

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



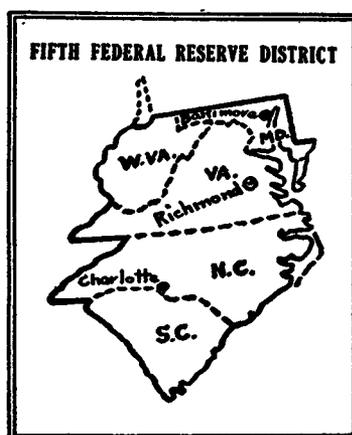
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RICHMOND, VIRGINIA

AUGUST 31, 1933

EFFORTS to stimulate business have borne fruit in the Fifth Federal reserve district, and basic conditions appear to be better than they have been for several years. Much of the improvement is just getting under way, and it is too early to judge as to its continuance, but there has been a definite upward trend during the past two months. The Federal Reserve Bank of Richmond's rediscounts for member banks declined slightly last month, contrary to seasonal trend at a time when early marketing of agricultural products normally requires country banks to borrow. Federal reserve note circulation rose less than usual

just prior to the opening of South Carolina tobacco markets, but it is probable that the return of funds from hoarding supplied the banks in tobacco sections with part of the additional currency they required. Member banks reported a small decrease in their loans between the middle of July and the middle of August, with an accompanying shrinkage in demand deposits, but time deposits rose during the month, and recent advances in stock and bond prices materially strengthened many banks by reducing book losses in their investment accounts. Debits to individual accounts figures in the banks of leading cities showed a smaller decline than occurs in most years in the four weeks ended August 9 in comparison with the preceding four weeks, and figures for the 1933 four weeks were larger than figures for the corresponding four weeks last year in sixteen of twenty-three reporting cities. The commercial failure record for July was excellent in the Fifth district, the number of insolvencies being 41 per cent less and aggregate liabilities involved being 72 per cent less than the number of failures and aggregate liabilities in July 1932. Employment increased in recent weeks in the Fifth district, especially for industrial workers and clerks in retail establishments, and there are plans in process of for-



mation which should shortly give employment to many building tradesmen and unskilled laborers. Wages of many people have been raised, thus increasing the ability of the public to buy consumers' goods of all kinds. Production of coal in July was unseasonably high in comparison with other recent months, reflecting increased demand from industrial consumers. Retail trade as reflected in department store sales was better in most sections of the district in July 1933 than in July 1932, and wholesale trade last month was in much larger volume, dry goods sales actually tripling and shoe sales doubling sales of July last year, while

hardware sales increased over 80 per cent. Activity in the textile field in July was less than that of May and June, but was above the level of operations in any other recent month and was more than double that of July last year. The mills were so busy last month that they did not follow their custom of closing a week or ten days to overhaul machinery or to adjust surplus stocks to demand. Cotton prices declined after the first condition report was issued early in August, but the decline was less than earlier advances, and with a larger yield of cotton in prospect in the Fifth district this year cotton farmers are in a much more favorable position than they were a year ago. Tobacco prospects for 1933 indicate more than 50 per cent increase in production over 1932 in the Fifth district, and prices on the South Carolina markets have been better than prices last year. Nearly all crops in the Fifth district are yielding better this year than last, and in most cases prices are also higher than those of 1932. Crops this year were made cheaply, farmers raised relatively large crops of food and feed products, and on the whole agriculture appears to be better situated than for several years, a condition which is already showing itself concretely by increased sales of many manufactured products to farmers.

Reserve Bank Statement

ITEMS	000 omitted		
	Aug. 15 1933	July 15 1933	Aug. 15 1932
Rediscounts held	\$ 12,443	\$ 13,991	\$ 28,226
Open market paper.....	266	276	2,767
Government securities	60,258	58,108	47,133
Total earning assets.....	72,967	72,375	78,126
Circulation of Fed. Res. notes	137,172	139,801	96,140
Members' reserve deposits.....	69,772	71,608	49,786
Cash reserves	160,843	169,588	80,949
Reserve ratio	72.07	72.58	61.22

The accompanying table shows figures for the principal items of condition on the statement of the Federal Reserve Bank of Richmond on August 15, 1933, in comparison with the figures a month and a year earlier. During the past month, rediscounts for member banks declined by \$1,548,000, and on August 15 showed a decrease of \$15,783,000 during the year. Holdings of open market paper changed practically none in the month, decreasing \$10,000, but there was a decline in this item amounting to \$2,501,000 during the year. Government security holdings of the reserve bank rose by \$2,150,000 between July 15 and August 15, and on the latter date totaled \$13,125,000 more than on August 15, 1932. The changes in the several items nearly balanced each other, total earning assets on August 15 showing an increase of \$592,000 over total earning assets a month earlier and a decrease of \$5,159,000 in comparison with assets at mid-August last year. There was an unseasonal decline in the circulation of Federal reserve notes between July 15 and August 15 amounting to \$2,629,000, but the total of notes in circulation on the latter date was still far higher than the figures a year ago, a rise of \$41,032,000 showing for the year. Note circulation during the past month reached its lowest point on August 9, since which time there has been a seasonal rise caused chiefly by the opening of tobacco markets in South Carolina. The decline in Federal reserve note circulation during the past month, at a time when circulation usually increases moderately, may have been caused by a return of some hoarded funds to trade channels. Member bank reserve deposits declined by \$1,836,000 between July 15 and August 15, but at the middle of August reserve deposits were \$19,986,000 above the figure on August 15, 1932. The several changes in the statement of the Federal Reserve Bank of Richmond resulted in a decline in cash reserves during the past month amounting to \$8,745,000, but during the past year the cash reserves of the Bank rose by \$79,894,000. The ratio of cash reserves to note and deposit liabilities combined remained practically unchanged during the past month, but rose during the year by 10.85 points.

Member Bank Statement

ITEMS	000 omitted		
	Aug. 9 1933	July 12 1933	Aug. 10 1932
Loans on stocks and bonds (in- cluding Governments)	\$ 61,781	\$ 62,219	\$ 65,196
All other loans.....	111,023	112,866	121,838
Total loans and discounts.....	172,804	175,085	187,034
Investments in stocks & bonds	155,217	151,979	126,832
Reserve bal. with F. R. Bank..	28,936	28,941	19,313
Cash in vaults.....	9,759	10,360	8,345
Demand deposits	180,096	183,090	153,946
Time deposits	133,148	131,842	133,065
Borrowed from F. R. Bank.....	240	321	2,119

Thirty member banks in ten leading cities of the Fifth Federal reserve district make weekly reports of condition to the Federal Reserve Bank of Richmond, and the accompanying table shows the totals of the principal items for the latest available date, August 9, 1933, in comparison with corresponding figures a month and a year earlier. It should be understood that the figures reflect the composite condition of the reporting banks on the report dates only, and are not necessarily the highest or lowest figures that occurred during the period under review. Total loans in the thirty reporting member banks declined by \$2,281,000 between July 12 and August 9, this year, nearly all of the decrease being in commercial or agricultural loans. Investments of the reporting banks in stocks and bonds rose \$3,238,000 during the past month, all of which was in ownership of Government securities. Aggregate reserve balances of the reporting banks at the reserve bank showed a daily fluctuation between July 12 and August 9, decreasing by \$5,000, while cash in vaults declined \$601,000 during the month. Demand deposits declined by \$2,994,000 between July 12 and August 9, in keeping with the decline in loans previously mentioned, but this decrease was partly offset by a rise of \$1,306,000 in time deposits during the month. The reporting banks decreased their borrowing at the reserve bank by \$81,000 during the month under review. On August 9, 1933, only two of the thirty institutions were rediscounting at the Federal Reserve Bank of Richmond.

Comparison of the August 9, 1933, figures with those for August 10, 1932, shows a decrease of \$14,230,000 in total loans during the year, of which \$3,415,000 was in loans on securities and \$10,815,000 was in all other loans, which are largely agricultural or commercial. Investments in securities by the reporting banks rose \$28,385,000 during the year, the rise consisting chiefly of Government obligations. Aggregate reserve balance with the Federal Reserve Bank of Richmond totaled \$9,623,000 more on the 1933 date than a year earlier, and cash in vaults rose \$1,414,000 during the year. Total deposits increased \$26,233,000 between the middle of August last year and this, of which \$26,150,000 was in demand deposits and \$83,000 was in time deposits. On August 9, 1933, the reporting banks were borrowing \$1,879,000 less from the reserve

bank than they were borrowing on August 10, 1932. Only two of the thirty banks were rediscounting at the reserve bank on the 1933 date, while last year at the same time nine of the thirty were borrowing.

Time and Savings Deposits

Time deposits in thirty regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$319,392,733 at the end of July 1933, a lower figure than \$325,617,214 at the end of June this year and materially less than \$344,548,888 on July 31, 1932.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Aug. 9, 1933	July 12, 1933	Aug. 10, 1932
Asheville, N. C.....	\$ 8,038	\$ 7,997	\$ 6,499
Baltimore, Md.	232,452	205,779	272,689
Charleston, S. C.....	8,490	7,766	7,356
Charleston, W. Va....	25,285	35,574	22,624
Charlotte, N. C.....	35,715	35,818	24,730
Columbia, S. C.....	11,875	10,094	10,415
Cumberland, Md.	5,233	6,510	4,464
Danville, Va.	5,373	4,616	3,502
Durham, N. C.....	17,574	18,563	11,766
Greensboro, N. C.....	4,056	3,108	8,398
Greenville, S. C.....	10,608	12,009	6,969
Hagerstown, Md.	4,930	5,353	4,934
Huntington, W. Va....	9,349	8,777	8,749
Lynchburg, Va.	12,049	12,362	10,066
Newport News, Va....	5,447	5,538	5,899
Norfolk, Va.	31,807	33,307	31,047
Portsmouth, Va.	2,742	3,174	2,997
Raleigh, N. C.....	11,697	11,092	11,490
Richmond, Va.	96,775	97,344	88,535
Roanoke, Va.	16,458	17,218	15,352
Washington, D. C.....	139,622	175,916	177,266
Wilmington, N. C.....	5,468	5,829	5,644
Winston-Salem, N. C.	23,614	31,498	19,285
Fifth District Totals..	\$724,657	\$755,242	\$760,676

Debits to individual, firm and corporation accounts at clearing house banks in twenty-three cities of the Fifth Federal reserve district include all checks drawn against these accounts, whether or not they pass through the clearing house. Checks for cash pay rolls, checks cashed over the counters, checks deposited in the banks upon which drawn, and checks sent out of town and returned direct by correspondent banks or through the Federal reserve bank transit letters are all included in the figures. Debits figures therefore give a fair picture of transactions through the banks in the reporting cities, and, if allowance is made for price changes, offer opportunity for comparison of the latest figures shown in the accompanying table with corresponding figures a month and a year earlier.

During the four weeks ended August 9 this year, aggregate debits to individual, firm and corporation accounts in the reporting cities totaled \$724,657,000, a decrease of \$30,585,000, or 4.0 per cent, under ag-

gregate debits in the preceding four weeks, ended July 12, 1933. A decline at this time is seasonal, due chiefly to large quarterly and semi-annual payments occurring in the earlier period, around July 1, but this year the decline was smaller than usual, and eight of the twenty-three cities reported higher figures for the more recent four weeks. The eight cities which showed larger debits for the four weeks ended August 9 were Asheville, Baltimore, Charleston, S. C., Columbia, Danville, Greensboro, Huntington and Raleigh.

A comparison of the figures reported for the four weeks ended August 9 this year with the figures for the corresponding period ended August 10, 1932, shows a decline of only \$36,019,000, or 4.7 per cent, the best comparison made with the preceding year for several years. Sixteen of the twenty-three cities actually reported higher debits figures for the 1933 four weeks, but the declines in Baltimore and Washington were more than sufficient to offset the gains reported elsewhere. The marked decreases in Baltimore and Washington figures were due chiefly to smaller numbers of reporting banks this year, several important institutions in each city having failed to open after the March banking holiday.

Commercial Failures

Commercial insolvencies in the Fifth Federal reserve district in July 1933 totaled 102, with aggregate liabilities amounting to \$1,262,789, a decrease in number of 41 per cent and a decline in liabilities of 72 per cent in comparison with 173 failures and estimated liabilities totaling \$4,545,602 in July 1932. The number of defaults reported last month was not unusually low for July, but total liabilities involved were not only the lowest for any other July since 1919, but were also the lowest for any month since August 1930. The Fifth district record for July 1933 was about equal to the average record for the United States, which showed decreases in number of insolvencies amounting to 45 per cent and in liabilities totaling 69 per cent in comparison with July 1932. All of the twelve reserve districts reported fewer insolvencies in July 1933 than in July 1932, and all except the Minneapolis district reported lower liabilities this year. *Dun & Bradstreet Monthly Review*, from which these figures are taken, states that improvement was greatest in the Boston, Philadelphia and Atlanta districts, in which failures numbered less than half the failures in July last year, and liabilities also totaled much less than half the previous year's figures.

Employment

There has been marked improvement in employment conditions since the beginning of July, but it is difficult to secure accurate figures on the number of additional people who have obtained work. Some of the improvement has been due to increased activity in industrial plants arising from a larger volume of orders for merchandise, but a considerable amount of it is due to co-operation with the NRA. It appears that more

increases in wages have been made than additions to working forces, a condition which increases total purchasing power but does not assist unemployed people. A number of firms and corporations seem to be waiting until codes are adopted or rules are clarified before adding materially to their working forces. Most of the people who obtained employment in the past six weeks were industrial workers or retail trade employees, and building tradesmen have as yet experienced practically no improvement in the demand for their services. Labor troubles in the Fifth district, which were in evidence in several towns a month ago, have nearly all been settled.

Coal Production

Production of bituminous coal in the United States in July 1933 totaled 29,482,000 net tons, a larger output than 25,320,000 tons dug in June this year and much more than 17,857,000 tons mined in July 1932. Total production of soft coal during the present calendar year to August 5 amounted to 180,092,000 tons, a higher figure than 164,922,000 tons mined to the same date last year. The July 22 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of June 1933, and also for the first six months of this year in comparison with other recent years. West Virginia mines were second in production in June with 7,467,000 net tons, Pennsylvania ranking first with 7,520,000 tons, but in the first half of this year West Virginia mined 38,050,000 tons against 37,835,000 tons mined in Pennsylvania. In the first half of 1933, Hampton Roads ports shipped 8,351,000 net tons of bituminous coal, compared with 8,471,000 tons shipped in the first half of 1932. Fifth district ports handled approximately 69 per cent of all tidewater coal shipments in the first six months of this year.

Textiles

After the record breaking month of June, activity in the textile field in both the United States and the Fifth district declined about 13 to 14 per cent in July, but continued far above the level of operations in the past two or three years. Fifth district cotton mills consumed 274,957 bales of cotton last month, a decrease of 13.8 per cent under 318,835 bales consumed in June 1933 but an increase of 112.5 per cent over 129,389 bales used in July 1932. Last month North Carolina mills used 152,620 bales, South Carolina mills used 110,452 bales, and Virginia mills used 11,885 bales. July 1933 consumption in Virginia and the Carolinas was 45.82 per cent of National consumption, a slightly higher percentage than 45.78 per cent of National consumption in June 1933 but lower than 46.45 per cent in July 1932. On July 21, the Department of Commerce issued a report on spindles in place, spindles active in June, total spindle hours of operation in June, and average hours of operation per spindle in place in June. On June 30, 1933, there were

30,918,758 spindles in place in the United States, North Carolina leading all states with 6,142,964, or 19.9 per cent of the total, Massachusetts ranking second with 5,824,052 spindles, or 18.8 per cent, and South Carolina third with 5,681,388 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 June 1933. In actual spindle hours of operation, South Carolina led all states for June with 2,431,494,565 hours, or 26.1 per cent of the National total of 9,299,175,026 hours, and North Carolina ranked second with 2,047,695,331 hours, or 22.0 per cent, while Massachusetts showed only 1,039,128,278 spindle hours, or 11.2 per cent. The Fifth district, with 40.4 per cent of total spindles in the United States in June, showed 50.3 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina ranked first last month with 428 hours, North Carolina with an average of 333 hours ranked fifth, and Virginia with an average of 301 hours ranked sixth. The average hours of operation per spindle in place for the United States in June was 301 hours, much lower than the averages in the Carolinas but exactly equal to the Virginia average.

Cotton Statistics

Spot cotton prices declined steadily during the past five weeks, dropping from an average of 11.34 cents per pound on ten Southern markets on July 14 to 8.90 cents on August 18, the latest date for which official figures are available. The decline was due to prospects for a materially larger yield this year than had been expected, in spite of plans for the destruction of about 10,000,000 acres of cotton.

The Department of Agriculture's first report on this year's probable production of cotton, issued on August 8, estimated the crop at 12,314,000 equivalent 500-pound bales, which was about a million bales more than private observers expected, although allowance was made for the contemplated destruction of 10,000,000 acres of growing cotton. The Department of Agriculture states that if part of the crop had not been plowed up, the probable yield would have been 16,561,000 bales. After the appearance of this report the price of cotton declined by about a cent a pound. Prospects for this year's crop are much better than usual, growing conditions having been particularly favorable in the Atlantic Seaboard States, where the crop is early, well fruited, and where weevils are less active than usual. In the central part of the belt, and in Texas and Oklahoma, conditions have been less favorable but are still above average. The condition of the crop on August 1 was 74.2 per cent of a theoretical normal, the highest figure except one for any August 1 since 1915, and the prospective yield per acre was given as 198.4 pounds, a much higher figure than the ten-year average. The indicated yield of 12,314,000 bales compares with 13,002,000 bales ginned from the 1932 crop, a decrease this year of only 688,000 bales, or 5.3 per cent.

In the cotton growing states of the Fifth reserve district, production this year is forecast to be more than last year, the increase averaging 8.7 per cent in comparison with the National decline of 5.3 per cent. South Carolina's crop this year is expected to yield 791,000 bales, an increase of 10.5 per cent over 716,000 bales ginned last year. North Carolina's crop is forecast as 696,000 bales, showing an increase of 5.5 per cent over 660,000 bales grown last year. The Virginia cotton crop this year of 45,000 bales shows a rise of 32.4 per cent over 34,000 bales ginned in 1932. Total figures for the district are 1,532,000 bales this year, compared with 1,410,000 bales gathered last year.

Consumption of cotton in the United States in July 1933 totaled 600,143 bales, compared with 696,472 bales used in June this year and 278,568 bales in July 1932. Total consumption for the cotton year ended July 31, 1933, amounted to 6,135,525 bales, compared with 4,866,016 bales consumed in the corresponding period of the 1931-1932 season. Manufacturing establishments held 1,351,033 bales on July 31, compared with 1,400,804 bales held on June 30 and 1,217,886 bales on July 31, 1932. Public warehouses and compresses held 5,739,100 bales in storage at the end of July this year, compared with 6,318,944 bales so held a month earlier and 6,699,868 bales on July 31 last year. July exports totaled 692,007 bales, compared with 614,561 bales sent abroad in June 1933 and 449,476 bales exported in July 1932. Exports during the cotton year ended July 31 totaled 8,419,399 bales, compared with 8,707,548 bales shipped over seas during the corresponding year ended July 31, 1932. Spindles active at some time in July numbered 26,069,158, compared with 25,540,504 in June this year and 19,758,252 in July 1932.

Cotton consumption in the cotton growing states totaled 483,230 bales in July, compared with 565,644 bales used in June and 239,069 bales in July 1932. Last month's consumption in the cotton growing states amounted to 80.5 per cent of National consumption, a lower percentage than either 81.2 per cent in June this year or 85.8 per cent in July last year. Of the 483,230 bales of cotton consumed in the cotton growing states in July, Fifth district mills used 274,957 bales, or 56.9 per cent, compared with 54.1 per cent of Southern consumption attained by Fifth district mills in July last year.

Tobacco

The August 1 condition of the tobacco crop in the Fifth district indicated a production this year of 647,602,000 pounds, an increase of 57.5 per cent over last year's short crop of 411,132,000 pounds. A National increase of 27.9 per cent in tobacco production is forecast by the Department of Agriculture. In North Carolina, which leads in tobacco production in the Fifth district, a yield of 470,400,000 pounds is expected this year, compared with 293,750,000 pounds in 1932. The Virginia crop on August 1 indicated a yield of 77,510,000 pounds, compared with 53,084,000 pounds

grown last year. South Carolina tobacco is expected to yield 71,300,000 pounds, compared with 39,236,000 pounds in 1932. The Maryland crop of 23,562,000 pounds is slightly larger than 22,750,000 pounds last year. Prospects in West Virginia are for a yield of 4,830,000 pounds this year, compared with 2,312,000 pounds grown in 1932. Tobacco auction markets in South Carolina opened on August 10, and prices paid since the opening have been pleasing to most of the Carolina growers. Good grades are bringing somewhat higher prices than a year ago, and low grades are selling considerably higher this year. Large stocks of tobacco were carried over from previous years, and tend to keep prices relatively low, and in addition to these reserves the big increase in 1933 production further handicaps the farmer from a price standpoint. In view of these adverse factors, most of the growers appear to feel that prices are as high as could be expected, and they are much better situated than they were a year ago when the yield was only two-thirds as large as the 1933 yield and prices were materially lower than they are this year.

Tobacco Manufacturing

On August 19, the Commissioner of Internal Revenue issued a report on taxes collected in July 1933 on manufactured tobacco products. July production of cigarettes in the United States numbered 9,526,101,183, compared with 9,534,022,443 cigarettes manufactured in July 1932. Smoking and chewing tobacco increased from 24,296,142 pounds in July last year to 25,977,179 pounds in July this year. Cigars manufactured rose from 361,240,267 in July 1932 to 400,511,453 in July 1933. Snuff production increased from 2,437,112 pounds to 2,805,228 pounds. During the month of July 1933, taxes on cigarettes totaled \$28,579,841, compared with \$28,605,438 collected in the corresponding month last year. Taxes on smoking and chewing tobacco increased during the same period from \$4,373,874 to \$4,676,012. Although taxes collected on cigarettes in July this year declined in comparison with taxes in July 1932, the increased collections on other forms of manufactured tobacco raised the total receipts to the Federal Treasury from \$34,394,504 in July 1932 to \$34,784,237 in July 1933.

Agricultural Notes

Maryland weather was not very favorable for crop growth in July, but a few crops showed some improvement. Corn production on August 1 was forecast as 18,048,000 bushels, a higher estimate than was made on July 1, and materially above the yield of 16,440,000 bushels in 1932. The wheat crop also turned out better than was expected, and threshing returns indicate a crop of 6,518,000 bushels, considerably more than the very short crop of 4,940,000 bushels harvested in 1932 but much below the 1926-1930 average production of 9,690,000 bushels. A 1933 crop of oats totaling 1,348,000 bushels is lower than 1,425,000 bushels in 1932, but this year's hay yield of 472,000 tons slightly

exceeds 470,000 tons cut last year. Pastures were in better condition on August 1 than on the same date a year ago. This year's apple crop of 1,500,000 bushels compares favorably with 1,368,000 bushels gathered in 1932, and the Maryland commercial apple crop of 280,000 barrels exceeds the 1932 crop of 252,000 barrels. A peach crop of 450,000 bushels in 1933 is materially above last year's crop of 348,000 bushels, and the peaches this year are of good quality. The Irish potato crop of 2,820,000 bushels is smaller than last year's crop of 2,945,000 bushels, but prices this year are sufficiently high to more than offset the lower yield. Sweet potatoes are expected to yield 810,000 bushels, compared with 920,000 bushels dug in 1932.

Virginia crop conditions improved rapidly following general rains the latter part of July, and on August 1 prospects were much better than a month earlier. Corn, tobacco, peanuts, cotton and late hay crops made rapid growth after the rains and these crops now promise good yields. The wheat yield turned out a little better than was expected and the total production is estimated to be 7,425,000 bushels, which is about 19 per cent greater than last year's crop of 6,253,000 bushels. Early corn in the southern and southwestern districts was injured by dry weather, but generally corn has made wonderful improvement since the July rain, and the yield will probably be above average. The August 1 condition indicates a production of 34,385,000 bushels compared with 26,388,000 bushels last year. Late hay crops improved in July and on August 1 a better than average yield was indicated. Early hay crops turned out well, so the total supply of hay will be greater than last year. Production this year is estimated to be 858,000 tons, compared with 772,000 tons last year. The condition of pastures was very poor during July until the last week when general rains caused improvement. The August 1 condition of 73 per cent compared with 74 per cent the ten-year average for August. The peanut crop made little growth until the last week of July because of dry weather, but growers were able to cultivate thoroughly and the fields are free of grass. The condition of the crop improved rapidly after the rain, and on August 1 was reported to be 82 per cent of normal compared with 79 per cent last year. No estimate of peanut production will be made until the acreage that will be harvested can be determined. The yield of early commercial potatoes was greatly reduced by the hot, dry weather in June and shipments were less than had been expected. Prices improved considerably and averaged more than twice those of last year. The condition of late potatoes improved during the latter part of July. Total production of both early and late potatoes is forecast at 8,742,000 bushels, compared with 9,682,000 bushels last year. Sweet potatoes on August 1 indicated a production of 4,255,000 bushels compared with 3,610,000 bushels last year. The commercial apple crop of Virginia is estimated to be 2,265,000 barrels, compared with 1,963,000 barrels last year and 2,720,000 barrels the five-year average production. The actual pack will be smaller than last year because the

poor quality of the fruit in many orchards will necessitate a much larger percentage than usual being sold in bulk. Injury from aphid and scab is probably the greatest on record, and will result in a very small percentage of the apples making No. 1 grade. Recent rains caused much improvement in size and with continued favorable weather apples will be larger than usual except where aphid and cedar rust has been severe.

North Carolina crops made some remarkable improvement during July. Less than two inches of rain fell during June, and May was equally as dry. Early July was also dry, but during the last two weeks of the month helpful rains occurred over most of the State. Corn fields revived and produced fair sized ears. The indicated production is 40,250,000 bushels, about five million bushels more than was produced last year and slightly above the past five years' average crop. The peanut crop does not seem to have suffered as much as some others from dry conditions. June weather developed good root systems in the plants and top growth is excellent, although the stand is somewhat spotted. Future rainfall will in a large measure determine the final outcome of the peanut crop. The outlook for hay crops in North Carolina was rather serious until the July rains gave grasses a chance to grow. There was a slight increase in the acreage of hay crops this year, and the crop indicated is 605,000 tons as compared with 565,000 tons produced last year. The condition of pastures at 65 per cent on August 1 is 4 points better than the condition on the same date last year. Most of the late Irish potato crop is produced in the western half of the State where dry conditions have prevailed, but there has been considerable improvement during the past three weeks, and a crop of 7,469,000 bushels is forecast, an increase of about 13 per cent over last year's production.

South Carolina crops improved in July and the August 1 outlook for cotton, corn, tobacco, hay and sweet potatoes combined was about 17 per cent above the final outturn last year and 2 per cent above the ten-year average. The indicated production of corn is 22,330,000 bushels, about 25 per cent above the short crop of 17,885,000 bushels last year. Hay improved about 11 per cent in July and is now forecast at 204,000 tons, about 3 per cent less than 210,000 tons cured in 1932, but 17 per cent above the ten-year average production. Sweet potatoes also improved 11 per cent last month, and the August 1 forecast was 4,720,000 bushels. This is much less than last year's large crop of 6,072,000 bushels, but is above average production of 4,227,000 bushels for the years 1921-1930. The 1933 oat crop of 6,825,000 bushels is less than 7,794,000 bushels threshed in 1932. The South Carolina peach crop of 1,725,000 bushels is more than double that of last year and well above the average of recent years. The apple crop of 284,000 bushels is larger than last year's yield, but somewhat below the average of the past five years.

West Virginia's crops generally promise satisfactory

yields this year. The corn crop is forecast at 11,934,000 bushels against last year's yield of 11,150,000 bushels. Corn planted late made rapid growth in July, but the stands are somewhat irregular. Threshing returns indicate that the wheat crop is slightly larger than was expected. A total yield of 1,808,000 bushels this year is considerably above 1,276,000 bushels threshed a year ago. West Virginia's oat crop was not very satisfactory this year, and the expected yield of 2,751,000 bushels is considerably less than 3,036,000 bushels harvested in 1932. Farmers report the quality of this year's hay crop much better than last year's, and 1933 production of 650,000 tons exceeds 558,000 tons cured in 1932. The Irish potato crop has been damaged more than earlier reports indicated, and a larger acreage is now expected to produce only 3,212,000 bushels, against 3,608,000 bushels dug in 1932. The size of most of the early potatoes was small. In general, fruit crops in West Virginia are slightly better than they were last year. An apple crop of 5,160,000 bushels compares with 4,191,000 bushels in 1932, but most of the increase was in non-commercial orchards, the commercial crop estimated at 840,000 barrels showing only a small increase over the 1932 commercial crop of 833,000 barrels. The salable apples were reduced in number by damage from hail, scab, aphid, and high temperatures.

Construction

Building Permits Issued in July 1933 and 1932

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md.	596	929	\$ 464,640	\$1,022,400
Cumberland, Md.	5	8	3,748	8,710
Frederick, Md.	9	8	2,710	9,928
Hagerstown, Md.	18	10	17,745	4,635
Salisbury, Md.	13	12	35,510	5,200
Danville, Va.	10	7	4,101	5,888
Lynchburg, Va.	30	23	66,340	115,665
Norfolk, Va.	80	91	90,065	103,030
Petersburg, Va.	3	3	910	622
Portsmouth, Va.	23	19	22,655	5,765
Richmond, Va.	90	104	170,292	77,198
Roanoke, Va.	21	27	16,957	12,670
Bluefield, W. Va.	7	2	7,375	36,500
Charleston, W. Va.	120	84	42,216	20,613
Clarksburg, W. Va.	17	14	8,400	5,240
Huntington, W. Va.	19	8	10,525	2,890
Asheville, N. C.	21	21	14,328	8,395
Charlotte, N. C.	16	19	30,295	4,605
Durham, N. C.	28	18	74,925	41,050
Greensboro, N. C.	23	36	13,361	9,694
High Point, N. C.	13	5	19,200	5,800
Raleigh, N. C.	12	18	15,950	8,169
Rocky Mount, N. C.	3	5	4,150	845
Salisbury, N. C.	9	7	13,865	13,225
Wilmington, N. C.	16	11	29,663	5,950
Winston-Salem, N. C.	37	33	18,530	11,250
Charleston, S. C.	36	39	17,353	30,834
Columbia, S. C.	30	29	19,246	30,600
Greenville, S. C.	18	23	12,355	12,575
Rock Hill, S. C.	14	8	11,325	5,335
Spartanburg, S. C.	16	6	4,000	1,177
Washington, D. C.	528	410	525,320	648,570
District Totals	1,881	2,037	\$1,788,055	\$2,275,028

Building permits issued in July in thirty-two leading cities of the Fifth reserve district numbered 1,881, compared with 2,037 permits issued in July 1932, a decrease this year of 7.7 per cent, and estimated valuation figures for last month totaled only \$1,788,055, a decrease of 21.4 per cent in comparison with valuation figures totaling \$2,275,028 in July last year. However, 21 of the 32 reporting cities showed higher valuation figures for the 1933 month, the district total being kept lower than last year by a relatively large decline in permits in Baltimore. Washington and Norfolk also reported lower 1933 figures, but Richmond reported a gain last month.

Contracts awarded in July for construction work in the Fifth reserve district totaled \$5,479,294, compared with \$20,915,245 reported for July 1932, according to figures collected by the F. W. Dodge Corporation. Of the July 1933 awards, \$2,325,924 represented residential types of construction, compared with \$2,387,430 for this class of work in July last year. Contracts for residential work made up approximately 43 per cent of all contracts awarded in July this year, compared with only 11 per cent of July 1932 contracts.

Retail Trade, 31 Department Stores

Richmond	Baltimore	Washington	Other Cities	District
July 1933 sales, compared with sales in July 1932:				
+ 8.2	+ 4.2	- 7.9	+ 2.1	- .3
Jan.-July 1933 sales, compared with sales in Jan.-July 1932:				
- 9.0	-13.2	-14.3	-11.3	-13.0
July 31, 1933 stocks, compared with stocks on July 31, 1932:				
-11.6	+ 6.3	+ 4.4	-19.7	+ .7
July 31, 1933 stocks, compared with stocks on June 30, 1933:				
- 5.6	+ 3.2	+ 3.9	- 5.3	+ 1.8
Number of times stock was turned in July 1933:				
.275	.221	.203	.195	.216
Number of times stock was turned since January 1, 1933:				
2.189	2.016	2.062	1.56	2.003
Percentage of July 1, 1933, receivables collected in July:				
27.2	21.8	25.5	24.0	23.8

Wholesale Trade, 60 Firms

22	7	6	13	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
July 1933 sales, compared with sales in July 1932:				
+17.1	+221.3	+102.3	+81.5	+ 4.5
July 1933 sales, compared with sales in June 1933:				
+ .5	+ 43.8	+ 13.5	- 4.2	- .2
Jan.-July 1933 sales, compared with sales in Jan.-July 1932:				
- 1.3	+ 44.9	+ 17.2	+15.2	-14.6
July 31, 1933 stocks, compared with July 31, 1932 stocks:				
+ 4.8(8*)	+ 68.4(3*)	+ 6.5(5*)	- 4.8(7*)
July 31, 1933 stocks, compared with June 30, 1933 stocks:				
+ 3.1(8*)	+ 23.9(3*)	+ 36.4(5*)	+ 4.5(7*)
Percentage of July 1, 1933, receivables collected in July:				
65.9(12*)	31.4(4*)	58.3(6*)	32.7(11*)	48.4(8*)

* Number of reporting firms.

(Compiled August 21, 1933)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial production increased further from June to July, contrary to seasonal tendency, and in recent weeks has continued at a relatively high level. Since the middle of July there have been reductions in wholesale prices of leading raw materials while prices of many other products have advanced.

Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, advanced from 91 per cent of the 1923-1925 average in June to 98 per cent in July, which compares with 60 per cent in March. The principal increase in July was at steel plants where activity advanced from 46 per cent of capacity to 59 per cent. Production in the lumber and coal industries was also in larger volume and daily average output of automobiles showed none of the usual seasonal decline. Output at shoe factories and woolen mills continued at an unusually high rate while consumption of cotton by domestic mills decreased somewhat. Cigarette production declined sharply from the high level of May and June. Since the middle of July a decrease has been reported in the output of steel.

Working forces and payrolls at factories increased considerably between the middle of June and the middle of July. As in other recent months the largest increases were generally at establishments fabricating raw materials into semi-finished products.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in July followed by an increase in the first half of August. Total awards during the six weeks were in about the same volume as in the preceding six weeks and in larger volume than in earlier periods this year.

Department of Agriculture estimates as of August 1 indicate harvests generally smaller than a year ago. The cotton crop is forecast at 12,314,000 bales, a reduction of 700,000 bales from last season, reflecting curtailment in acreage as a part of the program of the Agricultural Adjustment Administration, offset in large part by an unusually high yield per acre. The wheat crop is estimated at 500,000,000 bushels, a reduction of 225,000,000 bushels from last year's small harvest, and feed crops are expected to be unusually small.

Distribution

Freight traffic increased further from June to July by a substantial amount, but in recent weeks shipments, particularly of miscellaneous freight and grains, have

been somewhat smaller. Department store sales declined in July by about the usual seasonal amount; they were larger than a year ago, however, and trade reports for the first half of August indicate an increase in sales.

Wholesale Prices

Wholesale prices of commodities increased further during the first three weeks of July and, according to the index of the Bureau of Labor Statistics, there has been little change in their general level since that time. Prices of grains, cotton, and many imported raw materials, however, were considerably lower in the third week of August than in the middle of July while prices of textiles were higher, reflecting in part the application of the processing tax on cotton. Prices of leather and coal also advanced during this period.

Foreign Exchange

In the exchange market the value of the dollar in terms of the French franc advanced from a low of 69 per cent of its gold parity on July 18 to 75 per cent at the beginning of August and since that time has fluctuated between 73 and 75 per cent.

Bank Credit

Net demand deposits of weekly reporting member banks in 90 cities declined between the middle of July and the middle of August, owing in large part to further withdrawals of bankers' balances from banks in New York City and elsewhere. The banks' loans decreased by \$71,000,000 during the period, reflecting chiefly a reduction in loans to brokers and dealers in securities. Their holdings of United States Government securities, after declining between July 19 and August 9, increased during the week ending August 16 in connection with Treasury financing at that time.

Total reserves of all member banks increased by \$81,000,000 during the four week period ending August 16, reflecting chiefly the purchase of \$42,000,000 of United States Government securities by the reserve banks and a return of \$23,000,000 of currency from circulation. The growth in member bank reserves, occurring at a time when reserve requirements were being reduced in consequence of a decline in their deposits, brought their excess reserves to a level above \$550,000,000.

Money rates in the open market generally continued at low levels.