

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

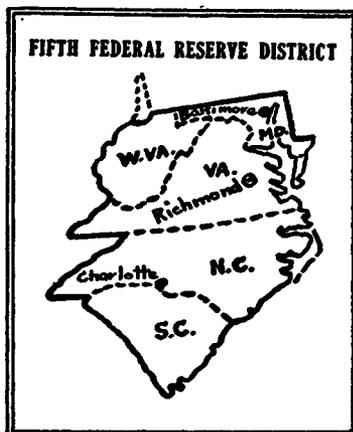


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RICHMOND, VIRGINIA

SEPTEMBER 30, 1932

ALTHOUGH there was no marked increase in the total volume of business transacted in the Fifth Federal reserve district in August, some seasonal increases in special lines were noted, and several barometers of trade show more than a mere seasonal rise. Definite improvement in nearly all classes of business is reported from the Carolinas, where cotton and tobacco play a more prominent part than in other sections of the Fifth district. Rediscounts at the Federal Reserve Bank of Richmond decreased between the middle of August and the middle of September, an unseasonal development, but the volume of Federal reserve notes in actual circulation rose with the beginning of the fall crop marketing. Reporting member banks in leading cities lowered their total loans to a slight extent, and also reduced their investments in stocks and bonds, but their deposits increased during the past month. Debits to individual accounts figures in the five weeks ended September 14, 1932, showed a lower total than in the preceding five weeks, ended August 10, but eight cities in the Carolinas reported higher figures for the more recent period. Commercial failure figures for the twelve Federal reserve districts for August show that the Fifth district made a poor record in number of insolvencies, but was in line with other districts in liabilities involved. The employment situation in the Fifth district continued very unsatisfactory, although a considerable number of industrial plants have recently taken on some additional workers or have lengthened hours of work for persons already employed. Coal production in August showed about the normal seasonal increase over July production, but continued much below the figures for 1931. The textile situation improved more than any other industry last month, higher cotton prices as a result of a much smaller crop than in recent years having



stimulated buying of textiles quite materially. Cotton consumption increased more than seasonally in August, mills took on some additional employees and orders were received in sufficient volume to run the mills several weeks. Building permits issued in Fifth district cities continued at a very low level, and contract award figures were also relatively low, but were higher than the awards in August 1931. Retail trade as reflected in department stores, in spite of very unfavorable weather for early fall trade, was up to seasonal level, and wholesale trade showed seasonal

gains in all lines for which data are available, dry goods and shoes reporting marked increases. In agriculture, the outstanding developments last month were rises in cotton and tobacco prices. The crops of both cotton and tobacco are much smaller this year than last, but the chief factor in the decline in production is acreage reduction, and therefore this year's crops promise larger net returns to farmers. In Virginia, and to a less degree in Maryland, there has been so little rain that some sections are experiencing a drought which approaches that of 1930 in severity, but it is not State-wide and further, it developed late in the season and early feed crops were harvested before the dryness became serious. Taking the district as a whole, the outlook for fall and winter trade appears definitely better than it was a year ago, and for the first time since the beginning of the depression there is a spirit of optimism in trade circles.

Reserve Bank Statement

As a rule, borrowing at the reserve bank tends to increase slightly between the middle of August and the middle of September, the credit needs of merchants for discounting bills for fall goods exceed-

ITEMS	000 omitted		
	Sept. 15 1932	Aug. 15 1932	Sept. 15 1931
Rediscounts held	\$ 23,555	\$ 28,226	\$ 23,032
Open market paper.....	2,495	2,767	2,628
Government securities	47,133	47,133	31,558
Other earning assets.....	0	0	700
Total earning assets.....	73,183	78,126	57,918
Circulation of Fed. Res. notes..	104,740	96,140	72,910
Members' reserve deposits.....	49,007	49,786	60,017
Cash reserves	96,417	77,632	91,596
Reserve ratio	59.95	51.83	64.88

ing liquidation of agricultural loans, but this year there was an unseasonal decline in rediscounts for member banks at the Federal Reserve Bank of Richmond amounting to \$4,671,000 between August 15 and September 15, the decline being in borrowing by banks in the smaller cities and in rural sections. The Bank's portfolio of open market paper also declined slightly last month, but no change occurred in holdings of Government securities. Total earning assets of the Richmond bank decreased by \$4,943,000 between August 15 and September 15. The actual circulation of Federal reserve notes rose seasonally last month, but the increase of \$8,600,000 was more than usually occurs at this time of year. Member bank reserve deposits at the Federal Reserve Bank of Richmond declined by \$779,000 last month, little more than a daily fluctuation. The several changes in the statement previously mentioned, with others of less importance, resulted in a net gain in the cash reserves of the Richmond bank amounting to \$18,785,000, and the ratio of cash reserves to note and deposit liabilities combined rose by 8.12 points.

In comparison with condition figures on September 15 last year, those for September 15 this year show some material changes. Rediscounts for member banks on the 1932 date showed an increase of \$523,000, a minor change, and open market paper holdings decreased by only \$133,000, but Government securities held by the Richmond bank rose \$15,575,000 during the year, and total earning assets rose by \$15,265,000. On September 15, 1932, the circulation of Federal reserve notes exceeded the circulation a year earlier by \$31,830,000, a very large amount in view of a smaller volume of business being done this year. Part of the increase is due to hoarding of currency, and the operation of the check tax has also increased the use of cash by reducing the number of checks drawn. Member bank reserve deposits at the reserve bank declined by \$11,010,000 during the past year, chiefly due to reduced deposits against which reserves are carried. Aggregate cash reserves of the Federal Reserve Bank of Richmond rose by \$4,821,000 between September 15, 1931, and September 15, 1932, but because of the rise in note circulation, the ratio of cash reserves to note and deposit liabilities combined dropped 4.93 points.

Member Bank Statement

ITEMS	000 omitted		
	Sept. 14 1932	Aug. 10 1932	Sept. 16 1931
Loans on stocks and bonds (including Governments)	\$120,458	\$119,454	\$157,408
All other loans.....	198,448	203,568	247,706
Total loans and discounts.....	318,906	323,022	405,114
Investments in stocks and bonds	251,683	257,718	233,384
Reserve bal. with F. R. Bank....	32,562	34,753	39,371
Cash in vaults.....	13,189	12,690	14,552
Demand deposits	276,147	273,702	328,098
Time deposits	228,413	228,860	259,630
Borrowed from F. R. Bank.....	7,786	7,871	8,358

The figures in the accompanying table show the principal items of conditions reported by all member banks in twelve of the largest cities in the Fifth reserve district on three dates, September 14 and August 10, 1932, and September 16, 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. Figures from forty-nine banks are included in the tabulation.

During the five weeks between August 10 and September 14, the reporting banks reduced their loans by \$4,116,000, and at the same time lowered their investments in bonds and securities by \$6,035,000. All of the reduction in loans was in commercial, agricultural or industrial loans, those on stocks and bonds increasing slightly. The reporting banks decreased their reserve balances at the reserve bank by \$2,191,000 during the past month, but their cash in vaults rose by approximately half a million dollars. Aggregate deposits increased between August 10 and September 14, demand deposits rising by \$2,445,000 and time deposits decreasing by \$447,000. The reporting banks decreased their borrowing at the reserve bank by \$85,000 last month. On September 14, nineteen of the forty-nine banks were rediscounting at the reserve bank, compared with twenty-one which were borrowing on August 10.

On September 14, 1932, all figures on the condition statement were materially lower than corresponding figures on September 16, 1931, except investments in stocks and bonds, which rose by \$18,299,000 during the year. Total loans dropped \$86,208,000, of which \$36,950,000 was in loans on securities and \$49,258,000 was in all other loans. Reserve balance at the reserve bank declined by \$6,809,000 during the year, in keeping with deposit reductions amounting to \$51,951,000 in demand deposits and \$31,217,000 in time deposits. Cash in vaults decreased by \$1,363,000 during the year, and the reporting banks also lowered their borrowing at the Federal Reserve Bank of Richmond by \$572,000. On September 16, 1931, seventeen of the forty-nine banks were borrowing at the reserve bank, compared with nineteen of the same forty-nine banks which were borrowing on September 14, 1932.

Time and Savings Deposits

Time deposits in forty-nine reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$434,776,728 at the end of August 1932, a lower figure than either \$440,607,538 reported at the end of July this year or \$469,746,559 at the end of August 1931. For the first time in a number of years, aggregate deposits in the twelve Baltimore savings banks at the end of August were lower than deposit figures for the corresponding date of the preceding year.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Sept. 14, 1932	Aug. 10, 1932	Sept. 16, 1931
Asheville, N. C.....	\$ 8,545	\$ 8,181	\$ 12,326
Baltimore, Md.....	292,349	337,737	378,702
Charleston, S. C.....	11,162	9,705	17,276
Charleston, W. Va.....	26,856	30,276	37,474
Charlotte, N. C.....	37,415	31,158	44,196
Columbia, S. C.....	13,127	13,125	18,914
Cumberland, Md.....	5,466	6,923	8,860
Danville, Va.....	4,456	4,695	6,193
Durham, N. C.....	16,756	15,288	28,910
Greensboro, N. C.....	10,662	10,834	17,059
Greenville, S. C.....	9,848	9,041	13,970
Hagerstown, Md.....	5,481	6,356	9,092
Huntington, W. Va.....	10,333	11,178	15,751
Lynchburg, Va.....	12,027	12,877	17,576
Newport News, Va.....	6,659	7,463	11,643
Norfolk, Va.....	32,994	39,293	47,556
Portsmouth, Va.....	3,204	3,729	4,334
Raleigh, N. C.....	12,140	14,327	19,439
Richmond, Va.....	105,490	111,189	132,145
Roanoke, Va.....	17,919	19,219	27,155
Spartanburg, S. C.....	5,469	5,051	9,665
Washington, D. C.....	186,232	221,473	230,556
Wilmington, N. C.....	7,122	7,094	11,101
Winston-Salem, N. C.....	22,770	25,646	30,302
Fifth District Totals	\$ 864,482	\$ 961,908	\$1,150,195

The debits to individual accounts figures shown in the table for three equal periods of five weeks include all checks drawn against depositors' accounts in the banks of twenty-four leading trade centers in the Fifth Federal reserve district. Figures for the five weeks ended September 14, 1932, are included, and for comparison the corresponding figures for the preceding five weeks this year, ended August 10, 1932, and the same five weeks last year, ended September 16, 1931, are also listed.

Aggregate debits in the reporting cities declined 10.1 per cent in the latest five weeks, compared with figures for the preceding like period, only eight of the twenty-four cities showing higher figures. In most years about half the cities report increased debits between mid-August and mid-September, chiefly as a result of crop marketing getting under way and early fall trade beginning. Some of the decline in debits in the more recent period is no doubt due to the new check tax law, which has reduced materially the use of checks in

trade channels. Every one of the eight cities reporting increased debits during the later period is in the Carolinas, in which better cotton and tobacco prices have stimulated trade to a considerable extent.

Debits in every one of the twenty-four reporting cities were lower during the five weeks ended September 14, 1932, than during the like period a year ago, the average decline being 24.8 per cent. This decline can be attributed in part to the lower prices prevailing in many lines this year, and in part to the influence of the check tax.

Commercial Failures

Commercial insolvencies in the Fifth Federal reserve district in August 1932 totaled 171, with aggregate liabilities amounting to \$3,892,210, an increase in number of 167 per cent and a rise in liabilities of 50 per cent in comparison with 64 failures and estimated liabilities totaling \$2,595,092 in August 1931. The number of failures in August was the largest for any August on record, and last month's liabilities were also the largest for any August since 1924, but the amount of liabilities involved in August 1932 failures was exceeded in five of the seven earlier months this year and February, March, June and July exceeded last month in number of insolvencies. The record of the Fifth district in August was much worse than the National average in number of failures, but in liabilities involved the district record was approximately in line with the National increase. In the United States as a whole, failures in August 1932 increased 44 per cent and liabilities rose 45 per cent in comparison with the figures for August 1931. Part of the large percentage increase in Fifth district failures in August was due to the unusually small number of bankruptcies in the district in August 1931. In the United States, all of the twelve reserve districts reported more failures in August 1932 than in August 1931, and all districts except San Francisco also reported increased liabilities.

Employment

Reports on employment conditions in the Fifth reserve district are conflicting, but on the whole there appears to have been some improvement in recent weeks. A number of industrial plants, especially in the textile field, have either taken on additional workers or have increased hours of work for people already employed. On the other hand, industrial plants and business houses which have as yet felt no stimulation in trade continue to lay off workers. The states in the Fifth district are planning extensive highway construction programs for the near future, partly in co-operation with Federal aid funds and plans.

Coal Production

Bituminous coal produced in the United States in August totaled 22,465,000 net tons, a seasonal increase over 17,857,000 tons mined in July this year

but less than 30,534,000 tons brought to the surface in August 1931. Total production of bituminous coal this calendar year through September 10 amounted to 192,685,000 net tons, a decrease of 26.3 per cent under 261,483,000 tons mined in the corresponding period last year. The August 20 report of the Bureau of Mines, Department of Commerce, gave coal production figures by States for the month of July, 1932, West Virginia with 5,632,000 tons holding first place over Pennsylvania, which mined 5,015,000 tons. Total production in the Fifth district was 6,224,000 net tons, or 34.9 per cent of National production for July, compared with 9,677,000 tons, or 32.5 per cent of National production, mined in the Fifth district in July 1931.

Textiles

There has been marked improvement in conditions in the textile industry since the first week in August, and the mills of the Fifth district have increased operating time. Orders are in larger volume than for many months, and some mills are sold up a month or two ahead. This increased activity resulted from cotton price advances in August. The mill authorities state that prices for finished products have not advanced as yet to profitable levels, but the management of most mills are optimistic for business in textiles in the next few months. In August 1932, Fifth district mills consumed 185,548 bales of cotton, an increase of 30.3 per cent over 129,389 bales used in July this year, but 6.0 per cent less than 197,404 bales consumed in the district in August 1931. Last month North Carolina mills consumed 91,994 bales, South Carolina mills used 84,700 bales, and Virginia mills 8,854 bales, the Virginia figure being higher than the one reported for August last year. Fifth district consumption figures in August 1932 were 46.1 per cent of National consumption, compared with 46.4 per cent of National consumption attained by the Fifth district mills in August last year.

Cotton Statistics

Cotton prices paid on ten leading Southern spot markets rose from the middle of August through the first week in September, but then declined and lost more than half the recent advance. The drop in price was caused by the unexpectedly high estimate on 1932 production issued by the Department of Agriculture on September 8. In our *Review* last month we told of the advance in prices from 5.65 cents per pound on August 5 to 7.11 cents per pound on August 19, following the release of the first condition report of the year on August 8. On August 26 the average price had risen to 8.27 cents, and on September 2 the price was 8.41 cents. However, the second condition report, released on September 8, was higher than the cotton trade expected, and the price fell to 7.85 cents on September 9, and declined further to 6.83 cents on September 16, the latest date for which figures are available.

Condition figures on the 1932 cotton crop, the second report of the year, were issued by the Depart-

ment of Agriculture on September 8. This report estimated probable production in 1932 at 11,310,000 bales, based on the September 1 condition of 56.6 per cent of a normal on 36,611,000 acres remaining in cultivation. The production estimate compares with a forecast of 11,306,000 bales made on August 1 and a crop of 17,096,000 bales ginned in 1931. The September report placed Virginia's 1932 crop at 30,000 bales, compared with 35,000 bales forecast on August 1 and final ginnings of 42,000 bales in 1931. North Carolina's probable production was given as 514,000 bales, compared with 509,000 bales forecast on August 1 and 758,000 bales grown last year. South Carolina's September 1 estimate of 599,000 bales compares with the August 1 estimate of 590,000 bales and a 1931 crop of 1,005,000 bales. The Department of Agriculture's report raised the figures for the Fifth district states to a total of 1,143,000 bales, an increase of 9,000 bales over the August 1 forecast, but 660,000 bales below final production figures for 1931. The decrease in 1932 production in the Fifth district is due to acreage reduction, use of less fertilizer, and sharply increased activity of boll weevils.

Ginning figures on this year's crop, released by the Census Bureau on September 8, indicate that the crop is much earlier than the 1931 crop, warm and dry weather having caused the cotton to open early. Ginnings this year prior to September 1 totaled 865,232 bales, compared with only 565,753 bales ginned before the corresponding date last year, but in 1930 ginnings to the same date totaled 1,879,919 bales.

Cotton consumption in the United States in August 1932 rose notably, and totaled 402,601 bales, compared with 278,656 bales used in July this year and 425,030 bales in August 1931. Manufacturing establishments held 1,090,421 bales on August 31, compared with 1,218,863 bales held on July 31 and 840,783 bales on August 31, 1931. Public warehouses and compresses held 6,547,563 bales in storage at the end of August this year, compared with 6,703,453 bales so held a month earlier and 4,426,399 bales on August 31 last year. August exports totaled 452,154 bales, compared with 449,476 bales sent abroad in July 1932 and 211,030 bales exported in August 1931. Spindles active at some time during August numbered 22,022,490, compared with 19,758,252 in July this year and 25,630,136 in August 1931.

Cotton growing states consumed 338,170 bales in August, compared with 239,186 bales used in July and 341,765 bales in August 1931. Last month's consumption in the cotton growing states amounted to 84.0 per cent of National consumption, a lower percentage than 85.8 per cent in July this year but above 80.4 per cent in August 1931. Of the 338,170 bales of cotton consumed in the cotton growing states in August, the Fifth district mills used 185,548 bales, or 54.8 per cent, a lower percentage than 57.7 per cent of Southern consumption attained by Fifth district mills in August last year.

On September 20, the Department of Commerce issued a report on spindles in place, spindles active in August, total spindle hours of operation in August, and average hours of operation per spindle in place in August. On August 31, 1932, there were 31,643,898 spindles in place in the United States, Massachusetts leading with 6,167,572, or 19.49 per cent of the total, North Carolina ranking second with 6,165,616 spindles, or 19.48 per cent, and South Carolina third with 5,695,614 spindles, or 18.0 per cent. The Fifth district as a whole had 39.63 per cent of total spindles in place in the United States at the end of August 1932. In actual spindle hours of operation, South Carolina led all states for August with 1,578,987,767 hours, or 28.5 per cent of the National total of 5,539,006,107 hours, and North Carolina ranked second with 1,247,779,366 hours, or 22.5 per cent, while Massachusetts had only 444,894,614 hours, or 8.0 per cent. The Fifth district, with 39.63 per cent of total spindles in the United States in place in August, showed 53.4 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 277 hours per spindle ranking second, North Carolina with 203 hours ranking fifth, and Virginia with 190 hours ranking sixth. The average hours of operation for the United States was 175, considerably lower than the average in any Fifth district state.

Tobacco

South Carolina auction tobacco markets opened early in August, and during the month sold 12,284,791 pounds of growers' tobacco for a total of \$1,449,835, an average of \$11.80 per hundred pounds. The price was slightly higher than the average of \$10.62 per hundred pounds paid for 24,473,743 pounds in August 1931. The market at Mullins led in sales last month with 4,215,230 pounds, Lake City ranked second with 2,411,232 pounds, and Timmonsville third with 2,071,418 pounds. On a basis of the September 1 condition, the *South Carolina* tobacco crop for this year is estimated to be 33,280,000 pounds, an increase over the August 1 forecast of 32,000,000 pounds but much below the 1931 production of 70,070,000 pounds. This year's production is only half of the five-year average production of 68,328,000 pounds.

North Carolina had only a few tobacco markets open during August, and figures on sales are not available. The crop improved during the month, and the forecast of production was raised from 266,560,000 pounds on August 1 to 277,032,000 pounds on September 1. The crop in 1931 totaled 479,526,000 pounds, and the five-year average is 403,133,000 pounds.

Virginia markets were not open in August. Tobacco deteriorated during August, so the September forecast of 56,648,000 pounds is 2 per cent below the August forecast. Flue-cured production is expected to be 33,000,000 pounds this year, compared

with the 1931 crop of 57,828,000 pounds. Fire-cured tobacco is forecast at 14,274,000 pounds, only about one-half of last year's production. The indicated yield of burley tobacco this year is 7,228,000 pounds, compared with 8,692,000 pounds in 1931. Sun-cured tobacco was damaged by the August drought and the indicated production of 2,030,000 pounds is only two-thirds of the small crop harvested last year.

Maryland tobacco is forecast at 25,702,000 pounds this year, compared with 32,160,000 pounds cured in 1931 and a five-year average production of 24,369,000 pounds.

West Virginia has a very small tobacco crop this year, estimated production being only 2,875,000 pounds, compared with 5,320,000 pounds harvested in 1931.

Agricultural Notes

Prospects for agricultural yields in the Fifth reserve district are nearly all below the ten-year average, the composite figures, based on average production from 1919 to 1928 as 100, being *Maryland* 86.0, *Virginia* 81.6, *West Virginia* 79.9, *North Carolina* 83.4, and *South Carolina* 88.7.

Maryland crops suffered during August from dry, hot weather, and average indicated production for all crops declined 2.2 per cent. Corn prospects declined half a million bushels, and on September 1 a yield of only 15,540,000 bushels was forecast, compared with 20,710,000 bushels harvested in 1931. The oats crop is estimated at 1,440,000 bushels, which is slightly less than the August 1 forecast, and 570,000 bushels less than the 1931 yield. Production of Irish potatoes is now forecast at 3,162,000 bushels, compared with 3,360,000 bushels harvested last year. An average crop of sweet potatoes is in prospect and a yield of 1,350,000 bushels is forecast, compared with last year's large crop of 2,013,000 bushels. *Maryland's* hay crop is expected to be approximately 473,000 tons, compared with 469,000 tons cured last year, but the condition of pastures on September 1 was much worse than last year.

Virginia crop prospects declined considerably during August as a result of unfavorable weather conditions. Rainfall was unusually light throughout the state, with some sections having practically no rain, but in the Eastern and Southwestern counties conditions were more favorable. All crops were seriously injured and late crops of corn, potatoes, and hay will be almost complete failures. Early crops were good, however, and therefore feed supplies are larger than in 1930, although some sections of the state have had nearly as severe a drought this year as in the earlier year. Plowing for fall grains has been considerably delayed, pastures and farm gardens have dried up completely in most sections, and there will be a shortage of late vegetables. Corn prospects declined last month and on September 1 the crop was forecast at 27,000,000 bushels, compared with 43,061,000 bushels gathered in 1931 and a five-year average of 35,-

681,000 bushels. Oats turned out slightly better than expected and total production of 3,145,000 bushels compared with 4,838,000 bushels last year and a five-year average of only 2,971,000 bushels. Late hay crops were badly damaged, and the failure of pastures caused cattle to be turned on the hay fields. As a result, very little late hay will be harvested, but the early crop turned out well, and final production estimated at 847,000 tons is therefore not seriously below last year's yield of 993,000 tons. The peanut crop on September 1 was critically in need of rain, and it is probable that the crop was materially reduced by the dry weather of September. However, indications on September 1 were for a yield of 126,000,000 pounds of nuts this year, compared with 164,160,000 pounds grown in 1931 and a five-year average of 124,463,000 pounds. The late Irish potato crop was so seriously damaged by the August drought that in some sections growers state that the crop is a total failure, and under best conditions in September the final yield will be small. Most of Virginia's potato crop is dug in June and July, however, so the estimated production of all potatoes, 9,400,000 bushels, compares with 14,278,000 bushels dug last year. Sweet potatoes declined in condition during August, and the September 1 forecast of 3,800,000 bushels is materially less than the 1931 yield of 4,750,000 bushels. Fruit prospects on September 1 were lower than on August 1, dry weather having reduced the size of apples, peaches and pears. The 1932 commercial apple crop of 1,920,000 barrels is only a little more than half the 1931 yield of 3,500,000 barrels.

North Carolina crops improved on the whole during August. Corn was helped by rains during the month, but not sufficiently to overcome the extreme dryness of July, and therefore this year's forecast of 35,520,000 bushels is not only lower than last year's large crop of 48,072,000 bushels but is also below the five-year average production. The oats crop of 3,978,000 bushels is less than last year's yield of 4,531,000 bushels, but is above the five-year average production of 2,756,000 bushels. A peanut crop of 239,400,000 pounds is forecast on the basis of the September 1 condition, compared with 305,900,000 pounds in 1931 and a five-year average of 198,039,000 pounds. The acreage in peanuts in North Carolina is the same this year as last. The hay crop is forecast at 551,000 tons, compared with 677,000 tons in 1931, and pastures on September 1 showed an average condition of 64 per cent, compared with 89 per cent a year earlier. North Carolina's 1932 sweet potato crop forecast is 7,120,000 bushels, compared with 6,560,000 bushels dug in 1931 and 6,185,000 bushels the five-year average. Prospects for apples are much below those of last year, a total of 1,752,000 bushels this year comparing with 5,328,000 bushels in 1931 and a five-year average of 4,479,000 bushels. This year's commercial apple crop is only 114,000 barrels.

South Carolina weather was favorable in August

for growing crops and prospects improved. Compared with a month earlier, the outlook on September 1 was for 2 per cent more cotton, 4 per cent more tobacco, 5 per cent more corn, 14 per cent more potatoes, and 50 per cent more hay. The combined production outlook for these five crops was 7 per cent better than on August 1 but was 28 per cent below the 1931 final production. The tobacco crop is off 53 per cent from last year, cotton is off 40 per cent, and corn 22 per cent. Hay and sweet potatoes are 13 and 51 per cent, respectively, above the 1931 yields. A corn crop of 18,040,000 bushels is forecast, compared with 22,994,000 bushels harvested in 1931. This year's sweet potato crop of 4,800,000 bushels is much more than 3,180,000 bushels dug in 1931. A hay crop of 178,000 tons compares with 202,000 tons cured last year. Present prospects are for a yield of peanuts totaling 9,100,000 pounds, exactly the same yield secured last year. Tree fruits were only fair in South Carolina this year, the peach crop being less than half that of last year, which was unusually large.

West Virginia crops generally declined during August, and on September 1 lower condition figures were reported than on August 1 for most crops. Corn prospects indicate a yield of 10,388,000 bushels this year, compared with 12,934,000 bushels harvested in 1931. The present low condition of oats indicates a crop of 2,584,000 bushels, compared with the 1931 yield of 3,552,000 bushels. The Irish potato crop improved during the month of August, and the forecast of 3,280,000 bushels is above 3,200,000 bushels harvested in 1931. Hay production of 551,000 tons is predicted this year, compared with 650,000 tons last year. Dry weather in August further reduced pasturage, and the September 1 condition of 66 per cent compares with 86 per cent last year. A commercial apple crop of 651,000 barrels is expected to move into commercial channels this year, compared with 1,700,000 barrels in 1931.

Construction

Building permits issued last month in thirty-two cities of the Fifth Federal reserve district for all classes of work totaled 2,424, compared with 3,282 permits issued in August last year, a decrease of 26.1 per cent, and last month's valuation of \$2,991,712 was 51 per cent less than the August 1931 valuation of \$6,102,074. Five of the thirty-two reporting cities showed higher valuation figures for the 1932 month, but only one of them, Danville, Va., reported figures in line with population figures.

Contracts awarded in August for construction work in the Fifth district, including both rural and urban projects, totaled \$13,611,282, compared with \$12,548,985 awarded in August 1931, according to figures collected by the F. W. Dodge Corporation. Of the awards in August this year, \$2,621,202, or only 19.3 per cent, was for residential work, while last year residential contracts totaled \$4,195,990, or 33.4 per cent of all awards.

**Building Permits Issued, Fifth District Cities,
August 1932 and 1931**

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.	1,071	1,034	\$1,128,120	\$ 886,320
Cumberland, Md.	7	6	5,600	11,600
Frederick, Md.	18	3	7,501	485
Hagerstown, Md.	19	16	9,125	20,220
Salisbury, Md.	12	15	4,450	14,650
Danville, Va.	10	12	231,815	7,380
Lynchburg, Va.	30	32	28,654	43,925
Norfolk, Va.	114	119	105,829	237,753
Petersburg, Va.	9	7	8,136	6,500
Portsmouth, Va.	25	41	13,515	30,284
Richmond, Va.	94	112	108,586	460,847
Roanoke, Va.	18	51	25,086	142,035
Bluefield, W. Va.	5	9	2,070	8,468
Charleston, W. Va.	97	24	41,314	42,592
Clarksburg, W. Va.	15	19	22,860	26,525
Huntington, W. Va.	23	26	5,180	16,200
Asheville, N. C.	22	29	9,370	45,710
Charlotte, N. C.	43	50	104,412	121,452
Durham, N. C.	10	17	16,025	32,325
Greensboro, N. C.	41	82	11,702	38,296
High Point, N. C.	9	23	4,775	71,940
Raleigh, N. C.	16	20	4,512	113,725
Rocky Mount, N. C.	10	4	9,850	3,400
Salisbury, N. C.	5	9	6,615	25,335
Wilmington, N. C.	14	17	4,050	150,700
Winston-Salem, N. C.	46	66	20,550	22,860
Charleston, S. C.	37	48	18,395	33,515
Columbia, S. C.	36	52	4,925	58,977
Greenville, S. C.	21	27	4,040	36,805
Rock Hill, S. C.	13	13	3,445	6,975
Spartanburg, S. C.	20	19	3,465	8,625
Washington, D. C.	514	1,330	1,017,740	3,375,650
Totals	2,424	3,282	\$2,991,712	\$6,102,074

Retail Trade, 33 Department Stores

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
August 1932 sales, compared with sales in August 1931:				
-25.4	-26.3	-14.5	-30.1	-22.2
Total sales Jan.-August 1932, compared with Jan.-August 1931:				
-21.6	-21.3	-16.1	-26.3	-19.7
Aug. 31, 1932 stocks, compared with stocks on Aug. 31, 1931:				
-19.0	-15.9	-12.0	-22.2	-15.6
Aug. 31, 1932 stocks, compared with stocks on July 31, 1932:				
- 6.3	+ 1.3	- 3.4	- 2.7	- 1.8
Number of times stock was turned in August 1932:				
.237	.226	.255	.188	.234
Number of times stock was turned since January 1, 1932:				
2.232	2.227	2.348	1.594	2.2
Percentage of Aug. 1, 1932, receivables collected in August:				
24.7	19.7	26.4	20.6	22.6

Wholesale Trade, 62 Firms

22	9	6	13	12
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
August 1932 sales, compared with sales in August 1931:				
-16.8	-19.7	-16.2	-26.6	-19.5
August 1932 sales, compared with sales in July 1932:				
+ 6.6	+70.3	+116.3	+31.9	+10.2
Jan.-Aug. 1932 sales, compared with sales in Jan.-Aug. 1931:				
-17.1	-27.9	-17.1	-21.9	-18.4
August 31, 1932 stocks, compared with August 31, 1931, stocks:				
-13.4(8*)	-27.8(4*)	-33.6(5*)	-13.8(7*)
August 31, 1932 stocks, compared with July 31, 1932 stocks:				
+ 2.2(8*)	- 2.9(4*)	- 5.4(5*)	- 1.2(7*)
Percentage of August 1, 1932, receivables collected in August:				
53.8(13*)	30.7(6*)	33.1(6*)	21.7(11*)	43.7(8*)

* Number of reporting firms.

(Compiled September 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial production increased from July to August by considerably more than the usual seasonal amount, reflecting chiefly expansion in activity at textile mills. Wholesale prices advanced during August and the general level prevailing in the first three weeks of September was somewhat higher than in other recent months. There was a further growth in the country's stock of monetary gold and a non-seasonal return flow of currency to the reserve banks.

Production and Employment

Industrial output increased substantially in August and the Board's seasonally adjusted index showed an advance from 58 to 60 per cent of the 1923-25 average. Activity at cotton, woolen, silk, and rayon mills increased from the low level of other recent months by considerably more than the usual seasonal amount, and there was also a substantial increase in activity at shoe factories. Output of automobiles, however, declined further and production in the steel and lumber industries showed none of the usual seasonal increase in August. During the first three weeks of September there was a slight advance in steel output.

Employment at factories increased slightly more than is usual at this season. There were large additions to working forces in the textile, clothing, and leather industries, while in the automobile, tire, and machinery industries and at car-building shops the number employed decreased further. Aggregate wage payments increased less than seasonally.

Building contracts awarded up to September 15, as reported by the F. W. Dodge Corporation, indicate that for the third quarter the total value of contracts will be about the same as for the second quarter, whereas usually awards for the third quarter are smaller. Currently, contracts for public works are a considerably larger part of the total than they were at the beginning of the year and residential contracts are a smaller part.

Department of Agriculture crop estimates based on September 1 conditions indicate little change in prospects during August. Indicated crops of wheat and tobacco are considerably smaller than in other recent years, while the corn crop is the largest since 1925. The cotton crop is estimated at 11,300,000, a decrease of about 6,000,000 bales from the large crop of a year ago.

Distribution

Volume of merchandise and other freight handled by the railroads increased seasonally during August, while during the corresponding period a year ago no increase was reported. Department store sales of merchandise increased from July to August by somewhat less than the usual seasonal amount.

Wholesale Prices

Wholesale commodity prices advanced from 64.5 per cent of the 1926 average in July to 65.2 per cent in August, according to the monthly index of the Bureau of Labor Statistics. During August prices of many leading commodities including textile raw materials and finished products, wheat, hides, non-ferrous metals, sugar, rubber, and coffee, increased substantially. In the first half of September there were declines in the prices of many of these commodities, while prices of wool and woolen goods, cattle, and hides advanced.

Bank Credit

During recent weeks further growth in monetary gold stock, a return flow of currency from hoards, and new issues of national bank notes have resulted in additions to the reserve funds of member banks. These banks have employed a part of the funds in further reducing their borrowings at the reserve banks, and have accumulated a part as reserve balances, which at the present time are more than \$300,000,000 in excess of required reserves. Reserve bank holdings of United States Government securities and of acceptances remained practically unchanged during the four weeks ending September 14, while the total of reserve bank credit declined by \$43,000,000 through the reduction of discounts for member banks.

Loans and investments of reporting member banks in leading cities showed little change between the middle of August and the middle of September. A further decline of more than \$150,000,000 in loans by banks outside New York City during the past four weeks was offset in large part by continued increase in investment holdings, chiefly at member banks in New York City. There was a considerable growth in deposits of reporting member banks, reflecting in part larger balances held by city banks for the account of other banks.

Money rates in the open market remained unchanged at low levels during August and the first half of September.