

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

OCTOBER 31, 1931

FALL trade began in September, and general business took a seasonal upturn. The volume of business in September and early October was less than in recent years, but showed about the usual increase over the business done in August. In banking, September and early October witnessed some marked changes, among them being exceptional withdrawals from savings and time deposits in member banks, an unusually rapid rise in the outstanding circulation of Federal reserve notes, a decline in loans at member banks, and a material increase in rediscounts at the Federal Reserve Bank of Richmond. Debits to individual accounts figures for five weeks ended October 14, 1931, showed about the usual seasonal increase over debits in the preceding five weeks, ended September 9, 1931, but were nearly 14 per cent less than debits in the corresponding five weeks last year, ended October 15, 1930. Commercial failures in the Fifth district in September were 10.5 per cent less in number than failures in September 1930, but aggregate liabilities involved in insolvencies in the 1931 month were approximately 50 per cent greater. Employment conditions showed no improvement in September or the first half of October. Coal production in September showed a seasonal increase over August production, but was much below the production of September 1930. Fifth district textile mills continued to operate on orders for immediate shipment, but cotton consumption in the district and in the United States in September exceeded consumption in September last year. Cotton prices declined further during September, but the decline was at least temporarily checked in the first half of October. Retail and wholesale trade in September both showed seasonal increases over August trade, but was in less volume than in September last year. The Department of Agriculture further increased its estimate of cotton production for 1931 in its October 8 report. Tobacco markets in the Carolinas and border counties in Virginia were open in September and sold about the usual amount of tobacco at prices below those of last year. September weather was too dry and hot for development of late crops, except cotton, but was ideal for curing and harvesting crops which matured before September. The district has fine yields of all crops this year, but the prices for

nearly all agricultural products are very low and the year's operations will not be profitable to many farmers. One of the best features of the situation in agriculture is the abundance of food and feed crops raised in the Fifth district this year, and the possession of these products will enable farmers to get along with less cash or credit this coming winter than they needed last year, when the drought in Maryland, Virginia, West Virginia, and to some extent in North Carolina, killed all gardens, reduced fruit and truck yields to a minimum, cut yields of corn and hay in half or worse, and burned up pasture grasses.

Reserve Bank Statement

ITEMS	000 omitted		
	Oct. 15 1931	Sept. 15 1931	Oct. 15 1930
Rediscounts held	\$32,157	\$23,032	\$18,002
Open market paper.....	33,056	2,628	8,392
Government securities	21,558	31,558	16,983
Other earning assets.....	700	700	0
Total earning assets.....	87,471	57,918	43,377
Circulation of Fed. Res. notes...	93,119	72,910	66,809
Members' reserve deposits.....	59,443	60,017	63,822
Cash reserves	82,853	91,596	97,236
Reserve ratio	50.48	64.88	72.37

Rediscounts for member banks held by the Federal Reserve Bank of Richmond rose by \$9,125,000 between September 15 and October 15, both this year, an unusual rise at a season when liquidation of agricultural indebtedness normally exceeds mercantile borrowing. As a matter of fact, the increase in rediscounts was not due to increased borrowing at member banks, but was caused by the needs of the banks for funds with which to meet deposit withdrawals. During the past month the Richmond bank also increased its portfolio of open market paper by \$30,428,000, but reduced its holdings of Government securities by \$10,000,000. These changes increased the Bank's total earning assets by \$29,553,000 between September 15 and October 15. The volume of Federal reserve notes in actual circulation increases moderately at this season in most years but a rise during the past month totaling \$20,209,000 is much larger than is accounted for by seasonal in-

fluences. The large increase in note circulation is due in large part to the desire of banks to strengthen their cash position and to withdrawals from commercial banks, chiefly of savings deposits which have not been redeposited. Member bank reserve deposits dropped \$574,000 last month. The several changes mentioned, with others of less importance, reduced the cash reserves of the Federal Reserve Bank of Richmond by \$8,743,000 between September 15 and October 15, and lowered the ratio of cash reserves to note and deposit liabilities combined by 14.40 points. Effective October 20, 1931, the discount rate on all classes of paper was raised from 3 to 4 per cent.

A comparison of the figures on the statement for October 15, 1931, with corresponding figures reported on October 15, 1930, shows marked changes in most items. Rediscounts for member banks rose \$14,155,000 during the year, an increase of 78.6 per cent, the rise occurring during the past two months. The Bank also increased its portfolio of open market paper by \$24,664,000 during the year, and its holdings of Government securities by \$4,575,000. These transactions raised the total earning assets of the Federal Reserve Bank of Richmond by \$44,094,000 between October 15, 1930, and October 15, 1931, most of which occurred between September 15 and October 15 this year, as shown in the tabulation. The circulation of Federal reserve notes at the middle of October this year showed an increase of \$26,310,000 in comparison with the circulation on the corresponding date a year ago; likewise most of this increase occurred within the month ending October 15, 1931. Member bank reserve deposits decreased by \$4,379,000 during the year, partly due to lower deposits in member banks and partly to a reduction in the number of member banks. The large increase in holdings of open market paper and Government securities lowered the cash reserves of the Federal Reserve Bank of Richmond by \$14,383,000 during the year, and the ratio of reserves to note and deposit liabilities combined declined by 21.89 points.

Member Bank Statement

ITEMS	000 omitted		
	Oct. 14 1931	Sept. 16 1931	Oct. 15 1930
Loans on stocks and bonds (including Governments)	\$147,752	\$157,408	\$174,239
All other loans.....	246,846	247,706	294,213
Total loans and discounts.....	394,598	405,114	468,452
Investments in stocks and bonds..	242,325	233,384	191,492
Reserve bal. with F. R. Bank.....	37,786	39,371	41,235
Cash in vaults.....	15,485	14,552	10,913
Demand deposits	330,044	328,098	351,720
Time deposits	243,727	259,630	256,208
Borrowed from F. R. Bank.....	12,494	8,358	4,787

The accompanying table shows the principal items of condition of fifty member banks in thirteen leading cities of the Fifth district as of three dates, October 14, 1931, September 16, 1931, and October 15, 1930, thus affording an opportunity for comparison of the latest available figures with those of the corresponding dates a month and a year earlier. It should be understood that the figures in the table reflect conditions on

the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

Total loans and discounts in the reporting banks decreased by \$10,516,000 during the past month, contrary to seasonal trend in city banks. Loans on stocks and bonds declined \$9,656,000, while all other loans decreased \$860,000. On the other hand, investments in bonds and securities rose in the reporting banks by \$8,941,000 between the middle of September and the middle of October, and cash in vaults rose by \$933,000. In spite of the decrease in loans, there was an increase of \$1,946,000 in demand deposits during the month, but in time deposits there was an exceptionally large decrease amounting to \$15,903,000. The fifty reporting banks increased their borrowing at the Federal Reserve Bank of Richmond by \$4,136,000 between September 16 and October 14. Twenty-one of the fifty banks were rediscounting at the reserve bank at the middle of October.

In comparison with figures reported last year, those for October 14, 1931, showed some marked changes. Total loans and discounts at the reporting banks dropped \$73,854,000 between October 15, 1930, and October 14, 1931, loans on stocks and bonds declining \$26,487,000 and all other loans decreasing \$47,367,000. On the other hand, investments in stocks and bonds rose by \$50,833,000 during the year, and cash in vaults increased by \$4,572,000. Deposits declined materially during the period under review, demand deposits decreasing \$21,676,000 and time deposits dropping \$12,481,000. As a result of lower deposits, reserve balances of the reporting banks declined \$3,449,000 between the middle of October last year and this. On October 14, 1931, twenty-one of the reporting banks were borrowing \$12,494,000 from the Federal Reserve Bank of Richmond, an increase of \$7,707,000 over total borrowings by 12 of the same banks on October 15, 1930.

Savings and Time Deposits

Savings deposits in twelve mutual savings banks in Baltimore increased in September, and at the end of the month totaled \$212,323,816, compared with \$210,116,559 on August 31, 1931, and \$196,729,159 on September 30, 1930. In fifty reporting member banks in leading cities of the Fifth district, savings and time deposits declined sharply during the past month, totaling only \$243,727,000 on October 14, 1931, compared with \$259,630,000 on September 16, 1931, and \$256,208,000 on October 15, 1930.

Debits to Individual Accounts

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of five weeks each, ended October 14 and September 9, 1931, and October 15, 1930. If proper allowance be made for price changes during the periods under review, the figures serve as an approximate measure of general business.

CITIES	000 omitted		
	Total debits, five weeks ended		
	Oct. 14, 1931	Sept. 9 1931	Oct. 15, 1930
Asheville, N. C.....	\$ 13,751	\$ 12,171	\$ 40,770
Baltimore, Md.....	450,326	388,087	512,062
Charleston, S. C.....	18,368	19,026	30,483
Charleston, W. Va.....	41,640	36,333	44,874
Charlotte, N. C.....	49,114	41,973	54,882
Columbia, S. C.....	21,156	19,594	27,741
Cumberland, Md.....	10,463	8,399	11,075
Danville, Va.....	8,067	5,987	8,733
Durham, N. C.....	30,609	27,973	30,402
Greensboro, N. C.....	20,100	16,438	24,445
Greenville, S. C.....	15,941	13,726	19,609
Hagerstown, Md.....	10,104	8,207	10,712
Huntington, W. Va.....	18,133	15,587	22,710
Lynchburg, Va.....	20,007	16,639	24,892
Newport News, Va.....	12,068	11,560	13,001
Norfolk, Va.....	52,427	47,123	61,778
Portsmouth, Va.....	5,073	4,201	4,827
Raleigh, N. C.....	22,473	22,615	31,783
Richmond, Va.....	152,674	126,361	178,373
Roanoke, Va.....	28,837	26,059	32,141
Spartanburg, S. C.....	10,033	9,074	14,033
Washington, D. C.....	279,439	221,216	295,827
Wilmington, N. C.....	12,731	10,762	16,342
Winston-Salem, N. C.....	40,181	29,537	42,978
District Totals	\$1,343,715	\$1,138,648	\$1,554,473

During the five weeks ended October 14, 1931, aggregate debits to individual accounts showed a seasonal increase of \$205,067,000, or 18 per cent, over debits during the preceding like period this year, ended September 9, the increase being due to quarterly settlements on October 1 and to the opening of early fall trade during the later period. Twenty-two of the twenty-four reporting cities showed higher figures for the more recent period, Charleston, S. C., and Raleigh, N. C., being the only cities which failed to make the seasonal gain.

In comparison with figures reported for five weeks last year, ended October 15, 1930, corresponding figures for the five weeks ended October 14, 1931, show a total decrease of \$210,758,000, or 13.6 per cent. All of the reporting cities showed lower figures for the 1931 period except Durham, N. C., and Portsmouth, Va.

Commercial Failures

Business failures in the Fifth reserve district in September 1931 numbered 102, with estimated liabilities totaling \$2,740,714, compared with 64 failures and liabilities amounting to \$2,595,092 in August this year and 114 failures and \$1,831,506 in liabilities reported in September 1930. The increase in insolvencies in September over the August number is seasonal, but is larger this year than in most years, chiefly due to very low figures in August. Bankruptcies in the United States numbered 1,936 in September 1931, with liabilities aggregating \$47,255,650, compared with 1,963 failures and liabilities totaling \$46,947,021 in September 1930. The Fifth district showed a decline of 10.5 per cent in number of failures in September in comparison with the number in September last year, while the

United States reported a decline of only 1.4 per cent, but in the aggregate of liabilities involved in September 1931 bankruptcies the district showed an increase of 49.6 per cent, while the United States as a whole increased only 7/10ths of 1 per cent.

Employment

The outlook for improvement in employment conditions in the Fifth district did not improve during the past month, although in a few lines of industry and trade there was some seasonal increase in activity. Social agencies expect the coming winter will bring more calls for assistance than last winter, but they also state that the public now has a better understanding of the need for the extension of help this year. The problem of handling relief work is being left to local organizations, but both National and local agencies are striving to arouse financial support for relief agencies.

Coal Production

There was a seasonal increase in the production of bituminous coal in September, and 31,919,000 net tons were mined, compared with 30,534,000 tons dug in August this year and 38,632,000 tons in September 1930. Total production of soft coal in the United States in the present calendar year to October 10 (approximately 240 working days) amounted to 293,440,000 net tons, compared with 353,164,000 tons mined during the corresponding period last year, and 406,472,000 tons in 1929.

In its September 26 report, the Bureau of Mines, Department of Commerce, gave bituminous coal production figures for the month of August, and West Virginia with 8,747,000 continued to lead the country, Pennsylvania ranking second with 7,476,000 tons.

Local coal yards raised retail coal prices to winter levels around October 1, and all sizes of coal are in stock, so that immediate deliveries can be made on all orders.

Textiles

Although textile mills are receiving a very small volume of forward orders, stocks in secondary hands are low, making necessary a considerable volume of replacement orders at frequent intervals. Fifth district cotton mills used 215,410 bales in September, of which North Carolina mills used 112,879 bales, South Carolina mills used 91,368 bales, and Virginia mills 11,163 bales. In August this year the Fifth district mills consumed 197,404 bales, and in September 1930 they used 177,575 bales. Consumption of cotton in the Fifth district in September amounted to 46.45 per cent of National consumption, compared with 46.36 per cent of National consumption used in the district in August this year and 45.14 per cent in September 1930.

Cotton Statistics

Spot cotton prices on ten leading Southern markets continued to decline to October 2, when the average price for 7/8 inch upland cotton, middling basis, was down to 5.10 cents per pound. Since that time there has been a slight recovery, and on October 16, the latest date for which official figures are available, the

average price was 5.71 cents. This price compares with 5.79 cents on September 18, 1931, and 9.50 cents on October 17, 1930, a month and a year earlier, respectively. Present cotton prices are very near the all time low record.

Condition figures on the 1931 cotton crop, based on the October 1 condition, were issued by the Department of Agriculture on October 8. This report raised the estimate of probable production in the United States to 16,284,000 equivalent 500-pound bales, in comparison with an estimate of 15,685,000 bales on September 1, 1931, and final ginnings of 13,932,000 bales in 1930. The October 1 report raised this year's probable production figures for North Carolina, left South Carolina's unchanged, and lowered Virginia's estimate, all in comparison with forecasts made a month earlier. South Carolina's yield is estimated at 929,000 bales, compared with the same figure on September 1 and 1,001,000 bales grown last year. North Carolina's estimated crop of 730,000 bales compares with an estimate of 715,000 bales on September 1, and 775,000 bales ginned in 1930. Virginia's prospective yield of 39,000 bales compares unfavorably with 41,000 bales predicted a month earlier and 42,000 bales in 1930. Total production in the Fifth district is forecast at 1,698,000 bales, an increase of 13,000 bales during September but 120,000 bales less than last year. The decline in prospective yield this year in the Fifth district is entirely due to acreage reduction.

Ginning figures to October 1, released by the Census Bureau on October 8, showed 5,408,307 bales ginned from this year's crop, compared with 6,303,895 bales of last year's crop ginned before October. This year weather conditions were favorable for continued growth of cotton, and the crop did not open prematurely as it did over much of the district last year. This has made ginning later in 1931.

Cotton consumption in the United States in September 1931 showed an increase over consumption in the longer month of August, and was materially larger than in September last year. The number of bales used totaled 463,704 in September 1931, compared with 425,819 bales used in August this year and 393,390 bales in September 1930. Total consumption this cotton year—August 1 through September 30—amounted to 889,523 bales, against 746,016 bales consumed in the corresponding two months of last season. Manufacturing establishments held 775,523 bales on September 30, compared with 839,850 bales held on August 31 and 970,988 bales on September 30, 1930. Public warehouses and compresses held 6,296,546 bales in storage at the end of September this year, compared with 4,426,154 bales so held a month earlier and 5,241,062 bales on September 30 last year. September exports totaled 558,192 bales, compared with 211,030 bales exported in August and 902,956 bales sent abroad in September 1930. Total exports during the two months of the present cotton year—August 1-September 30, inclusive—totaled 769,222 bales, a substantial decrease under 1,268,992 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 25,-

236,916, compared with 25,622,526 in August this year and 26,066,510 in September 1930.

Cotton growing states consumed 375,911 bales in September, compared with 341,542 bales in August and 313,912 bales in September 1930. Last month's consumption in the cotton growing states amounted to 81.07 per cent of National consumption, a higher percentage than either 80.21 per cent in August this year or 79.80 per cent in September 1930. Of the 375,911 bales of cotton consumed in the cotton growing states in September, the Fifth district mills used 215,410 bales, or 57.3 per cent, a slightly higher figure than 56.57 per cent of Southern consumption attained by Fifth district mills in September last year.

Tobacco

South Carolina auction markets sold 28,271,959 pounds of producers' tobacco in September, at an average price of \$9.37 per hundred pounds, compared with 36,306,991 pounds sold in September 1930, at \$13.13 per hundred. Total sales for the 1931 season to the end of September amounted to 52,745,702 pounds, and the average season price was \$9.95 per hundred. Mullins led in sales last month with 12,332,194 pounds, Lake City ranking second with 5,974,262 pounds. South Carolina tobacco production in 1931 was forecast on October 1 as 74,120,000 pounds, compared with 96,250,000 pounds grown in 1930, and a five-year average of 73,843,000 pounds.

North Carolina growers sold 93,355,542 pounds of tobacco on auction floors in September, at an average price of \$9.56 per hundred pounds, compared with 111,800,168 pounds sold in September 1930 for \$11.84 per hundred. Prices are distinctly lower than a year ago as a result of a large crop in the United States and a record carry-over of tobacco from previous years. On October 1 the 1931 tobacco yield for North Carolina was estimated at 496,760,000 pounds, compared with 584,000,000 pounds harvested last year and a five-year average of 450,863,000 pounds. Greenville led in September sales with 14,512,400 pounds, Wilson ranking second with 13,862,331 pounds.

Virginia tobacco warehouses opened at the end of September and sold 916,596 pounds for an average of \$7.51 per hundred pounds. Last year the Virginia markets sold 615,321 pounds in September. The tobacco sold during September was of inferior grade. Weather was favorable for harvesting tobacco in September, and 98 per cent of the crop was in by October 1. The October forecast of 114,112,000 pounds is above the short crop of 111,776,000 pounds harvested in 1930, but is less than the five-year average of 121,753,000 pounds.

Maryland's prospective yield of 33,000,000 pounds of tobacco this year compares with 19,040,000 pounds grown in 1930 and a five-year average of 24,423,000 pounds.

West Virginia tobacco declined in condition in September, but the October 1 forecast of 6,044,000 pounds exceeds 5,040,000 pounds grown in 1930 and is nearly equal to the five-year average of 6,130,000 pounds.

Agricultural Notes

Weather during September in the Fifth Federal reserve district was hot and dry, and in some instances reduced production of crops below expectations, but on the other hand conditions were almost ideal for harvesting and probably this more than balanced the few losses in yield.

Maryland crops were generally in good condition on October 1. Prospects for oats, barley, hay, sweet potatoes, grapes and pears improved during September, prospects for corn and Irish potatoes remained unchanged, and prospects for tobacco, apples, peaches and buckwheat declined slightly. Maryland crops of tobacco, sweet potatoes, oats and barley promise the largest yields since 1900. October 1 estimates of probable production for the leading crops were as follows: corn, 20,400,000 bushels, compared with 7,276,000 bushels in 1930 and 21,593,000 bushels the five-year average; oats, 2,172,000 bushels, compared with 1,592,000 bushels in 1930 and 1,664,000 bushels the five-year average; hay, 526,000 tons, compared with 344,000 tons in 1930 and 642,000 tons the five-year average; tobacco, 33,000,000 pounds, compared with 19,040,000 pounds in 1930 and 24,423,000 pounds the five-year average; Irish potatoes, 3,360,000 bushels, compared with 2,427,000 bushels in 1930 and 4,051,000 bushels the five-year average; sweet potatoes 1,824,000 bushels, compared with 660,000 bushels in 1930 and 1,452,000 bushels the five-year average; and commercial apples, 679,000 barrels, compared with 330,000 barrels in 1930 and 444,000 barrels the five-year average.

Virginia farms have an abundant supply of food and feed this season, in contrast with last year when all supplies were short. A large part of the corn crop had been cut by October 1, and throughout the State the crop was reported the best ever grown. Total production is forecast at 47,833,000 bushels, compared with the short crop of 17,227,000 bushels in 1930 and 44,077,000 bushels the five-year average. The oat crop this year of 5,216,000 bushels exceeds 2,831,000 bushels threshed in 1930 and also 4,289,000 bushels the five-year average production. Conditions of the late Irish potato crop are spotted, the weather having been too wet in August and too dry and hot in September. Total production of Irish potatoes in Virginia this year is forecast to be 14,756,000 bushels, compared with 13,989,000 bushels in 1930 and 16,374,000 bushels the five-year average. Sweet potatoes declined slightly in September, and this year's crop of 4,940,000 bushels compares with 2,960,000 bushels last year and 5,643,000 bushels the five-year average. Peanuts matured earlier than usual and digging was progressing rapidly at the beginning of October. The forecast of 120,930,000 pounds for the 1931 peanut crop in the State is above the low yield of 83,790,000 pounds in 1930, but is lower than the five-year average of 138,079,000 pounds. Excellent crops of late hay were harvested during September, and this year's total hay crop is forecast at 1,126,000 tons, compared with the unusually short crop of 512,000 tons in 1930 and a five-year average crop of 1,213,000 tons. All fruit crops were unusually good this season, but the commercial apple crop

declined in condition in September. This year's crop of apples entering into commercial channels is forecast at 3,780,000 barrels, compared with only 1,300,000 barrels harvested in 1930 and a five-year average of 2,718,000 barrels. The size of the fruit in Virginia is generally above average this year, but the quality is irregular and prices are so low that growers report that they cannot afford to pack the poorer grades of apples.

West Virginia crop yields are much above those of 1930, but in most cases are lower than the five-year average production. This year's corn crop has been cut and is of good quality, totaling 15,624,000 bushels in comparison with only 5,772,000 bushels last year and a five-year average of 16,432,000 bushels. Oats yielded 4,004,000 bushels in West Virginia this year, compared with 2,972,000 bushels in 1930 and 5,490,000 bushels the five-year average. A 1931 hay yield of 890,000 tons is approximately twice the 1930 yield of 446,000 tons, but is below the five-year average of 1,126,000 tons. The tobacco crop of 6,044,000 pounds is much larger than 5,040,000 pounds grown last year, but is slightly below the five-year average of 6,130,000 pounds. Irish potatoes did not do as well as most other crops this year, and the forecast of production of 3,510,000 bushels, while larger than 2,800,000 bushels dug last year, is much lower than the five-year average of 5,800,000 bushels. Sweet potatoes yielded 206,000 bushels this year, compared with 150,000 bushels in 1930 and 254,000 bushels the five-year average production. The commercial apple production is estimated at 1,877,000 barrels, compared with only 680,000 barrels last year and a five-year average of 1,334,000 barrels. Fall pastures in West Virginia are in excellent shape.

North Carolina corn production this year totaling 60,513,000 bushels is the largest on record for the State, and compares with 51,865,000 bushels last year and a five-year average production of 48,754,000 bushels. The stand of corn was unusually good this year and the ears are well filled. The oat crop in North Carolina turned out 8,181,000 bushels this year, compared with 6,521,000 bushels in 1930 and a five-year average of 5,570,000 bushels. A hay yield of 990,000 tons is the highest per acre since 1923, and compares with 748,000 tons in 1930 and the five-year average production of 697,000 tons. The tobacco crop of 496,760,000 pounds is considerably less than 584,000,000 pounds harvested last year, chiefly due to a 7 per cent acreage reduction and a lighter leaf this year, but is above the five-year average production of 450,863,000 pounds. The peanut crop of 279,300,000 pounds exceeds last year's crop of 191,700,000 pounds, and also the five-year average of 207,819,000 pounds. The quality of the nuts this year is extra good. Late Irish potatoes suffered a decline in condition during September, but the prospective yield of 10,544,000 bushels is larger than last year's crop of 8,590,000 bushels and the five-year average crop of 7,394,000 bushels. The per acre yield this year, however, is less than the average for the past ten years. Sweet potatoes also declined in September, but this year's crop of 11,385,000 bushels is larger than either 9,506,000 bushels in 1930 or 8,342,000 bushels the five-year average.

South Carolina crop prospects were cut by unusually dry and hot weather in September, but major crops had about matured good yields and the outlook is above the ten-year average. This year's corn crop of 25,000,000 bushels is slightly smaller than 25,806,000 bushels gathered in 1930 but is larger than the five-year average production of 21,484,000 bushels. The tobacco estimate of 74,120,000 pounds is lower than the record crop of 96,250,000 pounds last year, but is larger than the five-year average of 73,843,000 pounds. Much of the decline in comparison with last year is due to acreage reduction. Dry weather last month cut the sweet potato prospects, and the forecast of 3,850,000 bushels is lower than 5,200,000 bushels dug in 1930 and the five-year average of 4,377,000 bushels. South Carolina's peanut crop is forecast to be 8,960,000 pounds this year, compared with 8,400,000 pounds in 1930 and a five-year average of 6,581,000 pounds. The hay yield is smaller per acre than last year, but total production of 178,000 tons is slightly above the crop of 171,000 tons cured in 1930. Fruit crops were excellent in South Carolina this year, and the peach crop of 1,428,000 bushels was the largest on record.

Building Permits Issued, Fifth District Cities, September 1931 and 1930

CITIES	Permits Iss'd		Total Valuation	
	1931	1930	1931	1930
Baltimore, Md.	1,234	1,380	\$1,463,160	\$2,005,952
Cumberland, Md.	10	11	30,110	23,149
Frederick, Md.	8	25	2,875	38,899
Hagerstown, Md.	13	14	9,825	6,080
Salisbury, Md.	35	28	23,700	14,005
Danville, Va.	15	12	22,475	7,132
Lynchburg, Va.	53	44	78,641	30,840
Norfolk, Va.	156	125	142,779	199,702
Petersburg, Va.	29	5	7,535	5,730
Portsmouth, Va.	33	47	26,615	50,527
Richmond, Va.	123	154	397,868	1,158,023
Roanoke, Va.	41	46	120,997	149,695
Bluefield, W. Va.	9	14	2,440	15,745
Charleston, W. Va.	46	43	53,854	111,393
Clarksburg, W. Va.	24	21	477,715	21,015
Huntington, W. Va.	36	23	53,215	26,005
Asheville, N. C.	33	35	6,115	69,482
Charlotte, N. C.	46	94	109,477	141,001
Durham, N. C.	13	24	308,825	37,955
Greensboro, N. C.	46	37	24,235	29,524
High Point, N. C.	29	9	44,000	6,555
Raleigh, N. C.	22	24	19,342	53,100
Rocky Mount, N. C.	6	12	8,475	18,265
Salisbury, N. C.	13	6	79,060	1,725
Wilmington, N. C.	20	22	24,050	34,800
Winston-Salem, N. C.	83	102	56,220	79,526
Charleston, S. C.	35	30	37,773	66,573
Columbia, S. C.	75	45	81,326	95,770
Greenville, S. C.	42	35	42,545	62,505
Rock Hill, S. C.	12	9	12,435	5,164
Spartanburg, S. C.	15	29	3,795	19,940
Washington, D. C.	497	463	2,275,065	1,077,810
Totals	2,852	2,968	\$6,046,542	\$5,663,587

Building permits issued by building inspectors in thirty-two cities in the Fifth reserve district in September totaled 2,852, with estimated valuation amounting to \$6,046,542, a decrease of 3.9 per cent in number in comparison with 2,968 permits issued in September

1930, but an increase of 6.8 per cent over September 1930 valuation figures totaling \$5,663,587. Only twelve of the thirty-two cities reported higher figures for the 1931 month, but Washington showed an increase of nearly a million and a quarter dollars and several smaller cities reported relatively large increases. In proportion to population, the best records for the month were made by Clarksburg, W. Va., and Durham, N. C.

Contracts awarded in September for construction work in the Fifth district, including both rural and urban projects, totaled \$20,573,415, compared with only \$12,548,985 in August 1931 and \$16,162,532 in September 1930. Of the awards in September this year, \$4,034,385, or only 19.6 per cent, was for residential work, while last year residential contracts in September totaled \$6,496,947, or 40.2 per cent of all awards.

Retail Trade, 34 Department Stores

Richmond	Baltimore	Washington	Other Cit.	District
September 1931 sales, compared with sales in September 1930:				
-11.1	- 5.2	- 1.3	-16.8	- 5.7
Jan.-September 1931 sales, compared with Jan.-September 1930:				
- 6.2	- 4.9	. 9	-12.3	- 3.5
Sept. 30, 1931, stocks, compared with stocks on Sept. 30, 1930:				
-12.6	-11.4	- 7.9	-13.6	-10.6
Sept. 30, 1931, stocks, compared with stocks on August 31, 1931:				
4.2	15.2	14.1	9.6	12.9
Number of times stock was turned in September 1931:				
.299	.299	.324	.22	.298
Number of times stock was turned since January 1, 1931:				
2.767	2.725	2.87	1.966	2.684
Percentage of Sept. 1, 1931, receivables collected in September:				
27.2	21.9	28.0	23.4	24.6

Retail trade in the Fifth Federal reserve district in September showed a seasonal increase of approximately 25 per cent over the volume of business done in August, but fell 5.7 per cent below September 1930 business, according to reports from thirty-four leading department stores in the district. Total sales this year, through September 30, averaged 3.5 per cent less than sales from January 1 through September 1930, a decrease probably accounted for chiefly by price declines during the past year. Individual records of the reporting stores for the first nine months of this year show wide variations, some stores declining much more than the average and some others reporting higher figures for 1931 than for 1930. As a rule, the stores in smaller cities in which trade from farmers is relatively more important show greater declines in sales this year than the stores in the larger cities.

Stocks on the shelves of the reporting stores increased an average of 12.9 per cent during September, a seasonal rise, but on September 30 averaged 10.6 per cent less in retail selling value than stocks on hand on September 30, 1930. Part of this decrease in stocks is due to lower price levels in many lines this year. The reporting stores turned their stock .298 times in September, and since January 1 stocks have been turned an average of 2.684 times, a slightly higher figure than 2.383 times for the corresponding period last year.

Collections during September in the reporting stores

averaged 24.6 per cent of receivables outstanding on September 1, a slightly higher figure than 24.3 per cent collected in September a year ago.

Wholesale Trade, 64 Firms

	23	9	6	14	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
September 1931 sales, compared with sales in September 1930:	-15.0	-17.3	- 8.1	-10.6	- 7.8
September 1931 sales, compared with sales in August 1931:	7.7	25.3	4.2	12.6	7.5
Jan.-Sept. 1931 sales, compared with Jan.-Sept. 1930 sales:	-16.8	-22.1	- 6.2	-23.5	- 6.2
Sept. 30, 1931, stocks, compared with Sept. 30, 1930, stocks:	-15.0(8*)	-29.0(4*)	-18.9(5*)	-15.8(7*)
Sept. 30, 1931, stocks, compared with Aug. 31, 1931, stocks:	1.8(8*)	- 4.5(4*)	- 3.8(5*)	- 2.2(7*)
Percentage of Sept. 1, 1931, receivables collected in September:	63.3(14*)	32.1(6*)	22.8(6*)	30.8(11*)	51.5(8*)

—Denotes decrease. *Number of reporting firms.

Wholesale trade showed a seasonal increase in September over August, but was in smaller volume in every line for which data are available than in September 1930. Cumulative sales this year since January 1 were also lower in every line reported upon than in the corresponding nine months last year.

Stocks increased during September in groceries, but declined in dry goods, shoes and hardware. At the end of September 1931, stocks were smaller in all lines than a year ago.

Collections in September were better than a year ago in groceries, shoes and hardware, but were slower in dry goods and drugs. Better collections in September than in August this year were shown in groceries, dry goods and hardware.

(Compiled October 21, 1931)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial production and factory employment, which usually increase at this season, showed little change from August to September, and, consequently, the Board's seasonally adjusted indexes declined. The general level of wholesale prices also declined. Gold exports and earmarkings, together with an increase in domestic currency demand between the middle of September and the middle of October, resulted in a large growth of reserve bank credit in use and a rise in money rates.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, declined from 79 per cent of the 1923-1925 average in August to 76 per cent in September. Activity at steel mills decreased from 31 per cent of capacity to 28 per cent; output of automobiles was reduced substantially and lumber production continued to decline. At cotton mills production increased seasonally, while activity at woolen mills and shoe factories declined contrary to the usual seasonal tendency. Output of petroleum was smaller in September than in August, but the rate of output prevailing at the end of September was higher than at the end of August.

The number employed at factories showed little change from the middle of August to the middle of September, a period when employment usually increases. In iron and steel mills, automobile factories and lumber mills, employment decreased further, contrary to the seasonal tendency; in the clothing and silk industries there were substantial increases in employment, partly of a seasonal character; in mills producing cotton goods, employment increased less than usual, and in wollen mills it declined from recent relatively high levels.

Data on value of building contracts awarded for the period between the first of August and the middle of October, as reported by the F. W. Dodge Corporation, show a continuation of the downward movement of recent months for residential as well as for other types of construction.

Estimates by the Department of Agriculture, based on October 1 conditions, indicated a cotton crop of 16,284,000 bales, the largest crop reported, except that of 1926, a total wheat crop somewhat larger than usual, and a corn crop of 2,700,000,000 bushels, 29 per cent larger than last year, and 2 per cent smaller than the five-year average.

Distribution

Freight-car loadings of merchandise and sales by department stores increased in September, but by less than the usual seasonal amount.

Wholesale Prices

The general level of wholesale prices declined from 70.2 per cent of the 1926 average in August to 69.1 per cent in September, according to the Bureau of Labor Statistics. Decreases in the prices of livestock, meats, hides, woolen goods, cotton and cotton goods were offset in part by increases in prices of dairy products, petroleum, and petroleum products. Further declines in the price of cotton during the first few days of October were followed by substantial increases in subsequent days.

Bank Credit

During the four weeks following the suspension of gold payments in England on September 20, \$600,000,000 of gold was withdrawn from this country's monetary stock in the form of exports and earmarkings. Domestic demand for currency continued to increase, the growth for the month ending in the middle of October being about \$400,000,000. The growth in the amount of currency outstanding, however, slowed down after the first few days in October. The demands for credit arising from gold movements and currency growth were met by member banks through the sale of acceptances to the reserve banks and by rediscounts. Volume of reserve bank credit outstanding consequently increased between the week ending September 19 and the week ending October 17 by \$904,000,000, and on October 17 stood at \$2,169,000,000, the highest level for ten years.

Gold and currency withdrawals resulted in a decrease of deposits at member banks in leading cities. Loans and investments of these banks also declined, reflecting reductions in loans to security brokers, as well as sales of acceptances to the reserve banks, and sales of United States securities.

During this period there was a rise in short-time money rates in the open market and in yields on high grade bonds. On October 9 the Federal Reserve Bank of New York advanced its discount rate from 1½ to 2½ per cent and on October 16 to 3½ per cent. Discount rates were also advanced at the Boston, Philadelphia, Cleveland, Richmond, Chicago, St. Louis, Dallas and San Francisco reserve banks.