

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

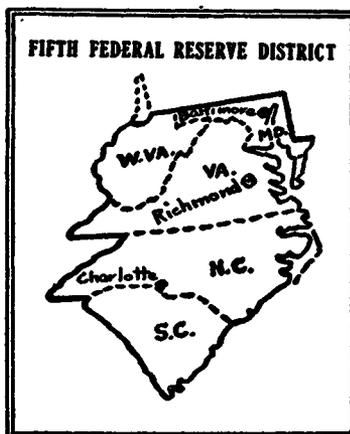


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RICHMOND, VIRGINIA

JULY 31, 1933

**M**OST of the trade barometers indicate that the revival in business which began in April and May continued through June and the first half of July. The latter period is normally a quiet one in trade circles, but this year the recession in business volume in comparison with the Spring months seems to have been smaller than in most years. There was a slight decline in rediscounts for member banks at the Federal Reserve Bank of Richmond during the past month, and on July 15 totaled less than half the volume of rediscounts a year ago. There was only a minor change in the reserve bank's portfolio of open market paper, but Government security holdings increased sufficiently to raise the total earning assets of the Bank to a point above that of June 15, although earning assets on July 15, 1933, were less than those of July 15, 1932. The circulation of Federal reserve notes declined seasonally between the middle of June and the middle of July, but on the latter date the volume of notes in actual circulation exceeded those in circulation a year earlier by approximately 52 per cent. Regularly reporting member banks in the district's leading cities increased their loans between June 14 and July 12, and also increased their investments in bonds and other securities. Demand deposits rose appreciably during the month under review, and time deposits also registered an increase; these gains were naturally accompanied by an increase in reserve balances at the reserve bank. Debits to individual accounts figures for the four weeks ended July 12, 1933, showed somewhat more than the normal seasonal increase over debits in the preceding four weeks, ended June 14, 1933, but showed a decline of 8.4 per cent in comparison with debits in the four weeks ended July 13 last year. However, nine of the twenty-three reporting cities showed higher debits for the 1933 period, the largest number of cities to register a gain over the yearly comparison in many months. Total debits in twenty-three cities



for the first half of 1933 were 21 per cent less than debits in the first half of 1932, every city except one reporting lower figures this year. The decline occurred almost entirely in the first quarter of this year, and was adversely affected by the banking holiday in March. Commercial failures in the Fifth district in June were less numerous than in any other June since 1921, and the district record was considerably better than the National average. During the first half of 1933, the number of insolvencies in comparison with those in the first half of 1932 declined by 29 per cent, and aggregate liabilities involved declined by nearly 38 per cent. Employment conditions continued to show improvement, with additional workers being required in textile mills, tobacco factories, coal mines, and scattered smaller industries. There was even a slight improvement in the demand for workers in construction fields. Coal production in June was materially above production in June last year, and was above seasonal level in comparison with earlier months of the year. Textile mills operated full time, and consumed more cotton than in any previous month, production having been stimulated to some extent at least by orders placed ahead of requirements to escape the payment of the new process tax. Cotton prices continued to rise after the middle of June, and reached a point about double the prices at this time a year ago. Official acreage figures on this year's cotton crop showed an increase over the 1932 acreage, but closely following the announcement of the increased acreage came another announcement from the Department of Agriculture to the effect that farmers had pledged themselves to plow up sufficient cotton to bring about a decrease in acreage this year of about 14 per cent. Construction work planned in June showed some increase over the figures for the past few months, but continued very small in aggregate volume. Retail trade in June, while less in dollar amount than trade in June 1932, compared favorably

with other recent months, and in actual units of merchandise sold probably equalled if it did not exceed the trade in June last year. Wholesale trade has improved notably during the past three months, especially in dry goods, shoes and hardware. The agricultural situation at present is the best for several years, crops promising satisfactory yields on the whole and the price situation being much better than a year ago.

### Reserve Bank Statement

ITEMS	000 omitted		
	July 15 1933	June 15 1933	July 15 1932
Rediscounts held .....	\$ 13,991	\$ 15,003	\$ 29,957
Open market paper.....	276	290	3,659
Government securities .....	58,108	53,717	47,133
Total earning assets.....	72,375	69,010	80,749
Circulation of Fed. Res. notes..	139,801	142,937	91,918
Members' reserve deposits.....	71,608	62,864	50,487
Cash reserves .....	169,588	176,678	83,195
Reserve ratio .....	72.58	74.94	53.47

The figures in the accompanying table show the principal items on the Federal Reserve Bank of Richmond's statement of condition as of July 15, 1933, in comparison with corresponding figures a month and a year earlier. Rediscounts for member banks held by the Bank declined by \$1,012,000 between the middle of June and the middle of July this year, and holdings of bankers' acceptances bought in the open market also decreased, by \$14,000. On the other hand, the Bank increased its investments in Government securities by \$4,391,000, thereby bringing about a net increase of \$3,365,000 in total earning assets between June 15 and July 15. Circulation of Federal Reserve notes of the Richmond bank declined by \$3,136,000 during the past month, a seasonal development of about normal proportions. Member banks, with surplus funds on hand, increased their reserves at the Federal Reserve Bank of Richmond by \$8,744,000 between June 15 and July 15. The several changes in the items mentioned, with others of less importance, reduced the cash reserves of the Richmond bank by \$7,090,000 during the period under review, and also lowered the ratio of reserves to note and deposit liabilities combined by 2.36 points.

A comparison of the July 15, 1933, figures with those for July 15, 1932, shows much more marked changes in the items than incurred during the past month. Rediscounts for member banks declined by \$15,966,000 during the year, and holdings of open market paper dropped by \$3,383,000. There was an increase of Government security holdings amounting to \$10,975,000 between the middle of July last year and this, but this increase was insufficient to offset the decline in rediscounts and investments in open market paper, and therefore total earning assets dropped a total of \$8,374,000 during the year. The circulation of Federal Reserve notes continued far above the figures a year ago, and on July 15, 1933, showed an increase of \$47,883,000 over the July 15, 1932, circulation. Member bank reserve deposits also rose not-

ably during the period under review, advancing \$21,121,000 over the mid-July 1932 figure. Cash reserves of the Federal Reserve Bank of Richmond rose by \$86,393,000, and the ratio of reserves to note and deposit liabilities combined gained 19.11 points.

### Member Bank Statement

ITEMS	000 omitted		
	July 12 1933	June 14 1933	July 13 1932
Loans on stocks and bonds (including Governments) .....	\$ 62,219	\$ 59,696	\$ 65,814
All other loans.....	112,866	111,045	123,739
Total loans and discounts.....	175,085	170,741	189,553
Investments in stocks & bonds..	151,979	143,876	122,952
Reserve bal. with F. R. Bank....	28,941	22,965	19,802
Cash in vaults.....	10,360	9,495	8,672
Demand deposits .....	183,090	177,413	156,803
Time deposits .....	131,842	126,977	132,141
Borrowed from F. R. Bank.....	321	339	2,689

The accompanying table shows the principal items of condition reported by member banks in ten leading cities of the Fifth reserve district as of three dates, July 12 and June 14, 1933, and July 13, 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. Thirty banks are included in the tabulation.

Between June 14 and July 12, both this year, total loans and discounts in the reporting banks increased by \$4,344,000, of which \$2,523,000 was in loans on stocks and bonds and \$1,821,000 was in all other loans. Investments in bonds and other securities rose \$8,103,000 during the month, and the reporting banks also increased their reserve deposits at the Federal Reserve Bank of Richmond by \$5,976,000. Cash in vaults rose by \$865,000 between June 14 and July 12. There was an increase of \$5,677,000 in demand deposits last month in the thirty reporting banks, and time deposits gained \$4,865,000, a net increase in deposits amounting to \$10,542,000, much more than is accounted for by increased loans. The reporting banks decreased their borrowing at the reserve bank by \$18,000 between the middle of June and the middle of July, only two of the thirty banks being on the borrowing list on the later date.

Comparison of the July 12, 1933, condition figures with those for July 13, 1932, shows marked changes in several items during the year. Loans on stocks and bonds declined by \$3,595,000, and all other loans decreased by \$10,873,000, a total decline in loans and discounts amounting to \$14,468,000. The drop in loans was not accompanied by a decline in deposits, however, demand deposits increasing \$26,287,000 and time deposits decreasing \$299,000, a total increase in deposits amounting to \$25,988,000. Larger deposits brought a corresponding increase in reserve balances carried by the reporting banks at the reserve bank, this item rising by \$9,139,000 during the year. Cash in vaults also rose by \$1,688,000 between July 13, 1932, and July 12, 1933. The thirty banks increased their investments in

bonds and securities by \$29,027,000 during the year, and decreased their borrowing at the Federal Reserve Bank of Richmond by \$2,368,000.

### Time and Savings Deposits

Time deposits in thirty regularly reporting member

banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$325,617,214 at the end of June 1933, an increase over time and savings deposits totaling \$320,688,321 at the end of May this year, but less than \$345,279,865 in deposits at the end of June last year.

### DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS, FOUR WEEKS ENDED			SEMI-ANNUAL TOTALS	
	July 12, 1933	June 14, 1933	July 13, 1932	1933	1932
Asheville, N. C.....	\$ 7,997,000	\$ 6,603,000	\$ 6,541,000	\$ 43,133,000	\$ 52,989,000
Baltimore, Md. ....	205,779,000	188,503,000	259,227,000	1,186,089,000	1,743,860,000
Charleston, S. C. ....	7,766,000	8,528,000	8,671,000	51,581,000	68,827,000
Charleston, W. Va.....	35,574,000	25,702,000	30,497,000	174,363,000	188,723,000
Charlotte, N. C.....	35,818,000	32,153,000	28,585,000	189,944,000	211,652,000
Columbia, S. C.....	10,094,000	8,733,000	12,336,000	57,531,000	93,811,000
Cumberland, Md. ....	6,510,000	4,925,000	6,985,000	28,063,000	35,411,000
Danville, Va. ....	4,616,000	3,876,000	4,482,000	25,430,000	29,463,000
Durham, N. C.....	18,563,000	16,374,000	12,127,000	97,237,000	89,894,000
Greensboro, N. C.....	3,108,000	2,770,000	9,847,000	30,903,000	63,855,000
Greenville, S. C.....	12,009,000	10,159,000	7,769,000	56,192,000	64,963,000
Hagerstown, Md. ....	5,353,000	4,038,000	6,332,000	23,965,000	36,104,000
Huntington, W. Va.....	8,777,000	8,363,000	9,738,000	54,778,000	69,750,000
Lynchburg, Va. ....	12,362,000	10,710,000	11,659,000	68,480,000	79,136,000
Newport News, Va.....	5,538,000	5,251,000	6,394,000	34,507,000	47,130,000
Norfolk, Va. ....	33,307,000	29,882,000	33,850,000	186,035,000	220,353,000
Portsmouth, Va. ....	3,174,000	3,026,000	3,231,000	18,526,000	22,375,000
Raleigh, N. C.....	11,092,000	11,114,000	14,543,000	85,326,000	90,387,000
Richmond, Va. ....	97,344,000	86,151,000	106,738,000	592,637,000	653,944,000
Roanoke, Va. ....	17,218,000	15,160,000	16,790,000	101,661,000	123,507,000
Washington, D. C.....	175,916,000	159,228,000	195,842,000	993,671,000	1,236,015,000
Wilmington, N. C.....	5,829,000	5,905,000	6,508,000	34,440,000	49,457,000
Winston-Salem, N. C.....	31,498,000	24,251,000	25,702,000	151,512,000	169,844,000
District Totals .....	\$755,242,000	\$671,405,000	\$824,394,000	\$4,286,004,000	\$5,441,450,000

The accompanying table of debits to individual accounts shows aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-three cities of the Fifth reserve district during three equal periods of four weeks, ended July 12, 1933, June 14, 1933, and July 13, 1932. In addition, the table shows figures for the half-year ended June 30, 1933, with comparative figures for the first half of 1932.

An increase in debits between four weeks ended June 14 and four weeks ended July 12 is seasonal, due chiefly to quarterly and semi-annual payments on and around July 1, and this year the increase was somewhat larger than in most years because of increased business activity since the middle of June. Debits in the four weeks ended July 12 showed an increase of \$83,837,000, or 12.5 per cent, over debits in the preceding four weeks, ended June 14, twenty of the twenty-three reporting cities registering gains.

A comparison of the figures for the four weeks ended July 12, 1933, with corresponding figures for four weeks ended July 13, 1932, shows a decline of \$69,152,000, or 8.4 per cent, a more favorable comparison than those of most recent months. Nine of the twenty-three cities reported increased figures for the 1933 period.

Total debits in the first half of 1933 amounted to \$4,286,004,000 in the twenty-three reporting Fifth district cities, compared with debits aggregating \$5,441,-

450,000 in the first half of 1932, a decline this year of \$1,155,446,000, or 21 per cent. Durham, N. C., was the only city in the Fifth district which reported higher figures this year. Most of the decrease in 1933 debits in comparison with 1932 figures occurred in the first quarter of the year, before business had begun to pick up, and when the bank holiday in March materially affected debits totals.

### Commercial Failures

Business failures in the United States have shown a remarkable decline during the past few months, according to the *Dun & Bradstreet Monthly Review*, and the Fifth reserve district has kept pace with the National improvement. Insolvencies in the district numbered only 84 in June, with aggregate liabilities of \$1,646,019, compared with 179 bankruptcies for \$6,996,072 in June 1932. The number of insolvencies last month was the lowest for any June since 1921, and liabilities were the lowest for June since 1928. The Fifth district made a better record last month in comparison with June last year than the United States, the number of failures in the district declining 53 per cent in comparison with 39 per cent in the Nation, and liabilities in the district decreasing 76 per cent in comparison with 54 per cent. Business failures in the district during the first half of 1933 totaled 727, with

aggregate liabilities of \$21,333,686, compared with 1,028 failures for \$34,231,681 in the first half of 1932.

### Employment

Employment broadened between the middle of June and the middle of July, textile mills, coal mines, lumber and box plants, and tobacco factories having further increased their operations. Building permits issued in Fifth district cities increased moderately over the previous month, promising work for additional building tradesmen, the line in which unemployment appears to be most serious. Wages in a good many plants have been advanced recently, and the new textile code will increase incomes of many textile workers. There is some labor trouble in North Carolina at present, involving several thousand textile and furniture workers who are striking for higher wage advances than those they have gotten or have been offered. Employment is probably the key to permanent business revival, and definite progress has undoubtedly been made, but there are yet many people who are unable to obtain work and civil authorities are finding it necessary to continue assistance to needy persons.

### Coal Production

Total production of bituminous coal in the United States in June 1933 amounted to 25,320,000 net tons, compared with 22,488,000 tons mined in May 1932 and 17,749,000 tons in June last year. Daily average production in June this year of 974,000 tons compared with an average of 852,000 tons in May 1933 and 683,000 tons in June 1932. Total production of soft coal during the present calendar year to July 8 amounted to 151,587,000 net tons, a higher figure than 147,265,000 tons mined to July 8 last year. Tidewater shipments of coal through Hampton Roads totaled 8,392,186 tons during the first half of this year, compared with 8,426,817 tons shipped in the corresponding period in 1932.

The June 24 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of May 1933. West Virginia with 6,313,000 tons was in second place, Pennsylvania ranking first with 6,410,000 tons. The states of West Virginia, Virginia and Maryland mined a total of 7,076,000 tons of bituminous coal in May, 31.5 per cent of total National production.

### Textiles

The textile industry in the Fifth district was exceedingly active last month, and consumed more cotton than in any previous month. Fifth district mills consumed 318,835 bales last month, compared with 292,625 bales used in May 1933 and 144,892 bales in June 1932. Last month North Carolina mills used 170,296 bales, South Carolina mills used 134,610 bales, and Virginia mills used 13,929 bales. June 1933 consumption in Virginia and the Carolinas was 45.8 per cent of National consumption, a lower percentage than 47.1 per cent of National consumption in May 1933 but higher

than 44.9 per cent in June 1932. On June 21, the Department of Commerce issued a report on spindles in place, spindles active in May, total spindle hours of operation in May, and average hours of operation per spindle in place in May. On May 31, 1933, there were 30,959,216 spindles in place in the United States, North Carolina leading all states with 6,138,752, or 19.8 per cent of the total, Massachusetts ranking second with 5,835,644 spindles, or 18.8 per cent, and South Carolina third with 5,681,772 spindles, or 18.4 per cent. The Fifth district as a whole had 40.4 per cent of total spindles in place in the United States at the end of May 1933. In actual spindle hours of operation, South Carolina led all states for May with 2,350,409,469 hours, or 28.3 per cent of the National total of 8,309,664,722 hours, and North Carolina ranked second with 1,846,343,126 hours, or 22.2 per cent, while Massachusetts, although having 18.8 per cent of spindles in place, showed only 810,576,871 spindle hours, or 9.8 per cent. The Fifth district, with 40.4 per cent of total spindles in the United States in place in May, showed 52.5 per cent of total hours of operation. In actual hours of operation per spindle in place, the Fifth district states did not compare quite so favorably with others, although South Carolina with an average of 414 hours of operation per spindle ranked first. North Carolina with an average of 301 hours ranked fifth, and Virginia with 246 hours tied with Texas for seventh place. The average hours of operation per spindle in place for the United States was 268 hours, much lower than the averages in the Carolinas but above the Virginia average.

### Cotton Statistics

*Spot cotton prices* continued to advance during the latter half of June and the first half of July, but accurate figures are no longer available, the Cotton Price Reporting Service having been discontinued by the Department of Agriculture in its economy program. However, we have authentic information of sales of cotton by growers in the Fifth district for 10.5 cents per pound, and a considerable amount of cotton was sold by farmers who had been holding their crops for two years. Quite a number of cotton growers who had been holding cotton for 10 cents changed their minds when that price was reached, and did not sell their holdings.

*Consumption of cotton* in the United States in June 1933 totaled 696,472 bales, the highest figure on record for any month, compared with 620,909 bales used in May this year and 322,706 bales in June 1932. Total consumption for the eleven months of the present cotton year—August 1 to June 30—amounted to 5,535,382 bales, compared with 4,587,448 bales consumed in the corresponding period of the 1931-1932 season. Manufacturing establishments held 1,400,804 bales on June 30, compared with 1,394,607 bales held on May 31 and 1,320,703 bales on June 30, 1932. Public warehouses and compresses held 6,318,944 bales in storage at the end of June this year, compared with 7,320,977 bales so held a month earlier and 7,150,937 bales on

June 30 last year. June exports totaled 614,561 bales, compared with 591,647 bales sent abroad in May 1933 and 360,205 bales exported in June 1932. Exports during the eleven months of this cotton year totaled 7,727,392 bales compared with 8,258,072 bales shipped over seas during the corresponding eleven months ended June 30, 1932, the decrease this year being due to much lower exports to Japan and China. Spindles active at some time during June numbered 25,540,504, compared with 24,571,498 in May this year and 20,646,966 in June 1932.

*Cotton growing states consumed* 565,644 bales of cotton in June, compared with 514,221 bales used in May and 275,832 bales in June 1932. Last month's consumption in the cotton growing states amounted to 81.2 per cent of National consumption, a lower percentage than either 82.8 per cent in May this year or 85.5 per cent in June 1932. Of the 565,644 bales of cotton consumed in the cotton growing states in June, the Fifth district mills used 318,835 bales, or 56.4 per cent, a higher percentage than 52.5 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 8, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as 11.6 per cent more than the acreage on July 1, 1932. Every one of the cotton growing states increased acreage this year. In the Fifth reserve district, South Carolina showed an increase of 6 per cent and North Carolina an increase of 5 per cent, while Virginia, an unimportant factor in cotton production, planted 10 per cent more than last year. Heavy producing states outside the Fifth district reported the following increases in acreage: Oklahoma, 30%; Texas, 16%; Tennessee, 8%; Alabama, Arkansas, Georgia and Louisiana, 6% each; and Mississippi, 1%. However, after this report was issued the Department of Agriculture announced that its campaign for cotton reduction had succeeded, and stated that approximately 9,500,000 acres of cotton would be plowed up. If this is done, the net acreage left for picking will be about 14 per cent less than the acreage under cultivation on July 1, 1932. No official information is yet available on the condition of this year's cotton crop, the first report of the season being due on August 8.

### Tobacco Manufacturing

On July 21, the Commissioner of Internal Revenue issued a report on taxes collected in June 1933 on manufactured tobacco products. June production of cigarettes in the United States numbered 12,462,969,787, compared with 10,560,212,050 cigarettes manufactured in June 1932. Smoking and chewing tobacco rose from 27,616,554 pounds in June last year to 28,884,769 pounds in June this year. Cigars manufactured increased from 400,406,156 in June 1932 to 418,570,386 in June, 1933. Snuff production rose from 3,061,541 pounds to 3,473,552 pounds. During the month of June 1933, taxes on cigarettes totaled \$37,390,946, compared with \$31,684,175 collected in the corresponding

month last year. Taxes on smoking and chewing tobacco increased during the same period from \$4,971,729 to \$5,199,522. Cigarette manufacture rose approximately 18 per cent above the production in June 1932, and other manufactured tobacco exclusive of cigars gained between 4 and 5 per cent. Cigar production increased 4.5 per cent over the output in June 1932.

### Agricultural Notes

*Maryland.* The total acreage of important field crops in Maryland this year is slightly larger than last year, due chiefly to increased acreages of corn and wheat. Tobacco acreage is about the same as last year, and hay, Irish potatoes and sweet potatoes are being grown on reduced acreages. Crop conditions on July 1 were below average except for hay, due to a late Spring followed by dry hot weather in June. The prospective yield of wheat this year is 6,320,000 bushels, compared with 4,940,000 bushels threshed in 1932 and a five-year average of 9,690,000 bushels. Corn production is estimated at 17,484,000 bushels, against 16,440,000 bushels last year and average production of 14,425,000 bushels. The 1933 oat crop of 1,375,000 bushels compares with 1,425,000 bushels in 1932 and 1,463,000 bushels the five-year average. Hay yields this year of 472,000 tons exceed last year's crop of 470,000 tons. Irish potatoes will probably yield 2,940,000 bushels for 1933, slightly less than the 1932 yield of 2,945,000 bushels and materially below the five-year average of 3,595,000 bushels. The sweet potato crop is short, 900,000 bushels this year comparing with 920,000 bushels last year and average production of 1,388,000 bushels. Maryland tobacco yield is estimated at 23,562,000 pounds, compared with 22,750,000 pounds in 1932 and 23,230,000 pounds the five-year average. A crop of 1,462,000 bushels of apples is larger than 1,368,000 bushels gathered last year, but is lower than the 1926-1930 average production of 2,202,000 bushels. Farmers fear that this year's tobacco will be of poorer quality than average, and the apple crop is also of lower quality.

*Virginia* acreage this year is slightly larger than last year. The acreage of corn, barley, rye, cotton, tobacco, alfalfa and cowpeas is larger than last year, while the acreage of wheat, early potatoes, peanuts and most hay crops has been reduced. Farmers are making a special effort to produce food and feed crops this year. Crops lost ground in condition during June because of hot, dry weather. Early threshing returns have shown smaller wheat yields than had been expected, but the forecast of 7,150,000 bushels is much higher than the 1932 yield of 6,253,000 bushels. The corn crop is irregular in growth, but has a good color, has been well cultivated, and is expected to yield 34,385,000 bushels, compared with only 26,388,000 bushels in 1932 and a five-year average of 32,873,000 bushels. Scarcity of feed supplies led to increased acreage in oats, rye and barley, and production as follows is forecast: oats, 3,320,000 bushels, compared with 3,237,000 bushels last year; rye, 578,000 bushels, com-

pared with 530,000 bushels; and barley, 672,000 bushels, compared with 612,000 bushels last year. Largely due to improved prices received for last year's crop, Virginia tobacco growers increased this year's acreage about 25 per cent. Growth during June was retarded by dry weather, but generally the stand is fairly good and fields have been well cultivated. Weather conditions in July and August will largely determine the final yield, but prospects on July 1 were for a yield of about 76,000,000 pounds, compared with last year's short crop of 53,084,000 pounds. Commercial potato acreage was reduced this year, while the farm crop was materially increased. Dry weather in June cut the yield, but the total crop is forecast at 10,044,000 bushels, compared with 9,682,000 bushels last year and a five-year average of 15,464,000 bushels. Poor prices last year for sweet potatoes caused commercial growers to reduce the crop, but planting for home consumption was increased, and this year's total yield of 4,255,000 bushels is larger than 3,610,000 bushels dug last year, but is smaller than the five-year average of 4,602,000 bushels. Virginia's hay yield for 1933 is estimated at 899,000 tons, compared with 772,000 tons last year and 868,000 tons the five-year average. Fruit prospects declined in June as a result of unfavorable weather and damage from aphid and scab, but the estimate of production of 12,808,000 bushels of apples compares favorably with 7,830,000 bushels last year and 12,671,000 bushels the average for the five years 1926-1930.

*West Virginia.* The total land planted to crops this year in West Virginia shows approximately a 1 per cent increase over 1932, the principal increases being in wheat and corn. Hot weather in June hastened the wheat harvest, and by July 1 most of the wheat had been cut and shocked preparatory to threshing. The yield is expected to be 1,660,000 bushels, compared with 1,276,000 bushels last year and a five-year average of 1,604,000 bushels. Corn was planted late due to the extremely wet Spring, but germinated rapidly and made excellent progress until growth was checked by drought and high temperatures during the last two weeks in June. This year's corn yield is forecast at 11,934,000 bushels, compared with 11,150,000 bushels in 1932. Oats suffered from dry weather, and the acreage was also reduced; the forecast of 2,882,000 bushels for 1933 is smaller than 3,036,000 bushels harvested in 1932. The 1933 yield of Irish potatoes in West Virginia, on a larger acreage than last year, is expected to be only 3,344,000 bushels compared with 3,608,000 bushels in 1932. Tobacco production is forecast at 4,690,000 pounds, compared with 2,312,000 pounds last year, but this year's acreage is 7,000 acres while in 1932 only 3,700 acres were planted to tobacco. The apple crop in West Virginia is indicated to be 5,676,000 bushels as against 4,191,000 bushels harvested last year and 6,831,000 bushels the five-year average.

*North Carolina.* Acreage in most crops was increased in North Carolina this year, peanuts being the most striking exception. Unusually dry and hot weather in May and June retarded nearly all crops, but apparently damaged cotton and peanuts less than oth-

ers. Stands of corn are faulty, and plants are not vigorous, but the 1932 yield was so short that this year's forecast of 39,100,000 bushels is 12 per cent above last year's yield of 34,830,000 bushels. This year's wheat yield of 3,714,000 bushels compared with 3,572,000 bushels in 1932 and a five-year average of 3,638,000 bushels, and this year's oat crop of 3,075,000 bushels compared with 3,690,000 bushels last year and 2,832,000 bushels the five-year average. Prospects for North Carolina tobacco are quite variable, but on an acreage 43 per cent above that of 1932 the 1933 crop of 447,552,000 pounds exceeds last year's crop of 293,750,000 pounds by 52 per cent, but is less than the five-year average production of 486,948,000 pounds. The early Irish potato crop was good, and prices were sufficient to make shipment of No. 2 grades profitable, grades which are usually not shipped at all. Total shipments of 6,879 cars through July 1 compared with 5,796 cars shipped through this date last year and a total of 5,876 cars for the entire 1932 season. Total production of all potatoes in North Carolina this year is estimated at 7,469,000 bushels, compared with 6,596,000 bushels dug last year. The sweet potato crop is smaller than last year's, a probable yield of 7,480,000 bushels in 1933 comparing with 7,990,000 bushels in 1932. A hay crop of 570,000 tons is forecast for 1933, compared with 565,000 tons cured last year and a five-year average of 546,000 tons.

*South Carolina* total acreage is about 1 per cent less than the 1932 acreage. Decreases in food and feed crops a little more than offset increases in cotton and tobacco. The shift to cash crops was partly due to dry soil conditions which prevented the usual planting of corn and hay crops. Rainfall was deficient during the Spring and early Summer and the reported condition of all field crops on July 1 was below both last year and the five-year average. Corn yield for this year is estimated at 18,480,000 bushels, above last year's yield of 17,885,000 bushels but less than 20,751,000 bushels the five-year average. A wheat crop of 608,000 bushels compares with 706,000 bushels in 1932 and average production of 537,000 bushels for the years 1926-1930. Oats totaling 6,825,000 bushels is about 14 per cent below both last year's and the five-year average production. Prospects on July 1 indicated a tobacco crop of 64,400,000 pounds in South Carolina this year, compared with only 39,236,000 pounds last year, and a five-year average of 81,408,000 pounds. The 1933 Irish potato crop of 1,728,000 bushels compares with 1,462,000 bushels last year and 2,894,000 bushels the five-year average, and this year's sweet potato yield of 4,130,000 bushels compares with 6,072,000 bushels in 1932 and 4,227,000 bushels average production during the years 1926-1930. South Carolina hay crops promise a yield of 177,000 tons for 1933, as compared with 210,000 tons in 1932 and the five-year average of 175,000 tons.

**Construction****Building Permits Issued in  
June 1933 and 1932**

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md. ....	1,017	1,170	\$ 983,160	\$ 963,720
Cumberland, Md. ....	14	8	9,648	6,235
Frederick, Md. ....	11	12	5,570	5,123
Hagerstown, Md. ....	10	12	7,210	12,450
Salisbury, Md. ....	18	22	19,300	16,750
Danville, Va. ....	17	23	12,243	21,695
Lynchburg, Va. ....	29	32	63,605	368,585
Norfolk, Va. ....	122	103	148,620	121,280
Petersburg, Va. ....	5	2	3,300	400
Portsmouth, Va. ....	22	30	14,955	17,735
Richmond, Va. ....	87	113	112,194	175,427
Roanoke, Va. ....	17	39	12,645	17,191
Bluefield, W. Va. ....	8	1	6,648	75
Charleston, W. Va. ....	83	102	23,223	25,062
Clarksburg, W. Va. ....	26	19	3,950	7,493
Huntington, W. Va. ....	14	24	58,110	5,250
Asheville, N. C. ....	29	21	11,600	3,062
Charlotte, N. C. ....	30	33	54,947	31,716
Durham, N. C. ....	21	12	101,855	23,250
Greensboro, N. C. ....	39	38	23,565	8,857
High Point, N. C. ....	14	4	17,225	6,600
Raleigh, N. C. ....	15	5	30,765	1,175
Salisbury, N. C. ....	11	2	19,320	800
Rocky Mount, N. C. ....	3	2	8,050	4,500
Wilmington, N. C. ....	10	11	10,975	3,700
Winston-Salem, N. C. ....	47	45	36,980	38,825
Charleston, S. C. ....	34	46	21,070	21,125
Columbia, S. C. ....	36	36	15,476	85,679
Greenville, S. C. ....	25	20	19,370	8,310
Rock Hill, S. C. ....	7	9	14,450	10,975
Spartanburg, S. C. ....	20	16	3,670	3,115
Washington, D. C. ....	578	528	583,770	1,403,340
District Totals.....	2,419	2,540	\$2,457,469	\$3,419,500

*Building permits issued* in June in thirty-two leading cities of the Fifth reserve district numbered 2,419, compared with 2,540 permits issued in June 1932, and estimated valuation figures for last month totaled only \$2,457,469, a decrease of 28 per cent under valuation of \$3,419,500 in June 1932. Twenty of the thirty-two reporting cities showed higher valuation figures for June 1933, but decreases of nearly \$1,000,000 in Washington and \$300,000 in Lynchburg more than offset the gains. In proportion to population, Durham made the best record for June, valuation in that city being exceeded only by Baltimore, Washington, Richmond and Norfolk, all much larger cities.

*Contracts awarded* for construction work in the Fifth reserve district in June this year totaled \$10,425,409, including both urban and rural construction, compared

with \$7,784,987 in contracts awarded in June 1932, according to figures collected by the F. W. Dodge Corporation. Of the June 1933 contracts, \$3,342,989 was for residential structures, approximately 32 per cent of all contracts, compared with \$2,663,497 for residential work in June last year, or 44 per cent of all contract awards in that month.

**Retail Trade, 31 Department Stores**

	Richmond	Baltimore	Washington	Other Cities	District
June 1933 sales, compared with sales in June 1932:					
— 6.2%	— 5.9%	— 9.8%	— 2.9%	— 7.3%	
Total sales first half of 1933, compared with first half of 1932:					
—11.1%	—15.0%	—15.0%	—12.8%	—14.4%	
June 30, 1933 stocks, compared with stocks on June 30, 1932:					
—12.6%	— 9.4%	— 9.2%	—21.8%	—11.0%	
June 30, 1933 stocks, compared with stocks on May 31, 1933:					
+ 4.2%	+ 3.5%	+ .6%	— 3.6%	+ 1.6%	
Number of times stock was turned in June 1933:					
.341	.324	.335	.238	.321	
Number of times stock was turned since January 1, 1933:					
1.906	1.802	1.868	1.36	1.79	
Percentage of June 1, 1933, receivables collected in June:					
28.4%	21.4%	26.5%	24.6%	24.2%	

**Wholesale Trade, 60 Firms**

	22	7	6	13	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
June 1933 sales, compared with sales in June 1932:					
+ 6.2	+86.7	+50.9	+39.2	—12.0	
June 1933 sales, compared with sales in May 1933:					
+ 5.5	— 2.1	—25.1	— 2.7	— 1.7	
Total sales first half of 1933, compared with first half of 1932:					
— 5.6	+24.5	+ 8.8	+ 7.7	—15.0	
June 30, 1933 stocks, compared with June 30, 1932 stocks:					
— 1.9(8*)	+50.3(3*)	—14.0(5*)	—10.2(7*)	—	
June 30, 1933 stocks, compared with May 31, 1933 stocks:					
+ 9.1(8*)	+34.0(3*)	— 4.6(5*)	+ 1.3(7*)	—	
Percentage of June 1, 1933, receivables collected in June:					
66.6(10*)	34.4(4*)	61.9(6*)	37.3(11*)	47.5(8*)	

\* Number of reporting firms.

(Compiled July 21, 1933)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

In June, as in the two preceding months, industrial activity increased rapidly and in the first half of July there was some further advance. Factory employment and payrolls showed a considerable increase. Wholesale commodity prices rose rapidly until the third week of July when prices of leading raw materials showed a sharp decline.

**Production and Employment**

Volume of industrial production, as measured by the Board's seasonally adjusted index, advanced from 77 per cent of the 1923-1925 average in May to 89 per cent in June, as compared with 60 per cent in March. Activity in the steel industry continued to increase during June and, according to trade reports, during the first two weeks of July; in the third week of the month it showed little change. Demand for steel from the railroads and the construction industry continued at a low level. Output of automobiles, which usually declines at this season, increased in June and showed little change in July. Consumption of cotton by domestic mills was larger in June than in any previous month, and continued at a high rate during the first half of July. At woolen mills and shoe factories activity increased further in June to unusually high levels.

Working forces at factories increased substantially between May and June and the Board's seasonally adjusted index of factory employment advanced from 61 per cent of the 1923-1925 average to 65 per cent. Factory payrolls also increased by a considerable amount, to 46 per cent of the 1923-1925 average.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed an increase in May and June, contrary to the usual seasonal movement.

Department of Agriculture estimates as of July 1 indicated a wheat crop of about 500,000,000 bushels, 350,000,000 bushels below the average of 1926-1930, reflecting chiefly adverse weather conditions. Feed crops have also been seriously damaged. Cotton acreage on July 1 was estimated at about 41,000,000 acres, an increase of 4,000,000 acres over last year, but it is proposed as a part of the program of the Agricultural Adjustment Administration to reduce the area by about 10,000,000 acres.

**Distribution**

Freight traffic continued to increase during June, reflecting in large part heavier shipments of coal, miscellaneous freight, and lumber products. Distribution of commodities through department stores showed about the usual seasonal decline in June.

**Wholesale Prices**

Wholesale prices of commodities advanced from 64 per cent of the 1926 average in the first week of June to 69 per cent in the middle of July, according to the index of the Bureau of Labor Statistics. This marked upward movement reflected large increases in the prices of most basic raw materials, including grains, cotton, hides, non-ferrous metals, steel scrap, petroleum, and rubber; most of these commodities are traded in on organized exchanges and enter into world trade. The prices of many manufactured products, particularly textiles, leather, and gasoline, also advanced substantially. On July 19, 20, and 21, following rapid advances in the preceding period, prices of leading raw materials declined sharply.

**Foreign Exchange**

In the exchange market the value of the dollar in terms of the French franc declined to 69 per cent of its gold parity on July 18 and then advanced to 72 per cent on July 21.

**Bank Credit**

During the four weeks following the enactment on June 16 of the Banking Act of 1933, which prohibits the payment of interest on demand deposits, net demand deposits of weekly reporting member banks in 90 cities declined by \$500,000,000, reflecting the withdrawal of \$300,000,000 in bankers' balances from banks in New York City and elsewhere, and the transfer of funds from demand to time accounts. Time deposits increased by \$260,000,000. The banks' holdings of United States Government securities increased during the four weeks ending July 12, and there was a further rapid growth in open-market brokers' loans, while loans to customers declined.

Return flow of currency amounted to \$90,000,000 during the five weeks ending July 19. During the same period the Federal reserve banks purchased \$85,000,000 of United States Government obligations and member banks reduced their indebtedness to the reserve banks by \$90,000,000. The withdrawal of bankers' balances from New York City reduced excess reserves of member banks in that city, while surplus reserves of member banks outside New York increased substantially.

Money rates in the open market generally continued at low levels, although recently slight increases have occurred in acceptance rates, time money against stock exchange collateral, and yields on short-term United States Government securities.