of spring wheat and hay were expected to be unusually small, chiefly on account of dry weather. The corn crop was estimated at 2,715,000,000 bushels, 600,000,000 bushels larger than last year, but 50,000,000 bushels smaller than the five-year average.

### Distribution

Daily average freight-car loadings declined somewhat in August, contrary to the seasonal movement, while department store sales increased, but by an amount slightly smaller than is usual in August.

### Prices

The general level of wholesale prices increased from 70.0 per cent of the 1926 average in June and July to 70.2 per cent in August, according to the Bureau of Labor Statistics, reflecting increases in the prices of livestock, meats, dairy products, and petroleum, offset in large part by decreases in the prices of grain, cotton, and cotton textiles. During the first three weeks of September, prices of livestock, meats, hides, and cotton declined, while prices of dairy products continued to increase.

### Bank Credit

Volume of reserve bank credit, which had increased by \$240,000,000 during the month of August, increased further by \$70,000,000 in the first part of September, and in the week ending September 19, averaged \$1,265,000,000. The demand for the additional reserve bank credit arose chiefly from an increase of \$295,000,000 in the volume of currency outstanding; there were also further transfers to the reserve banks by foreign correspondents of funds previously employed in the acceptance market, offset in large part by a growth of \$60,000,000 in the country's stock of monetary gold. Following the suspension of the gold standard act by Great Britain, more than \$100,000,000 in gold was added to the amount held by the Federal reserve banks under earmark for foreign account and there was a corresponding decrease in the country's stock of monetary gold.

Loans and investments of reporting member banks in leading cities, after declining in July and the first half of August, showed little change in the three-week period ending September 9. There was a further decline in loans on securities while the banks' holdings of investments increased somewhat. In the following week, the banks added \$227,000,000 to their holdings of United States Government securities when an issue of \$800,000,000 of United States Government bonds was brought out, while holdings of other securities were reduced by \$40,000,000. Loans on securities continued to decline, and all other loans were also reduced, contrary to the usual seasonal tendency.

Money rates in the open market continued at low levels. On September 22 the rate on bankers' acceptances advanced from  $\frac{7}{8}$  of 1 per cent to 1 per cent. Yields on high-grade bonds increased during the last half of August and the first part of September.