

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

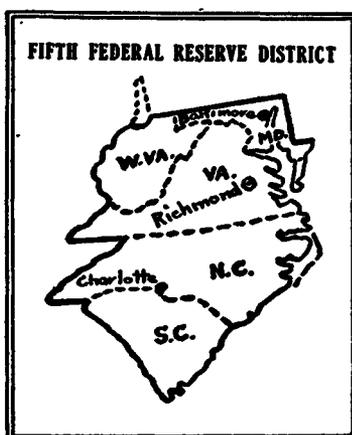


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RICHMOND, VIRGINIA

JULY 31, 1932

DEVELOPMENTS of the past month in business in the Fifth Federal reserve district were chiefly seasonal. The period between the middle of June and the middle of July is normally dull, and this year was no exception to the rule. Rediscounts for member banks at the Federal Reserve Bank of Richmond rose between June 15 and July 15, and on the latter date were materially higher than the discounts held a year earlier. The Bank's portfolio of Government securities remained unchanged during the past month, but at the middle of July was about 50 per cent higher than on July 15, 1931. Total earning assets of the Richmond bank rose between June 15 and July 15, and were about 55 per cent higher on the latter date than on July 15 last year. There was an unseasonal increase in the circulation of Federal reserve notes last month, and the amount in actual circulation was much larger than the amount in circulation at the same time last year. Regularly reporting member banks in the district's leading cities reduced their loans between June 15 and July 13, and also slightly reduced their investments in bonds and securities. Demand deposits declined during the month under review, but there was a moderate rise in time deposits. The reporting banks reduced their reserve balances at the reserve bank more than the decrease in deposits accounted for, and increased their borrowing at the reserve bank to some extent. Debits to individual accounts figures for the four weeks ended July 13, 1932, showed a seasonal increase over debits for the preceding four weeks, ended June 15, 1932, but the increase was somewhat smaller than occurs in most years. In comparison with debits for the four weeks ended July 15, 1931, those for the corresponding four weeks this year showed a decline of 24.6 per cent, not one of the twenty-four cities showing higher 1932 figures. Total debits in twenty-four cities for the first half of 1932 were 21 per cent less than debits in the first half of 1931, every city reporting lower figures this year. Commercial



failures in the Fifth district in June were more numerous than in June, 1931, and liabilities involved in the failures increased even more than the number of insolvencies. The district comparison with the failure record of June 1931 was materially worse than the comparison of figures for the United States as a whole in both number of bankruptcies and in aggregate liabilities involved. Employment conditions showed contrasting tendencies last month, some additional workers being taken on by a few industrial plants, while other plants curtailed operations further, and construction work continued to decline. Coal production

in June continued at a level far below the low level of last year. Textile mills restricted operations further in June, some mills closing for several weeks, but there has been some increase in operations in July and most of the mills which closed last month are now running part time. Nearly all textile mills are working on materially restricted schedules, to prevent accumulation of goods in their warehouses. Cotton prices rose approximately a cent a pound last month, but are still much lower than prices at this time last year. Official acreage figures for this year's cotton crop show a reduction of 9.5 per cent for the country as a whole, but this reduction appears inadequate to overcome the effects on prices of the large surplus stock of cotton on hand to be carried over in to the new cotton year. Construction work provided for in permits issued and contracts awarded in June was much lower than the small amount of work provided for in June last year. Retail trade in June as reflected in department store sales showed a decrease of 22.8 per cent in comparison with June trade last year, and wholesale trade last month in five lines was also in materially less volume than in June 1931. Agricultural developments in June and the first half of July were favorable on the whole, but prospects for yields of most crops are poorer than a year ago, and the price situation is also less favorable at the present time. Acreage planted in money crops

are lower this year, and in the case of tobacco the acreage reduction has been so large that some beneficial effects may be brought about in tobacco prices next fall. Farmers used less fertilizer this year than in any other recent year, and in every way the growers are making the 1932 crops as cheaply as possible.

Reserve Bank Statement

ITEMS	000 omitted		
	July 15 1932	June 15 1932	July 15 1931
Rediscounts held	\$29,957	\$24,537	\$17,235
Open market paper.....	3,659	3,787	3,160
Government securities	47,133	47,133	31,558
Other earning assets.....	0	0	220
Total earning assets.....	80,749	75,457	52,173
Circulation of Fed. Res. notes....	91,918	88,324	68,970
Members' reserve deposits.....	50,487	61,209	62,211
Cash reserves	79,768	84,656	90,222
Reserve ratio	51.27	55.55	66.49

The figures in the accompanying table show the principal items on the Federal Reserve Bank of Richmond's statement of condition as of July 15, 1932, in comparison with corresponding figures a month and a year earlier. The volume of rediscounts for member banks held by this Bank on July 15, 1932, was more by \$5,420,000 than rediscounts held on June 15 this year and also showed an increase of \$12,722,000 above the July 15, 1931, figure. An increase in rediscounts at midsummer is contrary to the course of borrowing at the reserve bank during the past two years, but is in line with the seasonal trend developed in earlier years. There was a slight decrease of \$128,000 in open market paper in the Bank's portfolio last month, but the amount held on July 15 was \$499,000 above the holdings on July 15 last year. No change occurred in the Bank's holdings of Government securities between June 15 and July 15, but on the later date totaled \$15,575,000 more than Government securities held on July 15, 1931. These securities were acquired through participation in System purchases on the open market. The changes in the several items resulted in a net increase of \$5,292,000 in total earning assets between June 15 and July 15, and there was an increase of \$28,576,000 in the Bank's earning assets during the past year. An unusual expansion of Federal reserve notes in actual circulation occurred last month, the increase amounting to \$3,594,000, and on July 15, 1932, the volume of notes in actual circulation exceeded the notes of July 15, 1931, by \$22,948,000. Between June 15 and July 15, member bank reserve deposits at the Federal Reserve Bank of Richmond declined by \$10,722,000, there having been an unusual and temporary increase in June, and the year showed a decrease of \$11,724,000, the latter decline being due to lower deposits in member banks this year. The cash reserves of the Richmond reserve bank declined \$4,888,000 during the past month, and on July 15 were \$10,454,000 less than reserves a year earlier. Corresponding declines also occurred in the ratios of cash reserves to note and deposit liabilities combined, this ratio falling 4.28 points last month and 15.22 points during the year.

Member Bank Statement

ITEMS	ooo omitted		
	July 13 1932	June 15 1932	July 15 1931
Loans on stocks and bonds (including Governments)	\$123,485	\$123,955	\$156,157
All other loans.....	204,210	211,632	251,029
Total loans and discounts.....	327,695	335,587	407,186
Investment in stocks and bonds	247,200	247,689	225,623
Reserve bal. with F. R. Bank....	34,665	44,282	40,794
Cash in vaults.....	12,840	11,915	13,346
Demand deposits	277,071	288,403	335,436
Time deposits	229,315	226,282	267,209
Borrowed from F. R. Bank.....	7,208	6,315	2,565

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, July 13 and June 15, 1932, and July 15, 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.

Between June 15 and July 13, both this year, total loans and discounts in the reporting banks declined by \$7,892,000, of which \$7,422,000 was in "All other loans," which are chiefly commercial, industrial or agricultural in character. Investments in bonds and other securities decreased \$9,617,000 during the month, and the reporting banks also decreased their reserve deposits at the Federal Reserve Bank of Richmond by \$9,617,000. Cash in vaults rose by \$925,000 between June 15 and July 13. There was a decline of \$11,332,000 in demand deposits last month in the forty-nine reporting banks, but time deposits rose by \$3,033,000 leaving a net decrease in deposits amounting to \$8,299,000, most of which was due to the decrease in loans and discounts. The reporting banks increased their borrowing at the reserve bank by \$893,000 between the middle of June and the middle of July.

Comparison of the July 13, 1932, condition figures with those for July 15, 1931, shows marked changes in several items during the year. Loans on stocks and bonds declined by \$32,672,000, and "All other loans" decreased by \$46,819,000, a total decrease in loans and discounts amounting to \$79,491,000, approximately 20 per cent of total loans a year ago. This drop in loans was naturally accompanied by a decline in deposits, demand deposits decreasing \$58,365,000 and time deposits falling \$37,894,000, a total of \$96,259,000, or 16 per cent of aggregate deposits on July 15, 1931. Lower deposits brought a corresponding decline in reserve balances carried by the reporting banks at the reserve bank, this item declining \$6,129,000 during the year. Cash in vaults also dropped \$506,000 between July 15, 1931, and July 13, 1932. The forty-nine banks increased their investments in bonds and securities by \$21,577,000 during the year under review, and also increased their borrowing at the Federal Reserve Bank of Richmond by \$4,643,000.

Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$442,717,818 at the end

of June 1932, an increase over time and savings deposits totaling \$439,403,447 at the end of May this year, but materially less than \$477,133,547 in deposits at the end of June last year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Total Debits During the Four Weeks Ended			Semi-Annual Totals	
	July 13, 1932	June 15, 1932	July 15, 1931	1932	1931
Asheville, N. C.....	\$ 6,541,000	\$ 6,900,000	\$ 10,325,000	\$ 52,989,000	\$ 70,626,000
Baltimore, Md.	259,227,000	244,559,000	353,769,000	1,743,860,000	2,272,463,000
Charleston, S. C.....	8,671,000	10,158,000	19,562,000	68,827,000	109,638,000
Charleston, W. Va.....	30,497,000	27,935,000	35,847,000	188,723,000	237,655,000
Charlotte, N. C.....	28,585,000	29,254,000	39,591,000	211,652,000	259,904,000
Columbia, S. C.....	12,336,000	11,342,000	21,242,000	93,811,000	141,863,000
Cumberland, Md.	6,985,000	4,771,000	8,959,000	35,411,000	47,210,000
Danville, Va.	4,482,000	3,923,000	7,345,000	29,463,000	38,329,000
Durham, N. C.....	12,127,000	13,788,000	26,394,000	89,894,000	143,300,000
Greensboro, N. C.....	9,847,000	8,958,000	15,815,000	63,855,000	112,317,000
Greenville, S. C.....	7,769,000	7,269,000	14,508,000	64,963,000	96,632,000
Hagerstown, Md.	6,332,000	5,049,000	8,535,000	36,104,000	51,213,000
Huntington, W. Va.....	9,738,000	9,568,000	14,776,000	69,750,000	101,330,000
Lynchburg, Va.	11,659,000	11,358,000	18,696,000	79,136,000	102,415,000
Newport News, Va.....	6,394,000	7,094,000	9,674,000	47,130,000	64,619,000
Norfolk, Va.	33,850,000	32,925,000	45,437,000	220,353,000	292,707,000
Portsmouth, Va.	3,231,000	3,189,000	4,519,000	22,375,000	27,311,000
Raleigh, N. C.....	14,543,000	11,882,000	23,734,000	90,387,000	120,007,000
Richmond, Va.	106,738,000	89,859,000	117,385,000	653,944,000	743,073,000
Roanoke, Va.	16,790,000	16,347,000	24,228,000	123,507,000	158,384,000
Spartanburg, S. C.....	4,980,000	5,010,000	8,573,000	40,061,000	58,280,000
Washington, D. C.....	195,842,000	177,531,000	228,600,000	1,236,015,000	1,443,395,000
Wilmington, N. C.....	6,508,000	6,910,000	10,849,000	49,457,000	73,096,000
Winston-Salem, N. C.....	25,702,000	21,152,000	31,692,000	169,844,000	206,505,000
District Totals	\$ 829,374,000	\$ 766,731,000	\$1,100,055,000	\$5,481,511,000	\$6,972,272,000

The accompanying table of debits to individual accounts shows aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-four cities of the Fifth reserve district during three equal periods of four weeks, ended July 13, 1932, June 15, 1932, and July 15, 1931. In addition, the table also shows figures for the half-year ended June 30, 1932, with comparative figures for the first half of 1931.

During the four weeks ended July 13, 1932, aggregate debits to individual accounts in the twenty-four reporting cities totaled \$829,374,000, an increase of \$62,643,000, or 8.2 per cent, over debits totaling \$766,731,000 during the preceding four weeks, ended June 15, 1932. This increase was seasonal, and was caused chiefly by quarterly and semi-annual payments on and around July 1. The rise during the later period was somewhat larger than the rise for the corresponding period last year, but was rather less than occurs in most years. Seventeen of the twenty-four cities reported higher figures for the four weeks ended July 13, while seven cities failed to register the usual gain.

A comparison of the figures for the four weeks ended July 13, 1932, with corresponding figures for the four weeks ended July 15, 1931, shows a general decline averaging 24.6 per cent, every one of the reporting cities sharing in the decline in debits this year.

Total debits in the first half of 1932 amounted to \$5,481,511,000 in the twenty-four reporting Fifth district cities, compared with debits aggregating \$6,972,-

272,000 in the first half of 1931, a decline of \$1,490,761,000, or 21 per cent, this year. In comparison with semi-annual debits in other years, totals for 1932 were the lowest for any year since this Bank began tabulating debits figures in 1924, and were 34 per cent below the total for the first half of 1929, the highest year on the reserve bank's record. Every one of the twenty-four reporting cities show lower debits figures for the past six months than for the corresponding six months of 1931.

Commercial Failures

The business failure record of the Fifth Federal reserve district in June in comparison with June 1931 was worse than the average for the United States. Bankruptcies numbering 179 were reported in the district last month, compared with 112 bankruptcies in June last year, an increase of 59.8 per cent. The National increase was only 34.9 per cent. In aggregate liabilities involved in the failures, the Fifth district with \$6,996,072 showed an increase of 192.3 per cent over liabilities totaling \$2,393,591 reported in June 1931. The National increase in liabilities last month was 48.9 per cent. The Atlanta, St. Louis and San Francisco districts reported fewer failures and lower liabilities in June 1932 than in June 1931, and the Cleveland district reported lower liabilities, but the other districts reported more failures and greater liabilities.

Insolvencies in the Fifth reserve district in the first half of 1932 numbered 1,028, compared with 948 insolvencies in the first half of 1931, an increase of only 8.4 per cent, but the aggregate liabilities involved in the 1932 failures totaled \$34,231,681, an increase of 71.3 per cent over liabilities totaling \$19,986,263 involved in failures in the January-June figures last year. The continued depression seems to be reaching larger firms than those first affected when the slump began, and these larger failures naturally swell the liability total.

Employment

Employment conditions in the Fifth reserve district show no improvement, but on the contrary appear to have grown slowly worse. A few industrial plants are speeding up operations to some extent after the vacation and inventory period, but the workers taken on are in most cases people who have been idle only a few weeks, and there as yet is no relief in sight for workers who have been out of work many months. Building tradesmen continue almost entirely idle, and unless the new relief bill passed by Congress speeds up road work and other governmental projects there is no building revival in sight at present. Textile mills are operating on about half time, and coal production is at very low level. Exhaustion of savings by the unemployed is increasing the need for help from public and private funds, and unless there is material improvement in employment before next winter the relief problem will be quite serious in many towns and cities.

Coal Production

Total production of bituminous coal in the United States in June 1932 amounted to 17,712,000 net tons, compared with 18,384,000 tons mined in May 1932 and 29,185,000 tons in June last year. Daily average production in June this year of 681,000 tons compared with an average of 727,000 tons in May 1932 and 1,123,000 tons in June 1931. Total production of soft coal during the present calendar year to July 9 amounted to 149,182,000 net tons, the lowest figure for the corresponding period of recent years. Tidewater shipments of coal through Hampton Roads totaled 9,030,009 tons during the first half of this year, compared with 10,820,790 tons shipped in the corresponding period in 1931.

The June 25 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of May 1932. West Virginia with 6,115,000 tons was in first place, Pennsylvania ranking second with 5,407,000 tons. The states of West Virginia, Virginia and Maryland mined a total of 6,740,000 tons of bituminous coal in May, 36.7 per cent of total National production.

Textiles

A considerable number of textile mills in the Fifth reserve district were closed a part of June for vacation, to overhaul machinery, or to prevent the accumu-

lation of manufactured goods, and consequently cotton consumption declined sharply last month. Fifth district mills consumed only 144,892 bales last month, compared with 158,464 bales used in May 1932 and 204,769 bales in June 1931. Last month North Carolina mills used 77,752 bales, South Carolina mills used 61,182 bales, and Virginia mills used 6,958 bales. June 1932 consumption in Virginia and the Carolinas was 45.2 per cent of National consumption, a lower percentage than 47.7 per cent of National consumption in May 1932 but slightly higher than 45.1 per cent in June 1931. On June 21, the Department of Commerce issued a report on spindles in place, spindles active in May, total spindle hours of operation in May, and average hours of operation per spindle in place in May. On May 31, 1932, there were 31,737,174 spindles in place in the United States, North Carolina leading with 6,193,474, or 19.5 per cent of the total, Massachusetts ranking second with 6,168,048 spindles, or 19.4 per cent, and South Carolina third with 5,687,944 spindles, or 17.9 per cent. The Fifth district as a whole had 39.6 per cent of total spindles in place in the United States at the end of May 1932. In actual spindle hours of operation, South Carolina led all states for May with 1,265,480,511 hours, or 27.6 per cent of the National total of 4,577,485,125 hours, and North Carolina ranked second with 1,008,174,324 hours, or 22.0 per cent, while Massachusetts had only 349,417,637 hours, or 7.6 per cent. The Fifth district, with 39.6 per cent of total spindles in the United States in place in May, showed 52.4 per cent of total hours of operation. In actual hours of operation per spindle in place, the Fifth district states did not compare quite so favorably with others, South Carolina with an average of 222 hours of operation per spindle ranking third, Virginia with 184 hours ranking fifth, and North Carolina with 163 hours ranking sixth. The average hours of operation for the United States was 144, considerably lower than the average in any Fifth district state.

Cotton Statistics

Spot cotton prices ruled slightly higher during the past month than in the preceding one. In our June 30 *Review* we quoted the average price paid for middling $\frac{7}{8}$ inch upland cotton on ten Southern markets at 4.99 cents per pound on June 17. From that figure the average price advanced to 5.00 cents on June 24, to 5.43 cents on July 1, and to 5.73 cents on July 8, but after that date the price declined to 5.53 cents on July 15, the latest date for which official quotations are available.

Consumption of cotton in the United States in June 1932 totaled 320,783 bales, compared with 332,439 bales used in May this year and 453,901 bales in June 1931. Total consumption for the eleven months of the present cotton year—August 1 to June 30—amounted to 4,590,447 bales, compared with 4,812,090 bales consumed in the corresponding period of the 1930-1931 season. Manufacturing establishments held 1,322,793 bales on June 30, compared with 1,463,389 bales held on May 31 and 1,131,191 bales on June 30, 1931. Public warehouses and compresses held 7,154,-

241 bales in storage at the end of June this year, compared with 7,608,604 bales so held a month earlier and 4,970,584 bales on June 30 last year. June exports totaled 360,205 bales, compared with 500,871 bales sent abroad in May 1932 and 255,403 bales exported in June 1931. Exports during the eleven months of this cotton year totaled 8,258,072 bales compared with 6,500,868 bales shipped over seas during the corresponding eleven months ended June 30, 1931. Spindles active at some time during June numbered 20,561,914, compared with 21,639,352 in May this year and 25,898,026 in June 1931.

Cotton consumption in the cotton growing states totaled 274,687 bales in June, compared with 287,655 bales used in May and 356,674 bales in June 1931. Last month's consumption in the cotton growing states amounted to 85.63 per cent of National consumption, a lower percentage than 86.53 per cent in May this year but higher than 78.58 per cent in June 1931. Of the 274,687 bales of cotton consumed in the cotton growing states in June, the Fifth district mills used 144,892 bales, or 52.75 per cent, a lower percentage than 57.22 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 8, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as 9.5 per cent less than the acreage in 1931. Every one of the cotton growing states except Missouri and Virginia decreased acreage this year. In the Fifth reserve district, South Carolina showed a reduction of 10 per cent and North Carolina reported a reduction of 6 per cent, but Virginia, an unimportant factor in cotton production, planted 8 per cent more than last year. Heavy producing states outside the Fifth district reported the following reductions in acreage: Georgia, 14 %; Oklahoma, 11 %; Alabama-Louisiana and Texas, 10 % each; Mississippi, 8 %; Tennessee, 5 %; and Arkansas, 3 %. No official condition figures are yet available, but on the whole the weather has been only moderately favorable for cotton development, weevils are more numerous in parts of the belt than in several years, and a great deal of cotton was planted with relatively little fertilizer.

Agricultural Notes

Farm crops have advanced far enough to give some indication of probable production for this year. On the whole, acreages in the Fifth district are lower for cash crops and higher for feed and food stuffs.

Maryland acreage figures are about 2 per cent lower this year than in 1931. Notable decreases in the acreages of corn, wheat, tobacco and sweet potatoes are reported, but these are partially offset by increased acreages of hay, barley and potatoes. The wheat crop suffered severe losses from insects and diseases during June and the crop is now estimated at 5,890,000 bushels. Corn has not grown well this spring and prospects are for a yield per acre about two bushels below average. Tobacco was reported 10 per cent below last year's acreage on June 1, but later reports indicate serious insect and disease injury and the acreage will probably be further reduced. A considerable proportion of the

tobacco crop was planted late, and in addition plants have been attacked by insects. About average yields of Irish potatoes are expected, and better than average yields of sweet potatoes. Hay crops promise an average production this year. A good yield of grapes is in prospect, but other fruits are spotted and production of apples, peaches and pears will all be considerably lower than last year.

Virginia farmers have made some drastic readjustments of crop acreages to the low prices of cash crops and to the necessity of producing food and feed supplies. The acreage of such cash crops as wheat, potatoes, tobacco and peanuts has been reduced, but the acreage of some feed crops, barley and hay, has been increased. While no definite statistics of acreage planted to vegetables are available, there is a noticeable increase in the number and size of farm gardens throughout the state. Crop prospects on July 1 in Virginia were slightly better than on June 1, but considerably below the unusually favorable outlook on July 1 last year. During the first half of June weather conditions were too dry and cool for proper growth of crops, but general rains and hot weather after the 15th caused rapid improvement. While the growth of all cultivated crops on July 1 was more backward than usual, fields have been well cultivated and the crops are unusually clean, and generally have a good color. The dry weather in June probably caused corn, cotton, peanuts, tobacco, soybeans and cowpeas to develop good root systems. Early threshing reports indicate that the wheat crop will not yield as well as had been expected, and the crop is now estimated at 7,371,000 bushels, compared with the unusually large crop of 13,266,000 bushels harvested last year. The average production for the five years was 8,643,000 bushels. The acreage planted to corn is estimated about 2 per cent less than last year, and the stand is poor and growth backward, but the fields are well cultivated and plants have excellent color. A total production of 35,250,000 bushels is indicated by the July 1 condition, compared with last year's large crop of 43,061,000 bushels. This year's acreages of oats and rye are smaller than those of 1931, but the barley acreage shows an increase of about 15 per cent. A crop of 941,000 tons of hay is expected this year on an acreage 4 per cent greater than the 1931 acreage. Considerable hay was carried over from last year, so an abundant supply of hay feed is assured for this year. Pastures during June declined in all districts except the Southwest, but the late June rains caused considerable improvement and there is sufficient grazing for all livestock. Production of Irish potatoes will be considerably less than last year as a result of a much smaller acreage planted and poor yields. The early commercial acreage was reduced nearly 25 per cent. Production of all Irish potatoes, including early commercial, is estimated to be 10,058,000 bushels, compared with 14,278,000 bushels harvested last year and the five-year average of 15,357,000 bushels. The total sweet potato acreage is estimated to be the same as last year, but there has been a slight decrease in the commercial acreage and an increase in the farm crop. The July 1 condition indicates a production of 4,750,000

bushels, which is about the same as the crop harvested last year. The peanut acreage planted this year is about 10 per cent less than the acreage harvested last year and about the average of the previous five years. Low prices received for last year's crops is the reason for the reduced acreage this year. Virginia tobacco growers this year have planted the smallest acreage since 1870. Low prices, shortage of plants, and unfavorable weather conditions caused a reduction of nearly 36 per cent in this year's acreage. Prospects for the crop on July 1 were poor because growth was backward, plants were quite irregular in size as a result of considerable replanting, and fertilizer used under the tobacco was reduced about 15 per cent. Fields have been well cultivated, and as the greater part of the growing season still remains, considerable improvement may be shown later, the outcome depending largely on weather conditions in July and August. Total production of tobacco in Virginia this year is forecast at 60,916,000 pounds, compared with 97,920,000 pounds harvested last year and 126,860,000 pounds the average production for the five years 1924-1928. Fruit prospects declined during June because of a heavy drop and production is expected to be lower than last year's large crops and even lower than the five-year average. The apple crop is now estimated at 9,450,000 bushels, compared with 21,117,000 bushels last year. No estimate of the commercial crop of apples as distinguished from the total farm crop will be made until August.

North Carolina crop acreages for this year are between 1 and 2 per cent less than last year, all crops considered. Cash crops have been somewhat reduced, while food and feed crops have been increased. The corn crop, on an acreage 1 per cent larger, shows a probable production of 43,808,000 bushels, which is 9 per cent less than the 1931 yield. The corn crop is irregular in stand and growth. Wheat acreage was increased 10 per cent, but the crop was not nearly as good as that of 1931 and this year's forecast of 3,515,000 bushels is 20 per cent less than last year's. An oat crop of 3,978,000 bushels this year is 12 per cent less than last year. The North Carolina tobacco crop was reduced about 32 per cent this year, and the indicated production of 281,792,000 pounds for 1932 is 42 per cent less than the 1931 crop. Peanut acreage is the same this year as last, but no forecast of probable production has been made. A hay yield of 662,000 tons is a little over 2 per cent less than the crop of

last year. Apples are expected to yield 1,752,000 bushels in 1932, only about one-third the size of last year's yield.

South Carolina total acreage is about 2.5 per cent less than the acreage planted last year, for the second year in succession acreage reduction in cash crops more than offsetting increases in food and feed crops. Compared with last July, cotton has been reduced in acreage 10 per cent; tobacco 35 per cent, soybeans grown alone 24 per cent, and Irish potatoes 28 per cent. There is evidence of some shift in acreage from tobacco to cotton and from soybeans to cowpeas. The decrease in total Irish potato acreage is entirely due to a marked reduction in the early commercial crop, since potatoes grown for home use show a slight increase. Crops with acreage increases are corn 2 per cent, oats 3 per cent, peanuts 6 per cent, tame hay and sorghum sirup 11 per cent each, rye 12 per cent, sweet potatoes 13 per cent, cowpeas grown alone 20 per cent, and wheat 40 per cent. The average condition of field crops on July 1 was about normal for recent years and gives promise of fair to good yields. Tree fruits are unusually short, peaches, apples and pears being reported as about one-third of a full crop, whereas the usual production is about two-thirds of a full crop. Small grains harvested this summer were below last year's excellent yields but due largely to increased acreage the total outturn was about 10 per cent above the average of the years 1924-1928. The July 1 condition of the corn crop indicated a production of 23,780,000 bushels, compared with 22,994,000 bushels last year and an average five-year production of 20,227,000 bushels. The oat crop is estimated at 7,974,000 bushels, which is 16 per cent less than the unusually good crop of 1931 but about 9 per cent above the five-year average. The 1932 wheat crop yielded 703,000 bushels, only about 2 per cent more than production last year although this year's acreage was 40 per cent greater. With a reduction of 35 per cent in the tobacco acreage, indicated production is only 38,400,000 pounds, which will be the smallest production in South Carolina since 1916, when only 20,280,000 pounds were harvested. A sweet potato acreage 13 per cent larger than last year and favorable weather combine to indicate a crop of 4,800,000 bushels for 1932, which is 51 per cent above the short crop of 1931. Hay prospects are for about 202,000 tons this year, compared with 178,000 tons cut and cured last year.

Construction**Building Permits Issued in June 1932 and 1931**

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.	1,170	1,611	\$ 963,720	\$2,423,880
Cumberland, Md.	8	13	6,235	8,560
Frederick, Md.	12	10	5,123	10,005
Hagerstown, Md.	12	21	12,450	36,350
Salisbury, Md.	22	19	16,750	72,300
Danville, Va.	23	20	21,695	11,835
Lynchburg, Va.	32	44	368,585	128,435
Norfolk, Va.	103	145	121,280	199,431
Petersburg, Va.	2	9	400	9,025
Portsmouth, Va.	30	29	17,735	12,795
Richmond, Va.	113	146	175,427	252,603
Roanoke, Va.	39	28	17,191	60,187
Bluefield, W. Va.	1	11	75	28,955
Charleston, W. Va.	102	39	25,062	120,025
Clarksburg, W. Va.	19	42	7,493	65,297
Huntington, W. Va.	24	14	5,250	69,300
Asheville, N. C.	21	21	3,062	6,755
Charlotte, N. C.	33	55	31,716	151,065
Durham, N. C.	12	18	23,250	25,650
Greensboro, N. C.	38	43	8,857	32,054
High Point, N. C.	4	17	6,600	32,765
Raleigh, N. C.	5	17	1,175	23,575
Rocky Mount, N. C.	2	9	800	3,735
Salisbury, N. C.	2	4	4,500	17,800
Wilmington, N. C.	11	26	3,700	62,300
Winston-Salem, N. C.	45	87	38,825	126,665
Charleston, S. C.	46	32	21,125	26,795
Columbia, S. C.	36*	85,679*
Greenville, S. C.	20	31	8,310	36,215
Rock Hill, S. C.	9	16	10,975	7,500
Spartanburg, S. C.	16	25	3,115	28,610
Washington, D. C.	528	649	1,403,340	2,495,100
Totals	2,504	3,251	\$3,333,821	\$6,585,567

*Not included in totals.

Building permits issued in June in thirty-one leading cities of the Fifth reserve district numbered 2,504, compared with 3,251 permits issued in June 1931, and estimated valuation figures for last month totaled only \$3,333,821, a decrease of 49.4 per cent under valuation of \$6,585,567 in June 1931. Only four of the thirty-one reporting cities showed higher valuation figures for June 1932. Lynchburg made the best record for the month, not only reporting the largest increase over June 1931 figures, but also reporting the highest total valuation among the thirty-one cities except for Baltimore and Washington, which are of course much larger cities.

Contracts actually awarded in June for construction work in the Fifth reserve district totaled only \$7,784,987, compared with \$23,635,727 reported for June 1931, according to figures collected by the F. W. Dodge Corporation. Of the June 1932 awards, \$2,663,497 represented residential types of construction, compared with \$6,730,982 for this class of work in June last year.

Retail Trade, 33 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
June 1932 sales, compared with sales in June 1931:	-24.1	-24.6	-19.0	-30.8	-22.8
Total sales first half of 1932, compared with first half of 1931:	-14.1	-19.9	-14.9	-25.4	-18.4
June 30, 1932 stocks, compared with stocks on June 30, 1931:	-3.3	-11.6	-8.8	-19.4	-11.2
June 30, 1932 stocks, compared with stocks on May 31, 1932:	-5.3	-1.8	-4.2	-4.3	-3.1
Number of times stock was turned in June 1932:	.332	.303	.33	.191	.299
Number of times stock was turned since January 1, 1932:	1.841	1.777	1.859	1.244	1.744
Percentage of June 1, 1932, receivables collected in June:	28.9	22.1	29.4	24.4	25.6

Wholesale Trade, 62 Firms

	22	9	6	13	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
June 1932 sales, compared with sales in June 1931:	-15.0	-32.0	-29.1	-21.7	-12.3
June 1932 sales, compared with sales in May 1932:	+ 6.0	-13.3	-29.6	-5.1	+ 6.4
Jan.-June 1932 sales, compared with sales in Jan.-June 1931:	-15.7	-27.4	-14.5	-18.8	-16.2
June 30, 1932 stocks, compared with June 30, 1931 stocks:	-7.0(8*)	-20.1(4*)	-25.6(5*)	-8.4(7*)
June 30, 1932 stocks, compared with May 31, 1932 stocks:	-4(8*)	-15.7(4*)	-5.7(5*)	-4.8(7*)
Percentage of June 1, 1932, receivables collected in June:	57.5(13*)	28.4(6*)	32.5(6*)	27.7(11*)	45.8(8*)

*Number of reporting firms.

(Compiled July 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial activity decreased further from May to June by somewhat more than the usual seasonal amount and there was a considerable reduction in factory employment and payrolls. The general level of commodity prices advanced between the middle of June and the middle of July, reflecting chiefly a rise in the prices of livestock and meats.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 60 per cent of the 1923-1925 average in May to 59 per cent in June. There were large decreases in output in the steel, coal, and meat-packing industries, while at automobile factories daily average production showed a smaller decline than is usual at this season, and at woolen mills activity increased contrary to seasonal tendency. Consumption of cotton by domestic mills showed the usual seasonal decline.

At manufacturing establishments there was a further reduction of 3.6 per cent in number of employees and of 7.8 per cent in earnings between the middle of May and the middle of June. Decreases in employment were general, with the exception of the automobile and tobacco industries and of seasonally active industries, such as vegetable and fruit canning and the manufacture of ice cream. The largest decreases were in the steel, textile, chemical and machinery industries and at railway repair shops.

Daily average value of building contracts awarded, as reported by the F. W. Corporation, declined in June but increased in the first half of July.

Department of Agriculture estimates as of July 1 indicate a corn crop of 3,000,000,000 bushels, the largest since 1923; a winter wheat crop of 432,000,000 bushels, 45 per cent smaller than last year and 21 per cent less than the five-year average; a spring wheat crop of 305,000,000 bushels, three times as large as last year and slightly larger than the average; and a tobacco crop one-fifth smaller than usual.

Distribution

Volume of railroad freight traffic declined somewhat further in June and value of merchandise sold by department stores decreased by more than the usual seasonal amount.

Wholesale Prices

The level of prices in wholesale markets, after declining steadily during May, was relatively stable early in June, and after the middle of the month there was an advance which continued through the second week in July. Prices of several leading commodities, including livestock and meats, cotton, and sugar, increased considerably during June and the first half of July, but later showed some recession. Prices of wheat declined to unusually low levels and markets for copper and lead continued weak.

Bank Credit

Volume of reserve bank credit continued to increase between the middle of June and the middle of July, reflecting principally further purchases of United States Government securities by the reserve banks. In addition, member banks obtained reserve bank funds through an increase in the monetary stock of gold and a decline in deposits held with the reserve banks by foreign central banks. Funds released from these sources were absorbed by an increase in the demand for currency which also caused the member banks to draw on their balances with the reserve banks and to increase their discounts somewhat. The demand for currency which for the period amounted to \$270,000,000, was caused by banking disturbances, largely in the Chicago district, by seasonal requirements at the turn of the month and the Fourth of July holiday, and by increased use of cash to avoid the tax on checks.

Loans and investments of reporting member banks, after fluctuating widely during June, declined in the first two weeks of July, and on July 13 totaled \$18,475,000,000, about \$540,000,000 less than on June 1. There was a further decline in loans, while the banks' investments in United States Government securities, after increasing substantially during the period of Treasury financing in mid-June, declined gradually, but on July 13 were still \$90,000,000 larger than six weeks earlier.

Money rates in the open-market declined further during June and the first half of July. At the Federal Reserve Bank of New York buying rates for bankers' acceptances maturing within 90 days were reduced from $2\frac{1}{2}$ to 1 per cent on June 24. On the same day the bank lowered its discount rate from 3 per cent to $2\frac{1}{2}$ per cent, and on the following day the rate at the Chicago bank was reduced from $3\frac{1}{2}$ per cent to $2\frac{1}{2}$ per cent.