

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

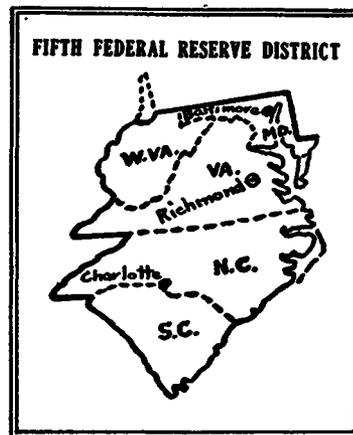


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RICHMOND, VIRGINIA

AUGUST 31, 1932

SINCE the middle of July some improvement in conditions in the Fifth reserve district have been noticed. Two influences which appear to have been instrumental in bringing about the change are the activity and improvement in the security market and the recent rise in prices for cotton and some other agricultural products. Most of the basic business statistics which are now available cover the month of July, and show little change from other recent months, but nevertheless there is much more optimism than was the case previously. The Department of Labor's figures for July show price advances in both wholesale and retail indexes, the first checks reported in many months to steadily falling commodity prices. In the Fifth district labor conditions have changed for the better in some industries and localities, a number of industrial plants having taken on additional workers and opening of tobacco markets requiring the help of several hundred men. Textile mills have increased operating time materially since the first of August, and orders for their products have increased also. As is customary at this season of the year, the circulation of Federal reserve notes rose during the past month, but member banks in rural districts did not increase their rediscounts at the reserve bank as they usually do when crops begin to move to market. Member banks in the larger centers slightly decreased their loans but increased their investments in securities between the middle of July and the middle of August, and increased moderately their borrowing at the reserve bank. Bank deposits changed little during the past month. Debits to individual accounts figures in the four weeks ended August 10 showed a seasonal reduction in comparison with the preceding four weeks, which included the July 1 payments. Commercial failures in the Fifth Federal reserve district in July were more numerous and liabilities involved



were greater than in any other July on record, but were not up to the figures of several earlier months this year. Coal production showed some seasonal increase in July in comparison with June and West Virginia continued to lead all States in production of bituminous coal. Cotton consumption in both the United States and the Fifth district was relatively small in July because many mills were closed a considerable part of the month, but since August 1 nearly all textile mills have resumed operations, and higher cotton prices have improved the outlook for both the mills and the cotton growers. Tobacco markets opened in August in South Carolina and border counties in North Carolina, and prices for lower grades were better than prices last year. Tobacco manufacturing in July was at a lower rate than in July last year but compared favorably with other recent months. Crop prospects insofar as quantity of yields is concerned declined materially in July because of dry and hot weather throughout the entire district, but the outlook for better prices improved in several lines and on the whole the farmers appear to be in a stronger position than they were at this time a year ago. Building permits issued in Fifth district cities in July provided for a very small amount of construction work, but contracts actually awarded in the district, including rural as well as urban projects, exceeded in amount the contracts awarded in either June this year or July last year. Retail trade as reflected in department store sales last month averaged nearly 28 per cent less in dollar amount than trade in July 1931, and five representative lines of wholesale trade also showed materially lower sales this year. It should be remembered that lower price levels in many lines this year account for part of the decline in the aggregate value of retail and wholesale sales.

Reserve Bank Statement

ITEMS	000 omitted		
	Aug. 15 1932	July 15 1932	Aug. 15 1931
Rediscounts held	\$28,226	\$29,957	\$19,008
Open market paper.....	2,767	3,659	4,010
Government securities	47,133	47,133	31,558
Other earning assets.....	0	0	60
Total earning assets.....	78,126	80,749	54,636
Circulation of Fed. Res. notes..	96,140	91,918	68,782
Members' reserve deposits.....	49,786	50,487	60,133
Cash reserves	77,632	79,768	91,037
Reserve ratio	51.83	51.27	65.13

The figures in the accompanying table show the principal items on the condition statement of the Federal Reserve Bank of Richmond as of August 15, 1932, in comparison with corresponding figures a month and a year earlier. Rediscounts for member banks, contrary to seasonal trend, declined by \$1,731,000 during the past month, but at the middle of August showed an increase of \$9,218,000 over rediscounts held on the corresponding date last year. Holdings of open market paper on the latest date were smaller than holdings on either July 15 this year or August 15 last year. Government securities held by the Federal Reserve Bank of Richmond remained unchanged during the past month, but totaled \$15,575,000 more than on August 15, 1931. Total earning assets of this Bank decreased by \$2,623,000 between July 15 and August 15, but on the latter date exceeded earning assets as of August 15 last year by \$23,490,000. There was a seasonal increase in the circulation of Federal Reserve notes amounting to \$4,222,000 during the past month, partly due to a need for currency in connection with the opening of South Carolina auction tobacco markets, but the increase in circulation during the past two months was greater than usually occurs. It is probable that part of the increase is due to the influence of the new tax on checks, which has caused many people to pay current bills with currency. This is borne out by the fact that the number of checks handled by the reserve bank has notably decreased. At mid-August the volume of notes in actual circulation showed an increase of \$27,358,000 over the amount in circulation a year earlier, an increase due at least in part to hoarding, which although not increasing has not materially decreased. Member bank reserve deposits dropped \$701,000 between the middle of July and the middle of August, and showed a decline amounting to \$10,347,000 during the past year, both decreases being due to lower requirements against materially smaller deposits in member banks. The several changes in the statement of the Federal Reserve Bank of Richmond resulted in declines in cash reserves during last month and last year, the decrease during the month amounting to \$2,136,000 and the drop during the year to \$13,405,000. The ratio of cash reserves to note and deposit liabilities combined rose 0.56 points last month, but declined 13.3 points during the past year.

Member Bank Statement

ITEMS	000 omitted		
	Aug. 10 1932	July 13 1932	Aug. 12 1931
Loans on stocks and bonds (including Governments)	\$119,454	\$123,485	\$158,700
All other loans.....	203,568	204,210	248,448
Total loans and discounts.....	323,022	327,695	407,148
Investments in stocks and bonds	257,718	247,200	227,548
Reserve bal. with F. R. Bank..	34,753	34,665	41,063
Cash in vaults.....	12,690	12,840	12,781
Demand deposits	273,702	277,071	333,702
Time deposits	228,860	229,315	263,281
Borrowed from F. R. Bank.....	7,871	7,208	3,368

Forty-nine member banks in twelve leading cities of the Fifth Federal reserve district make weekly reports of condition to the Federal Reserve Bank of Richmond, and the accompanying table shows the totals of the principal items for the latest available date, August 10, 1932, in comparison with corresponding figures a month and a year earlier. It should be understood that the figures reflect the composite condition of the reporting banks on the report dates only, and are not necessarily the highest or lowest figures that occurred during the period under review.

Total loans is the forty-nine reporting member banks declined by \$4,673,000 between July 13 and August 10, this year, nearly all of the decrease being in loans on securities. Investments of the reporting banks in stocks and bonds rose \$10,518,000 during the past month, all of which was in ownership of Government securities. Aggregate reserve balances of the reporting banks at the reserve bank showed only a daily fluctuation between July 13 and August 10, increasing by \$88,000. On the other hand, cash in vaults declined \$150,000 during the month, and deposits dropped \$3,824,000, demand deposits declining \$3,369,000 and time deposits decreasing \$455,000. The reporting banks increased their borrowing at the reserve bank by \$663,000 during the month under review. On August 10, 1932, twenty-one of the forty-nine institutions were rediscounting at the Federal Reserve Bank of Richmond.

Comparison of the August 10, 1932, figures with those for August 12, 1931, shows a decrease of \$84,126,000 in total loans during the year, and an increase of \$30,170,000 in investments in securities. Aggregate reserve balance with the Federal Reserve Bank of Richmond totaled \$6,310,000 less on the 1932 date than a year earlier, and cash in vaults declined \$91,000 during the year. Total deposits declined \$94,421,000 between the middle of August last year and this, of which \$60,000,000 was in demand and \$34,421,000 was in time deposits. On August 10, 1932, the reporting banks were borrowing \$4,503,000 more from the reserve bank than they were borrowing on August 12, 1931. Twenty-one of the forty-nine banks were rediscounting at the reserve bank on the 1932 date, while last year at the same time only nine were borrowing.

Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$440,607,538 at the end of July 1932, a slightly lower figure than \$442,717,818 at the end of June this year and materially less than \$473,216,490 a year ago.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Aug. 10, 1932	July 13, 1932	Aug. 12, 1931
Asheville, N. C.....	\$ 6,499	\$ 6,541	\$ 10,182
Baltimore, Md.	272,689	259,227	373,602
Charleston, S. C.....	7,356	8,671	18,590
Charleston, W. Va....	22,624	30,497	30,885
Charlotte, N. C.....	24,730	28,585	34,588
Columbia, S. C.....	10,415	12,336	16,009
Cumberland, Md.	4,464	6,985	7,078
Danville, Va.	3,502	4,482	5,907
Durham, N. C.....	11,766	12,127	19,411
Greensboro, N. C.....	8,398	9,847	14,769
Greenville, S. C.....	6,969	7,769	11,958
Hagerstown, Md.	4,934	6,332	6,796
Huntington, W. Va....	8,749	9,738	12,995
Lynchburg, Va.	10,066	11,659	11,961
Newport News, Va....	5,899	6,394	9,777
Norfolk, Va.	31,047	33,850	42,326
Portsmouth, Va.	2,997	3,231	3,770
Raleigh, N. C.....	11,490	14,543	21,941
Richmond, Va.	88,535	106,738	101,393
Roanoke, Va.	15,352	16,790	22,480
Spartanburg, S. C.....	3,970	4,980	7,006
Washington, D. C.....	177,266	195,842	189,371
Wilmington, N. C.....	5,644	6,508	8,291
Winston-Salem, N. C.	19,285	25,702	26,312
Fifth District Totals	\$ 764,646	\$ 829,374	\$1,007,398

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 four weeks, ended August 10, 1932, July 13, 1932, and August 12, 1931, thus affording opportunity for comparison of the latest available figures with those of the preceding like period this year and the corresponding period a year ago. Lower price levels this year in many lines affect the comparison of the 1932 figures with those for 1931, and account for part of this year's decline.

During the four weeks ended August 10 this year, aggregate debits to individual, firm and corporation accounts in the reporting cities totaled \$764,646,000, a decrease of \$64,728,000, or 7.8 per cent, under aggregate debits in the preceding four weeks, ended July 13, 1932, every city on the reporting list except Baltimore showing lower figures for the more recent period. A decline at this time is seasonal, due chiefly to large semi-annual and quarterly payments occurring in the earlier period, around July 1. Last year the decline between the two periods was 8.4 per cent, somewhat more than the 7.8 per cent decrease this year. Baltimore showed an increase of 5.2 per cent.

A comparison of the figures reported for the four weeks ended August 10 this year with the figures for the corresponding period ended August 12, 1931, shows a decline of \$242,752,000, or 24.1 per cent, but at least part of this decrease was due to lower price levels this year. Every one of the twenty-four reporting cities show materially lower figures for the 1932 period.

Commercial Failures

Commercial insolvencies in the Fifth Federal reserve district in July 1932 totaled 173, with aggregate liabilities amounting to \$4,545,602, an increase in number of 94.4 per cent and a rise in liabilities of 244.2 per cent in comparison with 89 failures and estimated liabilities totaling \$1,320,725 in July 1931. Both the number of failures and the aggregate liabilities involved in Fifth district failures last month were larger than for any other July since the Federal Reserve Bank of Richmond began its insolvency record in 1919, but both figures last month were below those of June this year. The Fifth district record for July 1932 was much worse than the average record for the United States, which showed increases in number of insolvencies amounting to 30.9 per cent and in liabilities totaling 42.9 per cent in comparison with July 1931, but the unfavorable comparison was due in part to the relatively good record of the Fifth district in July last year. All of the twelve reserve districts reported more failures in July 1932 than in July 1931, and all except two districts, Philadelphia and St. Louis, reported greater liabilities this year.

Employment

In July and the first half of August some improvement was reported in employment conditions in the Fifth Federal reserve district. A considerable number of industrial plants took on additional workers, and one large corporation announced the restoration of wages to the level from which a cut was made last winter. The opening of tobacco markets in South Carolina and border North Carolina towns gave employment to several hundred persons.

Coal Production

Bituminous coal production in the United States in July 1932 totaled 17,830,000 net tons, a larger output than 17,749,000 tons dug in June this year but much lower than 29,790,000 tons brought to the surface in July 1931. Total production of soft coal during the present calendar year to August 6 amounted to 166,806,000 tons, the lowest figure in many years. The July 23 report of the Bureau of Mines, Department of Commerce, gave coal production figures by States for the month of June 1932, and also for the first six months of this year in comparison with other recent years. West Virginia mines led in production in June with 5,682,000 net tons, Pennsylvania ranking second with 5,052,-

000 tons and in the first half of this year West Virginia mined 39,965,000 tons against 36,741,000 tons mined in Pennsylvania.

Textiles

It is customary for Southern textile mills to close for a week or ten days in July to give employees a vacation and to enable the management to overhaul machinery, and in July this year the restriction in operating time was extended further to prevent the accumulation of manufactured goods. However, since the first of August nearly all mills have started up again, and orders have increased, chiefly due to the influence of the Department of Agriculture's first cotton condition report of this season, which was issued on August 8. The outlook for the textile industry is now considered better than it has been for many months. Cotton consumption in the Fifth district mills in July 1932 totaled only 129,389 bales, a lower figure than 144,892 bales used in June this year, and 36 per cent less than 202,187 bales consumed in July 1931. Last month North Carolina mills used 66,144 bales, South Carolina mills used 56,729 bales, and Virginia mills used 6,516 bales, all lower figures than those reported for July 1931. July 1932 consumption in Virginia and the Carolinas was 46.4 per cent of National consumption, a higher figure than either 45.2 per cent of National consumption in June 1932 or 44.9 per cent in July 1931.

Cotton Statistics

Spot cotton prices continued to range around $5\frac{1}{2}$ cents per pound during the second half of July and the first week in August, but when the Department of Agriculture's first condition report of the year on the 1932 cotton crop was issued on August 8 prices of cotton rose more than a cent a pound, and has held the gain to the present writing. In our *Review* last month we quoted 5.53 cents per pound as the average paid for middling grade upland cotton, $\frac{7}{8}$ inch staple, on leading Southern markets on July 15. The price rose to 5.65 cents on August 5. On August 12, the first date for which official averages were obtainable after the release of the August 8 condition report, the price was 6.82 cents, and on August 19, the latest date for which figures are available, the average price was 7.11 cents. Quotations are now higher than prices at this time last year.

The Department of Agriculture's first report on this year's probable production of cotton, issued on August 8, estimated the crop at only 11,306,000 equivalent 500-pound bales, which was about a million bales lower than private observers expected. As previously stated, the report immediately raised cotton prices more than a cent a pound. The Department said that prospects for this year's crop are more uncertain than usual because boll weevils are present in greater numbers than in any year since 1928. Mention is also made of a material re-

duction in the use of fertilizer this year, with resulting small plants in many sections of the cotton belt. The condition of the crop on August 1 was 65.6 per cent of a theoretical normal, and the prospective yield per acre was given as 149.6 pounds, both figures lower than the averages for the past ten years. The indicated yield of 11,306,000 bales compared with 17,096,000 bales ginned from the 1931 crop, a decrease this year of 5,790,000 bales, or 34 per cent. This year's yield, if realized on the basis of the August 1 condition, will be 3,352,000 bales less than average annual production during the past ten years.

In the cotton growing states of the Fifth reserve district, production this year is forecast to be materially smaller than last year, the decline averaging 37 per cent in comparison with the National decline of 34 per cent. South Carolina is expected to grow only 590,000 bales this year, a decrease of 41 per cent in comparison with 1,005,000 bales ginned in 1931. North Carolina's crop this year is forecast as 509,000 bales, showing a decline of 33 per cent from 756,000 bales grown last year. The Virginia cotton crop this year of 35,000 bales shows a decline of only 17 per cent under 42,000 bales ginned in 1931. Total figures for the district are 1,134,000 bales this year, compared with 1,803,000 bales gathered last year. Every cotton growing state in the United States shows a reduction in probable production this year.

Consumption of cotton in the United States in July 1932 totaled 278,656 bales, compared with 320,783 bales used in June this year and 450,884 bales in July 1931. Total consumption for the cotton year ended July 31, 1932, amounted to 4,869,103 bales, compared with 5,262,974 bales consumed in the corresponding period of the 1930-1931 season. Manufacturing establishments held 1,218,863 bales on July 31, compared with 1,322,793 bales held on June 30 and 995,526 bales on July 31, 1931. Public warehouses and compresses held 6,703,453 bales in storage at the end of July this year, compared with 7,154,241 bales so held a month earlier and 4,524,467 bales on July 31 last year. July exports totaled 449,476 bales, compared with 360,205 bales sent abroad in June 1932 and 259,059 bales exported in July 1931. Exports during the cotton year ended July 31 totaled 8,707,548 bales, compared with 6,759,927 bales shipped over seas during the corresponding year ended July 31, 1931. Spindles active at some time in July numbered 19,758,252, compared with 20,561,914 in June this year and 25,825,718 in July 1931.

Cotton consumption in the cotton growing states totaled 239,186 bales in July, compared with 274,687 bales used in June and 353,944 bales in July 1931. Last month's consumption in the cotton growing states amounted to 85.4 per cent of National consumption, a lower percentage than 85.6 per cent in June this year but higher than 78.5 per cent in July last year. Of the 239,186 bales of cotton consumed in the cotton growing states in July,

the fifth district mills used 129,389 bales, or 54.1 per cent, a lower percentage than 57.2 per cent of Southern consumption attained by Fifth district mills in July last year.

Tobacco

Prospects for the tobacco crop in the Fifth district on August 1 indicate a yield of approximately 385,771,000 pounds in comparison with 684,996,000 pounds produced in the district in 1931, a reduction of 43.7 per cent in comparison with a National decrease of 36.3 per cent. In North Carolina, which leads in tobacco production in the Fifth district, a yield of about 266,560,000 pounds is expected this year, compared with 479,526,000 pounds in 1931. The Virginia crop on August 1 indicated a yield of 57,812,000 pounds, compared with 97,920,000 pounds grown last year. South Carolina tobacco is expected to yield 32,000,000 pounds, compared with 70,070,000 pounds in 1931. The Maryland crop of 26,064,000 pounds is below 32,160,000 pounds last year. Prospects in West Virginia are for a yield of 3,335,000 pounds this year, compared with 5,320,000 pounds grown in 1931. Tobacco auction markets in South Carolina and border counties in North Carolina opened early in August. Prices paid in the early days of the present season were about the same as those of last year on the better grades of tobacco, but low grades are selling higher than they did in 1931. As is the case in nearly all years, the tobacco brought to market in the first weeks of the season was chiefly primings and lugs. The drastic reduction in tobacco yield this year has influenced prices on auction markets less than would be the case in most years, chiefly because recent large crops have built up an unusually large surplus of tobacco from which manufacturers can draw if this year's crop turns out as short as is now indicated.

Tobacco Manufacturing

On August 19, the Commissioner of Internal Revenue issued a report on taxes collected in July 1931 on manufactured tobacco products. July production of cigarettes in the United States numbered 9,534,022,443, compared with 10,699,528,523 cigarettes manufactured in July 1931. Smoking and chewing tobacco declined from 27,253,731 pounds in July last year to 24,296,142 pounds in July this year. Cigars manufactured dropped from 478,900,849 in July 1931 to 361,240,267 in July 1932. Snuff production fell from 3,407,519 pounds to 2,437,112 pounds. During the month of July 1932, taxes on cigarettes totaled \$28,605,438, compared with \$32,103,234 collected in the corresponding month last year. Taxes on smoking and chewing tobacco decreased during the same period from \$4,905,963 to \$4,373,874. Cigarette manufacture dropped approximately 11 per cent below the production in July 1931, and other manufactured tobacco, exclusive of cigars, is off between 12 and 13 per cent. Cigar

production shows the greatest decline, July 1932 production being approximately 25 per cent less than the output in July 1931.

Agricultural Notes

Maryland crops declined seriously in condition during July, due to dry weather. Corn held its own, but production forecasts of all other crops were lower on August 1 than a month earlier. The wheat crop, in particular, turned out light in weight, and only 4,940,000 bushels were harvested in comparison with 9,696,000 bushels in 1931, this year's yield being the smallest since 1872. Fruit crops suffered greatly in July, and the apple crop, forecast at 1,444,000 bushels on August 1, compared quite unfavorably with 3,458,000 bushels gathered last year. A peach crop of 312,000 bushels this year compares with 820,000 bushels in 1931. This year's corn crop is forecast at 16,058,000 bushels, in comparison with 20,710,000 bushels grown in 1931. A 1932 oat crop of 1,500,000 bushels is 25 per cent less than 2,010,000 bushels last year. Irish potatoes this year amounting to 3,230,000 bushels compare better with 3,360,000 bushels dug in 1931 than most other crops, but the 1932 sweet potato crop of 1,480,000 bushels is 26 per cent below the 1931 yield of 2,013,000 bushels. The only Maryland crops which show larger yields this year than last are barley and hay.

Virginia crops declined during July as a result of unfavorable weather conditions throughout most sections of the State. The poorest conditions are reported in the Central and Southern counties where the rainfall was very light. Corn suffered more than any other crop and many fields were seriously damaged by the hot, dry weather during the latter part of the month. Showers since August 1 have improved conditions in many sections, but some parts of the State continue dry. The final production of such crops as corn, cotton, tobacco and peanuts will depend upon weather conditions during August as this is the critical month in the development of these crops. Early threshing reports show that the wheat yield was even less than had been estimated on July 1. Heads were poorly filled and the grains were small and in some cases shriveled. Total production of wheat is estimated at 6,520,000 bushels, compared with 13,266,000 bushels harvested last year. The August 1 condition of corn indicates a production of 31,500,000 bushels, compared with 43,061,000 bushels harvested last year. Prospects for late hay crops declined considerably during July. The yield of hay harvested in June and July was fairly good, however, so total production of hay is estimated at 894,000 tons, compared with 993,000 tons harvested last year. The condition of pastures declined rapidly during July and on August 1 the condition was reported at 64 per cent of normal, compared with 90 per cent last year. Rains since August 1 have revived pastures in many sections of the State, but generally frequent show-

ers will be needed during August to restore pastures to their usual condition. The growth of peanuts was retarded by dry weather but growers were able to cultivate the fields and there is practically no grass, which in a wet season causes a heavy reduction in the yield of nuts. The stand is good and the plants have an excellent color, but no estimate of production can be made until the acreage to be hogged off is determined by the farmers. Early commercial potato growers reported a crop of 7,175,000 bushels, compared with 10,639,000 bushels last year. The condition of sweet potatoes declined in July and a crop of 4,560,000 bushels is indicated, compared with 4,750,000 bushels harvested last year. Weather conditions during August will largely determine the final yield: The Virginia commercial apple crop is estimated to be 2,040,000 barrels, compared with 3,500,000 barrels harvested last year. The quality of apples this season is reported to be very good except for scab injury in poorly sprayed orchards. Peach prospects declined last month as weather conditions were unfavorable and the production will be less than was estimated earlier in the season. The total production for the State is estimated to be 306,000 bushels, compared with 1,600,000 bushels produced last year. The size of the fruit is smaller than usual but otherwise the quality is very good.

North Carolina experienced the hottest and driest July in many years, and some sections of the State had near drought conditions. The rainfall during the month consisted mostly of light showers which were of little benefit to plants. The severely hot ten-day period about the middle of July was seriously harmful to crops. During the last few days in July and the first of August good rains occurred generally over the State, but these were not sufficient to relieve the dry conditions. Corn has probably suffered more from drought than other major crops, and this year's yield is estimated at 35,520,000 bushels, compared with 48,072,000 bushels harvested in 1931. The peanut crop showed a condition of 71 per cent on August 1, compared with 80 per cent a year earlier. The crop has a healthy appearance and showers early in August were beneficial, but no estimate of production can yet be made. The North Carolina wheat crop of 3,515,000 bushels compares with 4,407,000 bushels threshed last year, and the oat crop of 3,978,000 bushels this year compares with 4,531,000 bushels harvested in 1931. The hay crop of 1932 is estimated at 551,000 tons, compared with 677,000 tons last year. The total apple crop is forecast at 1,460,000 bushels, compared with

5,328,000 bushels gathered in 1931, and this year's peach crop of 1,540,000 bushels compares with 3,128,000 bushels last year. The sweet potato crop of 6,853,000 bushels in comparison with 6,560,000 bushels dug in 1931 shows the only increase in production among the North Carolina crops.

South Carolina suffered from hot, dry weather in July, and crop prospects declined materially. The indicated yield per acre of all crops combined on August 1 was 13.3 per cent below the ten-year average. However, good rains early in August improved the situation for all crops except corn, most of which was too far advanced for the rain to help. Prospects for corn production declined during the month from a forecast of 23,780,000 bushels on July 1 to 17,220,000 bushels on August 1, a decrease of 28 per cent during July and 25 per cent less than 22,994,000 bushels harvested in 1931. Favorable weather during the balance of the season may help late corn to some extent, but the August 1 condition indicated the smallest yield since 1901. Hay prospects also were cut by the dry weather in July, and the forecast of 135,000 tons is 24 per cent less than 178,000 tons cut last year. South Carolina's apple crop for this year is only 141,000 bushels, compared with 320,000 bushels gathered last year, and the 1932 peach crop of 704,000 bushels compares quite unfavorably with 1,840,000 bushels in 1931. The oat crop threshed out 7,974,000 bushels this year, compared with 9,450,000 bushels harvested in 1931. Wheat produced a larger yield this year than last, 703,000 bushels for 1932 comparing with 689,000 bushels in 1931, and this year's sweet potato crop of 4,200,000 bushels is 32 per cent above the short crop of 3,180,000 bushels dug last year.

West Virginia crops averaged only 84.7 per cent of the ten-year average in condition on August 1, and prospects were for materially lower yields this year in nearly all crops. The forecast of corn production for 1932 is 11,448,000 bushels, compared with 12,934,000 bushels harvested in 1931. This year's yield of wheat, 1,254,000 bushels, compares with 2,373,000 bushels last year. Oats turned out 2,584,000 bushels this year and 3,552,000 bushels in 1931, and this year's hay yield of 583,000 tons compares with 650,000 tons last year. The Irish potato crop this year is estimated at 3,120,000 bushels, which shows little change from 3,200,000 bushels last year. The West Virginia apple crop of 5,215,000 bushels is less than half the 1931 yield of 12,954,000 bushels, and the 1932 peach crop yielded only 176,000 bushels, in comparison with 1,030,000 bushels in 1931.

Construction**Building Permits Issued, Fifth District Cities,
July 1932 and 1931**

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.	929	1,179	\$1,022,400	\$4,989,120
Cumberland, Md.	8	20	8,710	62,865
Frederick, Md.	8	15	9,928	28,362
Hagerstown, Md.	10	12	4,635	20,145
Salisbury, Md.	12	30	5,200	88,775
Danville, Va.	7	11	5,888	11,880
Lynchburg, Va.	23	32	115,665	77,380
Norfolk, Va.	91	151	103,030	233,093
Petersburg, Va.	3	7	622	18,080
Portsmouth, Va.	19	35	5,765	21,435
Richmond, Va.	104	140	77,198	287,285
Roanoke, Va.	27	29	12,670	41,775
Bluefield, W. Va.	2	5	36,500	12,500
Charleston, W. Va.	84	40	20,613	149,828
Clarksburg, W. Va.	14	12	5,240	22,400
Huntington, W. Va.	8	13	2,890	8,850
Asheville, N. C.	21	26	8,395	18,300
Charlotte, N. C.	19	50	4,605	80,510
Durham, N. C.	18	21	41,050	70,925
Greensboro, N. C.	36	29	9,694	24,565
High Point, N. C.	5	20	5,800	96,625
Raleigh, N. C.	18	18	8,169	25,715
Rocky Mount, N. C.	5	9	845	51,800
Salisbury, N. C.	7	6	13,225	11,040
Wilmington, N. C.	11	17	5,950	32,200
Winston-Salem, N. C.	33	84	11,250	97,500
Charleston, S. C.	39	47	30,834	93,025
Columbia, S. C.	29	56	30,600	61,612
Greenville, S. C.	23	21	12,575	62,035
Lock Hill, S. C.	8	15	5,335	252,193
Spartanburg, S. C.	6	17	1,177	12,190
Washington, D. C.	410	590	648,570	2,305,115
District Totals	2,037	2,757	\$2,275,028	\$9,369,123

Building permits issued in July in thirty-two leading cities of the Fifth reserve district numbered 2,037, compared with 2,757 permits issued in July 1931, a decrease this year of 26.1 per cent, and estimated valuation figures for last month totaled only \$2,275,028, a decrease of 75.7 per cent in comparison with valuation figures totaling \$9,369,123 in July last year. Only three cities, Bluefield, W. Va., Lynchburg, Va., and Salisbury, N. C., reported higher figures for July 1932, and the three largest cities in the district, Baltimore, Washington and Richmond, reported relatively small figures.

Contracts awarded in July for construction work in the Fifth reserve district totaled \$20,915,245, compared with \$17,449,102 reported for July 1931, according to figures collected by the F. W. Dodge Corporation. Of the July 1932 awards, only \$2,387,430 represented residential types of construction, compared with \$5,354,157 for this class of work in July last year. Contracts for residential work made up only 11 per cent of all contracts awarded in July 1932, compared with approximately 31 per cent of July 1931 contracts.

Retail Trade, 33 Department Stores

Richmond	Baltimore	Washington	Other Cities	District
July 1932 sales, compared with sales in July 1931:				
-29.0	-27.8	-27.1	-29.3	-27.8
Total sales Jan.-July 1932, compared with Jan.-July 1931:				
-21.2	-20.7	-16.2	-25.8	-19.5
July 31, 1932 stocks, compared with stocks on July 31, 1931:				
-12.9	-15.0	7.7	-19.4	-12.7
July 31, 1932 stocks, compared with stocks on June 30, 1932:				
-7.2	-11.4	-9.4	-8.1	-9.8
Number of times stock was turned in July 1932:				
.217	.207	.215	.153	.205
Number of times stock was turned since January 1, 1932:				
1.987	2.001	2.088	1.406	1.964
Percentage of July 1, 1932, receivables collected in July:				
26.5	21.5	26.5	21.2	23.7

Wholesale Trade, 62 Firms

22	9	6	13	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
July 1932 sales, compared with sales in July 1931:				
-25.4	-41.3	-37.3	-38.6	-30.8
July 1932 sales, compared with sales in June 1932:				
-7.2	-16.7	-15.3	-26.6	-16.0
Jan.-July 1932 sales, compared with sales in Jan.-July 1931:				
-17.2	-29.1	-17.2	-21.2	-18.3
July 31, 1932 stocks, compared with July 31, 1931 stocks:				
-12.2(8*)	-26.2(4*)	-31.7(5*)	-12.3(7*)
July 31, 1932 stocks, compared with June 30, 1932 stocks:				
-3.3(8*)	+6.9(4*)	+8.1(5*)	-1.7(7*)
Percentage of July 1, 1932, receivables collected in July:				
55.7(12*)	25.6(6*)	28.7(6*)	22.5(11*)	42.9(8*)

(Compiled August 20, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial output declined seasonally from June to July while factory employment and payrolls decreased by more than the usual seasonal amount. In July the general level of wholesale prices was about 1 per cent higher than in June, and in the first half of August prices of many leading commodities advanced considerably. Reserve bank credit declined somewhat in the four weeks ending August 17, reflecting chiefly a substantial growth in the country's stock of monetary gold.

Production and Employment

Industrial production declined by about the usual seasonal amount in July and the Board's index, which is adjusted to allow for the usual seasonal variations, remained unchanged at 59 per cent of the 1923-1925 average. Activity decreased seasonally in the steel industry; by slightly more than the usual seasonal amount in the lumber, cement, newsprint, and meatpacking industries; and by substantially more than the seasonal amount in the automobile and lead industries. Output of shoes, which ordinarily increases in July, declined. At woolen mills activity increased by a substantial amount, and at silk mills there was a seasonal increase in production. Activity at cotton mills decreased, as is usual in July, while sales of cotton cloth by manufacturers increased considerably. Output of coal increased from the low level prevailing in June.

Reports on the volume of factory employment and payrolls showed substantial declines from the middle of June to the middle of July. In the machinery, women's clothing, and hosiery industries, and at railroad repair shops, the number employed decreased by considerably more than the usual seasonal amount, and at shoe factories the increase reported was smaller than usual. In the woolen goods industry a substantial increase in employment was reported.

Value of building contracts awarded, as reported by the F. W. Dodge Corporation, continued at a low level during July and the first half of August.

Prospects for many leading crops, including corn, spring wheat, potatoes, and tobacco, were reduced somewhat during July, according to the Department of Agriculture. The estimated total wheat crop, based on August 1 conditions, is 723,000,000 bushels, a decrease of about 175,000,000 bushels from last year's large crop, reflecting a reduction of 350,000,000 bushels in the winter wheat crop,

offset in part by an estimated increase of 175,000,000 in the spring wheat crop. The first official cotton estimate, as of August 1, was 11,300,000 bales, as compared with crops of 17,100,000 last season and 13,900,000 the year before. The indicated production of corn is 2,820,000,000 bushels, substantially larger than the crops of the last two seasons and slightly larger than the five-year average.

Distribution

Volume of freight traffic decreased somewhat from June to July, and value of department store sales was substantially reduced.

Wholesale Prices

The general level of wholesale prices, as measured by the monthly index of the Bureau of Labor Statistics, advanced from 63.9 per cent of the 1926 average in June to 64.5 per cent in July. Between the middle of July and the third week of August prices of livestock and meats, which had previously advanced considerably, declined somewhat, while price increases were reported for many other leading commodities, including wheat, textile raw materials and finished products, nonferrous metals, hides, sugar, coffee, and rubber.

Bank Credit

The total volume of reserve bank credit outstanding, which had increased by \$850,000,000 between the end of March and the third week of July, declined by \$95,000,000 in the four weeks to August 17, and in the same period member banks increased their reserve balances by \$45,000,000. These changes reflected chiefly the addition of \$95,000,000 to the country's stock of monetary gold and an inflow to the banks of \$30,000,000 in currency.

Total loans and investments of reporting member banks in leading cities were \$250,000,000 larger on August 17 than four weeks earlier. Total loans of these banks continued to decline throughout the period, while their investments increased substantially, reflecting an increase in holdings of United States Government securities in connection with Treasury financing operations. Time deposits increased by \$95,000,000 and net demand deposits by \$85,000,000.

Money rates in the open market remained at low levels. Successive reductions brought the prevailing rates on prime commercial paper to a range of 2-2¼ per cent in the first part of August.