

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

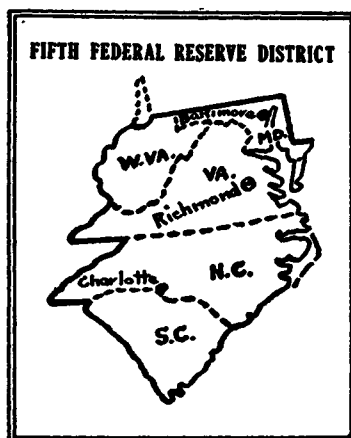


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT  
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

OCTOBER 31, 1932

FALL trade usually begins in earnest in September, and many lines of business take a seasonal upturn. This seasonal rise in business volume occurred in the Fifth Federal reserve district last month, and in a few lines was in larger volume than seasonal influence alone would explain. In banking, the developments in September and early October were mostly of an unseasonal nature, among them being a decline in rediscounts for member banks at the Federal reserve bank, a decline in outstanding loans in reporting member banks located in leading cities, a slight decrease in the circulation of Federal reserve notes, and practically no net change in deposits in member banks in spite of a reduction in loans. Time deposits in both member banks and in mutual savings banks increased in September. Debits to individual accounts figures in twenty-four leading cities in the four weeks ended October 12, 1932, totaled 19.3 per cent more than debits in the preceding four weeks, ended September 14, an increase only partly due to seasonal influences. Every one of the twenty-four cities reported higher figures for the later period. Commercial failures in September in the Fifth district compared favorably in both number and in aggregate liabilities involved with the record of other recent months, and last month's liabilities were less than those of September 1931. Employment showed some seasonal changes last month, but there was no material net increase or decrease in the number of employed persons in the district. Textile payrolls were increased during September, chiefly by increase in the number of days per week the mills are now running. Practically all mills are on full daylight time in the latter part of October, and cotton consumption in September increased more than seasonally. Coal production increased in September, as usual, and by about the usual amount. Spot cotton prices declined further between the middle of September and the middle of October, influenced adversely by the Department of Agriculture's increase



in its estimate of probable production, made on October 8. Cotton consumption and cotton exports increased notably in September, and average hours of operation per spindle in the United States rose from 175 in August to 218 in September. Auction tobacco markets in the Carolinas sold much less tobacco than in September 1931, but the tobacco sold brought better prices than those of last year. Agricultural prospects on the whole declined considerably during September because of dry weather, some sections experiencing drought conditions almost as severe as those of 1930. The drought was not as extensive this year, how-

ever, and also developed later in the growing season, and therefore did much less damage than the record drought of 1930. Construction work provided for in building permits issued and contracts actually awarded last month was in very small volume, as in all other recent months. Retail trade as reflected in sales in thirty-three leading department stores in the Fifth district increased more than seasonally last month, and averaged only 10.8 per cent less than sales in September 1931, while cumulative sales in the first nine months of this year averaged 18.8 per cent below sales in the corresponding period last year. Wholesale trade reports in five leading lines also showed seasonally increased sales in September, and shoe sales were ahead of sales in September last year, this being the first line to report in ten months an increase in comparison with the corresponding month of the preceding year.

## Reserve Bank Statement

Rediscounts for member banks by the Federal Reserve Bank of Richmond declined by \$3,304,000 between September 15 and October 15, both this year, in keeping with a seasonal trend. At this time of year liquidation of agricultural indebtedness normally exceeds mercantile borrowing, but this year the decline in rediscounts was almost entirely in city bank borrow-

ITEMS	000 omitted		
	Oct. 15 1932	Sept. 15 1932	Oct. 15 1931
Rediscounts held.....	\$ 20,251	\$ 23,555	\$ 32,157
Open market paper.....	2,157	2,495	33,056
Government securities.....	47,133	47,133	21,558
Other earning assets.....	0	0	700
Total earning assets.....	69,541	73,183	87,471
Circulation of Fed. Res. notes..	102,961	104,740	93,119
Members' reserve deposits.....	50,029	49,007	59,443
Cash reserves.....	99,216	96,417	82,853
Reserve ratio.....	61.00	59.95	50.48

ing instead of in country banks in which most of the agricultural loans are held. During the past month the Richmond bank also decreased nominally its holdings of open market paper, but the portfolio of Government securities remained unchanged. These changes decreased the Bank's total earning assets by \$3,642,000 between September 15 and October 15. The volume of Federal reserve notes in actual circulation registered an unseasonal decrease of \$1,779,000 last month, but this decline was due to the return of notes which had been drawn out by the banks in one of the larger cities as a safety fund during early September. The tension having eased, the notes were returned to the reserve bank for retirement. Member bank reserve deposits rose by \$1,022,000. The several changes mentioned, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$2,799,000 between September 15 and October 15, and also raised the ratio of cash reserves to note and deposit liabilities combined by 1.05 points.

A comparison of the figures on the statement for October 15, 1932, with corresponding figures reported on October 15, 1931, shows marked changes in most items. Rediscounts for member banks declined \$11,906,000 during the year, a decrease of 37 per cent, but the size of the decline was due to an unusual rise in rediscounts which occurred between September 15 and October 15 last year. The Bank also decreased its portfolio of open market paper by \$30,899,000 during the year, but increased its holding of Government securities by \$25,575,000. These transactions, with a drop of \$700,000 in other earning assets, lowered the total earning assets of the Federal Reserve Bank of Richmond by \$17,930,000 between October 15, 1931, and October 15, 1932. The circulation of Federal reserve notes at the middle of October this year showed an increase of \$9,842,000 in comparison with the circulation on the corresponding date a year ago, partly due to hoarding and partly to the influence of the check tax which has increased the use of money and reduced the volume of checks. Member bank reserve deposits decreased by \$9,414,000 during the year, partly due to lower deposits in member banks and partly to a reduction in the number of member banks. The changes in the statement resulted in an increase in cash reserves of the Richmond bank during the year totaling \$16,363,000, and the ratio of reserves to note and deposit liabilities combined rose by 10.52 points.

### Member Bank Statement

ITEMS	000 omitted		
	Oct. 12 1932	Sept. 14 1932	Oct. 14 1931
Loans on stocks and bonds (including Governments).....	\$119,114	\$120,458	\$147,752
All other loans.....	197,151	198,448	246,846
Total loans and discounts.....	316,265	318,906	394,598
Investments in stocks and bonds	267,990	251,683	242,325
Reserve bal. with F. R. Bank..	32,444	32,562	37,786
Cash in vaults.....	13,066	13,189	15,485
Demand deposits.....	273,115	276,147	330,044
Time deposits.....	231,184	228,413	243,727
Borrowed from F. R. Bank.....	4,533	7,786	12,494

The accompanying table shows the principal items of condition of forty-nine member banks in twelve leading cities of the Fifth Federal reserve district as of three dates, October 12, 1932, September 14, 1932, and October 14, 1931, thus affording an opportunity for comparison of the latest available figures with those of the corresponding dates a month and a year earlier. It should be understood that the figures in the table reflect conditions on the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

Total loans and discounts in the reporting banks decreased by \$2,641,000 during the past month, contrary to seasonal trend in city banks. Loans on stocks and bonds declined \$1,344,000, while all other loans decreased \$1,297,000. On the other hand, investments in bonds and securities rose in the reporting banks by \$16,307,000 between the middle of September and the middle of October. Cash in vaults declined by \$123,000 and reserve balance with the reserve bank dropped \$118,000, both mere daily fluctuations. Between September 14 and October 12, there was a small net decline in deposits, demand deposits decreasing \$3,032,000 while time deposits rose \$2,771,000. The forty-nine reporting banks decreased their borrowing at the Federal Reserve Bank of Richmond by \$3,253,000 during the month under review, and on October 12 only sixteen of the forty-nine banks were rediscounting, compared with nineteen of the same banks which were borrowing at the reserve bank a month earlier.

In comparison with figures reported last year, those for October 12, 1932, show marked changes in most items. Total loans and discounts at the reporting banks dropped \$78,333,000 between October 14, 1931, and October 12, 1932, loans on stocks and bonds declining \$28,638,000 and all other loans decreasing \$49,695,000. On the other hand, investments in stocks and bonds rose by \$25,665,000 during the year. Cash in vaults decreased by \$2,419,000 since mid-October last year, chiefly because easier conditions in the banks relieved the necessity for carrying large sums in their vaults as a precautionary measure. Deposits declined materially during the period under review, demand deposits decreasing \$56,929,000 and time deposits dropping \$12,543,000, but the decrease in deposits was less than the decline in total loans. As a result of lower deposits, reserve balances of the reporting banks declined \$5,342,000 between the middle of October last

year and this. On October 12, 1932, sixteen of the reporting banks were borrowing \$4,533,000 from the Federal Reserve Bank of Richmond, a decrease of \$7,961,000 under total borrowings by twenty-one of the same banks on October 14, 1931.

### Time and Savings Deposits

Time deposits in forty-nine reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$437,821,661 at the end of September 1932, a higher figure than \$434,776,728 reported at the end of August this year, but materially less than the total of \$456,050,816 at the end of September 1931. Deposits increased slightly during the past month in both the reporting member banks and in the mutual savings banks.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Oct. 12, 1932	Sept. 14, 1932	Oct. 14, 1931
Asheville, N. C.....	\$ 7,460	\$ 6,790	\$ 11,069
Baltimore, Md.....	272,228	226,943	368,880
Charleston, S. C.....	10,591	9,292	15,233
Charleston, W. Va.....	23,608	21,731	33,338
Charlotte, N. C.....	31,913	30,779	38,771
Columbia, S. C.....	12,467	10,839	17,064
Cumberland, Md.....	4,905	4,317	8,368
Danville, Va.....	4,630	3,635	6,707
Durham, N. C.....	16,087	13,589	24,538
Greensboro, N. C.....	10,315	8,613	16,090
Greenville, S. C.....	9,777	7,935	12,701
Hagerstown, Md.....	5,334	4,394	7,720
Huntington, W. Va.....	8,684	8,192	14,759
Lynchburg, Va.....	11,941	9,525	16,016
Newport News, Va.....	5,980	5,185	9,617
Norfolk, Va.....	30,974	26,097	41,793
Portsmouth, Va.....	2,796	2,517	4,128
Raleigh, N. C.....	12,038	9,677	17,542
Richmond, Va.....	103,972	84,508	123,366
Roanoke, Va.....	17,423	14,279	22,513
Spartanburg, S. C.....	4,801	4,459	7,868
Washington, D. C.....	179,983	147,710	226,119
Wilmington, N. C.....	7,187	6,052	10,441
Winston-Salem, N. C.....	22,381	18,201	33,587
<b>Fifth District Totals</b>	<b>\$ 817,475</b>	<b>\$ 685,259</b>	<b>\$1,088,228</b>

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of four weeks each, ended October 12 and September 14, 1932, and October 14, 1931.

During the four weeks ended October 12, 1932, aggregate debits to individual accounts showed a seasonal increase of \$132,216,000, or 19.3 per cent, over debits during the preceding like period this year, ended September 14, the increase being due to quarterly settlements on October 1 and to the opening of early fall trade during the later period. All of the twenty-four reporting cities showed higher figures for the more recent period.

In comparison with figures reported for four weeks last year, ended October 14, 1931, corresponding figures for the four weeks ended October 12, 1932, show a total decrease of \$270,753,000, or 24.9 per cent. All of the reporting cities showed lower figures for the 1932 period. The decrease in 1932 debits is due to several causes, among them being a generally lower level of business activity, lower prices in many lines this year, and the influence of the new tax on checks which has materially reduced the use of checks and thereby lowered debits to individual accounts.

### Commercial Failures

Business failures in the Fifth Federal reserve district in September 1932 numbered 150, with aggregate liabilities totaling \$2,638,430, compared with 171 failures and liabilities totaling \$3,892,210 in August 1932 and 102 failures and \$2,740,714 in liabilities reported in September 1931. Last month's failures were the fewest in number for any month this year except April, and last month's liabilities were lower than for any other months except May and January. Bankruptcies in the United States numbered 2,182 in September 1932, with liabilities aggregating \$56,127,634, compared with 1,936 failures and liabilities totaling \$47,255,650 in September 1931. The Fifth district showed an increase of 47 per cent in number of failures in September 1932 in comparison with the number in September last year, while the United States reported an increase of only 13 per cent, but in the aggregate of liabilities involved in September 1932 bankruptcies the district showed a decrease of 3.7 per cent, while the United States as a whole increased 18.8 per cent.

### Employment

There were no material changes in employment conditions in the Fifth district during the past month. Textile mills increased operations and either took on additional workers or gave longer working hours to persons already employed, and there was also some seasonal rise in employment in coal mining, but the approach of cold weather brought further unemployment, of a seasonal nature, in construction work as summer projects were completed. Fall trade during the next two months will require temporary help in many mercantile establishments, but on the other hand winter weather will increase the hardships of unemployment and will cause a rise in the assistance which charitable organizations and governmental agencies will be called upon to furnish.

### Coal Production

There was a seasonal increase in the production of bituminous coal in September, and 26,266,000 net tons were mined, compared with 22,489,000 tons dug in August this year and 31,919,000 tons in September 1931. Total production of soft coal in the United States in the present calendar year to October 8 amounted to 219,214,000 net tons, compared with 291,867,000 tons mined during the corresponding period

last year, and 404,477,000 tons in 1929, before the depression began.

In its September 24 report, the Bureau of Mines, Department of Commerce, gave bituminous coal production figures for the month of August, and West Virginia with 6,807,000 tons continued to lead the country, Pennsylvania ranking second with 5,778,000 tons.

Nearly all retail coal yards have raised coal prices from summer levels, but in many cases the increase was somewhat less than occurs in most years. All sizes of coal are in stock in sufficient quantity to fill orders immediately.

### Textiles

Textile mills in the Fifth district continued to expand their operations in September under the stimulus of a smaller cotton crop this year, and practically all mills are now running full time on a daylight basis, with scattered mills also working night shifts. Fifth district mills consumed 235,734 bales of cotton in September, an increase of 27 per cent over 185,548 bales used in August this year and 9.4 per cent over 215,410 bales consumed in the district in September 1931. Last month North Carolina mills consumed 119,083 bales, South Carolina mills used 103,487 bales, and Virginia mills 13,164 bales. Consumption of cotton in the Fifth district in September amounted to 47.97 per cent of National consumption, compared with 46.09 per cent of National consumption used in the district in August this year and 46.39 per cent in September 1931.

### Cotton Statistics

*Spot cotton prices* in late September and the first half of October ruled lower than in the preceding month. On September 16, the average price of  $\frac{7}{8}$  inch staple, middling grade, upland cotton on ten leading Southern spot markets was 6.83 cents per pound, and on September 23 and 30 the average was 7.07 cents. In the first week of October the price dropped to 6.86 cents on the 7th, and still further to 6.36 cents on October 14, the latest date for which figures are available. The latest decline was the result of the Department of Agriculture's condition report of October 8, which increased the earlier estimate of probable cotton production this year.

*Condition figures* on the 1932 cotton crop, based on the October 1 condition, were issued by the Department of Agriculture on October 8. This report raised the estimate of probable production in the United States to 11,425,000 equivalent 500-pound bales, in comparison with an estimate of 11,310,000 bales on September 1, 1932, and final ginnings of 17,096,000 bales in 1931. The October 1 report raised this year's probable production figures for North and South Carolina, but lowered Virginia's estimate, all in comparison with forecasts made a month earlier. South Carolina's yield is estimated at 610,000 bales, compared with 599,000 bales on September 1 and 1,005,000 bales grown last year. North Carolina's estimated crop of 519,000 bales compares with an estimate of 514,000

bales on September 1, and 756,000 bales ginned in 1931. Virginia's prospective yield of 29,000 bales compares unfavorably with 30,000 bales predicted a month earlier and 42,000 bales grown in 1931. Total production in the Fifth district is forecast at 1,158,000 bales, an increase of 15,000 bales during September but 645,000 bales less than last year.

*Ginning figures* to October 1, released by the Census Bureau on October 8, showed 4,835,465 bales ginned from this year's crop, compared with 5,409,657 bales of last year's crop ginned before October. On the whole, cotton opened earlier this year than in 1931, and a larger percentage of the crop was ginned prior to October 1.

*Cotton consumption* in the United States in September 1932 showed more than a seasonal increase over consumption in the longer month of August, and was materially larger than in September last year. The number of bales used totaled 491,655 in September 1932, compared with 402,601 bales used in August this year and 464,335 bales in September 1931. Total consumption this cotton year—August 1 through September 30—amounted to 894,256 bales, against 889,365 bales consumed in the corresponding two months of last season. Manufacturing establishments held 1,087,286 bales on September 30, compared with 1,090,421 bales held on August 31 and 777,858 bales on September 30, 1931. Public warehouses and compresses held 7,969,280 bales in storage at the end of September this year, compared with 6,547,563 bales so held a month earlier and 6,298,408 bales on September 30 last year. September exports totaled 733,665 bales, compared with 452,154 bales exported in August and 558,192 bales sent abroad in September 1931. Total exports during the two months of the present cotton year—August 1-September 30, inclusive—totaled 1,185,819 bales, a substantial increase over 769,222 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 23,883,948, compared with 22,022,490 in August this year and 25,230,618 in September 1931.

*Cotton growing states consumed* 407,966 bales in September, compared with 338,170 bales in August and 377,531 bales in September 1931. Last month's consumption in the cotton growing states amounted to 82.98 per cent of National consumption, a lower percentage than 84.00 per cent in August this year but higher than 81.31 per cent in September 1931. Of the 407,966 bales of cotton consumed in the cotton growing states in September, Fifth district mills used 235,734 bales, or 57.78 per cent, a slightly higher figure than 57.06 per cent of Southern consumption attained by Fifth district mills in September last year.

On October 20, the Department of Commerce issued a report on spindles in place in September, spindles active, total spindle hours of operation, and average hours of operation per spindle. On September 30, 1932, there were 31,545,832 spindles in place in the United States, North Carolina leading with 6,164,334, or 19.54 per cent of the total, Massachusetts ranking second with 6,142,718 spindles, or 19.47 per cent, and

South Carolina third with 5,697,796 spindles, or 18.06 per cent. The Fifth district as a whole had 39.75 per cent of total spindles in place in the United States at the end of September 1932. In actual spindle hours of operation, South Carolina led all states for September with 1,896,627,580 hours, or 27.62 per cent of the National total of 6,866,031,482 hours, and North Carolina ranked second with 1,507,081,464 hours, or 21.95 per cent, while Massachusetts had only 715,781,158 hours, or 10.42 per cent. The Fifth district, with 39.75 per cent of total spindles in place in the United States in September, showed 51.86 per cent of total hours of operation. In actual hours of operation per spindle in place, the Fifth district states did not compare so favorably with others, South Carolina with an average of 333 hours per spindle ranking second, North Carolina with 244 hours ranking sixth, and Virginia with 231 hours ranking seventh. The average hours of operation for the United States was 218, considerably lower than the average in any Fifth district state.

### Tobacco

*South Carolina* auction markets sold 20,201,276 pounds of producers' tobacco in September, at an average price of \$11.25 per hundred pounds, compared with 28,271,959 pounds sold in September 1931, at \$9.37 per hundred. Total sales for the 1932 season to the end of September amounted to 32,486,067 pounds, and the average season price was \$11.46 per hundred. Mullins led in sales last month with 8,206,034 pounds, Lake City ranking second with 4,540,653 pounds. South Carolina tobacco production in 1932 was forecast on October 1 as 32,640,000 pounds, compared with 70,070,000 pounds grown in 1931, and a five-year average of 68,328,000 pounds.

*North Carolina* growers sold 66,600,614 pounds of tobacco on auction floors in September, at an average price of \$11.57 per hundred pounds, compared with 96,259,217 pounds sold in September 1931 for \$9.56 per hundred. Prices are higher than a year ago as a result of a short crop in the United States, but a record carry-over of tobacco from previous years is partly offsetting the effects of this year's short crop. On October 1 the 1932 tobacco yield for North Carolina was estimated at 277,032,000 pounds, compared with 479,526,000 pounds harvested last year and a five-year average of 403,133,000 pounds. Greenville led in September sales with 9,648,044 pounds, Wilson ranking second with 9,020,085 pounds.

*Virginia* tobacco markets opened in October and no sales figures are yet available. Last year the Virginia markets sold 916,596 pounds in September. Weather was favorable for harvesting tobacco in September, but the crop is later than usual and only 83 per cent of the crop had been gathered on October 1, compared with 98 per cent of the 1931 crop harvested prior to October. The forecast of production of tobacco in Virginia this year is 53,350,000 pounds, compared with 97,920,000 pounds harvested in 1931 and a five-year average production of 126,860,000 pounds.

*Maryland's* prospective yield of 25,340,000 pounds

of tobacco this year compares with 32,160,000 pounds grown in 1931 and a five-year average of 24,369,000 pounds.

*West Virginia* tobacco prospects this year indicate a probable production of 2,760,000 pounds, only a little over half of 5,320,000 pounds grown in 1931, and also much below the five-year average production of 4,868,000 pounds.

### Agricultural Notes

Except in South Carolina, all crops in the Fifth reserve district deteriorated in September, due to continued hot, dry weather. Some sections of the district, especially in Maryland and Virginia, approached the severe drought conditions of 1930, but since the extreme dryness this year developed later in the season and was less extensive in area, the damage done to crops was less severe than the damage done in 1930.

*Maryland* weather was dry and hot for the fourth consecutive month in September, and crops declined materially. No general rains occurred between June 1 and October 1. The corn crop in Maryland this year is estimated at 15,540,000 bushels, compared with 20,710,000 bushels harvested in 1931, and this year's oat crop of 1,440,000 bushels compares with 2,010,000 bushels threshed last year. Tame hay yields total 481,000 tons this year, an increase over 469,000 tons cut in 1931, but the average condition of pastures in Maryland on October 1 was only 45 per cent against 80 per cent on the same date a year ago. Irish potatoes declined in production this year to 3,026,000 bushels from the 1931 yield of 3,360,000 bushels, and sweet potatoes produced only 1,300,000 bushels in 1932 in comparison with 2,013,000 bushels last year. The commercial apple crop of Maryland is only 259,000 barrels this year, compared with 650,000 barrels picked in 1931, and the fruit this year is small and poorly colored.

*Virginia* experienced drought weather in September, and crops declined in condition throughout the state. General rains early in October were very beneficial to pastures, late gardens and vegetables, and also permitted better preparation of the land for seeding fall grain, but came too late to do much good to this year's major crops. The corn crop turned out about as had been expected, with good yields on bottom lands but very poor returns from upland fields. Total production of corn this year is forecast at 27,000,000 bushels, compared with 43,061,000 bushels last year and a five-year average of 35,681,000 bushels. The yield of oats turned out slightly better than had been expected, but the crop of 3,230,000 bushels was much lower than 4,838,000 bushels harvested last year. Hay crops are smaller than usual, although early hay turned out well. This year's hay cut of 847,000 tons compares with 993,000 tons cut last year. Some of last year's good crop is still on the farms, and with this year's yield will provide sufficient feed for stock during the coming winter except in about fifteen counties in central and southern Virginia. The condition of pastures declined throughout Virginia in September, and in most

sections of the state provided so little grazing that farmers were forced to feed their livestock, but rains at the end of September and in the first half of October greatly improved the growth of grass. Peanuts did not develop well during September, and farmers are finding fewer nuts on the vines than usual. Total production of peanuts is forecast at 120,400,000 pounds, compared with 164,160,000 pounds last year and a five-year average of 124,463,000 pounds. The late potato crop was very poor in most parts of the state and some growers actually harvested fewer potatoes than they planted. A crop of 9,400,000 bushels is forecast on the basis of the October 1 condition, compared with 14,278,000 bushels dug in 1931 and a five-year average production of 15,357,000 bushels. The sweet potato yield this year is also lower than that of 1931, the 1932 crop of 3,610,000 bushels comparing with 4,750,000 bushels dug last year. There was a reduction of about 20 per cent in the commercial apple crop during September. As a result of the dry weather, apples are much smaller than usual and worm injury has reduced the percentage of the crop suitable for packing. The October 1 forecast of 1,560,000 barrels is less than half the 1931 crop of 3,500,000 barrels and is also appreciably below the five-year average of 2,602,000 barrels. On account of the small size and worm injury growers estimate that only 39 per cent of the crop will pack U. S. No. 1 grade or better, compared with 48 per cent last year.

*West Virginia* was dry in September, to the general detriment of late crops and pastures. Corn prospects on October 1 indicated a yield this year of 10,600,000 bushels, compared with 12,934,000 bushels harvested in 1931. Nearly all corn had been cut and shocked by the end of September. The yield of oats this year is 2,992,000 bushels, compared with 3,552,000 bushels last year. Irish potatoes were nearly all harvested before October 1, and this year's yield of 3,520,000 bushels exceeds the 1931 crop of 3,200,000 bushels. Apples suffered further loss in September, and the part of the total crop which is classed as commercial is 630,000 barrels, compared with 1,700,000 barrels shipped in 1931. Hay yields totaling 583,000 tons are reported for this year, against 650,000 tons cut last year and a five-year average of 835,000 tons. On October 1 the condition of pastures in West Virginia was only 47 per cent of normal, compared with 86 per cent a year ago.

*North Carolina* was extremely dry during July, August and September, and such crops as hay, fruits, corn and potatoes suffered materially. General rains fell early in October, but too late to be of much assistance to leading crops. Corn production in North Carolina is estimated to be 35,520,000 bushels this year, compared with 48,072,000 bushels in 1931 and a five-year average of 37,722,000 bushels. The oat crop turned out 3,978,000 bushels, compared with 4,531,000 bushels in 1931 and a five-year average of 2,756,000 bushels. Hay yields total 588,000 tons this year, compared with 677,000 tons last year. The 1932 yield of sweet potatoes is the only major crop which shows an increase in yield over the 1931 yield, 7,120,000 bushels this year

comparing with 6,560,000 bushels in 1931. The North Carolina apple crop of 1,825,000 bushels is far below last year's yield of 5,328,000 bushels. Peanut production is expected to total 239,400,000 pounds this season, compared with 305,900,000 pounds harvested in 1931.

*South Carolina* crops changed little during September, weather in that state being more favorable than in the other states in the Fifth district. Crops average about 27 per cent less than the good yields of 1931 and about 10 per cent below the five-year average. Corn production in South Carolina this year totaled 18,040,000 bushels, compared with 22,994,000 bushels in 1931, and the hay crop of 202,000 tons exceeded last year's yield of 178,000 tons. Sweet potatoes turned out 4,800,000 bushels in 1932, compared with 3,180,000 bushels in 1931. Peanut production in South Carolina totaled 8,750,000 pounds this year, compared with 9,100,000 pounds harvested last year, and this year's apple crop of 164,000 bushels compares with 320,000 bushels gathered in 1931. The tobacco and cotton crops, mentioned elsewhere in this *Review*, account for most of the decline in total agricultural production in South Carolina this year in comparison with 1931.

## Construction

### Building Permits Issued, Fifth District Cities, September 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.....	1,102	1,234	\$1,649,280	\$1,463,160
Cumberland, Md.....	9	10	3,459	30,110
Frederick, Md.....	17	8	8,831	2,875
Hagerstown, Md.....	10	13	3,680	9,825
Salisbury, Md.....	33	35	23,150	23,700
Danville, Va.....	12	15	5,882	22,475
Lynchburg, Va.....	31	53	27,835	78,641
Norfolk, Va.....	92	156	75,728	142,779
Petersburg, Va.....	4	29	675	7,535
Portsmouth, Va.....	26	33	11,680	26,615
Richmond, Va.....	103	123	49,916	397,868
Roanoke, Va.....	23	41	11,394	120,997
Bluefield, W. Va.....	2	9	3,050	2,440
Charleston, W. Va.....	69	46	20,136	53,854
Clarksburg, W. Va.....	24	24	6,115	477,715
Huntington, W. Va.....	24	36	10,455	53,215
Asheville, N. C.....	18	33	9,724	6,115
Charlotte, N. C.....	34	46	39,231	109,477
Durham, N. C.....	7	13	8,445	308,825
Greensboro, N. C.....	43	46	48,983	24,235
High Point, N. C.....	8	29	12,450	44,000
Raleigh, N. C.....	14	22	10,600	19,342
Rocky Mount, N. C.....	1	6	60	8,475
Salisbury, N. C.....	4	13	5,250	79,060
Wilmington, N. C.....	15	20	13,050	24,050
Winston-Salem, N. C.....	42	83	11,300	56,220
Charleston, S. C.....	42	35	7,600	37,773
Columbia, S. C.....	41	75	13,081	81,326
Greenville, S. C.....	22	42	14,100	42,545
Rock Hill, S. C.....	13	12	12,560	12,435
Spartanburg, S. C.....	24	15	5,731	3,795
Washington, D. C.....	483	497	971,280	2,275,065
Totals .....	2,392	2,852	\$3,094,711	\$6,046,542

*Building permits issued* by building inspectors in thirty-two cities in the Fifth reserve district in September totaled 2,392, with estimated valuation amount-

ing to \$3,094,711, a decrease of 16.1 per cent in number in comparison with 2,852 permits issued in September 1931, and a decrease of 48.8 per cent under September 1931 valuation figures totaling \$6,046,542. Only seven of the thirty-two cities reported higher figures for the 1932 month, and several cities which issued relatively large amounts in permits in September last year declined drastically this year.

*Contracts awarded* in September for construction work in the Fifth district, including both rural and urban projects, totaled only \$10,684,728, compared with \$13,611,282 in August 1932 and \$20,573,415 in September 1931. Of the awards in September this year, \$2,076,918, or 19.4 per cent, was for residential work, while last year residential contracts in September totaled \$4,034,385, or 19.6 per cent of all awards.

### Retail Trade, 33 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
September 1932 sales, compared with sales in September 1931:	-10.4	-11.5	-9.0	-15.6	-10.8
January-September 1932 sales, compared with Jan.-Sept. 1931:	-20.4	-20.2	-15.3	-25.1	-18.8
Sept. 30, 1932, stocks, compared with stocks on Sept. 30, 1931:	-20.9	-20.5	-12.6	-25.0	-18.2
Sept. 30, 1932, stocks, compared with stocks on August 31, 1932:	+ 5.7	+ 9.5	+13.3	+ 6.2	+10.2
Number of times stock was turned in September 1932:	.333	.323	.336	.247	.32
Number of times stock was turned since January 1, 1932:	2.552	2.536	2.664	1.831	2.505
Percentage of Sept. 1, 1932, receivables collected in September:	26.0	18.9	24.1	21.3	21.6

### Wholesale Trade, 62 Firms

	22 Groceries	9 Dry Goods	6 Shoes	13 Hardware	12 Drugs
September 1932 sales, compared with sales in September 1931:	-16.5	— .8	+ .5	-17.5	-19.4
September 1932 sales, compared with sales in August 1932:	+ 7.3	+54.7	+24.0	+24.3	+ 7.6
Jan.-Sept. 1932 sales, compared with Jan.-Sept. 1931 sales:	-17.0	-24.0	-14.6	-21.4	-18.5
Sept. 30, 1932, stocks, compared with Sept. 30, 1931, stocks:	-10.1(8*)	-18.6(4*)	-36.3(5*)	-13.2(7*)	.....
Sept. 30, 1932, stocks, compared with Aug. 31, 1932, stocks:	+ 7.1(8*)	+ 7.6(4*)	- 6.8(5*)	+ .4(7*)	.....
Percentage of Sept. 1, 1932, receivables collected in September:	56.2(13*)	35.0(6*)	37.7(6*)	27.3(11*)	-44.4(8*)

\* Number of reporting firms.

(Compiled October 21, 1932)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Industrial activity and shipments of commodities by rail increased from August to September by considerably more than the usual seasonal amount. There was also a more than seasonal increase in the volume of factory employment and payrolls. The general level of prices, after advancing for three months, showed a decline beginning in the early part of September.

**Production and Employment**

Volume of industrial production, as measured by the Board's seasonally adjusted index, based on the 1923-1925 average, increased from a low point of 58 in July to 60 in August and 66 in September. The advance in September reflected chiefly large increases in activity at textile mills, shoe factories, meatpacking establishments, and coal mines. In the steel industry, where activity had shown none of the usual seasonal increase in August, operations expanded considerably during September and the first three weeks of October to about 20 per cent of capacity. Daily average output of automobiles and lumber in September showed little change from recent low levels.

Factory employment increased from 58.8 per cent of the 1923-1925 average in August to 60.3 per cent in September, according to the Board's seasonally adjusted index. Considerable increases were reported in the cotton, woolen, silk, hosiery, and clothing industries, and smaller increases at car building shops, foundries, cement mills, and furniture factories. In the automobile, tire and electrical machinery industries, employment declined.

During the three months ending with September value of building contracts awarded, as reported by the F. W. Dodge Corporation, was about the same as in the preceding three months, although awards are usually smaller in the third quarter. In the first half of October the daily average of contracts declined somewhat.

**Distribution**

Volume of freight-car loadings increased by considerably more than the usual seasonal amount in September, reflecting chiefly larger shipments of coal and miscellaneous freight. Department store sales increased from the low level of August by somewhat more than the usual seasonal percentage.

**Wholesale Prices**

Wholesale commodity prices, as measured by the monthly index of the Bureau of Labor Statistics, showed little change from August to September. During August and early September there was a general advance in prices followed by a decline which continued through the first half of October, when the average was 2 per cent below the high point in early September and 1 per cent above the low point of early summer. Substantial decreases occurred after the beginning of September in the prices of many domestic agricultural commodities, including cotton, grains, and livestock, and also in prices of gasoline, nonferrous metals, and imported raw materials; while prices of wool, worsted yarns, coal, and lumber increased somewhat during this period.

**Bank Credit**

During September and the first three weeks of October there were further additions to the reserve funds of member banks, arising from increases in the country's stock of monetary gold, from an unseasonal return flow of currency, and from issues of additional national bank notes. Member bank indebtedness to the reserve banks declined by more than \$100,000,000 from September 7 to October 19 and their reserve balances increased by \$180,000,000.

During September and the first two weeks of October reporting member banks in leading cities showed a further growth in investment holdings, largely of United States Government securities, but to some extent of other investments. Loans of reporting banks declined further in September; in the early part of October loans at banks in New York City showed an increase. There was considerable growth in Government deposits and in bankers' balances during the period; time deposits also increased.

Money rates in the open market declined to lower levels during the first half of October, the rate on prime commercial paper being reduced from a range of 2-2¼ to a range of 1¾-2 per cent, and the rate on 90-day bankers' acceptances from ¾ of one per cent to ½ of one per cent. Rates for call loans on stock exchange collateral declined from 2 per cent to 1 per cent.