

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



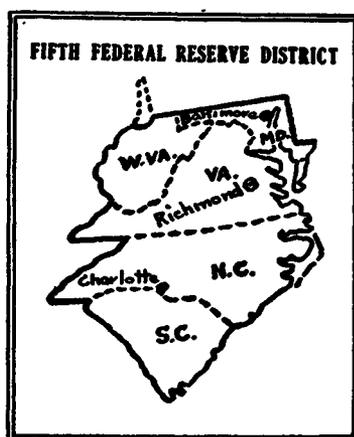
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RICHMOND, VIRGINIA

JUNE 30, 1933

**I**MPROVEMENT in business which began to be noticed in April in the Fifth Federal reserve district continued in May and spread to additional lines of trade and industry. In banking, developments during the past month were mostly seasonal, but some changes in the statements of the reserve bank and reporting member banks were greater than are accounted for by seasonal influences. At the Federal Reserve Bank of Richmond, rediscounts for member banks declined moderately, but the Bank increased its holdings of Government securities sufficiently to bring about a net increase in total earning assets.

The circulation of Federal reserve notes declined much more than seasonally, reflecting a decrease in hoarded funds. Reporting member banks in leading cities of the Fifth district reduced outstanding loans, and also lowered their investments in securities and their reserve balance at the reserve bank, but at the same time they reduced their borrowing at the reserve bank, and reported an increase in demand deposits. Debits to individual accounts in five weeks ended June 14 showed an increase of 5 per cent over debits in the preceding five weeks, ended May 10, this rise indicating an actual increase in business transactions, no seasonal influences affecting debits figures at this time of the year. The record of commercial failures was favorable, May witnessing a 25 per cent decline in number of insolvencies in comparison with May last year, although liabilities were larger last month than a year ago. Employment conditions improved further in May and the first half of June, and the ranks of unemployed were materially reduced in number. In addition, the past month witnessed some pay advances, thus increasing purchasing power of the people who are employed. Coal production in May increased over April production, an unseasonal development, and also exceeded production in May 1932, probably reflecting increased industrial activity in many lines which calls for greater fuel



consumption. Fifth district textile mills kept pace with a National rise in textile activity, and most of the mills increased operating time, employed additional workers, and in some cases granted advances in pay to employees. South Carolina led all states in average number of spindle hours per spindle in place during May with 414 hours. Spot cotton prices rose further in the second half of May and held the advance during the first half of June. Tobacco factories continued full time operations, and some plants added to their working forces. Retail trade in department stores in May made the best comparison with

the corresponding month of the preceding year that has been shown for two years, stores in textile sections doing especially well as a result of better employment by mill workers. Reports from several lines of wholesale trade show better business than for many months, hardware and dry goods doing particularly well. Hardware jobbers in the Carolinas report marked increases in sales over sales in May 1932 as a result of demands from textile mills and from farmers, the latter being encouraged to replace worn out or obsolete farm equipment by higher cotton prices. Agricultural prospects in the Fifth district improved during May, and are better than they were a year ago. The most unfavorable factors in the situation continue to be the small volume of construction work under way, and frozen funds in closed banks which make collections on old debts very slow.

## Reserve Bank Statement

Changes in the items on the statement of the Federal Reserve Bank of Richmond during the month between May 15 and June 15 this year showed some expansion in reserve bank credit, although rediscounts for member banks declined by \$3,456,000 and the portfolio of open market paper dropped by \$706,000 dur-

ITEMS	000 omitted		
	June 15 1933	May 15 1933	June 15 1932
Rediscounts held .....	\$ 15,003	\$ 18,459	\$ 24,537
Open market paper.....	290	996	3,787
Government securities .....	53,717	48,149	47,133
Total earning assets.....	69,010	67,604	75,457
Circulation of Fed. Res. notes..	142,937	169,581	88,324
Members' reserve deposits.....	62,864	62,628	61,209
Cash reserves .....	176,678	193,578	88,088
Reserve ratio .....	74.94	77.69	57.80

ing the period. The expansion was in holdings of Government securities, which rose by \$5,568,000 between May 15 and June 15. These changes in earning assets resulted in a net increase of \$1,406,000 in total earning assets during the past month. Between the middle of May and the middle of June there was a greater than seasonal decline in the circulation of Federal reserve notes amounting to \$26,644,000, probably reflecting increased confidence in the banking situation. Member bank reserve deposits rose by \$236,000 last month, merely a daily fluctuation in balances. The several changes mentioned in the statement, with others of less importance, reduced the cash reserves of the Federal Reserve Bank of Richmond by \$16,900,000 between May 15 and June 15, and lowered the ratio of reserves to note and deposit liabilities combined by 2.75 points.

In comparison with condition figures reported for June 15, 1932, those for June 15, 1933, show several material changes during the year. The volume of rediscounts for member banks declined by \$9,534,000 and the holdings of open market paper dropped by \$3,497,000, but the Bank's portfolio of Government securities rose by \$6,584,000, these changes resulting in a net decline in total earning assets amounting to \$6,447,000 during the year. The circulation of Federal reserve notes continues much higher than a year ago, the amount outstanding on June 15, 1933, exceeding the amount outstanding a year earlier by \$54,613,000. Member bank reserve deposits at the middle of June also exceeded those a year ago by \$1,655,000. As a result of the changes mentioned in the statement, the total cash reserves of the Federal Reserve Bank of Richmond rose by \$88,590,000 during the past year, and the ratio of cash reserves to note and deposit liabilities combined rose by 17.14 points.

### Member Bank Statement

ITEMS	000 omitted		
	June 14 1933	May 10 1933	June 15 1932
Loans on stocks and bonds (in- cluding Governments) .....	\$ 59,696	\$ 59,846	\$ 66,140
All other loans.....	111,045	111,632	129,770
Total loans and discounts.....	170,741	171,478	195,910
Investments in stocks & bonds	143,876	145,523	123,436
Reserve bal. with F. R. Bank..	22,965	24,503	24,195
Cash in vaults.....	9,495	9,676	7,920
Demand deposits .....	177,413	174,990	164,635
Time deposits .....	126,977	128,786	131,047
Borrowed from F. R. Bank.....	339	413	1,944

The accompanying table shows the principal items of condition reported by thirty member banks in ten leading cities of the Fifth reserve district as of three dates, June 14 and May 10, 1933, and June 15, 1932, thus affording opportunity for comparison of the latest available figures with those of the preceding month this year and the corresponding month last year.

Between May 10 and June 14, this year, total loans and discounts at the thirty banks changed relatively little, in keeping with seasonal tendency, but loans on stocks and bonds dropped by \$150,000 and all other loans declined by \$587,000, a total decrease of \$737,000. The reporting institutions decreased their investments in bonds and other securities by \$1,647,000 during the month, and also reduced their aggregate reserve balance at the Federal reserve bank by \$1,538,000. Cash in vaults declined slightly, dropping by \$181,000, and the reporting banks also reduced their borrowing at the reserve bank by \$74,000. Demand deposits rose by \$2,423,000 during the month under review, but time deposits declined by \$1,809,000, part of the latter change reflecting the payment of Vacation Clubs and withdrawal of other funds for vacation expenses.

During the year between June 15, 1932, and June 14, 1933, some of the items on the composite statement of the thirty banks changed materially. Total loans and investments decreased \$25,169,000, of which \$6,444,000 was in loans on stocks and bonds and \$18,725,000 was in all other loans, which are largely commercial or agricultural in nature. On the other hand, the reporting banks increased their investments in securities by \$18,440,000 during the year. Aggregate reserve balance at the reserve bank declined by \$1,230,000 between the middle of June last year and this. On June 14, 1933, the thirty banks had \$1,575,000 more in vault cash than they had a year earlier. Total deposits rose materially during the year under review, a rise of \$13,778,000 in demand deposits more than balancing a decrease of \$4,070,000 in time deposits. The reporting banks reduced their borrowing at the reserve bank by \$1,605,000 between the middle of June last year and the middle of June this year, and on the later date only two of the thirty banks were borrowing at the reserve bank, compared with eight which were borrowing last June.

### Time and Savings Deposits

Time deposits in thirty regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$320,688,321 at the end of May 1933, a decrease under time and savings deposits totaling \$324,302,742 at the end of April this year, and materially less than \$343,904,800 at the end of May last year.

### Debits to Individual Accounts

Aggregate payments by checks drawn on clearing house banks in twenty-three cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of five weeks, thus af-

CITIES	000 omitted		
	Total debits, five weeks ended		
	June 14, 1933	May 10, 1933	June 15, 1932
Asheville, N. C.....	\$ 8,642	\$ 8,110	\$ 9,145
Baltimore, Md. ....	237,962	237,181	309,942
Charleston, S. C.....	11,325	10,428	12,577
Charleston, W. Va....	34,560	29,766	34,468
Charlotte, N. C.....	41,978	36,451	38,017
Columbia, S. C.....	10,789	6,061	14,254
Cumberland, Md. ....	6,017	5,512	6,217
Danville, Va. ....	4,909	4,802	4,871
Durham, N. C.....	21,384	20,159	17,199
Greensboro, N. C.....	3,746	3,157	11,798
Greenville, S. C.....	13,110	10,830	9,672
Hagerstown, Md. ....	5,337	4,451	6,633
Huntington, W. Va....	10,577	10,323	12,125
Lynchburg, Va. ....	13,158	13,491	14,341
Newport News, Va....	6,576	5,803	8,650
Norfolk, Va. ....	38,009	34,621	41,762
Portsmouth, Va. ....	3,762	3,555	4,002
Raleigh, N. C.....	14,074	14,509	14,852
Richmond, Va. ....	109,798	113,618	114,223
Roanoke, Va. ....	19,175	19,449	20,911
Washington, D. C.....	199,002	186,111	224,403
Wilmington, N. C.....	7,461	6,239	8,574
Winston-Salem, N. C.	31,101	25,857	26,531
<b>Fifth District Totals</b>	<b>\$852,452</b>	<b>\$810,484</b>	<b>\$965,167</b>

fording opportunity for comparison of the latest figures, for the five weeks ended June 14, 1933, with those for the preceding like period this year and the corresponding period a year ago. In comparing 1933 with 1932 debits figures, it should be remembered that lower price levels in many lines this year affect the comparison. Cotton prices are much higher this year than last, but relatively little cotton is sold at this season of the year and therefore the rise in cotton prices has affected debits figures only indirectly by stimulating trade in other lines in cotton growing sections.

Aggregate debits in the twenty-three reporting cities in the five weeks ended June 14, 1933, totaled \$852,452,000, an increase of \$41,968,000, or 5.2 per cent, over aggregate debits in the five preceding weeks, ended May 10, 1933. This increase reflects improvement in business during the past month, no seasonal influences affecting debits at this time of year. Nineteen of the twenty-three cities reported higher figures for the more recent period, all of the larger centers except Richmond being included in the nineteen. On the whole, textile centers reported the largest increases.

In comparison with debits reported for five weeks ended June 15, 1932, the twenty-three cities showed a decline of \$112,715,000 during the 1933 period, a drop of 11.7 per cent. Six cities reported higher figures for the later period, Greenville leading with a gain of 35.5 per cent, Durham increasing 24.3 per cent, Winston-Salem 17.2 per cent, Charlotte 10.4 per cent, Danville 0.8 per cent, and Charleston, W. Va., 0.3 per cent.

### Commercial Failures

The *Dun & Bradstreet Monthly Review* for June says that the recent marked improvement in the matter of business failures is further strengthened by the May figures. The number of such defaults in the United States for May was 1,909, with liabilities of \$47,971,573. This was the lowest number of failures for any month in the past four years, and last month's liabilities were the lowest for any month since September 1931. May 1932 witnessed 2,758 insolvencies in the United States, with aggregate liabilities of \$83,763,521. In the Fifth district, 124 bankruptcies in May 1933 compared with 165 in May 1932, but the total of liabilities involved last month, \$3,875,986, compared unfavorably with a total of \$2,032,935 reported for May last year. All of the twelve Federal reserve districts reported fewer failures in May 1933 than in May 1932, and all districts except Richmond, Atlanta and Minneapolis reported lower liabilities. Individual states in the Fifth district reported failures and liabilities for May 1933 as follows: Maryland, 52 failures and \$1,764,708; Virginia, 18 failures and \$357,671; West Virginia, 26 failures and \$353,652; North Carolina, 22 failures and \$977,429; South Carolina, 0 failures; District of Columbia, 9 failures and \$323,754. Figures for individual states, when totaled, do not quite agree with the district totals as given by *Dun & Bradstreet*, but they are sufficiently near to indicate the trend of insolvencies in the several states.

### Employment

Employment conditions continued to improve in May and early June, resulting in a further reduction in the number of people out of work. The increase in work is partly seasonal, and part of it is made work, designed primarily to furnish employment rather than to get specific work done, but most of the recent rise seems to be due to a genuine increase in the need for additional output to fill orders in certain industries. Textile mills are operating more extensively than in recent months, tobacco factories have materially increased their number of workers, coal production in May provided more work for miners than in either April 1933 or May 1932, and lumber interests and box manufacturers have increased their output. Some wage increases, in addition to those reported a month ago, were made since the middle of May. The trend in employment in the Fifth district is shown by a survey just completed by the Virginia Department of Labor and Industry, which shows an increase of approximately 7 per cent in employment in May over April in the Richmond area, 5 per cent increase in the Roanoke area, and 14 per cent increase in the Norfolk-Portsmouth-Newport News area. The report says, however, that "the upward trend in employment was not general, since most of the gain was made in the textile, clothing, rayon, shipbuilding and tobacco industries in these centers." The construction industry continues to lag far behind other lines in employment, but there are signs of some gradual improvement even in this field.

### Coal Production

Production of bituminous coal in the United States during the month of May 1933 amounted to 22,488,000 net tons, an unusual increase over 19,523,000 tons mined in April this year and also more than 18,384,000 tons dug in May last year. On a daily basis, May output of 852,000 tons also exceeded output in both of the earlier periods. Total production of soft coal during the present calendar year to June 10 amounts to 127,823,000 tons, compared with 131,400,000 tons mined in the same period last year, a decrease this year of only 2.7 per cent. Coal shipped through Hampton Roads ports during the present calendar year to June 10 totaled 7,476,929 tons, compared with 7,629,677 tons shipped through the same ports prior to June 10 last year.

The June 3 report of the Bureau of Mines, Department of Commerce, showed production figures by states for the month of April. West Virginia with an output of 5,233,000 net tons continued to run behind Pennsylvania for the second month, the latter producing 5,345,000 tons, but from the first of the year through April West Virginia mined 24,270,000 tons while Pennsylvania dug only 23,905,000 tons. The coal producing states in the Fifth district, West Virginia, Virginia and Maryland, mined 30.2 per cent of the National output of bituminous coal in April, and in the first four months of this year they mined 28.3 per cent.

### Textiles

The textile industry continued to increase operations in May, and mills in the Fifth reserve district used 292,625 bales of cotton during the month, compared with 225,831 bales consumed in April this year and only 158,464 bales consumed in May 1932. Last month cotton mills in North Carolina used 149,864 bales, South Carolina mills used 129,037 bales, and Virginia mills used 13,724 bales. Consumption of cotton in the Fifth district in May amounted to 47.13 per cent of National consumption, compared with 47.68 per cent of National consumption for the district in May last year. During May and early June the mills received a relatively large volume of orders, and at better prices than for many months. A number of mills gave their employees wage increases, and practically all of them took on additional workers. Improvement in the textile industry in the Fifth district has been more marked than improvement in any other industry, and has stimulated a material advance in retail trade in textile centers.

### Cotton Statistics

*Spot cotton prices* on ten Southern markets were higher between the middle of May and the middle of June than in any other like period since the early summer of 1931. In our *Review* last month we quoted the average price for middling, upland short staple cotton on the ten markets as 8.32 cents per pound on May 19. During the two weeks following, the price gradually advanced to an average of 9.09 cents per

pound on June 2. There was a slight recession during the first half of June, and the price averaged 9.01 cents on June 16, the latest date for which figures are available. The softening of the price in June was due primarily to indications of a very large acreage planted in cotton this year, but no official acreage data can be issued at present.

*Consumption of cotton* in the United States in May 1933 totaled 620,909 bales, compared with 470,685 bales used in the shorter month of April this year and only 332,372 bales in May 1932. Total consumption for the ten months of the present cotton season—August 1 to May 31—amounted to 4,838,910 bales, compared with 4,264,742 bales consumed in the corresponding period of the 1931-1932 season. Manufacturing establishments held 1,394,607 bales on May 31, compared with 1,367,956 bales held on April 30 and 1,463,126 bales on May 31, 1932. Public warehouses and compresses held 7,320,977 bales in storage at the end of May this year, compared with 8,151,547 bales so held a month earlier and 7,614,500 bales on May 31 last year. May exports totaled 591,647 bales, compared with 500,871 bales sent abroad in May 1932. Exports during the ten months of this cotton year totaled 7,112,831 bales, compared with 7,897,867 bales shipped overseas during the corresponding ten months ended May 31, 1932, the decrease being due to a decline in exports to Japan and China this year amounting to 1,435,000 bales. Spindles active at some time during May numbered 24,571,498, compared with 23,416,680 in April this year and 21,633,036 in May 1932.

*Cotton growing states consumed* 514,221 bales in May, compared with 389,316 bales used in April and 287,657 bales in May 1932. Last month's consumption of cotton in the cotton growing states amounted to 82.8 per cent of National consumption, a higher percentage than 82.7 per cent in April this year but less than 86.9 per cent in May 1932, when the textile industry outside of the South was largely idle or was operating on severely restricted schedules. Of the 514,221 bales of cotton consumed in the cotton growing states in May, the Fifth district mills used 292,625 bales, or 56.9 per cent, compared with 55.1 per cent of Southern consumption attained in the district in May last year.

No official reports on condition of the cotton crop are issued until very late in the season, but unofficial reports indicate that the crop as a whole improved since the first of May, weather having been moderately favorable. There are signs of weevil prevalence in sections of the belt, but it is always difficult to estimate the actual damage weevils may do, this depending on efforts of control made by cotton growers and even more on weather conditions during the growing and fruiting season. The very hot weather in June probably checked the weevils materially.

### Agricultural Notes

*Maryland* agricultural conditions declined somewhat during May. A wheat crop of about 6,464,000 bushels is forecast, according to the agricultural statistician for the Maryland Crop Reporting Service. Weather con-

ditions in May were not favorable for wheat and on June 1 indications pointed to an average yield of about 16 bushels per acre. Last year's crop, a very small one, was estimated at 4,940,000 bushels. The peach crop is forecast at 442,000 bushels, which is more than a fourth larger than the 1932 crop of 348,000 bushels, but is below the average for the years 1926 to 1930. Peaches bloomed heavily, but suffered heavy loss of bloom and fruit from frosts and other unfavorable weather conditions. In Western Maryland orchards on the higher elevations promise larger crops than those in the lower lands. The condition of apples is reported at 62 per cent, which is considerably higher than was reported at the same time a year ago and also is higher than the average. Apples generally bloomed heavily, but wet weather and effects of frosts at blooming time caused a heavy loss of blossoms. Serious infections of scab and rosy aphid are reported. The strawberry yield was reasonably good but prices were unsatisfactory. Cantaloupe and cucumber growers are experiencing difficulty with army worms and fungus diseases. Tomato planting for canning house purposes is progressing nicely and the plants are getting a good start. Hay crops and pastures improved during May, but last year's seedings of clover and timothy are spotted in many areas.

*Virginia* crop prospects on June 1 were generally much more favorable than on the same date last year, according to the report of the agricultural statistician of the State. Rainfall for May was above normal in all except a few counties in the southeastern part of the State where dry weather during the latter part of the month reduced the yield of early potatoes and truck crops. Corn planting in the northern and western districts was delayed by frequent rains. Early planted corn came up very well and was making good growth by the last of May, but many fields needed cultivation. Tobacco planting made excellent progress during May and by the first of June about 85 per cent of the crop was planted. Blue mold injured plants in some sections, but the crop generally is starting out under more favorable conditions than usual. Apples did not set as well as the heavy bloom indicated, and the crop will not be as large as was expected, but will probably be above the ten-year average. The production of other fruits will be much better than last year. Wheat prospects remain unchanged since May 1, but weather conditions were not favorable for the development of grain, and it is probable that the yield will be less than the growth of straw would indicate. The total production is estimated to be 7,398,000 bushels, which is an increase of 18 per cent over last year's crop of 6,253,000 bushels. The rye crop has not filled out as well as the growth of straw had indicated, and the yield will be only about average. Production is estimated at 462,000 bushels, compared with 530,000 bushels harvested last year. Oats improved during May, but owing to the fact that the spring crop was seeded late and weather conditions were unfavorable for the development of grain, the yield will be little above the average. Hay crops made splendid growth during May, and early hay made heavy yields. The outlook for other hay is not so good because of the poor stand of

clover and timothy resulting from the drought last year. Pastures improved rapidly last month and on June 1 the condition of 91 per cent was considerably better than the ten-year average of 81 per cent.

*West Virginia* crop prospects are brighter than last year. The wheat crop has held to better than average conditions this spring, and only a few reports of rust damage were made this month. The indicated wheat production is 1,586,000 bushels, an average yield of 13 bushels per acre, compared with last year's final threshing returns showing 11 bushels per acre for a total of 1,276,000 bushels. Wheat threshing will probably begin in some sections in the week of June 19 and should be in full swing during the last week of June and the first week of July. Oats shows a June 1 condition of 82 per cent, compared with 70 per cent a year ago. Wet weather delayed spring seeding of oats, and the growing crop on May 1 showed a sickly yellow appearance. Since that time higher temperatures have prevailed, germination of late planted seed has been rapid, and the growth of the crop stimulated to a noticeable extent. The condition of the rye crop indicates an average yield of 11 bushels per acre for a total crop of 154,000 bushels, compared with a final outturn of 8½ bushels per acre, or a total production of 128,000 bushels, last year. All hay crops are better than last year. The heavy rainfall in the spring was beneficial. The condition of pastures has also improved to 88 per cent, compared with 72 per cent a month earlier and 70 per cent a year ago. Fruit prospects are slightly better than last year. The apple crop shows a condition on June 1 of 62 per cent, compared with 46 per cent for June 1932. As the "June drop" and other factors influence the size of the apple crop to a marked extent in some years, no estimate of production can be made until July. In the Eastern Panhandle, commercial apple crop prospects do not appear as favorable as they did a month ago, but the commercial orchards located along the Ohio River Valley are showing fair prospects. The indicated peach crop is three times as large this year as a year ago. Excessive rainfall during the spring made corn planting about two weeks later than usual, and the transplanting of tobacco was delayed from two to three weeks. The higher temperatures coupled with ample rainfall have had a tendency to increase the vegetative growth and improve crop conditions generally.

*South Carolina* grain crops are poorer than last year, but fruit crops are better. The wheat crop is estimated at 568,000 bushels, which compares with 760,000 bushels harvested last year and a five-year average of 537,000 bushels. The condition of oats was 63 per cent on June 1, compared with 65 per cent last year and a ten-year average of 78 per cent. No official quantity estimate will be made until July, but it appears now that the crop will be about 13 per cent below last year's production. Rye for grain is estimated at 42,000 bushels, compared with 72,000 bushels last year and a five-year average of 73,000 bushels. Peaches are reported as 62 per cent of a full crop, which compares with 42 per cent last year and a ten-year average of 60 per cent. The present condition indicates a total crop of 1,449,000 bushels, compared

with 792,000 bushels gathered in 1932. Prospects for hay are lower than at this time last year, pastures are in poorer condition, and apple production is expected to be smaller than in 1932. The condition of Irish potatoes on June first was somewhat better than a year ago.

### Construction

*Building permits* issued in thirty-two leading Fifth district cities in May 1933 numbered 2,319, compared with 2,835 permits issued in May 1932, a decrease of 18.2 per cent. Estimated valuation figures for all classes of permits issued last month totaled only \$1,917,562, compared with \$3,984,336 valuation for permits issued in May 1932, a decrease this year of 51.9 per cent. Thirteen of the thirty-two cities showed higher valuation figures for May 1933 than for May 1932, but these increases were all in smaller cities and in most cases were due to very low 1932 figures rather than to high figures this year.

*Contracts* awarded for construction work in the Fifth reserve district in May this year totaled \$5,409,292, including both urban and rural construction, compared with \$30,540,265 in contracts awarded in May 1932, according to figures collected by the F. W. Dodge Corporation. Last year the figure was increased by a large volume of contracts awarded by the National Government for construction in Washington. Of the May 1933 contracts, \$2,379,177 was for residential structures, approximately 44 per cent of all contracts, compared with \$3,174,805 for residential work in May last year, or only 10.4 per cent of all contract awards in that month.

### Building Permits issued in May 1933 and 1932

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md. ....	884	1,289	\$ 573,120	\$2,087,520
Cumberland, Md. ....	18	13	13,893	3,556
Frederick, Md. ....	20	16	4,962	9,438
Hagerstown, Md. ....	14	8	8,425	2,410
Salisbury, Md. ....	16	18	13,400	7,950
Danville, Va. ....	12	14	12,955	9,235
Lynchburg, Va. ....	47	31	93,225	27,761
Norfolk, Va. ....	115	119	85,835	100,235
Petersburg, Va. ....	3	5	1,725	2,230
Portsmouth, Va. ....	27	26	32,850	24,258
Richmond, Va. ....	82	112	83,186	174,277
Roanoke, Va. ....	38	20	25,559	9,745
Bluefield, W. Va. ....	9	12	8,435	12,045
Charleston, W. Va. ....	71	79	28,301	58,510
Clarksburg, W. Va. ....	12	21	2,925	16,037
Huntington, W. Va. ....	10	14	7,410	13,725
Asheville, N. C. ....	36	34	18,585	5,755
Charlotte, N. C. ....	37	36	35,135	117,195
Durham, N. C. ....	31	19	58,580	109,625
Greensboro, N. C. ....	27	44	11,755	16,759
High Point, N. C. ....	0	8	0	14,740
Raleigh, N. C. ....	16	11	25,910	22,610
Salisbury, N. C. ....	9	3	12,475	1,670
Rocky Mount, N. C. ....	9	5	10,350	8,025
Wilmington, N. C. ....	17	12	15,400	8,050
Winston-Salem, N. C. ....	60	49	25,990	66,730
Charleston, S. C. ....	43	37	9,445	12,055
Columbia, S. C. ....	31	67	10,521	53,405
Greenville, S. C. ....	18	24	9,615	34,125
Rock Hill, S. C. ....	10	14	19,120	6,080
Spartanburg, S. C. ....	28	16	9,305	2,445
Washington, D. C. ....	569	659	649,170	946,135
Totals .....	2,319	2,835	\$1,917,562	\$3,984,336

**Retail Trade, 32 Department Stores**

	Richmond	Baltimore	Washington	Other Cities	District
May 1933 sales, compared with sales in May 1932:	+ 5.1	- 3.9	- 8.6	- 3.6	- 4.8
Jan.-May 1933 sales, compared with sales in Jan.-May 1932:	-12.7	-16.9	-16.1	-14.6	-15.9
May 31, 1933, stocks, compared with stocks on May 31, 1932:	-19.9	-12.8	-13.3	-22.3	-14.8
May 31, 1933, stocks, compared with stocks on April 30, 1933:	- 5.7	+ 3.3	+ 1.6	- 1.8	+ 1.1
Number of times stock was turned in May 1933:	.399	.358	.36	.286	.355
Number of times stock was turned since January 1, 1933:	1.536	1.479	1.531	1.119	1.466
Percentage of May 1, 1933, receivables collected in May:	29.2	22.6	26.0	25.1	24.6

Department store sales in the Fifth Federal reserve district in May 1933 averaged only 4.8 per cent less in dollar volume than sales in May 1932, the best record made for any month since the summer of 1931. The comparison with last year, in view of price declines during the period, was quite favorable, and indicates a genuine pick-up in business, no seasonal influence having affected last month's figures. Richmond made the best record in the Fifth district last month with an increase of 5.1 per cent, and Washington made the worst record with a decline of 8.6 per cent. The stores in the "Other Cities" group which are located in the Carolinas also made good records in May, sales being stimulated by increased employment and pay rolls in textile mills. Cumulative sales in the Richmond district in the first five months of this year averaged 15.9 per cent less than sales in the first five months of 1932.

Stocks on the shelves of the reporting stores on May 31, 1933, totaled 14.8 per cent less, at retail selling value, than stocks on May 31, 1932, but showed an in-

crease of 1.1 per cent since April 30 this year. Stocks were turned an average of .355 times during the month of May, and since January 1 stocks have been turned an average of 1.466 times, a higher figure than 1.441 times stocks were turned during the first five months of 1932.

Collections in 30 of the 32 reporting stores averaged 24.6 per cent of receivables outstanding on May 1, a lower percentage of receivables collected during the month than 25.7 per cent collected in May 1932.

**Wholesale Trade, 60 Firms**

	22	7	6	13	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
May 1933 sales, compared with sales in May 1932:	+11.6	+65.8	+41.8	+35.7	- 4.8
May 1933 sales, compared with sales in April 1933:	+ 9.0	+37.1	- 5.3	+25.8	+ 6.8
Jan.-May 1933 sales, compared with sales in Jan.-May 1932:	- 5.9	+12.9	+ 3.2	+ 1.7	-15.3
May 31, 1933, stocks, compared with May 31, 1932, stocks:	-10.5(8*)	- 8.5(3*)	-16.0(5*)	-15.6(7*)	.....
May 31, 1933, stocks, compared with April 30, 1933, stocks:	+ 3.6(8*)	- 3.8(3*)	-23.3(5*)	- 3.0(7*)	.....
Percentage of May 1, 1932, receivables collected in May:	61.1(13*)	37.1(4*)	65.2(6*)	33.1(11*)	47.4(8*)

\* Number of reporting firms.

The accompanying table shows in percentage form how sales in five wholesale lines in May 1933 and in the first five months of this year compared with sales in May 1932 and in the first five months of last year. It also shows changes in stocks on hand, and finally gives the percentages of collections during May to total accounts receivable as of May 1, 1933.

(Compiled June 21, 1933)

## BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial activity increased rapidly in May and the early part of June, and there was an advance in the general level of commodity prices. Prices of raw materials traded in on organized exchanges showed wide fluctuations, and a general rapid upward movement, while prices of other commodities as a group showed relatively little increase.

### Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 67 per cent of the 1923-1925 average in April to 76 per cent in May, as compared with 60 per cent in March, 1933. Operations at steel mills continued to increase in May and the early part of June, contrary to seasonal tendency, and in the week ending June 24 activity is reported at about 50 per cent of capacity. Output of the automobile industry was larger in May than in April and, according to trade reports, has increased further in June, although a decline is usual at this season. Lumber output in May showed a considerable increase from previous low levels. Activity at textile mills increased sharply to a higher level for the season than in any other month since November, 1929; and output of shoe factories in May was larger than in May of any previous year.

Employment in manufacturing industries increased considerably between the middle of April and the middle of May, and the Board's index, which is adjusted to allow for seasonal variations, advanced from 58 per cent of the 1923-1925 average to 61 per cent. Factory payrolls increased by a larger percentage to about 42 per cent of the 1923-1925 average.

Value of construction contracts awarded during May and the first half of June, as reported by the F. W. Dodge Corporation, showed a non-seasonal increase from the extreme low levels prevailing earlier in the year.

### Distribution

Freight traffic increased from April to May by more than the seasonal amount, reflecting chiefly larger shipments of miscellaneous freight and merchandise. Department store sales, which had increased substantially from March to April, showed little change in May.

### Wholesale Prices

Wholesale commodity prices, as measured by the weekly index of the Bureau of Labor Statistics, advanced from 60.3 per cent of the 1926 average in the

week ending April 15 to 64.5 per cent in the week ending June 17. This increase reflected a rapid rise in the prices of commodities traded in on organized exchanges, including wheat, cotton, wool, hides, lard, sugar, silk, rubber, and non-ferrous metals, and also in the prices of flour, textiles, and leather; while prices of petroleum were reduced and most other prices showed relatively little change.

### Foreign Exchange

The value of the dollar in the exchange market declined by 18 per cent between the middle of April and June 21. On the latter date the noon buying rate on cable transfers for the French franc was 4.81 cents, as compared with a gold par of 3.92 cents, and the English pound was quoted at \$4.16, as compared with a rate of \$3.41 on April 12.

### Bank Credit

A return flow of \$156,000,000 of currency from circulation and purchase of \$118,000,000 of United States Government securities by the reserve banks placed a considerable volume of reserve funds at the disposal of member banks during the five weeks ending June 21. These funds were used in part to reduce further the member banks' indebtedness to the reserve banks and the reserve banks' holdings of acceptances, and in part were added to the member banks' reserve accounts.

Loans and investments of member banks in 90 leading cities increased by \$175,000,000 in the four weeks ending June 14, representing chiefly a growth of security loans and other loans at New York City banks. Loans to brokers and dealers in securities made by New York City banks increased by \$160,000,000 during the period, while security loans to other customers declined. Net demand deposits at the reporting banks increased by over \$500,000,000, reflecting in part a further growth of bankers' balances, principally in New York City.

Money rates in the open market continued to decline during the period and in the middle of June were only slightly above the lowest levels of recent years.

On May 26 the discount rate of the Federal Reserve Bank of New York was reduced from 3 to 2½ per cent and in the following three weeks rates were lowered from 3½ to 3 per cent at the Federal Reserve Banks of Chicago, Boston, San Francisco, Philadelphia, St. Louis, and Cleveland. At the other Federal reserve banks a rate of 3½ per cent prevails.