

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

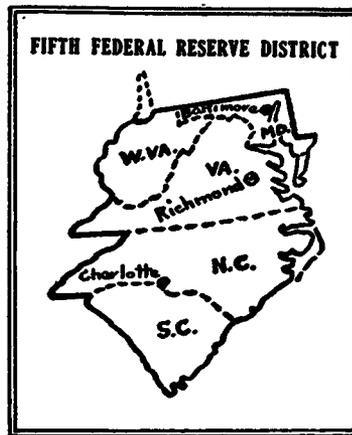


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RICHMOND, VIRGINIA

JUNE 30, 1932

GENERAL business conditions in the Fifth Federal reserve district were somewhat more unsatisfactory during the period covered by this report. The usual spring increase in business was very small in the district this year, and trade in May and early June was poor. There were some important developments in banking between the middle of May and the middle of June, among them being a material increase in reserve bank purchases of Government securities with the aim of counteracting liquidation, a seasonal decline in Federal reserve notes in circulation, and an unusual increase in member bank reserve balances at the reserve bank. Among regularly reporting member banks in leading cities, loans and discounts declined during the past month, but both demand and time deposits increased. These banks increased their reserve deposits at the Federal Reserve Bank of Richmond, and also increased their investments in bonds. Debits to individual accounts figures in clearing house banks in the Fifth district totaled nearly 7 per cent less in the five weeks ended June 15 than in the preceding five weeks this year and 26 per cent less than debits in the corresponding five weeks last year. The business failure record in May in the Fifth district was distinctly better than the National record in both number of insolvencies and in the aggregate of liabilities involved. No improvement occurred in employment circles in May and early June, but on the contrary the ranks of unemployed apparently increased further and additional concerns were forced to reduce wage scales. Coal production declined by more than the seasonal amount in May, partly due to a strike in part of the bituminous field. The textile industry in the Fifth district restricted operations further, and in some cases closed mills entirely, thereby adding to the unemployment problem. Cotton prices declined below 5 cents per



pound early in June, and cotton consumption in May was much lower than consumption in May 1931. On the other hand, exports of cotton in May were larger than exports in the corresponding month last year. The output of manufactured tobacco products, which held up longer than any other line of industry during the present depression, has declined materially during the past two or three months. Prospects for agriculture this year are fair as to quantity, but there is little sign of improvement in prices. The weather in May was unfavorable for best development of crops, but warmer weather and gen-

eral rains in June improved the outlook. There have been acreage reductions in most money crops, but not enough to offset large surplus stocks of farm products carried over from last year. Except for Government work in the District of Columbia, there is very little construction work going on in the Fifth district, and consequently all industries connected with building are feeling the full force of current conditions. Retail trade as reflected in department store sales were 17 per cent less in May 1932 than in May last year, and wholesale trade in leading lines was also much behind the volume of trade in 1931.

Reserve Bank Statement

ITEMS	000 omitted		
	June 15 1932	May 15 1932	June 15 1931
Rediscounts held.....	\$24,537	\$23,793	\$18,273
Open market paper.....	3,787	2,054	4,314
Government securities.....	47,133	27,975	29,983
Total earning assets.....	75,457	53,822	52,570
Circulation of Fed. Res. notes..	88,324	92,579	73,083
Members' reserve deposits.....	61,209	48,434	59,022
Cash reserves.....	84,656	98,534	86,753
Reserve ratio.....	55.55	67.15	65.43

There were several important changes in the statement of condition of the Federal Reserve Bank of Richmond between May 15 and June 15, 1932, chiefly in the nature of an expansion of reserve bank credit. Rediscounts for member banks rose only \$744,000 during the month, but the portfolio of open market paper increased by \$1,733,000, and holdings of Government securities rose by \$19,158,000, the last named increase being due to co-operation with a System policy designed to put additional funds into circulation. These changes in earning assets brought with them a net increase of \$21,635,000 in total earning assets during the past month. Between May 15 and June 15 there was an unusual rise of \$12,775,000 in member bank reserve deposits at the Federal Reserve Bank of Richmond, but nearly all of this increase was accounted for by a few large banks in Baltimore, Richmond and Washington. About the usual seasonal decline occurred in the circulation of Federal Reserve notes last month, a decrease of \$4,255,000 being reported. The several changes mentioned in the statement, especially the material increase in holdings of Government securities, reduced the cash reserves of the Richmond bank by \$13,878,000 between May 15 and June 15, and also lowered the ratio of cash reserves to note and deposit liabilities combined by 11.60 points.

In comparison with condition figures reported for June 15, 1931, those for June 15, 1932, show a materially larger use of reserve bank credit this year. Rediscounts for member banks at the Federal Reserve Bank of Richmond rose \$6,264,000 during the year. There was a decline of \$527,000 in holdings of open market paper, but Government securities held rose \$17,150,000 between June 15 last year and June 15 this year. These changes resulted in a net increase of \$22,887,000 in total earning assets during the year. The circulation of Federal Reserve notes continues much higher than at this time last year, the amount outstanding on June 15, 1932, being \$15,241,000 larger than the amount outstanding a year earlier. Member bank reserve deposits rose by \$2,187,000 between the middle of June last year and this. Cash reserves of the Federal Reserve Bank of Richmond declined \$2,097,000 in the year between the dates given, a relatively small change, but because of the increased circulation of Federal Reserve notes this year the ratio of cash reserves to note and deposit liabilities combined decreased 9.88 points, a comparatively large decline.

Member Bank Statement

The accompanying table shows the principal items of condition reported by all member banks in twelve leading cities of the Fifth reserve district as of three dates, June 15 and May 11, 1932, and June 17, 1931, thus affording opportunity for comparison of the latest available figures with those of the preceding month this year and the corresponding month last year. Forty-nine banks are included in the tabulation.

ITEMS	ooo omitted		
	June 15 1932	May 11 1932	June 17 1931
Loans on stocks and bonds (including Governments).....	\$123,955	\$132,686	\$161,092
All other loans.....	211,632	212,659	258,775
Total loans and discounts.....	335,587	345,345	419,867
Investments in stocks and bonds	247,689	239,117	220,818
Reserve bal. with F. R. Bank....	44,282	33,433	38,252
Cash in vaults.....	11,915	12,625	15,384
Demand deposits.....	288,403	280,931	334,405
Time deposits.....	226,282	225,999	262,495
Borrowed from F. R. Bank.....	6,315	5,164	4,234

Between May 11 and June 15, this year, total loans and discounts at the forty-nine reporting banks declined by \$9,758,000, loans on stocks and bonds decreasing \$8,731,000 and all other loans decreasing \$1,027,000. The decline in loans during the month was larger than normally occurs at this season; in fact, prior to the past two years loans tended to change relatively little at this time of year. The reporting banks increased their investments in bonds by \$8,572,000 during the past month, and also increased their reserve deposits at the Federal reserve bank by \$10,849,000, the latter an unusually large increase which is probably temporary. Cash in vaults decreased moderately between May 11 and June 15, dropping \$710,000, but for the first time since July 1931 both demand and time deposits increased. Demand deposits rose \$7,472,000 during the month, in spite of the decline in loans previously mentioned, and time deposits rose \$283,000. The reporting banks increased their borrowing at the Federal reserve bank by \$1,151,000 between May 11 and June 15 this year.

A comparison of the condition figures for June 15, 1932, with those for June 17, 1931, shows marked changes in loans, investments and deposits. During the past year, loans on securities declined by \$37,137,000 and all other loans, which are chiefly agricultural or commercial, decreased by \$47,143,000, a total decline in loans and discounts amounting to \$84,280,000. During the same period, the reporting banks increased their investments in stocks and bonds by \$26,871,000, and on June 15, 1932, their investments in securities amounted to approximately 74 per cent of their loans, an unusually high percentage. Aggregate reserve balances of the forty-nine reporting banks at the reserve bank rose by \$6,030,000 during the year, but on June 15, 1932, their cash in vault was lower by \$3,469,000 than on June 17, 1931. Total deposits in the reporting institutions declined \$82,215,000 between the middle of June last year and the corresponding date this year, demand deposits decreasing \$46,002,000 and time deposits falling \$36,213,000. On June 15 this year the forty-nine banks were borrowing \$2,081,000 more from the Federal Reserve Bank of Richmond than they were borrowing on June 17 last year. Sixteen of the forty-nine reporting banks were borrowing from the reserve bank on the 1932

date, while only eight of the same banks were borrowing a year ago.

Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$439,403,447 at the end of May 1932, a decrease under time and savings deposits totaling \$439,768,151 at the end of April this year, and materially less than \$470,421,317 in deposits at the end of May last year.

Debits to Individual Accounts

CITIES	ooo omitted		
	Total debits, five weeks ended		
	June 15, 1932	May 11, 1932	June 17, 1931
Asheville, N. C.....	\$ 9,145	\$ 10,223	\$ 13,261
Baltimore, Md.....	309,942	336,674	430,325
Charleston, S. C.....	12,577	13,548	20,891
Charleston, W. Va.....	34,468	33,799	44,176
Charlotte, N. C.....	38,017	40,038	51,355
Columbia, S. C.....	14,254	17,653	26,818
Cumberland, Md.....	6,217	6,603	9,213
Danville, Va.....	4,871	5,301	6,711
Durham, N. C.....	17,199	16,870	25,423
Greensboro, N. C.....	11,798	11,368	21,352
Greenville, S. C.....	9,672	11,560	17,038
Hagerstown, Md.....	6,633	7,168	9,297
Huntington, W. Va.....	12,125	13,506	19,962
Lynchburg, Va.....	14,341	14,961	18,984
Newport News, Va.....	8,650	8,482	12,347
Norfolk, Va.....	41,762	42,059	58,396
Portsmouth, Va.....	4,002	4,153	5,616
Raleigh, N. C.....	14,852	15,767	21,128
Richmond, Va.....	114,223	121,354	138,817
Roanoke, Va.....	20,911	23,032	29,394
Spartanburg, S. C.....	6,472	7,462	10,898
Washington, D. C.....	224,403	246,119	280,316
Wilmington, N. C.....	8,574	9,253	13,273
Winston-Salem, N. C.	26,531	25,366	35,840
Fifth District Totals	\$971,639	\$1,042,319	\$1,320,831

Aggregate payments by checks drawn on clearing house banks in twenty-four cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of five weeks, ended June 15, 1932, May 11, 1932, and June 17, 1931, thus affording opportunity for comparison of the latest available figures with those for the preceding like period this year and the corresponding period a year ago. In comparing 1932 with 1931 figures, it should be remembered that lower price levels in many lines this year affect the comparison.

For the five weeks ended June 15 this year, five cities reported higher figures than for the preceding five weeks, ended May 11, but no city reported higher figures than for the corresponding five weeks of 1931. The cities which showed higher figures than for the preceding month were Winston-Salem, with an increase of 4.6 per cent, Greensboro with an increase of 3.8 per cent, and Charleston, W. Va., Durham and Newport News, all with increases of 2.0 per cent. The district debits for the five weeks ended June 15, 1932, averaged

6.8 per cent less than debits for the five weeks ended May 11, 1932, and 26.4 per cent less than debits for the like period ended June 17, 1931. The daily average of debits during the five weeks ended June 15, 1932, was approximately the same as the daily average for the five preceding weeks this year, the later period containing fewer business days on account of holidays throughout the entire district or in one or more of the several states.

Commercial Failures

The record of business failures in the Fifth Federal reserve district in May was better than the record for the United States as a whole. Bankruptcies in the Fifth district numbered 165 in May, compared with 149 in May 1931, an increase of 10.7 per cent, but last month's aggregate liabilities involved were only \$2,032,935 compared with \$2,296,923 in May last year, a decrease of 11.5 per cent. The number of failures in May 1932 was next to the lowest reported for any month this year, but exceeded the number of failures in May of any other year since 1922. May 1932 liabilities were the lowest for any month since last October, and were exceeded by May figures in ten of the past thirteen years, 1919, 1920 and 1926 being the only years in which lower liabilities were reported in May than were reported for May 1932. The United States reported 2,788 failures in May, compared with 2,248 in May last year, an increase of 24.0 per cent, and liabilities last month totaling \$83,763,521 showed an increase of 56.9 per cent in comparison with \$53,371,212 in liabilities for May 1931. Ten of the twelve reserve districts reported more failures for the 1932 month, and seven districts reported increased liabilities.

Employment

The employment situation in the Fifth District is giving officials and welfare agencies more and more concern as month after month passes without any reduction in the number of persons who are unable to obtain steady employment. It was hoped that there would be some revival of work in the spring, but the seasonal increase has been very slight this year. Construction work in the cities is almost non-existent, and practically no industrial building is being done. About the only construction work being carried on in any volume is Government work in Washington and public work on streets, sewers, roads, etc., but even this type of work is in smaller amount than it was two years ago. In an effort to meet the general demand for lower—or at least for no higher—taxes, cities, counties and states are holding back work that probably would be done in more prosperous times. Reduced purchasing power has lowered the public's demands for consumers' goods, and therefore practically all industrial plants are operating on restricted schedules, and in many cases are temporarily closed to prevent accumulation of manufactured goods in their warehouses.

Coal Production

The total production of bituminous coal in the United States in May 1932 amounted to 18,384,000 net tons, compared with 20,300,000 tons mined during April and 28,314,000 tons in May last year. Total production of soft coal during the present calendar year to June 11 (approximately 138 working days) amounted to 133,284,000 tons, the lowest figure for the corresponding period of recent years. In addition to the effects of the depression, bituminous coal production has been reduced in the past two months by a strike extending from the West Virginia Panhandle to Illinois.

A report of the Bureau of Mines, Department of Commerce, issued early in June, gave coal production figures by states for the month of April. West Virginia held first place with 6,212,000 net tons. The states of West Virginia, Virginia and Maryland mined a total of 6,901,000 tons in April, or 34 per cent of the National production. The relatively high percentage of total output shown by the Fifth district states was due partly to the strike in some other producing sections. Tidewater shipments of coal through Hampton Roads in April 1932 totaled 1,429,000 tons, compared with 1,496,000 tons shipped in March this year and 1,629,000 tons shipped in April last year. Hampton Roads, Baltimore and Charleston loaded 67 per cent of total tidewater shipments during April 1932.

Textiles

The textile industry in the Fifth reserve district, which held its own better than many other industries during the early part of the depression, has recently restricted operations further, and in some cases mills have been closed entirely for the present. Cotton consumption in the Fifth district in May 1932 totaled 158,464 bales, of which North Carolina mills used 78,550 bales, South Carolina mills 71,421 bales, and Virginia mills 8,493 bales. Consumption of cotton in the district totaled 178,266 bales in April 1932 and 208,822 bales in May 1931. May 1932 consumption in Virginia and the Carolinas was 47.67 per cent of National consumption, a lower figure than 48.54 per cent of National consumption in April this year but higher than 44.87 per cent in May last year.

Cotton Statistics

Between the middle of May and the middle of June, spot cotton prices on ten leading Southern markets declined further and reached the lowest figure on record during the first half of June. In our *Review* last month we quoted the average price for middling upland cotton, $\frac{7}{8}$ inch staple, as 5.34 cents per pound on May 13. On May 20 the average price was up to 5.54 cents, but on May 27 it was 5.28 cents. On June 3 the average price had dropped below the 5 cents line to 4.87 cents, and continued downward to 4.86 cents on June 10, but

recovered somewhat and moved upward to 4.99 cents on June 17, the latest date for which figures are available. The June 17 price compared with 8.21 cents per pound on June 19, 1931, a difference of \$16 per bale in favor of the earlier year. The following values of a 500-pound bale of middling grade upland cotton on the Friday nearest the middle of June of each of the past eleven years shows how seriously the cotton planter has been hit by the current depression: 1932, \$24.95; 1931, \$41.05; 1930, \$66.40; 1929, \$92.50; 1928, \$101.05; 1927, \$79.05; 1926, \$84.85; 1925, \$115.70; 1924, \$140.00; 1923, \$138.80; 1922, \$105.75; 1921, \$51.40; 1920, \$206.00.

Consumption of cotton in the United States in May 1932 totaled 332,439 bales, compared with 367,280 bales used in April this year and 465,363 bales in May 1931. Total consumption for the ten months of the present cotton season—August 1 to May 31—amounted to 4,269,664 bales, compared with 4,358,189 bales consumed in the corresponding period of the 1930-1931 season. Manufacturing establishments held 1,463,389 bales on May 31, compared with 1,532,967 bales held on April 30 and 1,257,616 bales on May 31, 1931. Public warehouses and compresses held 7,608,604 bales in storage at the end of May this year, compared with 8,163,937 bales so held a month earlier and 5,490,017 bales on May 31 last year. May exports totaled 500,871 bales, compared with 335,796 bales sent abroad in May 1931. Exports during the ten months of this cotton year totaled 7,897,867 bales, compared with 6,245,465 bales shipped over seas during the corresponding ten months ended May 31, 1931. Spindles active at some time during May numbered 21,639,352, compared with 23,409,246 in April this year and 26,379,082 in May 1931.

Cotton consumption in the cotton growing states totaled 287,655 bales in May, compared with 311,773 bales used in April and 361,680 bales in May 1931. Last month's consumption in the cotton growing states amounted to 86.53 per cent of National consumption, a higher figure than 84.89 per cent in April this year and 77.72 per cent in May 1931. Of the 287,655 bales of cotton consumed in the cotton growing states in May, the Fifth district mills used 158,464 bales, or 55.09 per cent, compared with 57.74 per cent of Southern consumption attained in the district in May last year.

Tobacco Manufacturing

On June 15, the Commissioner of Internal Revenue issued a report on taxes collected in May and the eleven months ended May 31 on manufactured tobacco products. May production of cigarettes in the United States numbered 8,685,337,417, compared with 10,447,680,180 cigarettes manufactured in May 1931. Smoking and chewing tobacco declined from 27,381,881 pounds in May last year to 24,996,958 pounds in May this year. Cigars manufactured dropped from 467,299,661 in May 1931 to 368,553,366

in May 1932. Snuff production fell from 3,397,806 pounds to 2,812,993 pounds. Since about 88 per cent of American made cigarettes are manufactured in the Fifth reserve district, the district manufactured approximately 7,643,000,000 cigarettes last month. During the eleven months ended May 31, 1932, taxes on cigarettes totaled \$285,880,564, compared with \$324,430,473 collected in the corresponding period of the preceding year. Taxes on smoking and chewing tobacco decreased during the same period from \$53,380,700 to \$53,058,427.

Agricultural Notes

Maryland. A wheat crop of about 7,277,000 bushels is forecast for 1932. Wheat prospects improved during the month of May, but it is not likely that this year's crop will be as large as that of last year when production totaled 9,696,000 bushels. A peach crop just half the size of last year's is in prospect, the forecast being 400,000 bushels compared with 800,000 bushels in 1931. Peach trees bloomed well this spring, considering the very heavy crop they bore last year, but suffered considerable loss of blossoms and fruit from cool, wet weather in May. Condition of apples is reported at 54 per cent, seven points below average for this date and 29 per cent lower than on June 1 last year. Rye prospects have improved since May 1, and a crop of 280,000 bushels is expected, compared with last year's yield of 378,000 bushels. Hay crops and pastures improved slightly during May and the condition of these crops was about up to average on June 1. Farmers in Maryland report heavy infestations of insects in nearly all parts of the State, wheat is suffering from leaf rust, and blight has developed in many pear and apple orchards.

Virginia crops did not make satisfactory progress during May as weather conditions were unfavorable, and therefore prospects on June 1 were much less promising than a year ago. Farmers reported that they were having considerable difficulty in securing a stand of corn, cotton and peanuts because of poor germination of seed and injury to the young plants from cut worms. Tobacco growers report considerable injury to plants from blue mold and insects. Dry weather has greatly retarded transplanting tobacco and on June 1 a much smaller percentage of the crop than usual had been set out. Prospects for fruit, with the exception of berries, are much below last year's large crop and even below the ten-year average. There is general complaint throughout the State that damage from insects has been more severe this season than usual. The wheat crop in Virginia is expected to yield 8,190,000 bushels this year, compared with the large crop of 13,266,000 bushels in 1931. The oat crop made favorable progress during the first part of May but the recent dry weather retarded growth. Hay crops made considerable growth during the first part of May but prospects declined the latter part due to the lack of rainfall. The first cutting of alfalfa was very good, but prospects for the sec-

ond cutting were poor on June 1. General rains in the first half of June probably improved most crops materially, but official estimates as to the improvement are not yet available. The production of early potatoes, based on the June 1 condition, was forecast as 7,806,000 bushels, compared with 10,639,000 bushels harvested last year, most of the decline in probable production being due to reduced acreage. Weather conditions in the second half of May were very unfavorable for the growth of potatoes, but good rains in June probably improved prospects considerably.

West Virginia crops suffered in May from cool nights, light frosts in some sections, and a lack of moisture. On June 1, the wheat crop showed a condition of 78 per cent in comparison with 85 per cent at this time last year, indicating production of only 1,539,000 bushels in 1932 against 2,373,000 bushels in 1931. Rye prospects are similar to those of wheat, and the forecast of probable production is only 105,000 bushels this year compared with 259,000 bushels harvested last year. May was too cold and dry for the oat crop and on June 1 the condition of oats was 70 per cent as against 88 per cent a year earlier. All hay crops are short. Pastures show the effect of the lack of moisture, and are short in most sections of the State. Prospects for apples are poorer than last year. Conditions are worst in the Ohio Valley where freezing weather caught the trees in bloom. Prospects for the peach crop are the poorest of all fruit crops. After extremely large production in 1931 a light bloom was reported from many sections and frost damage during April caused further injury.

The Carolinas have less favorable crop prospects this year than they had a year ago, on the whole. The weather has been cool, and South Carolina especially suffered from lack of moisture during May. Prospective yields of grain crops are generally lower than the excellent yields of 1931. Correspondents report to the State agricultural statisticians that approximately a third less fertilizer was used under 1932 crops than under the crops last year.

Construction

Building permits issued in thirty-two leading Fifth district cities in May 1932 numbered 2,835, compared with 3,432 permits issued in May 1931, a decrease of 17.4 per cent. Estimated valuation figures for all classes of permits issued last month totaled only \$3,984,336, compared with \$10,192,488 valuation for permits issued in May 1931, a decrease this year of 60.9 per cent. A much larger part of this year's permits was for small jobs, chiefly of repair work, than was the case last year. Among the larger cities Richmond and Charleston, W. Va., reported increased valuation figures for May this year, but Baltimore, Norfolk, Charlotte, Winston-Salem and Washington reported lower figures. Only six of the thirty-two cities showed higher figures

Building Permits Issued in May 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.....	1,289	1,407	\$2,087,520	\$3,287,160
Cumberland, Md.....	13	13	3,556	6,830
Frederick, Md.....	16	17	9,438	31,150
Hagerstown, Md.....	8	20	2,410	55,315
Salisbury, Md.....	18	34	7,950	35,100
Danville, Va.....	14	13	9,235	3,800
Lynchburg, Va.....	31	38	27,761	47,659
Norfolk, Va.....	119	155	100,235	160,050
Petersburg, Va.....	5	10	2,230	19,930
Portsmouth, Va.....	26	39	24,258	25,005
Richmond, Va.....	112	124	174,277	168,080
Roanoke, Va.....	20	38	9,745	282,448
Bluefield, W. Va.....	12	9	12,045	8,180
Charleston, W. Va.....	79	31	58,510	33,965
Clarksburg, W. Va.....	21	20	16,037	30,490
Huntington, W. Va.....	14	24	13,725	23,590
Asheville, N. C.....	34	20	5,755	38,012
Charlotte, N. C.....	36	49	117,195	189,676
Durham, N. C.....	19	22	109,625	66,845
Greensboro, N. C.....	44	61	16,759	100,017
High Point, N. C.....	8	16	14,740	20,305
Raleigh, N. C.....	11	19	22,610	14,907
Rocky Mount, N. C.....	3	6	1,670	13,500
Salisbury, N. C.....	5	9	8,025	180,500
Wilmington, N. C.....	12	17	8,050	17,100
Winston-Salem, N. C.....	49	209	66,730	228,000
Charleston, S. C.....	37	32	12,055	28,615
Columbia, S. C.....	67	39	53,405	58,685
Greenville, S. C.....	24	21	34,125	61,585
Rock Hill, S. C.....	14	11	6,080	14,180
Spartanburg, S. C.....	16	26	2,445	8,230
Washington, D. C.....	659	883	946,135	4,933,579
Totals	2,835	3,432	\$3,984,336	\$10,192,488

for May 1932 than for May 1931, these being, in addition to Richmond and Charleston, W. Va., previously mentioned, Bluefield, Danville, Durham and Raleigh.

Contracts actually awarded for construction work in the Fifth district in May 1932 totaled \$30,540,265, according to figures collected by the F. W. Dodge Corporation. This figure is the largest total reported for any of the eleven reserve districts for which Dodge figures are collected, the Twelfth, or San Francisco, district figures not being available. The large total for the Richmond district is due entirely to extensive Government projects in the District of Columbia. Last month's contracts in the Fifth district were 45 per cent greater in amount than \$20,971,802 in awards in May last year. Contracts for residential types of construction last month totaled \$3,174,805, or only 10.4 per cent of the whole, compared with about 32 per cent in May 1931, when residential contracts totaled \$6,681,837.

Retail Trade, 33 Department Stores

Department store sales in the Fifth reserve district in May were 17.2 per cent less in dollar amount than sales in May 1931, but at least a part of the decline was doubtless due to price recessions during the year. Aggregate sales in the first five months of 1932 were 17.5 per cent less than total sales in the corresponding period last year.

	Richmond	Baltimore	Washington	Other Cities	District
May 1932 sales, compared with sales in May 1931:	-23.6	-18.2	-12.6	-23.2	-17.2
Total sales since January 1, 1932, compared with sales in January-May 1931:	-19.2	-18.8	-14.0	-24.3	-17.5
May 31, 1932, stocks, compared with stocks on May 31, 1931:	-12.5	-15.2	-10.7	-19.0	-13.7
May 31, 1932, stocks, compared with stocks on April 30, 1932:	-1.7	-3.1	-2.9	-3.8	-3.0
Number of times stock was turned in May 1932:	.303	.309	.334	.228	.309
Number of times stock was turned since January 1, 1932:	1.459	1.471	1.524	1.050	1.441
Percentage of May 1, 1932, receivables collected in May:	29.2	22.5	29.2	25.3	25.7

Stocks on the shelves of the reporting stores on May 31, 1932, totaled 13.7 per cent less, at retail selling values, than stocks on May 31, 1931, and also showed a decline of 3.0 per cent since April 30 this year. Stocks were turned an average of .309 times during the month of May, and since January 1 stocks have been turned an average of 1.441 times, a lower figure than 1.537 times stocks were turned during the first five months of 1931.

Collections in 32 of the 33 reporting stores averaged 25.7 per cent of receivables outstanding on May 1, a lower percentage of receivables collected during the month than 28.2 per cent collected in May, 1931.

Wholesale Trade, 62 Firms

	22	9	6	13	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
May 1932 sales, compared with sales in May 1931:	-20.5	-31.6	-19.5	-25.6	-20.5
May 1932 sales, compared with sales in April 1932:	-4.6	-6.0	-12.5	-11.8	-13.4
Jan.-May 1932 sales, compared with sales in Jan.-May 1931:	-15.9	-26.6	-12.2	-18.3	-16.9
May 31, 1932, stocks, compared with May 31, 1931, stocks:	-14.4(8*)	-13.0(4*)	-21.6(5*)	-8.7(7*)
May 31, 1932, stocks, compared with April 30, 1932, stocks:	-2.0(8*)	-6.6(4*)	-11.1(5*)	-2.7(7*)
Percentage of May 1, 1932, receivables collected in May:	56.3(13*)	32.0(6*)	35.7(6*)	29.3(11*)	48.0(8*)

* Number of reporting firms.

The accompanying table shows in percentage form how sales in five wholesale lines in May 1932 and in the first five months of this year compared with sales in May 1931 and in the first five months of last year. It also shows changes in stocks on hand, and finally gives the percentages of collections during May to total accounts receivable as of May 1, 1932.

(Compiled June 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of production in basic industries and employment at factories decreased further in May, and wholesale prices declined. Foreign withdrawals of gold, which had been in large volume in May and the first half of June, practically stopped after the middle of the month.

Production and Employment

Production at mines and factories declined further in May, and the Board's seasonally adjusted index of industrial production showed a reduction from 64 per cent of the 1923-1925 average in April to 61 per cent in May. Output of coal was substantially reduced, particularly in the anthracite fields; shipments of iron ore showed less than the usual seasonal increase, production of iron and steel declined, and activity at textile mills and shoe factories was further curtailed. In the automobile industry output increased considerably.

In the first part of June activity in the steel and cotton industries was reported to have declined further, while output of automobiles continued at about the same rate as in the latter part of May.

Further reductions in employment and earnings of factory workers accompanied the smaller volume of manufacturing output in May, particularly in the steel and machinery industries, and in the textile and clothing trades. Employment at automobile plants and in the seasonally active food industries showed an increase.

Value of building contracts awarded, according to reports to the F. W. Dodge Corporation, after increasing somewhat in April and May, declined slightly in the first half of June, reflecting chiefly smaller awards for public works and other non-residential building.

Distribution

Railroad freight traffic decreased further in May, the largest reduction being in shipments of coal and miscellaneous freight. Sales of department stores in leading cities, which had increased substantially during April, were smaller in May.

Wholesale Prices

Prices of commodities at wholesale were 1.7 per cent lower in May than in April, according to the Bureau of Labor Statistics. There were large decreases in prices of many domestic agricultural products and of hides and textiles. Prices of petroleum products advanced.

During the first three weeks of June, market quotations for a number of non-agricultural commodities were relatively steady, and prices of sugar, meats, and livestock increased. Prices of wheat, after considerable fluctuations, were at unusually low levels at the beginning of the third week in June.

Bank Credit

Withdrawals of gold from the United States continued through May and the first half of June, and the country's stock of monetary gold declined by \$435,000,000 between May 4 and June 15. After that date there was no further decline in the total stock of monetary gold, continued gold exports representing gold previously earmarked by foreign central banks. During the first part of May continued purchases of United States Government securities by the reserve banks enabled member banks further to reduce their discounts; in later weeks, however, funds released through these purchases were absorbed by the demand for gold for export, and there was also a decrease in member bank reserve balances.

Loans and investments of reporting member banks in leading cities, which had declined sharply earlier in the year, showed wide fluctuations after the middle of May. In the middle of June total loans and investments were larger than a month earlier, the increase in holdings of United States securities being more than sufficient to offset declines in other investments and in loans.

Money rates in the open market remained at low levels. Rates on prime commercial paper were reduced to a range of $2\frac{1}{2}$ - $2\frac{3}{4}$ per cent in the second week of June.