

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

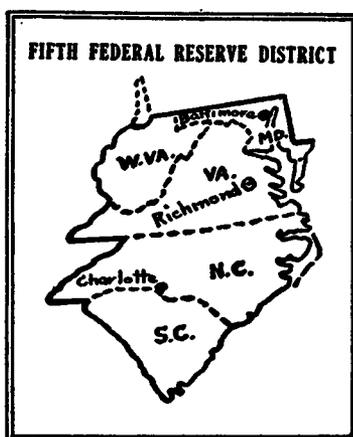


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

NOVEMBER 30, 1932

THERE were seasonal increases in trade in some lines in October and the first half of November, and there were also evidences of improved basic conditions in the Fifth Federal reserve district. In banking, developments indicated that some money has returned to circulation from hoards. First, demand deposits in reporting member banks increased between the middle of October and the middle of November, in spite of a decline in loans during the same period. Further, the actual circulation of Federal reserve notes of the Richmond bank declined last month, while ordinarily circulation rises several millions of dollars in late October and early November. Since other indicators show a seasonal expansion in trade, with a resultant need for more money with which to transact business, the increased deposits and decreased circulation show that additional funds are coming into trade channels from sources outside the banks. Rediscounts for member banks at the Federal Reserve Bank of Richmond declined slightly last month, liquidation of agricultural loans in country banks exceeding the needs for commercial credit at city banks. Savings deposits in mutual savings banks increased in October, and time deposits in reporting member banks remained practically unchanged. Debits to individual accounts figures during four weeks ended November 9 showed a seasonal decrease in comparison with debits in the preceding four weeks, ended October 12, but the decline was less than occurs in most years. In comparison with debits in four weeks ended November 11 last year, debits in the corresponding period this year were only 18 per cent less, in spite of a lower level of general business activity this year, lower price levels in many lines, and the adverse influence of the new tax on checks. The commercial failure record of the Fifth district



in October was about in line with the record of other recent months, but was worse than the National record for that particular month. There was no improvement in employment conditions in the district last month, but rather some seasonal increase in the number of unemployed. Coal production increased seasonally in October, but was less than production in October last year. In the textile field, mills continued operations on full day-light shifts, and this activity, with increased payrolls for textile workers, has been reflected in improved trade in mill centers. Cotton prices were somewhat lower between mid-October and mid-November than in the preceding month, but cotton consumption in the United States in October exceeded consumption in October last year, and cotton exports also were larger than in 1931. Tobacco manufacturing declined in October in comparison with the same month a year ago. Auction tobacco markets in the Fifth district sold much less tobacco last month than they sold in October last year, and this year's prices, while somewhat higher than those of 1931, were low in view of the short crop of tobacco this year; the continuation of low prices for tobacco being due to the carry-over from the 1931 and earlier crops. In the face of such a condition, it will require more than one short crop, or increased consumption, to raise tobacco prices materially. Retail trade as reflected in department store business increased in October over September, but by less than the seasonal amount. However, part of this relatively small increase last month was due to large sales in September. Wholesale trade in October compared fairly well with trade in October 1931, in view of many price changes during the year, and for the second successive month shoe jobbers reported larger sales than in the corre-

sponding month of the preceding year. Crops for 1932 are practically made and harvested, and on the whole yields in the Fifth district were lower than yields in 1931, partly due to acreage reduction in some crops and drought conditions in the district during much of the growing season. Farmers in many instances raised more feed and food stuffs than last year, and this year's crops were made very cheaply, but total farm cash income promises to be even less this year than last, in spite of somewhat better prices for cotton, tobacco, and some other crops.

Reserve Bank Statement

ITEMS	000 omitted		
	Nov. 15 1932	Oct. 15 1932	Nov. 15 1931
Rediscounts held	\$ 18,310	\$ 20,251	\$ 41,042
Open market paper.....	1,945	2,157	16,150
Government securities	47,133	47,133	27,406
Other earning assets.....	0	0	700
Total earning assets.....	67,388	69,541	85,298
Circulation of Fed. Res. notes..	100,889	102,961	101,770
Members' reserve deposits.....	49,006	50,029	54,251
Cash reserves	93,727	99,216	86,607
Reserve ratio	60.22	61.00	52.28

Rediscounts for member banks held by the Federal Reserve Bank of Richmond declined by \$1,-\$942,000 between October 15 and November 15, both this year, and the portfolio of open market paper declined by \$212,000. Agricultural liquidation slightly exceeded commercial borrowing at the member banks during the month, accounting for the decline in rediscounts at the reserve bank. There was no change in the bank's holdings of Government securities last month, but the reductions in rediscounts and in open market paper lowered the total earning assets of the Richmond bank by \$2,153,000. The most interesting change in the statement is in the volume of Federal reserve notes in circulation, a decrease of \$2,072,000 occurring at a season when circulation is expected to increase several millions of dollars. The decline probably indicates the return of money to trade channels from hoarding in sufficient amount to provide for increased needs for money on account of fall trade. Member bank reserve deposits declined \$1,023,000 between the middle of October and the middle of November, little more than a daily fluctuation. The several changes previously mentioned, with others of less importance, lowered the cash reserves of the Federal Reserve Bank of Richmond by \$5,489,000 last month, and reduced the ratio of cash reserves to note and deposit liabilities combined by a fraction of a point.

A comparison of the November 15, 1932, figures in the statement of the Richmond reserve bank with those of November 15, 1931, shows the same material differences recorded in other recent months. Rediscounts for member banks held by the reserve bank decreased \$22,732,000 during the year and the portfolio of open market paper de-

clined \$14,205,000, but holdings of Government securities rose \$19,727,000. These changes resulted in a net increase of \$17,910,000 in total earning assets during the year. The volume of Federal reserve notes in actual circulation decreased \$881,-000 between November 15 last year and this, November 15, 1932, being the first mid-month date in a year which showed lower circulation figures than the corresponding date of the preceding year. Since the fall of 1931 circulation has been exceptionally high as a result of hoarding, but it appears that during October and November much money was returned to circulation. Member bank reserve deposits decreased \$5,245,000 during the year, due in part to lower deposits against which reserves are carried and in part to a reduction in the number of member banks. Cash reserves of the Federal Reserve Bank of Richmond rose \$7,120,000 between November 15, 1931, and November 15, 1932, and the ratio of cash reserves to note and deposit liabilities combined rose 7.94 points.

Member Bank Statement

ITEMS	000 omitted		
	Nov. 9 1932	Oct. 12 1932	Nov. 11 1931
Loans on stocks and bonds (in- cluding Governments)	\$118,178	\$119,114	\$144,155
All other loans.....	194,787	197,151	242,076
Total loans and discounts.....	312,965	316,265	386,231
Investments in stocks & bonds..	273,902	267,990	238,068
Reserve bal. with F. R. Bank....	35,757	32,444	37,234
Cash in vaults.....	13,631	13,066	17,551
Demand deposits	287,145	273,115	316,054
Time deposits	231,072	231,184	238,204
Borrowed from F. R. Bank.....	5,735	4,533	18,306

The accompanying table shows the principal items of condition of forty-nine regularly reporting member banks in the Fifth reserve district as of three dates, 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 as of 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 declined \$3,300,000 between October 12 and November 9 this year, loans on securities decreasing \$936,000 and all other loans dropping \$2,364,000. On the other hand, the reporting banks increased their investments in stocks and bonds by \$5,912,000 last month, and their aggregate reserve balance at the reserve bank rose by \$3,313,000. Cash in vaults rose \$565,000 during the same period. Demand deposits increased \$14,-030,000 between October 12 and November 9, but time deposits decreased slightly, by \$112,000. The forty-nine banks increased their borrowing at the Federal reserve bank by \$1,202,000 during the month under review, and on November 9 sixteen of the number were rediscounting, the same num-

ber as on October 12.

During the year between November 11, 1931, and November 9, 1932, total loans in the reporting member banks decreased \$73,266,000, of which \$25,977,000 was in loans on securities and \$47,289,000 was in all other loans. Investments in securities rose \$35,834,000 during the year, but reserve balance with the reserve bank dropped \$1,477,000, cash in vaults declined \$3,920,000, and aggregate deposits decreased \$36,041,000, demand deposits dropping \$28,909,000 and time deposits \$7,132,000. On November 9, 1932, aggregate borrowings at the reserve bank by sixteen of the forty-nine reporting banks lacked \$12,571,000 of equaling the amount borrowed by thirty of the same banks on November 11, 1931.

Time and Savings Deposits

Time deposits in forty-nine reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$438,683,140 at the end of October 1932, a higher figure than \$437,821,661 reported at the end of September this year, but materially less than the total of \$451,914,081 at the end of October 1931. Savings deposits increased in mutual savings banks last month, but time deposits declined slightly in reporting member banks, the decline being due to the transfer of Christmas Savings funds from time to demand deposits early in November.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Nov. 9, 1932	Oct. 12, 1932	Nov. 11, 1931
Asheville, N. C.....	\$ 6,740	\$ 7,460	\$ 10,160
Baltimore, Md.	243,313	272,228	295,590
Charleston, S. C.....	9,553	10,591	11,562
Charleston, W. Va....	25,009	23,608	32,651
Charlotte, N. C.....	31,871	31,913	34,734
Columbia, S. C.....	10,948	12,467	18,127
Cumberland, Md.	4,778	4,905	6,865
Danville, Va.	5,090	4,630	7,877
Durham, N. C.....	17,820	16,087	22,790
Greensboro, N. C.....	12,203	10,315	15,815
Greenville, S. C.....	10,983	9,777	13,951
Hagerstown, Md.	4,942	5,334	5,923
Huntington, W. Va....	9,054	8,684	12,659
Lynchburg, Va.	11,074	11,941	13,849
Newport News, Va....	5,688	5,980	9,008
Norfolk, Va.	30,364	30,974	38,859
Portsmouth, Va.	2,739	2,796	3,732
Raleigh, N. C.....	14,617	12,038	20,033
Richmond, Va.	104,905	103,972	110,202
Roanoke, Va.	17,652	17,423	22,182
Spartanburg, S. C.....	5,345	4,801	8,520
Washington, D. C.....	164,967	179,983	199,433
Wilmington, N. C.....	6,651	7,187	10,230
Winston-Salem, N. C.	21,887	22,381	27,858
Fifth District Totals	\$778,193	\$817,475	\$952,610

The debits to individual, firm and corporation accounts figures shown in the accompanying table for three equal periods of four weeks include all

checks drawn against depositors' accounts in the banks of twenty-four leading trade centers of the Fifth Federal reserve district.

A comparison of the total of \$778,193,000 in debits reported for the four weeks ended November 9, 1932, with the total reported for the preceding four weeks, ended October 12 this year, shows a decrease of \$39,282,000, or 4.8 per cent. A decline during the more recent period is seasonal, due to heavy payments of dividends and interest on October 1, but the decrease this year was somewhat less than normally occurs. Ten of the twenty-four cities reported higher figures for the more recent four weeks, while last year only five cities reported higher figures in a comparison of the corresponding two periods.

In comparison with total debits reported for the four weeks ended November 11, 1931, those reported for the corresponding period ended November 9, 1932, showed a decrease of \$174,417,000, or 18.3 per cent. Every one of the twenty-four reporting cities showed lower debits figures in the 1932 period than in the like period in 1931, due chiefly to lower price levels in many lines this year, to a generally lower level of business activity, and to the influence of the tax on checks which has materially lessened the use of checks in trade.

Commercial Failures

The commercial failure record in the Fifth Federal reserve district in October 1932 was worse than the record for the United States as a whole. Last month witnessed 119 insolvencies in the Fifth district, with aggregate liabilities totaling \$1,933,670, compared with 150 insolvencies and liabilities totaling \$2,638,430 in the shorter month of September this year and 92 insolvencies and \$1,365,124 in liabilities in October 1931. The district therefore shows an increase of 29 per cent in number of failures and a rise of 42 per cent in liabilities involved in October 1932 in comparison with October 1931. On the other hand, there were 2,273 failures in the United States in October, with liabilities totaling \$52,869,974, compared with 2,362 failures and \$70,660,436 in liabilities in October last year, decreases last month of 4 per cent in number of insolvencies and of 25 per cent in aggregate liabilities. In the United States, seven of the twelve reserve districts reported fewer failures in October 1932 than in October 1931, and nine of the twelve districts reported lower aggregate liabilities.

Employment

Some seasonal additions to unemployment in October and early November probably more than offset additional work provided by a few industrial plants and mines in the Fifth district, and therefore the general situation is certainly no better and is probably somewhat worse than a month ago. The conditions of unemployed people of

course becomes worse as their period of idleness lengthens, due to the consumption of savings and the accumulation of debts. Many of the Fifth district's industries are giving practically all their employees at least part time work, but there is relatively little construction work under way and both skilled and manual labor normally employed in building finds it almost impossible to obtain work of any sort. The problem of caring for the unemployed in the cities is further complicated by floaters and an influx of people from rural sections and smaller towns, people who come to the cities under the mistaken idea that work is more plentiful in them.

Coal Production

Bituminous coal production in the United States totaled 32,633,000 net tons in October 1932, a seasonal increase over 26,314,000 tons mined in September this year but considerably short of the output of 35,700,000 tons in October 1931. Total production of soft coal during the calendar year to November 5 amounted to 249,727,000 net tons, compared with 323,865,000 tons mined during the corresponding period last year. Shipments of coal through Hampton Roads in 1932 prior to November 6 totaled 13,993,318 tons, compared with 17,452,571 tons shipped through the same port to the corresponding date in 1931.

In its October 22 report, the Bureau of Mines, Department of Commerce, gave bituminous coal production by States for the month of September. These figures credit West Virginia with 7,429,000 net tons, while Pennsylvania, the second ranking state, mined only 6,302,000 tons.

Textiles

Fifth district textile mills held in October the gains made in operating time in August and September, and further increased consumption of cotton. The mill authorities contend, however, that their operations are showing either a small profit or no profit at all, but they are giving employment to their help and this has been reflected in better business for merchants in textile localities in the past three months. Fifth district mills consumed 242,038 bales of cotton in October, an increase of 2.7 per cent over 235,734 bales used in September this year and 9.4 per cent over 221,330 bales consumed in the district in October 1931. Last month North Carolina mills consumed 124,399 bales, South Carolina mills used 104,476 bales, and Virginia mills 13,163 bales. Consumption of cotton in the Fifth district in October amounted to 48.19 per cent of National consumption, a higher figure than either 47.95 per cent of National consumption used in the district in September this year or 48.01 per cent used in October 1931.

Cotton Statistics

Spot cotton prices ruled lower between the mid-

dle of October and the middle of November than during the preceding month, chiefly because the cotton crop of 1932 is turning out somewhat larger than early season condition figures indicated would be the case. In our *Review* last month we quoted the average price for middling grade short staple cotton on October 14 on ten leading Southern markets as 6.36 cents per pound. On October 21 the price was 6.09 cents, on October 28, 6.17 cents, November 4, 6.05 cents, November 11, 6.52 cents, and November 18, 6.15 cents, the last the latest date for which quotations are available.

Condition figures on the 1932 cotton crop, based on the November 1 condition of the crop, were issued by the Department of Agriculture on November 9. This report raised the estimate of production in the United States to 11,947,000 bales, in comparison with the estimate of 11,425,000 bales on October 1, 1932, and 17,096,000 bales ginned in 1931. The November 1 report raised this year's probable production figures for two of the three cotton growing states of the Fifth district, in comparison with the estimates made a month earlier. South Carolina's yield is now estimated at 650,000 bales, compared with prospects for 610,000 bales on October 1 and 1,005,000 bales grown last year. North Carolina's crop of 575,000 bales compares with an estimate of 519,000 bales on October 1, and 756,000 bales ginned in 1931. Virginia's prospective yield of 28,000 bales compares with 29,000 bales predicted a month earlier and 42,000 bales grown in 1931. Total production in the Fifth district is forecast at 1,253,000 bales, an increase of 95,000 bales during October but 550,000 bales less than last year's production. The average number of pounds per acre was much lower in the Fifth district this year than in 1931, and in addition the acreage planted to cotton was less this year.

Ginning figures to November 1, released by the Census Bureau on November 9, showed 9,245,534 bales ginned from this year's crop, compared with 12,124,295 bales of last year's crop ginned before November. Weather during October was excellent for cotton picking.

Cotton consumption in the United States in October showed an increase over the month of September, and was materially above consumption in October last year. The number of bales used totaled 502,244 in October 1932, compared with 491,655 bales used in September this year and 461,023 bales in October 1931. Total consumption this cotton year—August 1 through October 31—amounted to 1,396,500 bales, against 1,350,388 bales consumed in the corresponding three months of last season. Manufacturing establishments held 1,266,816 bales on October 31, compared with 1,087,286 bales held on September 30 and 1,108,034 bales on October 31, 1931. Public warehouses and compresses held 9,826,875 bales in storage at the end of October this year, compared with 7,969,280 bales so held a month earlier and 9,460,691 bales on October 31 last year. October exports totaled 1,008,023 bales,

compared with 733,665 bales exported in September and 1,014,180 bales sent abroad in October 1931. Total exports during the three months of the present cotton year—August 1-October 31, inclusive—totaled 2,193,842 bales, a higher figure than 1,783,402 bales shipped over seas during the corresponding three months last year. Spindles active at some time during October numbered 24,587,732, compared with 23,883,948 in September this year and 25,200,056 in October 1931.

Cotton growing states consumed 414,572 bales of cotton in October, compared with 407,966 bales in September and 378,144 bales in October 1931. Last month's consumption in the cotton growing states amounted to 82.54 per cent of National consumption, compared with 82.98 per cent in September this year and 82.02 per cent in October 1931. Of the 414,572 bales of cotton consumed in the cotton growing states in October, the Fifth district mills used 242,038 bales, or 58.38 per cent, a lower figure than 58.53 per cent of Southern consumption attained by Fifth district mills in October last year.

Tobacco Manufacturing

The output of tobacco products has declined in all recent months except cigarettes in August, and all figures for October are lower than figures for October 1931, according to stamp taxes paid to the Federal Treasury. Taxes paid on all tobacco products in October this year totaled \$31,564,443, compared with \$34,801,850 in October 1931. In actual quantity of production, cigarettes manufactured dropped from 8,956,712,065 cigarettes in October 1931 to 8,351,667,453 cigarettes in October 1932, cigars dropped from 29,317,400 to 23,897,507, manufactured tobacco, for smoking and chewing, dropped from 30,496,706 pounds to 26,399,445 pounds, and snuff dropped from 3,642,354 pounds to 2,447,307 pounds.

Tobacco Marketing

South Carolina tobacco was all sold during August and September, and the auction markets were closed in October. Sales were larger than had been expected, and the forecast of production of tobacco in South Carolina this year was raised by the Department of Agriculture from 32,640,000 pounds on October 1 to 39,232,000 pounds on November 1. Last year the yield of tobacco was 70,070,000 pounds.

North Carolina markets sold 104,851,506 pounds of producers' tobacco in October 1932, at an average price of \$12.59 per hundred pounds. These figures compare with 125,498,567 pounds sold for an average of \$9.93 per hundred in October 1931. Total sales this season to November 1 of 183,137,771 pounds show a decrease from 241,671,828 pounds sold in 1931 before November, and final production for 1932 estimated at 281,792,000 pounds is 41 per cent less than the yield of 479,526,000 pounds in 1931. Greenville led the North Carolina markets

in October sales with 15,659,378 pounds, but two markets at Ahsokie led in price with an average of \$14.41 per hundred pounds. Wilson ranked second in October sales with 15,365,747 pounds.

Virginia leaf tobacco markets sold 7,826,210 pounds for growers in October, at an average price of \$8.94 per hundred pounds. Last year the October sales amounted to 13,156,044 pounds at an average of \$8.40 per hundred. October sales consisted entirely of flue-cured types, as no fire-cured markets opened before November. Danville led all markets with total sales of 4,399,998 pounds, South Boston ranking second with 1,036,560 pounds. Lawrenceville paid the highest average price in October, \$10.72 per hundred pounds. The quality of tobacco sold in Virginia in October was very poor, averaging 15 per cent good, 36 per cent medium, and 49 per cent common. Last year October sales graded 17 per cent good, 33 per cent medium, and 50 per cent common. This year's tobacco crop in Virginia is estimated at 53,641,000 pounds, compared with the short crop of 97,920,000 pounds harvested in 1931.

Agricultural Notes

Maryland crops received good rains in October and early November, and pastures, early sown grains and late potatoes were helped, but the sowing of late grains was retarded and some potatoes rotted in sections where the harvest was not complete. Late cut hays were also damaged to some extent by the wet weather. The estimate of this year's corn crop, 15,540,000 bushels, is about 25 per cent less than the 1931 yield of 20,710,000 bushels, but stocks of old corn on Maryland farms on November 1 totaled 969,000 bushels in comparison with only 76,000 bushels of old corn carried over last year. Average yields of Irish and sweet potatoes were lower this year than last. Total production of Irish potatoes is estimated at 3,298,000 bushels, compared with 3,360,000 bushels last year, and sweet potatoes this year total 1,200,000 bushels against 2,013,000 bushels dug in 1931. Maryland's tobacco crop is estimated at 25,340,000 pounds this year, compared with 32,160,000 pounds cured last year and a ten-year average of 22,854,000 pounds. Fruit production is generally lower this year than last, and Maryland's commercial apple crop is only 252,000 barrels against 650,000 barrels in 1931 and a ten-year average of 416,000 barrels.

West Virginia crops suffered from dry weather during a considerable part of the 1932 growing season. The yield of corn is forecast at 10,600,000 bushels, compared with 12,934,000 bushels harvested last year. The late Irish potato crop did not quite measure up to expectations, but this year's total crop of potatoes amounted to 3,400,000 bushels compared with 3,200,000 bushels on approximately the same acreage in 1931. Tobacco yield in West Virginia this year is only 2,691,000 pounds, compared with 5,320,000 pounds harvested last year. Apples were benefited by rains in October, but on

November 1 this year's commercial crop in West Virginia was estimated at only 693,000 barrels, compared with 1,700,000 barrels gathered in 1931.

Virginia. Harvesting of corn, peanuts, apples and late hay, and the seeding of fall grains during October were delayed by frequent rains. The rains, however, broke the long drought and were of great benefit to pastures, fall grains, late truck crops and gardens. Some corn was destroyed by floods on creeks and rivers, and also corn and peanuts shocked in the fields suffered some loss. Production of corn 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. Approximately 8 per cent of the 1931 corn crop remained on farms on November 1, and in most sections of the State the carry-over of old corn with the new crop will provide sufficient feed for livestock during the winter. Peanut digging was delayed by heavy rains during October, and very few peanuts had been threshed prior to November 1. Total production is forecast at 126,000,000 pounds, which is about 23 per cent less than last year's crop of 164,160,000 pounds. The yield of late Irish potatoes was slightly better than had been expected, early October rains helping the crop. The average yield per acre was low, however, and the total potato crop of Virginia this year is 9,682,000 bushels, compared with 14,278,000 bushels harvested last year. Sweet potatoes benefited from October rains, but this year's yield was only 3,610,000 bushels compared with 4,750,000 bushels dug last year. The commercial apple crop improved slightly during October and the estimated production is 1,740,000 barrels, compared with 3,500,000 barrels gathered in 1931. Many apples grew so rapidly during the October rains that they developed cracks, which made such fruit unfit for packing.

North Carolina crop yields were greatly reduced by hot, dry weather during the growing season, but October weather was favorable for harvesting of field crops with the exception of peanuts and hay. In spite of October rains, considerable fall plowing has been done. A corn crop of 35,520,000 bushels in North Carolina is indicated by the November 1 condition, compared with 48,072,000 bushels gathered last year. Sweet potatoes were materially improved by October rains, and the forecast of 7,832,000 bushels made on November 1 is about 20 per cent above the 1931 yield of 6,560,000 bushels. The crop of sweet potatoes will probably be poor in keeping quality this year, due to the sappy nature of the roots. Peanuts yielded better than had been expected, and the nuts are good, although discolored from wet weather conditions. The crop indicated on November 1 totaled 239,400,000 pounds, which is 22 per cent below last year's yield of 305,900,000 pounds but about 21 per cent more than the five-year average.

South Carolina crops improved during October, and on November 1 the composite condition figure for all crops was about 50 per cent higher than a

month earlier. Compared with yields last year, prospects are for 44 per cent less tobacco this year, 35 per cent less cotton, 22 per cent less soybeans and 10 per cent less cowpeas, these decreases being due to reduced acreage in cotton and tobacco and to unfavorable weather during the growing season. On the other hand, this year's sweet potato crop is 68 per cent larger than last year's, hay shows an increased yield of 13 per cent, peanuts increased 8 per cent, and sorghum sirup increased 11 per cent. The increase in hay is due to larger acreage, and in sweet potatoes and peanuts to both acreage increase and better yields per acre. The South Carolina corn crop this year is forecast at 18,532,000 bushels, compared with 22,994,000 bushels in 1931, and this year's hay yield of 202,000 tons compares with 178,000 tons cured last year. Sweet potatoes yielded 5,340,000 bushels this year, compared with 3,180,000 bushels in 1931. The 1932 peanut crop of 9,800,000 pounds compares with last year's yield of 9,100,000 pounds.

Construction

Building Permits Issued, Fifth District Cities, October 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.	1,365	1,525	\$1,995,960	\$1,599,240
Cumberland, Md.	16	15	10,358	8,735
Frederick, Md.	17	9	9,475	9,300
Hagerstown, Md.	9	14	1,355	6,005
Salisbury, Md.	28	27	23,750	20,150
Danville, Va.	8	6	905	5,545
Lynchburg, Va.	27	30	16,691	49,157
Norfolk, Va.	109	160	75,550	114,506
Petersburg, Va.	6	4	7,950	2,400
Portsmouth, Va.	28	36	14,095	30,592
Richmond, Va.	85	130	54,610	238,366
Roanoke, Va.	28	51	27,778	112,266
Bluefield, W. Va.	6	7	1,035	4,550
Charleston, W. Va.	37	37	24,060	29,693
Clarksburg, W. Va.	10	28	6,010	11,585
Huntington, W. Va.	26	21	17,905	59,700
Asheville, N. C.	10	37	1,760	35,100
Charlotte, N. C.	42	79	45,061	75,890
Durham, N. C.	15	20	36,150	37,975
Greensboro, N. C.	37	37	14,863	27,390
High Point, N. C.	9	21	13,210	34,300
Raleigh, N. C.	6	15	8,705	10,075
Rocky Mount, N. C.	4	11	885	10,265
Salisbury, N. C.	5	3	5,320	5,425
Wilmington, N. C.	14	21	8,250	16,600
Winston-Salem, N. C.	63	76	14,450	68,072
Charleston, S. C.	50	34	17,930	30,669
Columbia, S. C.	46	64	20,914	92,707
Greenville, S. C.	27	27	7,090	36,265
Rock Hill, S. C.	8	15	15,335	32,410
Spartanburg, S. C.	19	27	2,380	22,305
Washington, D. C.	611	565	711,675	1,476,760
Totals	2,771	3,152	\$3,211,466	\$4,313,998

Construction work in the Fifth Federal reserve district continues far below normal, and is the outstanding factor in the unemployment situation, as has been the case for more than a year. Building permits issued in October in thirty-two cities in the district totaled 2,771, in comparison with 3,152

permits issued in October 1931, and the estimated valuation figures last month totaled only \$3,211,466, a decrease of 25.6 per cent under the small total of \$4,313,998 in October 1931. Only five of the thirty-two cities showed higher valuation figures for October 1932 than for October 1931, and several of the larger cities, including Richmond and Washington, reported much lower figures than for October last year.

Contracts awarded in October for construction work in the Fifth district, including both urban and rural projects, totaled only \$13,464,279, compared with \$23,342,082 in October 1931 and \$25,569,298 in October 1930, according to figures collected by the F. W. Dodge Corporation. Of the awards in October this year, \$3,294,019, or 24.5 per cent, was for residential work, compared with \$6,446,982, or 27.6 per cent, for this type of work in October 1931.

Retail Trade, 33 Department Stores

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
October 1932 sales, compared with sales in October 1931:				
-19.4	-19.9	-20.9	-21.4	-20.4
Jan.-October 1932 sales, compared with Jan.-October 1931:				
-20.3	-20.2	-16.1	-24.7	-19.0
Oct. 31, 1932, stocks, compared with stocks on Oct. 31, 1931:				
-17.6	-17.9	-14.2	-22.9	-17.1
Oct. 31, 1932, stocks, compared with stocks on Sept. 30, 1932:				
+16.1	+12.1	+ 8.7	+ 6.6	+10.6
Number of times stock was turned in October 1932:				
.341	.354	.371	.26	.349
Number of times stock was turned since January 1, 1932:				
2.875	2.879	3.026	2.084	2.843
Percentage of Oct. 1, 1932, receivables collected in October				
29.3	22.3	27.6	26.6	25.2

October department store sales usually exceed September sales by about 40 per cent, but this year the increase was only 20 per cent, partly because September sales were larger than usual in comparison with other recent months and partly because October weather was too warm and clear to stimulate the purchase of fall merchandise. In comparison with last year's sales, those of October 1932 show an average decline of 20.4 per cent in thirty-three department stores, and the first ten months of 1932 dropped 19.0 per cent below sales in the corresponding period of 1931.

Stocks on the shelves of the reporting stores showed further seasonal increase in October, rising 10.6 per cent over stocks on September 30,

but on October 31 stocks were 17.1 per cent less in selling value than stocks on hand on October 31, 1931. Stocks were turned an average of .349 times in October, and since January 1, 1932, stocks have been turned 2.843 times, a lower figure than 3.041 times in the first ten months of 1931.

Collections during October showed a seasonal increase over September collections but were slower than the average for October last year, 25.2 per cent of outstanding receivables being collected last month in comparison with 21.6 per cent in September 1932 and 28.3 per cent in October 1931.

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>
October 1932 sales, compared with sales in October 1931:				
-16.4	-12.3	+11.8	-12.1	-19.5
October 1932 sales, compared with sales in September 1932:				
- 6.6	- 7.1	-12.8	+ .8	- 3.3
Jan.-Oct. 1932 sales, compared with Jan.-Oct. 1931 sales:				
-16.9	-22.4	-11.9	-20.4	-18.6
Oct. 31, 1932, stocks, compared with Oct. 31, 1931, stocks:				
- 6.0(8*)	- 9.3(4*)	-35.9(5*)	-14.0(7*)
Oct. 31, 1932, stocks, compared with Sept. 30, 1932, stocks:				
+ 4.2(8*)	+ 1.6(4*)	-12.0(5*)	- 2.1(7*)
Percentage of Oct. 1, 1932, receivables collected in October:				
56.8(13*)	37.2(6*)	45.9(6*)	32.0(11*)	45.7(8*)

—Denotes decreased percentage. *Number of reporting firms.

Sixty-two wholesale firms in five lines reported on October business to the Bank. Sales in October in hardware were eight-tenths of 1 per cent larger than sales in September this year, but the other lines failed to register gains over the earlier month. In comparison with sales in October 1931, sales last month were lower in every line except shoes, which for the second successive month exceeded sales in the same month of the preceding year. Total sales for the first ten months of 1932 were lower in all lines than sales in the corresponding period in 1931, shoes showing the smallest and dry goods the largest decline.

Stocks on hand on October 31, 1932, showed slight increases in groceries and dry goods over stocks on hand on September 30, but the other lines reported stock reduction during October. On October 31, stocks in all lines were lower than stocks a year ago.

Collections in every line showed seasonal improvement in October over September, but were slower in every line except in shoes than in October 1931.

(Compiled November 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial output, after increasing considerably during August and September, remained unchanged in October. Factory employment and payrolls reported for the middle of the month, showed a further increase. During October, as in the last three weeks of September, wholesale commodity prices declined, and in the first three weeks of November the general average was at the level of early summer.

Production and Employment

Industrial production, as measured by the Board's seasonally adjusted index, continued in October at 66 per cent of the 1923-1925 average, as compared with a low level of 58 per cent in July. In the textile industries, which had shown a rapid expansion in August and September, there was a slight decrease in consumption of raw materials while output of finished products increased somewhat. Shoe production, which also had increased substantially in recent months, showed a seasonal decline. Operations at steel mills expanded from an average of 17 per cent of capacity in September to 19 per cent in October, contrary to seasonal tendency, and, according to trade reports, continued at about this rate through the first three weeks of November. Production of automobiles in October declined further to a new low level. At coal mines activity continued to increase rapidly until the middle of October, but since that time a reduction, largely seasonal in character, has been reported.

Employment in most manufacturing industries increased between the middle of September and the middle of October, and the Board's seasonally adjusted index of factory employment showed an advance from 60 per cent of the 1923-1925 average to 61 per cent. At textile mills working forces increased by considerably more than the usual seasonal amount, and substantial increases were also reported at steel mills, lumber mills and carbuilding shops. In the canning and automobile industries there were decreases in employment.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued at low levels during October and the first half of November.

The Department of Agriculture estimate of the cotton crop, based on November 1 conditions, was 11,950,000 bales, about 525,000 bales larger than the estimate a month earlier.

Distribution

From September to October volume of freight traffic increased by more than the usual seasonal amount; after the middle of October carloadings declined, reflecting chiefly seasonal developments. Dollar value of department store sales increased by the usual amount in October.

Wholesale Prices

Wholesale commodity prices, as measured by the monthly index of Bureau of Labor Statistics, declined from 65 per cent of the 1926 average in September to 64 per cent in October. Weekly figures show declines in the general average from early September through the first week in November, reflecting reductions in the prices of many domestic agricultural products and their manufactures, as well as in the prices of steel rails, copper, coffee, rubber, and silk. In the second week of November prices of many leading commodities, including grains, hogs, cotton, silk, zinc, lead, and tin advanced considerably, but later the prices of these commodities declined.

Bank Credit

Volume of reserve bank credit showed little change for the four-week period ending November 16. Member bank balances at the reserve banks increased further by \$75,000,000, and in the middle of November were about \$475,000,000 in excess of legal reserve requirements. This growth in reserve balances reflected an increase of \$60,000,000 in the stock of gold and the issue of additional national bank notes. Demand for currency showed little change during the four-week period.

Loans and investments of reporting member banks in leading cities, outside New York City and Chicago, declined further between the middle of October and the middle of November, reflecting a further reduction of loans at these banks. In New York City the investments of member banks increased by an amount larger than the decrease in loans, so that total loans and investments of these banks showed a further increase.

Money rates in the open market continued at low levels during October and the first half of November. Rates on 90-day bankers' acceptances were unchanged at $\frac{1}{2}$ of 1 per cent, and rates on prime commercial paper declined from a range of $1\frac{3}{4}$ -2 to a range of $1\frac{1}{2}$ - $1\frac{3}{4}$ per cent.