

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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OCTOBER and the first half of November are expected to show a considerable increase in nearly all lines of trade and industry over recent months, and this year there was some increase, but it was less than occurs in most years. Three principal causes for the lag of business are widespread unemployment, low financial returns from agricultural operations, and continued mild weather, the first and second conditions definitely lowering the purchasing power of the district and the third condition postponing the necessity for the purchase of fall clothing, fuel, etc.

In banking, October and early November witnessed an increase of rediscounts at the Federal Reserve Bank of Richmond of larger than normal proportions, and the circulation of Federal reserve notes also increased more than is customary during the period. Reporting member banks reduced their outstanding loans during the past month, and their deposits declined more than is accounted for by the reduction in loans, necessitating further borrowing at the reserve bank. Savings bank deposits in mutual savings banks increased moderately in October, but time deposits in regularly reporting member banks declined materially. Debits to individual accounts figures for four weeks ended November 11 not only showed a seasonal decrease in comparison with figures for the four weeks ended October 14, but were 19 per cent less than aggregate debits in the four weeks ended November 12, 1930. The seasonal decline in debits last month was larger than occurs in most years. In comparison with the United States as a whole, the Fifth reserve district made a good record in business failures in October, experiencing fewer failures and lower liabilities than in either September 1931 or October 1930, while the nation reported 11.2 per cent more insolvencies and 25.5 per cent larger liabilities last month than in October 1930. There was no improvement in employment conditions in October and early November, but on the contrary the completion of outdoor work undertaken during the summer months tended to add to the ranks of the unemployed. Coal production in October showed some seasonal increase over the output in September, but was much lower than production in October last year. West Vir-

ginia continued to lead in bituminous coal production in October, and showed somewhat less than the average decline in tonnage. The textile industry in the Fifth district increased consumption of cotton in October by 13.2 per cent in comparison with consumption in October 1930, while the United States as a whole increased only 4.2 per cent. In fact, the increase in consumption of cotton in October 1931 over October 1930 was greater in the Fifth district than in the United States, New England states having used less cotton last month. Spot cotton prices at the middle of November were slightly higher than a month earlier, but were about \$20 per bale less than prices at mid-November last year. The Department of Agriculture forecasts the 1931 cotton crop at 16,903,000 bales, the second largest production on record, and yields in the Fifth district are in line with the average. Cotton acreage was reduced in the district this year, and fertilizer was also used less extensively, but prospective yield is higher than last year on account of exceptionally favorable weather and very small weevil damage. The manufacture of tobacco has declined somewhat in recent months, but holds its own much better than most industries. Marketing of leaf tobacco is under way in the Fifth district, and good yields have been made, but prices paid the growers are the lowest in many years and for low grades there is hardly any sale. Large yields of nearly all crops are being harvested in the Fifth district this year, and in spite of disastrously low prices for nearly everything they have to sell the farmers are probably better off than they were a year ago, production of food and feed crops in large amounts this year making them less dependent on cash crops. The weather has been ideal for harvesting the year's crops, but winter grains have not had sufficient moisture for germination and growth, and fall plowing is behind the usual schedule. Construction of residences and industrial buildings continues at a very low level, but a considerable amount of public highway work and other projects outside the cities is keeping contract award figures about up to the level of the past year or two. Retail and wholesale trade in October felt the effects of unusually mild weather and consequently failed to show as large seasonal gains as in most years.

In fact, wholesale trade in October fell below the trade of September in all lines for which information is available except dry goods. Both retail and wholesale trade in October fell materially below the volume of business done in October 1930.

### Reserve Bank Statement

ITEMS	000 omitted		
	Nov. 15 1931	Oct. 15 1931	Nov. 15 1930
Rediscounts held .....	\$41,042	\$32,157	\$19,005
Open market paper.....	16,150	33,056	11,151
Government securities .....	27,406	21,558	16,983
Other earning assets.....	700	700	0
Total earning assets.....	85,298	87,471	47,139
Circulation of Fed. Res. Notes..	101,770	93,119	68,903
Members' reserve deposits.....	54,251	59,443	64,171
Cash reserves .....	86,607	82,853	96,229
Reserve ratio .....	52.28	50.48	70.66

Although the volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond increased \$8,885,000 between October 15 and November 15, 1931, and holdings of Government securities rose \$5,848,000, a reduction of \$16,906,000 in the portfolio of open market paper lowered the Richmond bank's total earning assets by \$2,173,000 during the past month. Some increase in loans frequently occurs at this season, but the rise this year was greater than in most years. The circulation of Federal reserve notes rose \$8,651,000 between the middle of October and the middle of November, a seasonal increase of larger than normal proportion. Member bank reserve deposits decreased \$5,192,000 during the past month, partly due to lower deposits in member banks against which reserves must be carried and partly to a reduction in the number of member banks. The several changes mentioned in the statement, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$3,754,000 between October 15 and November 15, and also raised the ratio of cash reserves to note and deposit liabilities combined by 1.8 points.

A comparison of the November 15, 1931, figures with those reported on November 15, 1930, shows a marked increase in the use of reserve bank credit this year. Rediscounts for member banks held by the Federal Reserve Bank of Richmond rose \$22,037,000 during the year, the rise occurring during the past three months. The Bank also increased its portfolio of open market paper during the year by \$4,999,000, and its holdings of Government securities by \$10,423,000. Other earning assets rose \$700,000, bringing the total earning assets up \$38,159,000 above the figure a year ago. Federal reserve notes in actual circulation increased \$32,867,000 between the middle of November 1930 and the corresponding period in 1931, most of the increase occurring in the past two months. Lower deposits in member banks and a reduction in the number of member banks reduced member bank reserve deposits at the Federal Reserve Bank of Richmond by \$9,920,000 during the past year. Chiefly as a result of increased investments in open market paper and Gov-

ernment securities this year, the cash reserves of the Richmond reserve bank declined \$9,622,000 between November 15, 1930, and November 15, 1931, and the ratio of cash reserves to note and deposit liabilities combined declined 18.38 points during the same period.

### Member Bank Statement

ITEMS	000 omitted		
	Nov. 11 1931	Oct. 14 1931	Nov. 12 1930
Loans on stocks and bonds (in- cluding Governments .....	\$144,155	\$147,752	\$174,372
All other loans.....	242,076	246,846	292,969
Total loans and discounts.....	386,231	394,598	467,341
Investments in stocks & bonds..	238,068	242,325	188,809
Reserve Bal. with F. R. Bank..	37,234	37,786	38,861
Cash in vaults.....	17,551	15,485	11,852
Demand deposits .....	316,054	330,044	354,121
Time deposits .....	238,204	243,727	256,825
Borrowed from F. R. Bank.....	18,306	12,494	6,469

The accompanying table shows the principal items of condition of fifty regularly reporting member banks in the Fifth reserve district as of three dates, 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 as of 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 fifty reporting banks declined \$8,367,000 during the past month, loans on stocks and bonds decreasing \$3,597,000 and all other loans declining \$4,770,000. Total investments in bonds and securities also decreased, by \$4,257,000. Aggregate reserve balances of the reporting banks at the Federal Reserve Bank of Richmond decreased \$552,000 between October 14 and November 11, but cash in vaults rose by \$2,066,000 during the same period. Deposits in the reporting institutions dropped \$19,513,000 during the past month, demand deposits declining \$13,990,000 and time deposits \$5,523,000. Part of the decline in time deposits was due to transfers of Christmas Savings funds from time to demand deposits on November 1. On November 11, the reporting banks were borrowing \$18,306,000 from the reserve bank, an increase of \$5,812,000 over the amount borrowed on October 14 this year. Thirty of the fifty reporting banks were rediscounting at the reserve bank on November 11, compared with twenty-one banks which were borrowing on October 14.

Between November 12, 1930, and November 11, 1931, loans on stocks and bonds decreased \$30,217,000 and all other loans dropped \$50,893,000, a total reduction in loans of \$81,110,000. On the other hand, the fifty reporting banks increased investments in stocks and bonds by \$49,259,000 during the year, and cash in vaults rose by \$5,699,000. Deposits declined materially since November 1930, demand deposits dropping \$38,067,000 and time deposits \$18,621,000. Thirty of the fifty reporting banks were borrowing \$11,841,000 more from the Federal Reserve Bank of Richmond on

November 11, 1931, than sixteen banks were borrowing on November 12, 1930.

### Savings and Time Deposits

Aggregate deposits in twelve mutual savings banks in Baltimore amounted to \$213,710,081 at the close of business October 31, 1931, a higher figure than either \$212,323,816 on September 30, 1931, or \$198,704,801 on October 31, 1930. On the other hand, time deposits in fifty regularly reporting member banks totaled only \$238,204,000 on November 11, 1931, a lower figure than either \$243,727,000 in time deposits on October 14, 1931, or \$256,825,000 on November 12, 1930. A considerable part of aggregate time deposits in reporting member banks does not represent genuine savings accounts, and these deposits are therefore more likely to fluctuate as conditions in the money markets and business world change.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Nov. 11, 1931	Oct. 14, 1931	Nov. 12, 1930
Asheville, N. C.....	\$ 10,160	\$ 11,069	\$ 28,125
Baltimore, Md. ....	295,590	368,880	389,863
Charleston, S. C.....	11,562	15,233	20,873
Charleston, W. Va.....	32,651	33,338	33,303
Charlotte, N. C.....	34,734	38,771	42,575
Columbia, S. C.....	18,127	17,064	23,068
Cumberland, Md. ....	6,865	8,368	8,421
Danville, Va. ....	7,877	6,707	8,338
Durham, N. C.....	22,790	24,538	26,411
Greensboro, N. C.....	15,815	16,090	18,262
Greenville, S. C.....	13,951	12,701	15,682
Hagerstown, Md. ....	5,923	7,720	8,193
Huntington, W. Va.....	12,659	14,759	16,953
Lynchburg, Va. ....	13,849	16,016	15,257
Newport News, Va.....	9,008	9,617	10,238
Norfolk, Va. ....	38,859	41,793	50,092
Portsmouth, Va. ....	3,732	4,128	4,198
Raleigh, N. C.....	20,033	17,542	23,040
Richmond, Va. ....	110,202	123,366	135,316
Roanoke, Va. ....	22,182	22,513	25,549
Spartanburg, S. C.....	8,520	7,868	11,717
Washington, D. C.....	199,433	226,119	218,339
Wilmington, N. C.....	10,230	10,441	13,582
Winston-Salem, N. C.....	27,858	33,587	32,324
District Totals .....	\$ 952,610	\$1,088,228	\$1,179,719

The debits to individual, firm and corporation accounts figures shown in the accompanying 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.

A comparison of the total of \$952,610,000 in debits reported for the four weeks ended November 11, 1931, with the total reported for the preceding four weeks, ended October 14 this year, shows a decrease of \$135,618,000, or 12.5 per cent. A decline during the more recent period is seasonal, due to heavy payments of dividends and interest on October 1, but the decrease this year was somewhat greater than normally occurs.

Only five of the twenty-four cities reported higher figures for the more recent period, Danville, Va., Raleigh, N. C., and Columbia, Greenville and Spartanburg, S. C.

In comparison with total debits reported for the four weeks ended November 12, 1930, those reported for the corresponding period ended November 11, 1931, showed a decrease of \$227,109,000, or 19.3 per cent. Every one of the twenty-four reporting cities showed lower debits figures in the 1931 period than in the like period in 1930.

### Commercial Failures

The commercial failure record in the Fifth Federal reserve district in October 1931 was much better than the record for the United States as a whole. Last month witnessed 92 insolvencies in the Fifth district, with aggregate liabilities totaling \$1,365,124, compared with 102 insolvencies and liabilities totaling \$2,740,714 in the shorter month of September this year and 121 insolvencies and \$1,430,900 in liabilities in October 1930. The district therefore shows a decrease of 24 per cent in number of failures and a decline of 4.6 per cent in liabilities involved in October 1931, in comparison with October 1930. On the other hand, there were 2,362 failures in the United States in October, with liabilities totaling \$70,660,436, compared with 2,124 failures and \$56,296,577 in liabilities in October last year, increases last month of 11.2 per cent in number of insolvencies and of 25.5 per cent in aggregate liabilities.

### Employment

There was no net increase in employment during the past month in the Fifth reserve district. A few industrial plants added workers, but on the other hand there was a further seasonal decline in outside work, and fewer short time jobs were offered to idle people. Unemployment appears to be most extensive among workers in building trades and employees of relatively small industrial plants, and there is also a large surplus of clerical workers. In the Fifth district the tobacco and textile industries are using their normal quotas of employees, and most of the large employers of clerical help have retained their forces, but smaller employers in many instances have been unable to keep all employees. A few instances of stagger work have been noted, and a wider use of this plan is being considered by some corporations and political jurisdictions. All authorities agree that there is little chance of material improvement in employment conditions in the next two or three months, and localities are making extensive plans for relief of distress among idle workers.

### Coal Production

Bituminous coal production in the United States totaled 35,740,000 net tons in October 1931, a seasonal increase over 31,919,000 tons mined in September this year but considerably below the output of 44,150,000 tons in October 1930. Total production of soft coal during the calendar year to November 7—approximate—

ly 264 working days—amounted to 325,404,000 net tons, compared with 392,700,000 tons mined during the corresponding period last year. Shipments of coal through Hampton Roads in October totaled 1,791,610 tons, and total shipments since January 1 amounted to 17,054,318 tons.

In its October 24 report, the Bureau of Mines, Department of Commerce, gave bituminous coal production by States for the month of September. These figures credit West Virginia with 9,096,000 net tons, while Pennsylvania, the second ranking state, mined only 7,530,000 tons.

### Textiles

The textile industry in the Fifth district is in better shape than in other sections of the country, judged by cotton consumption figures for the district, for Southern states, and for the United States. In October 1931, cotton mills in North Carolina used 114,269 bales, South Carolina mills used 96,226 bales, and Virginia mills used 10,835 bales, a district total of 221,330 bales, compared with 195,520 bales consumed in the same states in October 1930, an increase last month of 13.2 per cent. In contrast, consumption in the cotton growing states as a whole increased only 7.7 per cent and the United States gained only 4.2 per cent. Cotton consumption in New England states decreased 11.7 per cent in October this year. Consumption of cotton in the Fifth district in October amounted to 47.9 per cent of National consumption, compared with 46.45 per cent of National consumption used in the district in September this year and 44.11 per cent in October 1930.

### Cotton Statistics

*Cotton prices* turned upward in the second week in October on ten leading Southern spot markets and advanced by November 6 to an average of 6.25 cents per pound, but after that date the price declined again to an average of 6.06 cents per pound for middling short staple cotton on November 13, the latest date for which official quotations are available. Farmers are holding as much of their cotton as they can, hoping for some further improvement in prices later on.

*Condition figures* on the 1931 cotton crop, based on the November 1 condition of the crop, were issued by the Department of Agriculture on November 9. This report raised the estimate of production in the United States to 16,903,000 bales, in comparison with the estimate of 16,284,000 bales on October 1, 1931, and final ginnings of 13,932,000 bales in 1930. The November 1 report raised this year's probable production figures for all of the three cotton growing states of the Fifth district, in comparison with estimates made a month earlier. South Carolina's yield is now estimated at 990,000 bales, compared with prospects for 929,000 bales on October 1 and 1,001,000 bales grown last year. North Carolina's crop of 800,000 bales compares with an estimate of 730,000 bales on October 1, and 775,000 bales ginned in 1930. Virginia's prospective yield of 42,000 bales compares with 39,000 bales predicted a month earlier and 42,000 bales grown in 1930. Total production in the Fifth district is forecast at 1,832,000

bales, an increase of 134,000 bales during October but 14,000 bales less than last year's production, the reduction being in South Carolina and due entirely to acreage reduction. The average number of pounds per acre was much higher in the Fifth district this year than in 1930.

*Ginning figures* to November 1, released by the Census Bureau on November 9, showed 12,129,546 bales ginned from this year's crop, compared with 10,863,896 bales of last year's crop ginned before November. Weather during October was practically ideal for cotton picking, and field loss of open cotton during the month was less than in average years.

*Cotton consumption* in the United States in October showed a decrease under the shorter month of September, but was materially above consumption in October last year. The number of bales used totaled 462,025 in October 1931, compared with 463,704 bales used in September this year and 443,284 bales in October 1930. Total consumption this cotton year—August 1 through October 31—amounted to 1,351,548 bales, against 1,189,300 bales consumed in the corresponding three months of last season. Manufacturing establishments held 1,115,793 bales on October 31, compared with 775,523 bales held on September 30 and 1,354,574 bales on October 31, 1930. Public warehouses and compresses held 9,449,987 bales in storage at the end of October this year, compared with 6,296,546 bales so held a month earlier and 7,474,299 bales on October 31 last year. October exports totaled 1,014,180 bales, compared with 558,192 bales exported in September and 1,004,120 bales sent abroad in October 1930. Total exports during the three months of the present cotton year—August 1-October 31, inclusive—totaled 1,783,402 bales, a lower figure than 2,273,112 bales shipped over seas during the corresponding three months last year. Spindles active at some time during October numbered 25,188,112, compared with 25,236,916 in September this year and 25,720,504 in October 1930.

*Cotton growing states consumed* 378,948 bales of cotton in October, compared with 375,911 bales in September and 351,849 bales in October 1930. Last month's consumption in the cotton growing states amounted to 82.02 per cent of National consumption, a higher percentage than either 81.07 per cent in September this year or 79.37 per cent in October 1930. Of the 378,948 bales of cotton consumed in the cotton growing states in October, the Fifth district mills used 221,330 bales, or 58.41 per cent, a higher figure than 55.57 per cent of Southern consumption attained by Fifth district mills in October last year.

### Tobacco Manufacture

The output of tobacco products has declined in recent months, and figures for the first three quarters of 1931 are lower than figures for the like period in 1930, according to stamp taxes paid to the Federal Treasury. Taxes paid on all tobacco products from January 1 through September 30 this year totaled \$332,063,894, compared with \$342,737,534 in 1930. Taxes on cigarettes totaled \$268,080,693 this year, compared with \$276,204,080 in the corresponding period last year.

The Fifth reserve district states paid \$236,533,687 in taxes on cigarettes, against \$241,714,513 last year. Eighty-eight per cent of all cigarettes manufactured in the United States between January 1 and September 30 this year were made in the Fifth district, all in North Carolina and Virginia. North Carolina made 56,581,306,000 cigarettes since January 1, and Virginia made 22,245,923,000, a total of 78,827,229,000 cigarettes. If these were laid end to end, they would reach 3,421,321 miles, or 136.8 times around the earth at the Equator.

### Tobacco Marketing

*South Carolina* tobacco markets sold only 9,502,206 pounds of growers' tobacco in October, at an average price of \$5.80 per hundred. Most of the markets closed prior to October. Season sales in South Carolina through October totaled 62,247,908 pounds for a total of \$5,799,993, compared with 70,947,349 pounds sold before November 1 in 1930, for a total of \$8,528,434. This year's forecast of production is 74,120,000 pounds, compared with the 1930 record crop of 96,250,000 pounds. The quality of this year's crop is only 58 per cent of a theoretical base, compared with 70 per cent last year.

*North Carolina* markets sold 125,498,567 pounds of producers' tobacco in October 1931, at an average price of \$9.93 per hundred pounds. These figures compare with 142,094,665 pounds sold for an average of \$14.92 per hundred in October 1930, a decrease in cash returns of approximately \$8,738,500 for the month's sales. Total sales this season of 241,701,828 pounds show a decrease from 274,053,083 pounds sold in 1930 before November 1, and final production for 1931 of 490,250,000 pounds is about 16 per cent less than the yield of 584,000,000 pounds in 1930. Greenville led the North Carolina markets in October sales with 18,536,026 pounds, and was second in price with \$11.20 per hundred, but Washington led in price with an average of \$11.40 per hundred pounds. Wilson ranked second in October sales with 17,209,510 pounds.

*Virginia* leaf tobacco markets sold 12,195,651 pounds of tobacco for growers in October, at an average price of \$8.50 per hundred pounds. Last year the October sales amounted to 13,042,808 pounds at an average of \$11.07 per hundred. October sales consisted almost entirely of flue-cured types, as only two fire-cured markets opened before November. Danville led all markets with total sales of 5,496,870 pounds, South Boston ranking second with 1,871,735 pounds. Petersburg paid the highest average price in October, \$9.93 per hundred pounds. The quality of tobacco sold in Virginia in October was poor, averaging 17 per cent good, 33 per cent medium, and 50 per cent common, but was better than the quality sold in October 1930, when the grades were 11 per cent good, 28 per cent medium, and 61 per cent common. This year's tobacco crop in Virginia is estimated at 112,935,000 pounds, compared with the short crop of 111,776,000 pounds harvested in 1930. The quality of this year's crop is estimated at 82 per cent, compared with the low average of 56 per cent last year.

### Agricultural Notes

The weather in the Fifth Federal reserve district in October and the first half of November was excellent for all harvesting, but was too dry for fall plowing and for winter grains. The lack of moisture also caused some deterioration in quality, as in tobacco, sweet potatoes and fruit. On the whole, Fifth district states in the upper half of the district have much larger yields than last year in nearly all crops, and the Carolinas also report larger per acre yields this year. However, since the Carolinas did not suffer severely from last year's drought, total production figures for 1931 in those states do not show nearly as large increases as the states of Maryland, Virginia and West Virginia report. In contrast to conditions in 1930, all food and feed crops turned out well this year, and farmers are therefore much less dependent upon their cash crops than they were last year. It is fortunate that this condition exists, prices for the products which the farmers sell being extremely low in nearly all cases. For example, cotton is selling for about \$30 a bale, of which nearly a third is paid for picking and ginning. Tobacco is selling at the lowest price for a number of years. Fruit is so abundant that prices obtainable make packing and shipment of lower grade fruit unprofitable. On the whole, cash returns on 1931 farming operations are turning out so small that in many instances expenses on this year's work are not being paid, leaving little or nothing with which to liquidate debts carried over from 1930 as a result of crop failures from the drought.

### Building Permits Issued, Fifth District Cities, October 1931 and 1930.

CITIES	Permits Issued		Total Valuation	
	1931	1930	1931	1930
Baltimore, Md. ....	1,525	1,505	\$1,599,240	\$1,941,360
Cumberland, Md. ....	15	18	8,735	12,935
Frederick, Md. ....	9	15	9,300	19,999
Hagerstown, Md. ....	14	36	6,005	48,370
Salisbury, Md. ....	27	34	20,150	42,350
Danville, Va. ....	6	20	5,545	22,395
Lynchburg, Va. ....	30	56	49,157	111,200
Norfolk, Va. ....	160	167	114,506	126,554
Petersburg, Va. ....	4	7	2,400	17,590
Portsmouth, Va. ....	36	37	30,592	36,075
Richmond, Va. ....	130	148	238,366	405,696
Roanoke, Va. ....	51	44	112,266	481,245
Bluefield, W. Va. ....	7	13	4,550	14,645
Charleston, W. Va. ....	37	53	29,693	735,125
Clarksburg, W. Va. ....	28	33	11,585	17,925
Huntington, W. Va. ....	21	23	59,700	20,001
Asheville, N. C. ....	37	40	35,100	19,445
Charlotte, N. C. ....	79	87	75,890	93,921
Durham, N. C. ....	20	16	37,975	77,750
Greensboro, N. C. ....	37	52	27,390	83,710
High Point, N. C. ....	21	13	34,300	16,340
Raleigh, N. C. ....	15	17	10,075	9,313
Rocky Mount, N. C. ....	11	11	10,265	15,906
Salisbury, N. C. ....	3	10	5,425	2,560
Wilmington, N. C. ....	21	19	16,600	35,700
Winston-Salem, N. C. ....	76	105	68,072	66,883
Charleston, S. C. ....	34	60	30,669	213,485
Columbia, S. C. ....	64	70	92,707	32,780
Greenville, S. C. ....	27	46	36,265	29,385
Rock Hill, S. C. ....	15	10	32,410	12,280
Spartanburg, S. C. ....	27	29	22,305	12,943
Washington, D. C. ....	565	611	1,476,760	2,191,665
<b>Totals</b> .....	<b>3,152</b>	<b>3,405</b>	<b>\$4,313,998</b>	<b>\$6,967,531</b>

Construction work in the Fifth Federal reserve district continues far below normal, and is the outstanding factor in the unemployment situation. Building permits issued in October in thirty-two cities in the district totaled 3,152, in comparison with 3,405 permits issued in October 1930, and the estimated valuation figures last month totaled only \$4,313,998, a decrease of 38 per cent under the total of \$6,967,531 in October 1930. Ten of the thirty-two reporting cities showed higher valuation figures for October 1931 than for October 1930, but several of these increases were due to very low figures last year rather than to a large volume of work this year.

Contracts awarded in October for construction work in the Fifth district, including both rural and urban projects, totaled \$23,342,082, compared with \$25,569,298 awarded in October 1930 and \$25,600,760 in October 1929, according to figures collected by the F. W. Dodge Corporation. Of the awards in October this year, \$6,446,982 was for residential work, compared with \$4,805,083 for this type of work in 1930.

#### Retail Trade, 34 Department Stores

	Richmond	Baltimore	Washington	Other Cit.	District
October 1931 sales, compared with sales in October 1930:	-15.3	-14.6	- 5.6	-18.5	-11.6
Jan.-October 1931 sales, compared with Jan.-October 1930:	- 7.4	- 6.3	+ .03	-13.5	- 4.8
Oct. 31, 1931, stocks, compared with stocks on Oct. 31, 1930:	-11.1	-11.0	- 5.2	-15.7	- 9.6
Oct. 31, 1931, stocks, compared with stocks on Sept. 30, 1931:	+15.8	+ 7.5	+10.7	+ 3.8	+ 9.0
Number of times stock was turned in October 1931:	.348	.36	.406	.253	.362
Number of times stock was turned since January 1, 1931:	3.098	3.083	3.269	2.217	3.041
Percentage of Oct. 1, 1931, receivables collected in October:	30.1	25.2	31.8	29.2	28.3

The weather in October was quite unfavorable for retail trade, being too warm and clear for the sale of fall merchandise, and as a result department store sales did not increase as much over September sales as in most years. October sales usually exceed September sales by about 40 per cent, but this year the increase was only 26 per cent. In comparison with last year's sales, those of October 1931 show an average decline of 11.6 per cent in thirty-four department stores, and the first nine months of 1931 dropped 4.8 per cent below sales in the first three-quarters of 1930.

Stocks on the shelves of the reporting stores showed further seasonal increase in October, rising 9.0 per cent

over stocks on September 30, but on October 31 stocks were 9.6 per cent less in selling value than stocks on hand on October 31, 1930. Stocks were turned an average of .362 times in October, and since January 1, 1931, stocks have been turned 3.041 times, a better figure than 2.739 times in the first nine months of 1930.

Collections during October showed a seasonal increase over September collections and were a little better than the average for October last year, 28.3 per cent of outstanding receivables being collected last month in comparison with 24.6 per cent in September 1931 and 28.2 per cent in October 1930.

#### Wholesale Trade, 64 Firms

	23 Groceries	9 Dry Goods	6 Shoes	14 Hardware	12 Drugs
October 1931 sales, compared with sales in October 1930:	-22.8	-22.6	-18.3	-23.2	-13.7
October 1931 sales, compared with sales in September 1931:	- 6.0	+ 5.0	-21.8	- 3.2	- 3.3
Jan.-Oct. 1931 sales, compared with Jan.-Oct. 1930 sales:	-17.5	-22.1	- 7.5	-23.5	- 6.9
Oct. 31, 1931, stocks, compared with Oct. 31, 1930, stocks:	-21.5(8*)	-29.2(4*)	-22.0(5*)	-13.6(7*)	.....
Oct. 31, 1931, stocks, compared with Sept. 30, 1931, stocks:	+ .4(8*)	- 8.3(4*)	-12.0(5*)	- 1.2(7*)	.....
Percentage of Oct. 1, 1931, receivables collected in October:	63.6(14*)	38.1(6*)	40.2(6*)	34.0(11*)	54.0(8*)

Sixty-four wholesale firms in five lines reported on October business to the Bank. Sales in October in dry goods were 5.0 per cent larger than sales in September this year, but the other lines failed to make the usual seasonal gain over the earlier month. In comparison with sales in October 1930, sales last month were materially lower in every line, ranging from a decline of 13.7 per cent in drugs to a decrease of 23.2 per cent in hardware. Total sales for the first nine months of 1931 were lower in all lines than sales in the corresponding period in 1930, drugs showing the smallest and hardware the largest decline.

Stocks on hand on October 31, 1931, showed a very slight increase in groceries over stocks on hand on September 30, but the other lines reported stock reductions during October. On October 31, stocks in all lines were materially lower than stocks a year ago, dry goods showing the largest decline, 29.2 per cent.

Collections in every line showed a seasonal improvement in October over September, but were slower in every line than in October 1930.

(Compiled November 21, 1931)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Production and employment in manufacturing industries declined further in October, while output of minerals increased more than is usual at this season. There was a considerable decrease in the demand for reserve bank credit after the middle of October, reflecting a reduction in member bank reserve balances and, in November, an inflow of gold, largely from Japan. Conditions in the money market became somewhat easier.

**Production and Employment**

Total output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, declined from 76 per cent of the 1923-1925 average in September to 74 per cent in October. Output of steel remained unchanged at 28 per cent of capacity in October, although it usually shows an increase for that month; in the first half of November activity at steel mills increased somewhat. Automobile production declined sharply in October; production of shoes and woollens decreased and cotton mill activity showed little change, although an increase is usual at this season. Output of bituminous coal increased seasonally, and there were large increases in the output of anthracite and petroleum.

Volume of factory employment declined substantially from the middle of September to the middle of October. At woolen mills where an increase in employment is usual at this season, there was a large decrease. In the automobile and shoe industries reductions in employment were considerably larger than usual, while in the canning industry the decline was wholly of a seasonal character. In the silk goods and hosiery industries employment increased by more than the usual seasonal amount.

The November cotton crop estimate of the Department of Agriculture was 16,903,000 bales, 600,000 bales larger than the October estimate and 3,000,000 bales larger than last year in spite of a reduction in acreage.

Data on the value of building contracts awarded in the period between September 1 and November 15, as reported by the F. W. Dodge Corporation, showed a continuation of the downward movement. In this period value of contracts was 29 per cent smaller than in the corresponding period of 1930, reflecting smaller volume of construction and somewhat lower building costs.

**Distribution**

Total volume of freight-car loadings remained unchanged in October, while loadings of merchandise decreased. Department store sales increased by somewhat more than the usual seasonal amount.

**Wholesale Prices**

The general level of wholesale prices declined from 69.1 per cent of the 1926 average in September to 68.4 per cent in October, according to the Bureau of Labor Statistics. Prices of grains, cotton, and silver, after showing a rapid rise beginning early in October, declined considerably, but in the third week of November were still above their October low points; prices of hides and petroleum were also higher in the middle of November than in early October. During this period the prices of livestock and meats declined rapidly, reflecting in part developments of a seasonal character.

**Bank Credit**

Reserve bank credit, which had increased rapidly between the middle of September and the third week of October, declined by \$265,000,000 during the following four weeks. This decline reflected a large reduction in member bank and other balances at the reserve banks and also an inflow of gold, chiefly from Japan. Demand for currency, which had been on a large scale during September and the first three weeks of October, showed relatively small fluctuations after that time and in the second week of November declined by somewhat more than the seasonal amount.

Loans and investments of member banks in leading cities continued to decline during recent weeks, and on November 18 the total volume was \$500,000,000 smaller than five weeks earlier. This decrease reflected substantial reductions in loans on securities and in other loans, as well as in the banks' holdings of investments. At the same time deposits of these banks also declined with a consequent reduction in the reserve balances which they were required to hold with the reserve banks.

Money rates in the open market, which had advanced sharply during October, declined somewhat early in November. Rates on prime commercial paper declined from a range of 4-4¼ per cent to a range of 3¾-4 per cent, and rates on bankers' acceptances from 3¼ to 2⅞ per cent.