

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

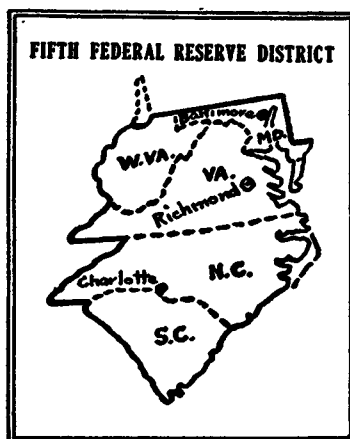


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RICHMOND, VIRGINIA

OCTOBER 31, 1933

SEPTEMBER trade showed the usual seasonal advance over the volume of trade in August, but the increase was somewhat less than occurs in most years, chiefly due to the fact that August business was better than in most years in comparison with earlier months of the year. In banking circles, rediscounts at the Federal Reserve Bank of Richmond declined somewhat during September, but the circulation of Federal reserve notes showed the usual seasonal increase. Member banks increased their reserve balances at the reserve bank, slightly increased their loans, and experienced a rise in their demand deposits. Time and savings deposits in member banks and mutual savings banks combined declined somewhat during September. Debits to individual accounts, reflecting transactions passing through the banks of leading cities in the Fifth district, increased seasonally during four weeks ended October 11 in comparison with the preceding four weeks, ended September 13, and in nearly all cities exceeded debits in the four weeks ended October 12, 1932. The commercial failure record in the Fifth district for September was excellent, the number of failures declining 52 per cent and aggregate liabilities involved decreasing 37.7 per cent in comparison with the figures for the month of September last year. Employment conditions did not change very much during the past month, but on the whole showed some further betterment. Coal production declined unseasonably in September in comparison with August production, but exceeded production for September last year, the decline last month being due to exceptionally high figures for August. Textile activity in the Fifth reserve district declined further in September, in keeping with a National slowing down of output in this field, but the rate of operations was still relatively high in comparison with most earlier months of this year. Cotton prices in September were somewhat above those of August, but did not advance as much as growers had expected,



and very little cotton has been sold since a Government loan of 10 cents per pound was proposed. Condition figures on this year's cotton crop as of October 1 indicated a yield of 12,885,000 bales, nearly as large as the 1932 yield of 13,002,000 bales, and production in the Fifth district cotton growing states is slightly larger than last year's production, in spite of materially reduced acreage this year. The Carolinas and Virginia, leading tobacco growing states, have much larger crops of good quality this year than they had in 1932, and prices this year are also somewhat better than they were a year ago. Building permits issued in September, and contracts actually awarded for construction work, while still quite low in comparison with pre-depression figures, show some signs of improvement in a majority of the reporting cities and towns. Retail trade as reflected in department store sales was better last month than in September last year, and wholesale trade in five leading lines also compared favorably with September 1932 figures. The farmers of the district had a generally good year for production and harvesting of their crops, and on the whole the results turned out better than last year. Food and feed crops yielded well, and were extensively grown, and cash crops with the exception of apples made good yields. Prices in most cases are also somewhat higher for agricultural products this fall than a year ago, and it is probable that farmers will be able to liquidate some previous indebtedness from their 1933 returns. Tobacco growers especially should be in a much stronger position than a year ago, because of a much larger crop and somewhat higher prices this year.

Reserve Bank Statement

Rediscounts for member banks at the Federal Reserve Bank of Richmond continued to decline between the middle of September and the middle of October,

ITEMS	000 omitted		
	Oct. 15 1933	Sept. 15 1933	Oct. 15 1932
Rediscounts held	\$ 8,916	\$ 10,452	\$ 20,251
Open market paper.....	242	239	2,157
Government securities	74,203	67,971	47,133
Total earning assets.....	83,361	78,662	69,541
Circulation of Fed. Res. notes..	146,846	138,869	102,961
Members' reserve deposits.....	70,856	67,342	50,029
Cash reserves	154,158	147,986	102,015
Reserve ratio	67.03	67.78	62.72

liquidation of agricultural paper more than offsetting increased fall borrowing by mercantile firms. Rediscounts held by the Richmond bank dropped by \$1,536,000 during the month. The portfolio of open market paper purchased in the market and from member banks changed little, increasing by \$3,000, but the holdings of Government securities rose by \$6,232,000. These changes resulted in a net increase of \$4,699,000 in total earning assets between September 15 and October 15. The circulation of Federal reserve notes of the Richmond bank rose seasonally last month, by \$7,977,000, and member banks increased their reserve deposits during the same period by \$3,514,000. Member banks are carrying excess reserves with the reserve bank at this time. The several changes mentioned in the statement, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$6,172,000 between the middle of September and the middle of October, but the increases in note circulation and reserve deposits reduced the ratio of cash reserves to note and deposit liabilities combined by three-quarters of a point during the month.

In comparison with condition figures shown on the reserve bank's statement for October 15, 1932, the corresponding figures for October 15, 1933, show material changes in nearly all items. Rediscounts for member banks declined by \$11,335,000 during the year, and holdings of open market paper decreased by \$1,915,000, but these were more than offset by an increase during the year of \$27,070,000 in Government securities owned, and total earning assets therefore rose by \$13,820,000. The volume of Federal reserve notes in actual circulation on the 1933 date was much higher than the volume outstanding a year earlier, an increase of \$43,885,000 being shown. Member banks, with surplus funds on hand this year, increased their aggregate reserve balance at the Federal Reserve Bank of Richmond by \$20,827,000 between October 15, 1932, and October 15, 1933. Cash reserves of the Richmond bank rose by \$53,143,000 during the year, and the ratio of cash reserves to note and deposit liabilities combined rose by 4.31 points.

Member Bank Statement

ITEMS	000 omitted		
	Oct. 11 1933	Sept. 13 1933	Oct. 12 1932
Loans on stocks and bonds (including Governments)	\$ 61,612	\$ 59,441	\$ 63,254
All other loans.....	114,629	114,381	121,761
Total loans and discounts.....	176,241	173,822	185,015
Investments in securities.....	160,562	160,837	136,567
Reserve Bal. with F. R. Bank....	30,255	26,569	17,627
Cash in vaults.....	10,307	10,149	8,697
Demand deposits	188,470	183,673	158,822
Time deposits	130,465	130,268	135,485
Borrowed from F. R. Bank.....	124	268	955

The accompanying table shows totals of the principal items of condition reported by twenty-nine member banks in ten leading cities of the Fifth Federal Reserve District as of three dates, October 11 and September 13, this year, and October 12 last year, thus affording opportunity for comparison of the latest available figures with those of the preceding month and year. It should be understood that the figures shown are not necessarily the highest or lowest that occurred during the periods under review.

Loans by the twenty-nine reporting member banks increased slightly during the period between September 13 and October 11, loans on stocks and bonds rising by \$2,171,000 and all other loans rising by \$248,000, a total of \$2,419,000. Investments in securities declined during the month by \$275,000. The reporting banks increased their reserves at the Federal Reserve Bank of Richmond by \$3,686,000 between September 13 and October 11, and their cash in vaults rose by \$158,000. Deposits rose by \$4,994,000 last month, demand deposits gaining \$4,797,000 and time deposits increasing \$197,000. The twenty-nine banks further reduced their borrowing at the reserve bank, and on October 11 only one of them was rediscounting at the Richmond bank.

Between October 12, 1932, and October 11, 1933, total loans in the twenty-nine reporting banks declined by \$8,774,000, of which \$1,642,000 was in loans on securities and \$7,132,000 was in all other loans. On the other hand, the reporting institutions increased their investments in securities, chiefly in Governments, by \$23,995,000 during the year, and also increased their reserve balances at the Federal Reserve Bank of Richmond by \$12,628,000, much of which is in excess of requirements. Cash in the vaults of the twenty-nine banks rose by \$1,610,000 between October 12, 1932, and October 11, 1933, and rediscounts at the Federal reserve bank declined by \$831,000 during the same period. Aggregate deposits rose during the year, an increase of \$29,648,000 in demand deposits more than offsetting a decline of \$5,020,000 in time deposits.

Time and Savings Deposits

Time deposits in twenty-nine reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$314,960,813 at the end of September 1933, a lower figure than either \$315,057,864 reported at the end of August this year or \$341,867,866 at the end of September 1932.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Oct. 11, 1933	Sept. 13, 1933	Oct. 12, 1932
Asheville, N. C.....	\$ 8,778	\$ 7,989	\$ 7,460
Baltimore, Md.	228,480	179,735	272,228
Charleston, S. C.....	11,148	9,683	10,591
Charleston, W. Va....	25,421	22,670	23,608
Charlotte, N. C.....	40,303	32,014	31,913
Columbia, S. C.....	13,951	10,536	12,467
Cumberland, Md.	6,006	4,526	4,905
Danville, Va.	4,783	4,230	4,630
Durham, N. C.....	27,213	23,714	16,087
Greensboro, N. C.....	6,265	5,144	10,315
Greenville, S. C.....	12,415	10,820	9,777
Hagerstown, Md.	6,128	4,443	5,334
Huntington, W. Va....	9,327	8,459	8,684
Lynchburg, Va.	12,495	10,962	11,941
Newport News, Va....	6,246	5,077	5,980
Norfolk, Va.	33,287	25,537	30,974
Portsmouth, Va.	2,858	2,448	2,796
Raleigh, N. C.....	13,939	10,942	12,038
Richmond, Va.	109,141	89,690	103,972
Roanoke, Va.	17,036	15,104	17,423
Washington, D. C.....	160,494	123,716	179,983
Wilmington, N. C.....	6,690	5,118	7,187
Winston-Salem, N. C.	27,492	21,442	22,381
Fifth District Totals	\$789,896	\$633,999	\$812,674

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of four weeks each, ended October 11 and September 13, 1933, and October 12, 1932.

During the four weeks ended October 11, 1933, aggregate debits to individual accounts showed a seasonal increase of \$155,897,000, or 24.6 per cent, over debits during the preceding like period this year, ended September 13, the increase being due in part to quarterly settlements on October 1 and in part to the opening of early fall trade during the later period. All of the twenty-three reporting cities showed higher figures for the more recent period.

In comparison with figures reported for four weeks last year, ended October 12, 1932, corresponding figures for the four weeks ended October 11, 1933, show a total decrease of \$22,778,000, or 2.8 per cent, but this decrease is due entirely to lower figures this year in Baltimore, Greensboro and Washington. In these cities a large percentage of the banks did not open after the March banking holiday, and, as a result of frozen deposits, debits in the three cities have been much lower than debits a year ago. Eighteen of the twenty-three cities reported higher figures for the 1933 period, and if figures for Baltimore, Greensboro and Washington were omitted the remaining twenty cities would show an average increase of 12.7 per cent in debits. Part of the increase in the twenty cities is no doubt due to somewhat higher price levels this year, but part of it is probably due to a real increase in the volume of business.

Commercial Failures

The record of business failures in both the Fifth reserve district and the United States was quite favorable in September, in comparison with the records for September in other recent years. Insolvencies in the United States last month numbered 1,116, compared with 2,182 insolvencies reported for September 1932, a decrease of 48.9 per cent, and in the Fifth district there were 72 failures in September, compared with 150 in September last year, a decrease of 52 per cent. In aggregate liabilities involved in last month's insolvencies, the district did not compare as favorably with the National improvement, the United States decreasing 61.1 per cent and the Fifth district 37.7 per cent in comparison with liabilities in September 1932. Aggregate liabilities in the United States last month totaled \$21,846,906, compared with \$56,127,634 in September last year, while liabilities in the district totaled \$1,644,076 in September 1933 and \$2,638,430 in September 1932. The number of failures in the Fifth district last month was the smallest for any September since 1929, and with the exception of August 1931 and September 1929 was the lowest reported for any month in the past ten years. Every one of the twelve Federal reserve districts reported fewer failures and lower liabilities in September 1933 than in September 1932.

Employment

Conditions in employment did not change materially in the past month, but at present they are better than they were during the first half of this year or in the fall of 1932. The largest group of unemployed persons now is in the building trades field. Much has been planned in the way of construction, especially in public works, but relatively little of it has actually been started. Since the NRA began to function, most large firms and corporations have added workers to their forces, and many of the smaller concerns have also taken on one or more additional workers. Re-employment has been more marked in industrial, clerical and retail sales forces, and less in building and unskilled labor groups. There does not appear to have been any appreciable increase in the demand for domestic help.

Coal Production

There was an unseasonal decrease in the production of bituminous coal in September, and 29,500,000 net tons were mined, compared with 33,910,000 tons dug in August this year and 26,314,000 tons in September 1932. The unusual decline in September in comparison with August production was probably due to the exceptionally high figures for August rather than to low figures in the later month. Total production of soft coal in the United States in the present calendar year to October 7 amounted to 243,732,000 net tons, compared with 217,330,000 tons mined during the corresponding period last year, and 400,262,000 tons in 1929, before the depression began.

In its September 23 report, the Bureau of Mines, Department of Commerce, gave bituminous coal pro-

duction figures for the month of August, and West Virginia with 10,427,000 tons continued to lead the country, Pennsylvania ranking second with 8,690,000 tons. Total production in the Fifth district in August 1933 was 11,525,000 tons, or 34.0 per cent of National production, compared with 7,527,000 tons, or 33.5 per cent of National production, mined in the Fifth district in August 1932.

Textiles

Activity in Fifth district textile mills declined further in September, and actually dropped below the level of September 1932, but this was largely due to an exceptional rise in operations last year. The September 1933 output of textile products was still relatively high. Fifth district mills consumed 234,801 bales of cotton in September, compared with 260,402 bales used in August this year and 235,734 bales consumed in the district in September 1932. Last month North Carolina mills consumed 127,573 bales, South Carolina mills used 96,878 bales, and Virginia mills 10,350 bales. The North Carolina figure was higher than the one for September 1932, but South Carolina and Virginia both used less cotton last month. Consumption of cotton in the Fifth district in September amounted to 47.01 per cent of National consumption, compared with 44.24 per cent of National consumption used in the district in August this year and 47.84 per cent in September 1932.

Cotton Statistics

Spot cotton prices advanced during the second half of September, but declined in early October sufficiently to wipe out the September rise. On September 15, the average price paid on ten Southern markets for 7/8 inch upland short staple cotton of middling grade was 9.11 cents per pound. The price rose to 9.20 cents on September 22 and to 9.53 cents on September 29, but on October 6 dropped to 9.06 cents. On October 13, the latest date for which quotations are available, the average price on the ten markets was 8.89 cents. Comparatively little cotton has been sold in the Fifth district since the Government's proposal to advance growers 10 cents per pound on this year's crop, the farmers holding their cotton until the plan can be worked out and put into operation.

Condition figures on the 1933 cotton crop, based on the October 1 condition, were issued by the Department of Agriculture on October 9. This report raised the estimate of probable production in the United States to 12,885,000 equivalent 500-pound bales, in comparison with an estimate of 12,414,000 bales on September 1, 1933, and final ginnings of 13,002,000 bales in 1932. The October 1 report raised this year's probable production figures for North and South Carolina over the September 1 estimates, but left the Virginia estimate unchanged. South Carolina's yield is estimated at 720,000 bales, compared with 690,000 bales on September 1 and 716,000 bales grown last year. North Carolina's estimated crop of 660,000 bales compares with an estimate of 636,000 bales on September 1, and 660,000

bales ginned in 1932. Virginia's prospective yield of 38,000 bales is the same as the figure a month earlier and compares with 34,000 bales grown in 1932. Total production in the Fifth district is forecast at 1,418,000 bales, an increase of 54,000 bales during September and 8,000 bales more than last year.

Ginning figures to October 1, released by the Census Bureau on October 9, showed 5,851,415 bales ginned from this year's crop, compared with 4,835,990 bales of last year's crop ginned before October. On the whole, cotton opened earlier this year than in 1932, and a larger percentage of the crop was ginned prior to October 1. Picking in the Carolinas has been nearly finished, and in some sections gins have begun running only part time.

Cotton consumption in the United States in September 1933 showed an unseasonal decrease under consumption in August, and was only a little larger than in September last year. The number of bales used totaled 499,486 in September 1933, compared with 588,570 bales used in August this year and 492,742 bales in September 1932. Total consumption this cotton year—August 1 through September—amounted to 1,088,056 bales, against 897,239 bales consumed in the corresponding two months of last season. Manufacturing establishments held 1,160,457 bales on September 30, compared with 1,159,897 bales held on August 31 and 1,084,549 bales on September 30, 1932. Public warehouses and compresses held 7,374,556 bales in storage at the end of September this year, compared with 5,785,579 bales so held a month earlier and 7,997,797 bales on September 30 last year. September exports totaled 869,244 bales, compared with 530,627 bales exported in August and 733,665 bales sent abroad in September 1932. Total exports during the two months of the present cotton year—August and September—totaled 1,399,871 bales, an increase over 1,185,819 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 26,002,148, compared with 25,884,704 in August this year and 23,835,106 in September 1932.

Cotton growing states consumed 401,373 bales in September, compared with 464,343 bales in August and 409,011 bales in September 1932. Last month's consumption in the cotton growing states amounted to 80.36 per cent of National consumption, a higher percentage than 78.89 per cent in August this year but less than 83.01 per cent in September 1932. Of the 401,373 bales of cotton consumed in the cotton growing states in September, Fifth district mills used 234,801 bales, or 58.5 per cent, a higher figure than 64 per cent of Southern consumption attained by Fifth district mills in September last year.

Tobacco

South Carolina tobacco markets were open only 6 days in September, due to a sales holiday as a protest against prices which growers considered unsatisfactory. During the 6 days, the markets sold 17,592,016 pounds of producers' tobacco, at \$12.58 per hundred pounds,

compared with September 1932 sales totaling 20,201,276 pounds at \$11.25 per hundred. Total sales for the 1933 season to the end of September amounted to 50,072,795 pounds, an increase of 17,586,067 pounds over 1932 sales to the same date, in spite of the September holiday this year. The larger sales this year are of course due to the greater yield, which is expected to be 78,200,000 pounds in comparison with last year's short crop of 39,236,000 pounds. Mullins led in September sales this year with 6,187,842 pounds, Lake City ranking second with 3,381,038 pounds.

North Carolina tobacco markets also observed the sales holiday mentioned in South Carolina, and were open only a few days in September. Sales for growers totaled 57,342,749 pounds, at \$12.04 per hundred pounds, with only 84 warehouses open, while in September 1932 only 66,600,614 pounds were sold in 110 warehouses, at an average price of \$11.57 per hundred pounds. The forecasted production of tobacco in North Carolina this year is 520,000,000 pounds, compared with only 294,000,000 pounds grown in 1932. Greenville led in September 1932 sales with 8,110,010 pounds, but Wilson was a close second with 8,044,450 pounds. Fairmont paid the highest average price last month, \$14.69 per hundred pounds. North Carolina tobacco is showing considerable variation in quality, but the average is much better than usual.

Virginia markets did not open until the middle of October, and official figures on sales are not yet available, but unofficial information shows large sales at prices probably averaging around \$5.00 per hundred pounds above early season prices last year. Tobacco harvesting made rapid progress during September and by the end of the month practically the entire crop had been housed, compared with only about 83 per cent of the 1932 crop gathered prior to October. As weather conditions were unusually favorable for harvesting and curing, an excellent quality is expected except where tobacco was badly damaged by the August storm. Total production of tobacco in Virginia this year is estimated at 83,145,000 pounds, compared with only 53,084,000 pounds produced in 1932. While the 1933 crop is approximately 50 per cent above the 1932 crop, it is the smallest crop except last year's since 1900.

West Virginia tobacco is expected to yield 5,250,000 pounds this year, compared with 2,312,000 pounds in 1932, but this year's acreage was nearly double the 1932 acreage.

Maryland tobacco suffered quite severely from the August storm, and some acreage was abandoned. Production for 1933 was estimated on October 1 at 17,388,000 pounds, a reduction of nearly 3,000,000 pounds under the September 1 estimate and materially lower than the 1932 crop of 22,750,000 pounds.

Agricultural Notes

Nineteen thirty-three has been a favorable year for growth of agricultural products, generally speaking, and farmers in the Fifth reserve district are in a more favorable position this fall than they were a year ago. The two leading cash crops, cotton and tobacco, turned

out well in both quantity and quality, and prices, while not as high as had been hoped, are better than a year ago.

Maryland weather was favorable in September and prospects for growing crops improved generally, but estimates of production for most crops were about the same on October 1 as on September 1. The corn crop in Maryland this year is estimated at 16,356,000 bushels, compared with 16,440,000 bushels harvested in 1932, and this year's oat crop of 1,320,000 bushels compares with 1,425,000 bushels threshed last year. Tame hay yields total 491,000 tons this year, an increase over 470,000 tons cut in 1932, and the average condition of pastures in Maryland on October 1 was 83 per cent against only 45 per cent on the same date a year ago. Irish potatoes declined in production this year to 2,610,000 bushels from the 1932 yield of 2,945,000 bushels, and sweet potatoes produced only 840,000 bushels in 1933 in comparison with 920,000 bushels last year. The commercial apple crop of Maryland is only 245,000 barrels this year, compared with 252,000 barrels picked in 1932, but the fruit this year is of better quality, although not up to a high grade.

Virginia crops this fall have matured in excellent condition and harvest progressed very satisfactorily during September. Most of the corn crop had been cut and shocked by the first of October and a few fields had been husked. Yields in the counties where the storm damage had been severe were turning out better than expected, but in the Southern and Southwestern districts dry weather injured late crops and the yields were not as heavy as had been thought they would be. Total production of corn in Virginia is expected to be 34,385,000 bushels, which is slightly less than the September forecast but considerably better than last year's crop of 26,388,000 bushels. The peanut crop, as a result of dry weather, matured much earlier than usual and many growers had commenced to dig by the end of September. The frequent rains in August caused a heavy growth of vines but owing to dry weather in September the vines did not produce as well as their appearance indicated. The total production is now estimated at 109,250,000 pounds, which is 7 per cent below the September forecast, and much less than the 1932 yield of 140,000,000 pounds. Late hay turned out unusually well and weather conditions were excellent for harvest. Supplies of hay are quite large throughout the State. Total production is estimated at 940,000 tons, compared with 772,000 tons last year. Pastures declined rapidly during September in the Western, Southwestern and Southern districts, but in the Northern and Eastern districts the condition was good. Prospects for late Irish potatoes improved slightly during September but the yield is still considerably below average. The total production of potatoes, including the early crop, is 8,649,000 bushels, compared with 9,682,000 bushels last year. Sweet potatoes improved during September and yields are somewhat above expectations. Production of sweet potatoes is estimated at 4,625,000 bushels, compared with 3,610,000 bushels in 1932. Prospects for apples declined during September on account of damage from disease and worms. Total production is estimated to

be 10,900,000 bushels, compared with 6,830,000 bushels last year and 12,671,000 bushels the 5-year average. The commercial crop has been a great disappointment, due to the unusually poor quality. A much smaller percentage than usual of the crop is packing No. 1 grade, and many growers have sold their entire crop in bulk without packing. A very large percentage of the crop produced in commercial orchards has been shipped to by-product plants. There are a few good crops, but generally the quality is the poorest on record. Commercial production of apples is forecast at 1,800,000 barrels, which is 11 per cent less than the indicated yield a month ago and compares with last year's crop of 1,963,000 barrels and the 5-year average of 2,720,000 barrels.

West Virginia experienced mild weather during September, no damage from early frosts, and adequate rainfall; as a result, prospects for most growing crops improved during the month. All but the very late corn had matured by October 1, and the crop yielded 13,311,000 bushels, compared with 11,150,000 bushels in 1932. The oats crop was poor this year, and total production was only 2,489,000 bushels, compared with 3,036,000 bushels harvested last year. The hay crop was better than normal this year, and farmers were in many cases able to make an additional cutting in September. Total production of hay is now estimated at 681,000 tons, compared with 558,000 tons cured in 1932. The *West Virginia* Irish potato crop is much smaller than usual. Hot dry weather during June injured the early potatoes and too much moisture caused many of the tubers in the late crop to rot. Total production of Irish potatoes now estimated at 2,860,000 bushels compares with 3,608,000 bushels produced in 1932. The apple crop was damaged further during September by codling moth worms. Worm stings also caused a great loss by lowering the grade and market value of the fruit. The present estimate of the commercial crop is 740,000 barrels, compared with 833,000 barrels in 1932 and a 5-year average production of 1,340,000 barrels.

North Carolina weather in September was favorable for harvesting, although dry weather in the Piedmont counties held up fall plowing and preparations for planting small grains to a serious degree. Corn production in *North Carolina* is estimated to be 42,550,000 bushels this year, compared with 34,830,000 bushels in 1932 and a 5-year average of 39,328,000 bushels. The oat crop turned out 1,568,000 bushels, compared with 2,030,000 bushels in 1932. Hay yields total 641,000 tons this year, compared with 565,000 tons last year. The 1933 yield of sweet potatoes is 8,360,000 bushels, compared with 7,990,000 bushels in 1932. The *North Carolina* apple crop of 5,254,000 bushels is much above last year's yield of 1,825,000 bushels. Peanut production is expected to total 192,000,000 pounds this season, compared with 254,740,000 pounds harvested in 1932.

South Carolina crop prospects changed little during September and October 1 estimates of production for most crops were about the same as those made on September 1. Corn production in *South Carolina* this year totaled 22,330,000 bushels, compared with 17,885,000 bushels in 1932, but the hay crop of 204,000

tons is below last year's yield of 210,000 tons. Sweet potatoes turned out only 4,720,000 bushels in 1933, compared with 6,072,000 bushels in 1932. Peanut production in *South Carolina* totaled 9,800,000 pounds this year, compared with 10,240,000 pounds harvested last year, but this year's apple crop of 279,000 bushels exceeds 164,000 bushels gathered in 1932. The tobacco and cotton crops, mentioned elsewhere in this *Review*, account for much of the increase in agricultural production in *South Carolina* this year in comparison with 1932.

Construction

Building Permits Issued in September 1933 and 1932

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md.	783	1,102	\$ 524,460	\$1,649,280
Cumberland, Md.	9	9	4,450	3,459
Frederick, Md.	14	17	26,988	8,831
Hagerstown, Md.	16	10	10,175	3,680
Salisbury, Md.	20	33	16,945	23,150
Danville, Va.	26	12	32,558	5,882
Lynchburg, Va.	22	31	15,846	27,835
Norfolk, Va.	86	92	37,040	75,728
Petersburg, Va.	4	4	1,160	675
Portsmouth, Va.	26	26	21,455	11,680
Richmond, Va.	89	103	122,721	49,916
Roanoke, Va.	33	23	9,509	11,394
Bluefield, W. Va.	8	2	5,215	3,050
Charleston, W. Va.	64	69	10,811	20,136
Clarksburg, W. Va.	26	24	10,115	6,115
Huntington, W. Va.	23	24	53,588	10,455
Asheville, N. C.	17	18	15,580	9,724
Charlotte, N. C.	16	34	19,920	39,231
Durham, N. C.	13	7	50,900	8,445
Greensboro, N. C.	26	43	7,113	48,983
High Point, N. C.	11	8	6,607	12,450
Raleigh, N. C.	10	14	7,185	10,600
Rocky Mount, N. C.	4	1	3,095	60
Salisbury, N. C.	7	4	7,135	5,250
Wilmington, N. C.	15*	13,050*
Winston-Salem, N. C.	40	42	11,225	11,300
Charleston, S. C.	28	42	9,280	7,600
Columbia, S. C.	18	41	16,664	13,081
Greenville, S. C.	19	22	4,110	14,100
Rock Hill, S. C.	11	13	2,490	12,560
Spartanburg, S. C.	18	24	4,070	5,731
Washington, D. C.	560	483	468,515	971,280
Totals	2,047	2,377	\$1,536,925	\$3,081,661

* Not included in totals.

Building permits issued by building inspectors in thirty-one cities in the Fifth reserve district in September totaled 2,047, with estimated valuation amounting to \$1,536,925, a decrease of 14 per cent in number in comparison with 2,377 permits issued in September 1932, and a decrease of 50 per cent under September 1932 valuation figures totaling \$3,081,661. Sixteen of the thirty-one cities reported higher figures for the 1933 month, but all of the five largest cities except Richmond showed materially lower figures.

Contracts awarded in September for construction work in the Fifth district, including both rural and urban projects, totaled \$9,839,130, compared with \$6,156,503 in August 1933 and \$10,684,728 in September 1932. Of the awards in September this year, \$1,783,485, or 18.1 per cent, was for residential work, while last year residential contracts in September totaled \$2,076,918, or 19.4 per cent of all awards.

Retail Trade, 31 Department Stores

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
September 1933 sales, compared with sales in September 1932:	+ 4.4	+ 5.5	- 2.5	- 1.2	+ 1.6
January-September 1933 sales, compared with Jan.-Sept. 1932:	- 4.6	- 7.4	-10.7	- 7.3	- 8.4
Sept. 30, 1933, stocks, compared with stocks on Sept. 30, 1932:	+14.9	+32.2	+31.1	- 5.9	+25.9
Sept. 30, 1933, stocks, compared with stocks on Aug. 31, 1933:	+23.7	+19.7	+15.9	+13.0	+17.9
Number of times stock was turned in September 1933:	.326	.269	.252	.269	.267
Number of times stock was turned since January 1, 1933:	2.8	2.501	2.51	2.071	2.489
Percentage of Sept. 1, 1933, receivables collected in September:	25.8	19.9	23.0	23.4	21.9

Wholesale Trade, 59 Firms

	21	7	6	13	12
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
September 1933 sales, compared with sales in September 1932:	+18.4	+ 5.5	+39.5	+36.1	+ 3.9
September 1933 sales, compared with sales in August 1933:	+ 6.4	+27.5	+ 7.0	- 7.8	+ 9.9
Jan.-Sept. 1933 sales, compared with Jan.-Sept. 1932 sales:	+ 4.1	+35.3	+26.9	+24.8	- 9.5
Sept. 30, 1933, stocks, compared with Sept. 30, 1932, stocks:	+10.0(8*)	+77.9(3*)	+21.5(5*)	+ 3.9(7*)
Sept. 30, 1933, stocks, compared with Aug. 31, 1933, stocks:	+ 3.8(8*)	- 1.0(3*)	- 6.6(5*)	+ 2.4(7*)
Percentage of Sept. 1, 1933, receivables collected in September:	71.9(12*)	32.0(4*)	56.9(6*)	35.3(11*)	50.9(8*)

* Number of reporting firms.

(Compiled October 21, 1933)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

During September and the first half of October, industrial activity declined, as it had in August, following the rapid expansion of the spring and early summer. Factory employment and payrolls increased further between the middle of August and the middle of September.

Production

Industrial production, as measured by the Board's seasonally adjusted index, declined from 91 per cent of the 1923-1925 average in August to 84 per cent in September. Activity decreased in most lines of industry, and particularly in those in which output had increased rapidly in earlier months. Production of steel, lumber, cement, bituminous coal, and petroleum declined considerably and automobile output was reduced. Deliveries of silk to mills were small in September, while consumption of cotton and wool, although reduced during the month, was nevertheless larger than in other recent years at this season. Meat packing plants were more active partly because of processing of pigs under the Government's emergency marketing program; and output of flour was larger than the exceptionally small volume produced in August.

In the first half of October further declines in output of automobiles, bituminous coal and petroleum were reported. Steel mill activity, after increasing in the first half of October, receded in the third week.

Employment

Employment of factory workers increased between the middle of August and the middle of September, and total earnings were larger, partly as a result of further advances in wage rates, and the expansion of operation in seasonally active industries such as canning. Employment in public utilities, railroads, stores, and mines also increased and it is estimated that about 600,000 industrial wage-earners found work during the period.

Preliminary reports for the first half of October indicate some decrease in employment and a continuation of about the same volume of earnings in basic manufacturing industries.

Construction

Construction contracts awarded increased in September to the highest level for the year according to reports by the F. W. Dodge Corporation, the largest volume of new awards being for public works and for other non-residential projects. In the third quarter of the year value of construction contracts was 25 per cent of the 1923-1925 average.

Distribution

Sales at department stores in leading cities increased less than seasonally in September, following an unusually large increase in sales in August. Trade reports indicate that sales volume was affected by unseasonably warm weather and by price advances. Sales

of chain variety stores continued in somewhat larger volume than in 1932.

On the railroads, average daily freight shipments during September increased by somewhat less than is usual in the early autumn, but were in larger volume than at any time since the latter part of 1931. In the first two weeks of October car loadings were at a higher level than in late September.

Prices

During September and the first two weeks of October the general average of wholesale prices in the United States was relatively stable at about 71 per cent of the 1926 average, reflecting, however, widely divergent movements in prices of individual commodities. Prices of raw materials traded on organized exchanges declined sharply during the first two weeks of October and then recovered somewhat. There have been further advances during recent weeks in prices of fuels, iron and steel, building materials, and house-furnishings, while prices of cotton textiles and leather have declined.

Retail prices of food showed little change in September, while prices of clothing continued to advance.

Foreign Exchange

The value of the dollar in the foreign exchange market fluctuated around 65 per cent of its gold parity during the latter part of September and the first half of October, advanced to 71 per cent in the third week, and declined to 70 per cent on October 23.

Bank Credit

Excess reserves of member banks increased by \$100,000,000 between September 13 and October 20, in consequence of the purchase by the Federal reserve banks of \$170,000,000 of United States Government securities during the period, offset in part by a further decline in discounts and a seasonal increase in the demand for currency. While these purchases of United States Government securities were made chiefly in New York City, member bank funds arising from these purchases were transferred to other parts of the country through expenditures in outlying areas by Federal agencies, and through payment for crops marketed.

At reporting member banks in leading cities there was little change in loans and investments during this period; a decline in the volume of loans on securities was offset by growth in all other loans.

Money rates in the open market continued at low levels. On October 20 the Federal Reserve Bank of New York reduced its buying rate on bills from a range from 1 to $1\frac{1}{4}$ per cent for different maturities to a range from $\frac{1}{2}$ to 1 per cent. The rediscount rate at New York was reduced from $2\frac{1}{2}$ per cent to 2 per cent, effective October 20, and on October 21, the Federal reserve banks of Cleveland and Chicago reduced their rediscount rates from 3 per cent to $2\frac{1}{2}$ per cent.