

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

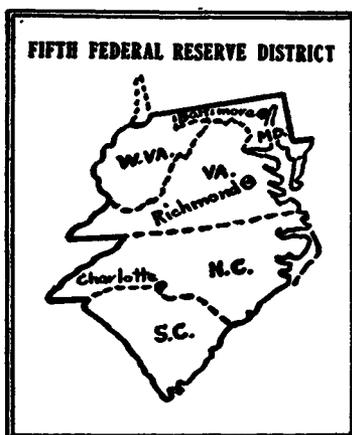


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RICHMOND, VIRGINIA

JUNE 30, 1934

THERE were no outstanding developments in business circles in the Fifth Federal reserve district during May and early June. There were continued signs of some tapering off from recent activity, as mentioned last month, but on the whole trade was about at seasonal level in comparison with the past few months. Rediscounts for member banks at the Federal Reserve Bank of Richmond continued to decline, finally falling below one million dollars. Member banks are nearly all in position to care for legitimate calls upon them for credit without assistance from the reserve bank. Federal reserve notes in circulation made a slight advance last month, an unusual development at this season. Member bank reserve deposits were reduced sharply between the middle of May and the middle of June, due chiefly to purchase of Government securities for investment by some of the larger banks. Reporting member banks in the larger cities of the Fifth district showed practically no change in loans during the past month, but their deposits declined moderately. None of the regularly reporting member banks are borrowing at the reserve bank at the present time. Debits to individual accounts in twenty-three cities during five weeks ended June 13 showed a decrease of 7 per cent under debits in the preceding five weeks, ended May 9, the decrease probably being due to some quarterly payments in the earlier period. The record of commercial failures continued highly favorable, May witnessing a 48 per cent decline in number of insolvencies in comparison with the number in May last year, and liabilities being considerably less than half those of the earlier month. Employment showed no material change in May and early June, except for shortened hours of work in the textile field in June. Coal production in May increased over April production, and also exceeded production in May 1933. Fifth district textile mills operated at a slightly lower rate in May, and restricted output further in June, to prevent ac-



cumulation of goods in their warehouses. South Carolina led all states in spindle activity in April, the latest month for which statistics are available. Spot cotton prices fluctuated considerably between the middle of May and the middle of June, but on the whole the movement of prices was upward. Tobacco factories continued full time operations. Retail trade in department stores in the Fifth district made an excellent comparison with the volume of business in May last year. Wholesale trade in all lines except shoes for which figures are available was in materially larger volume than trade in the corresponding month last

year, and groceries, dry goods and drugs also showed gains in sales over those in April this year. Fertilizer sales this year were larger than sales in the spring of 1933. No material change has yet occurred in construction work, which continues to be the greatest handicap to the recovery program. Prospects for crops in the Fifth district are quite varied, some sections having had too much rain while drought conditions developed in other parts of the district. Fruit yields promise to be much less than last year in quantity, but the quality of commercial apples is notably better this year. Grain crops are fairly good, on the whole. Growers of early Irish potatoes are receiving disastrously low prices for their crop, the lowest since 1928. North Carolina farmers are getting around \$1.65 per barrel, and Virginia farmers about \$2 per barrel, less commissions to selling agents.

## Reserve Bank Statement

The figures in the accompanying table show principal items from the condition statement of the Federal Reserve Bank of Richmond as of three mid-month dates, June 15 and May 15, 1934, and June 15, 1933. During the past month, rediscounts for member banks continued to decline, and on June 15 had dropped to less

ITEMS	000 omitted		
	June 15 1934	May 15 1934	June 15 1933
Rediscounts held .....	\$ 888	\$ 1,264	\$ 15,003
Open market paper.....	193	219	290
Government securities .....	103,563	103,563	53,717
Total earning assets.....	104,644	105,046	69,010
Circulation of Fed. Res. notes..	142,769	142,321	142,937
Members' reserve deposits.....	123,088	150,847	62,864
Cash reserves .....	189,025	214,196	176,678
Reserve ratio .....	65.51	70.93	74.94

than one million dollars. The portfolio of open market paper, which has been low for more than a year, also decreased further last month. Holdings of Government securities remained the same between May 15 and June 15. The decreases in rediscounts and open market paper lowered total earning assets by \$402,000 last month. Federal reserve notes in actual circulation showed an increase of \$448,000 between the middle of May and the middle of June, a rise contrary to seasonal trend. Member bank reserve deposits, which have been much higher than the law requires, were reduced by \$27,759,000 during the month under review, chiefly due to investments by member banks in recent issues of Government obligations. In spite of the reduction, reserve deposits continue very high. The several changes in the statement previously mentioned, with others of less importance, lowered the cash reserves of the Federal Reserve Bank of Richmond by \$25,171,000 between May 15 and June 15, and also reduced the ratio of cash reserves to note and deposit liabilities combined by 5.42 points.

Comparison of the June 15, 1934, condition figures with those for June 15, 1933, shows material changes in most of the items. Rediscounts decreased by \$14,115,000 during the year, falling from \$15,003,000 last year to \$888,000 on June 15. Open market paper also decreased by \$97,000, but little of it was held either last year or this. Holdings of Government securities rose by \$49,846,000 between June 15 last year and this, an increase of over 90 per cent. Total earning assets rose by \$35,634,000 during the year, the increase in Government security holdings greatly exceeding decreases in rediscounts and open market paper. Federal reserve note circulation changed only \$168,000 between June 15 last year and this but during the year there were wide variations. Member bank reserve deposits rose \$60,224,000 during the year, member banks being unable to employ their funds in satisfactory loans or investments. The changes in the statement raised the cash reserves of the Richmond bank by \$12,347,000 during the year, but the ratio of reserves to note and deposit liabilities combined dropped 9.43 points.

### Statement of 28 Member Banks

Twenty-eight member banks in leading cities of the Fifth Federal reserve district send weekly condition reports to the Federal Reserve Bank of Richmond, and the accompanying table shows totals of the principal

ITEMS	000 omitted		
	June 13 1934	May 16 1934	June 14 1933
Loans on stocks & bonds (including Governments) .....	\$ 60,285	\$ 59,750	\$ 59,519
All other loans.....	108,837	111,055	110,714
Total loans & discounts.....	169,122	170,805	170,233
Investments in stocks & bonds..	169,097	170,099	142,940
Reserve bal. with F. R. Bank....	47,466	51,262	22,812
Cash in vaults.....	11,324	10,440	9,312
Demand deposits .....	213,916	221,141	176,546
Time deposits .....	134,537	135,029	126,033
Borrowed from F. R. Bank.....	0	0	339

items as of three dates. June 13, 1934, figures are compared with those for May 16, 1934, and June 14, 1933, thus affording opportunity for comparison of the latest figures with those of the preceding month and the preceding year.

Between May 16 and June 13, both this year, changes in the condition figures were relatively small. Total loans and discounts decreased by \$1,683,000, a drop in all other loans of \$2,218,000 more than offsetting an increase of \$535,000 in loans on securities. Investments in stock and bonds by the twenty-eight reporting banks decreased by \$1,002,000 between the middle of May and the middle of June, and aggregate reserve balance at the reserve bank dropped by \$3,796,000. Cash in vaults rose \$884,000 last month. There was a decrease in deposits between May 16 and June 13, probably caused by customers' investments in Government securities. Demand deposits decreased by \$7,225,000 and time deposits dropped \$492,000. None of the reporting banks were borrowing at the Federal Reserve Bank of Richmond on either May 16 or June 13.

All of the figures except loans and discounts show material changes during the past year. Loans on stocks and bonds rose \$766,000 between June 14, 1933, and June 13, 1934, but all other loans, which are chiefly commercial or agricultural, declined by \$1,877,000, giving a net decrease in loans and discounts of \$1,111,000. Investments in securities, most Government obligations, rose \$26,157,000 during the year, and the reporting banks increased their reserve deposits at the Federal reserve bank by \$24,654,000. Cash in vaults rose \$2,012,000. Deposits increased \$45,874,000 between June 14 last year and June 13 this year, of which \$37,370,000 was in demand deposits and \$8,504,000 was in time deposits. A year ago two of the twenty-eight reporting banks were borrowing a total of \$339,000 at the Federal reserve bank, but none of them were borrowing on June 13, 1933.

### Time and Savings Deposits

Time deposits in twenty-eight regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$326,631,808 at the end of May 1934, a higher figure than either \$326,402,521 in time and savings deposits at the end of April this year or \$319,744,321 at the end of May last year. Reporting member banks showed a decline in time de-

posits during the past month but gained during the past year, while the mutual savings banks gained deposits last month but showed a decline for the year.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	June 13, 1934	May 9, 1934	June 14, 1933
Asheville, N. C.....	\$ 9,381	\$ 11,549	\$ 8,642
Baltimore, Md. ....	299,020	333,380	237,962
Charleston, S. C. ....	12,397	12,530	11,325
Charleston, W. Va....	52,660	46,060	34,560
Charlotte, N. C.....	49,792	54,146	41,978
Columbia, S. C.....	19,567	18,737	10,789
Cumberland, Md. ....	7,045	6,872	6,017
Danville, Va. ....	5,440	5,680	4,909
Durham, N. C.....	22,355	22,971	21,384
Greensboro, N. C.....	12,055	13,088	3,746
Greenville, S. C.....	14,606	17,506	13,110
Hagerstown, Md. ....	6,841	7,502	5,337
Huntington, W. Va....	13,126	13,691	10,577
Lynchburg, Va. ....	15,041	15,857	13,158
Newport News, Va....	7,540	7,244	6,576
Norfolk, Va. ....	46,351	47,260	38,009
Portsmouth, Va. ....	3,607	3,761	3,762
Raleigh, N. C.....	19,132	24,513	14,074
Richmond, Va. ....	123,755	134,656	109,798
Roanoke, Va. ....	21,420	23,450	19,175
Washington, D. C.....	196,330	208,771	199,002
Wilmington, N. C.....	8,559	10,040	7,461
Winston-Salem, N. C.	29,334	31,344	31,101
<b>Fifth District Totals</b>	<b>\$995,354</b>	<b>\$1,070,608</b>	<b>\$852,452</b>

Debits to individual, firm and corporation accounts in the banks in twenty-three trade centers in the Fifth Federal reserve district are shown in the accompanying table for three equal periods of five weeks, ended June 13 and May 9 this year and June 14 last year. These figures reflect the volume of business which passed through the banks in the several cities during the periods under review.

In the five weeks ended June 13, 1934, aggregate debits in the reporting cities amounted to \$995,354,000, a decrease of \$75,254,000, or 7.0 per cent, in comparison with debits during the preceding like period, ended May 9. All of the reporting cities showed lower figures for the more recent period except four, higher figures being shown for Charleston, W. Va., Columbia, Cumberland, and Newport News. At least part of the decline in debits during the five weeks ended June 13 was due to inclusion of some quarterly payments in the earlier period, ended May 9.

In comparison with debits reported for the five weeks ended June 14, 1933, those for the corresponding five weeks this year showed an increase of \$142,902,000, or 16.8 per cent, part of which is probably accounted for by higher price levels this year in many lines. All of the reporting cities showed higher figures for the 1934 period except Portsmouth, Washington and Winston-Salem, and in these the declines were very small.

### Commercial Failures

*Dun & Bradstreet Monthly Review* for June states that business failures in the United States during May 1934 dropped to the lowest level since October 1920, but the record in the Fifth district, while very favorable, did not compare so well with other recent months. In the United States there were only 977 bankruptcies last month, with aggregate liabilities of \$22,560,835, compared with 1,909 bankruptcies and indebtedness of \$47,971,573 in May last year. In the Fifth reserve district, May 1934 failures numbered 64, with total indebtedness of \$1,706,753, compared with 124 failures in May 1933 with liabilities totaling \$3,875,986. In comparison with number of failures in May last year, those in May this year showed practically the same percentage decline in the Fifth district as in the United States as a whole, and the decline in liabilities was 3 per cent more in the district than in the nation. However, fewer failures were reported in the district in February, March and April, while the number of failures in the nation last month was the lowest in nearly 14 years. Individual states in the Fifth district reported bankruptcies for May 1934 and May 1933 as follows: Maryland 18 and 52, District of Columbia 9 and 9, Virginia 16 and 18, West Virginia 12 and 23, North Carolina 9 and 22, South Carolina 0 and 0. All of the twelve Federal reserve districts reported fewer insolvencies and lower aggregate indebtedness in May 1934 than in May 1933, the Dallas and Atlanta districts making the best records last month with 18 and 19 insolvencies, respectively.

### Employment

Widespread unemployment probably continues to be the chief obstacle in the way of business revival in the Fifth reserve district, although conditions are somewhat better than they were a year ago, and apparently are no worse than in other sections of the country. As we pointed out last month, former CWA workers have not been absorbed in private industry, but many of the workers in the lower half of the district will not accept farm work at wages the farmers can afford to pay. Construction has shown only a small seasonal increase since winter, and in this field unemployment continues to be more prevalent than in other lines. The tobacco industry continues operations on full time, coal production is fully up to seasonal levels, and the textile industry is employing its full quota of workers, although each worker is temporarily on shorter hours than in other recent months.

### Coal Production

Production of bituminous coal in the United States during the month of May 1934 amounted to 28,100,000 net tons, an increase over 24,772,000 tons mined in April this year and also more than 22,488,000 tons dug in May last year. On a daily basis, May output of 1,064,000 tons also exceeded output in both of the earlier periods. Total production of soft coal during the present calendar year to June 9 amounts to 164,-

045,000 tons, compared with 127,823,000 tons mined in the same period last year, an increase this year of 28.3 per cent. Coal shipped through Hampton Roads ports during the present calendar year to June 9 totaled 8,663,827 tons, compared with 7,476,929 tons shipped through the same ports prior to June 9 last year.

The May 26 report of the Bureau of Mines, Department of Commerce, showed production figures by states for the month of April. West Virginia with an output of 6,642,000 net tons fell behind Pennsylvania, which mined 7,290,000 tons, for the first month since June 1933. West Virginia led all states in production for the first four months of 1934 with 34,049,000 tons, Pennsylvania producing 32,914,000 tons. The coal producing states in the Fifth reserve district, West Virginia, Virginia and Maryland, mined 30.3 per cent of the National output of bituminous coal in April, and in the first four months of this year they mined 29.7 per cent.

### Textiles

Textile mills in the Fifth reserve district operated at a slightly lower rate in May than in April, and at a considerably lower rate than in May last year. Fifth district mills consumed 233,324 bales of cotton in May 1934, compared with 227,550 bales in the shorter month of April this year and 292,625 bales in May last year. Of last month's consumption, North Carolina mills used 118,285 bales, South Carolina mills used 101,146 bales, and Virginia mills used 13,893 bales. Consumption of cotton in the Fifth district in May amounted to 44.89 per cent of National consumption, compared with 47.13 per cent of National consumption for the district in May last year. Demand for cotton goods was quite irregular in May and early June, some lines securing numerous orders while others found little call. Under permission from NRA authorities, mills are curtailing operations approximately 25 per cent during June and July, to prevent accumulation of manufactured goods during slack months.

The Bureau of the Census issued a report on May 21 on activity in the cotton spinning industry for April. On April 30 there were 31,011,200 spindles in place in the United States, of which 26,450,750, or 85.3 per cent, were active a total of 7,260,010,234 spindle hours during the month, an average of 234 hours per spindle in place. In the Fifth reserve district there were 12,580,026 spindles in place on April 30, of which 11,852,028, or 94.2 per cent, operated a total of 3,499,700,273 spindle hours in April, an average of 278 hours per spindle in place. South Carolina with an average of 308 hours per spindle led all states, North Carolina with 253 hours ranked fifth, and Virginia with 251 hours ranked sixth, all being above the United States average of 234 hours.

### Cotton Statistics

*Spot cotton prices* fluctuated frequently during the past month, but through a relatively narrow range. On May 11 spot cotton prices on ten Southern markets

averaged 11.26 cents per pound for middling grade. The week ended May 18 witnessed a rise to 11.43 cents, but there was then a recession to 11.33 cents on May 25. In the last week in May and the first week in June the price rose to 12.04 cents on June 8, but on June 15 the average price was again down slightly, to 11.97 cents.

*Consumption of cotton* in the United States in May 1934 totaled 519,765 bales, compared with 512,703 bales used in the shorter month of April this year and 620,561 bales in May 1933. Total consumption for the ten months of the present cotton season—August 1 to May 31—amounted to 4,977,772 bales, compared with 4,839,493 bales consumed in the corresponding period of the 1932-1933 season. Manufacturing establishments held 1,421,428 bales on May 31, compared with 1,584,746 bales held on April 30 and 1,392,209 bales on May 31, 1933. Public warehouses and compresses held 6,570,664 bales in storage at the end of May this year, compared with 7,101,941 bales so held a month earlier and 7,323,146 bales on May 31 last year. May exports totaled only 284,764 bales, compared with 591,647 bales sent abroad in May 1933. Exports during the ten months of this cotton year totaled 6,769,369 bales, compared with 7,112,831 bales shipped over seas during the corresponding ten months ended May 31, 1933, nearly all foreign countries having taken less American cotton this year. Spindles active at some time during May numbered 25,891,366, compared with 26,450,750 in April this year and 24,609,908 in May 1933.

*Cotton growing states consumed* 416,911 bales in May, compared with 406,678 bales used in April and 513,954 bales in May 1933. Last month's consumption of cotton in the cotton growing states amounted to 80.2 per cent of National consumption, a higher percentage than 79.3 per cent in April this year but less than 82.8 per cent in May 1933. Of the 416,911 bales of cotton consumed in the cotton growing states in May, Fifth district mills used 233,324 bales, or 56 per cent, compared with 57 per cent of Southern consumption attained in the district in May last year.

No official reports on the condition of the cotton crop are issued until very late in the season, but unofficial information indicates that cotton in the Fifth reserve district has suffered from too much rain. During nearly the entire month of May and well into June rains fell so frequently in the lower half of the district that farmers could not work their fields, and grass almost choked out the cotton in some sections. Wet, moderate weather is also favorable for weevil development, but it is too early to estimate weevil damage. If the farmers can clean the cotton fields and weather during the growing season is clear and hot, weevils can be held in check. Cotton farmers report difficulty in securing workers to help clean fields of grass, laborers refusing to work for customary agricultural wages.

### Agricultural Notes

*Maryland* weather in May was unfavorable for wheat, and prospective yield for 1934 declined about 380,000 bushels. The June 1 forecast of 7,201,000 bushels is over two million bushels below the average

production for the five years 1927-1931, but is nearly a million bushels above the 1933 yield. The final out-turn of wheat will depend upon weather in June, which in the past has proven to be the critical period for attacks of funguous diseases. The oat crop held its own during May, and the June 1 forecast of 280,000 bushels compares favorably with a five-year average of 256,000 bushels and last year's yield of 221,000 bushels. A condition of 82 per cent for hay this year is better than 74 per cent a year ago, weather conditions having been nearly ideal for both hay and pastures. The apple crop is much inferior to the 1933 crop, a June 1 condition of 36 per cent comparing with last year's condition of 62 per cent. The peach crop is practically a failure, the reported condition on June 1 being only 15 per cent compared with the five-year average of 63 per cent and last year's condition of 54 per cent. Only about 99,000 bushels are expected this year, against 400,000 bushels last year and a five-year average yield of 510,000 bushels.

*Virginia* crop prospects on June 1 were more uncertain than usual because of the great variation in conditions in different parts of the State. In Eastern counties planting and growth of crops were retarded by excessive rains; in Central counties crop prospects are generally very favorable; in Western counties, especially in the Southwest, extremely dry weather retarded planting and growth. At this early date no definite prediction concerning the principal crops such as corn, cotton, tobacco and peanuts can be made, but the outlook for grains indicates an average or better yield this season. Fruit prospects are poorer than usual due to winter killing and frost damage in April. Prospects for early potatoes, except in poorly drained sections, are very good. In Central and Southern districts several rains gave farmers excellent seasons for transplanting tobacco plants, and by the end of the month a large part of the flue-cured tobacco had been set in the fields. Wheat prospects showed little change during May. The total production for 1934 is estimated to be 7,975,000 bushels, compared with 7,425,000 bushels last year and 9,582,000 bushels the average for 1927-1931. The outlook for rye and barley did not change during May, and about average yields are indicated. Spring sown oats were injured by dry weather in the Southwestern part of the State, which produces a large percentage of this crop, and the yield is expected to be below average. Hay prospects are quite irregular, ranging from good in Eastern and Central counties to very poor in the extreme Southwest. Hay crops can still make rapid improvement if weather conditions are favorable during June. The condition of all hay on June 1 was reported at 70 per cent of normal, compared with 84 per cent last year, and a ten-year average of 76 per cent. Pastures improved during May in all sections of the State except in the Western and Southwestern districts where dry weather retarded the growth. Apple prospects throughout Virginia are not as good as had been expected earlier in the season, and on June 1 conditions indicated only 32 per cent of a full crop, compared with 62 per cent reported on June 1 last year and 54 per cent the average for the ten years

1922-1931. Unfavorable weather during April, especially freezes on April 26 and 28, caused considerable damage, particularly in poorly located farm orchards. The quality of the fruit this season is excellent, and in marked contrast to last year when aphid and scab caused heavy damage. The season is not sufficiently advanced to make a definite forecast of production, but the quality of this year's commercial crop is so much better than last year's that it is possible the 1934 yield may equal last year's light yield of 1,800,000 barrels. The peach crop throughout the State was seriously injured by sub-zero temperatures during February and many trees failed to bloom. There are practically no peaches except in the best located commercial orchards and in a few farm orchards in the Southern and Eastern counties. The total production is estimated at 360,000 bushels, compared with 990,000 bushels last year and average production for five years of 840,000 bushels.

*West Virginia* crops suffered from drought conditions last month. Thunder showers brought relief over spotted areas, but some sections were left practically untouched and in these sections hay crops are very poor and pastures are turning brown. The drought hit the western part of the State much harder than the Eastern Panhandle. As late as the third week in May frosts occurred in portions of the State, damaging fruit, gardens, and other vegetation. Corn planting was later than usual this year and was not quite finished by June 1. The soil has been too dry for normal germination of seed corn, and most of the corn acreage planted earlier in the season is showing plants only three or four inches high. The June 1 condition of winter wheat indicates a production of 1,675,000 bushels, compared with 1,798,000 bushels harvested last year and a five-year average of 1,679,000 bushels. The drought had a tendency to produce smaller heads and shorter straw than a year ago. The condition of the oats crop was only 59 per cent of normal on June 1, compared with 82 per cent a year ago and 83 per cent the ten-year average. Some oats were harvested at the end of May and the heads were not well filled, with the straw very short. This condition was quite general in the western portion of the State. Hay crops will be much smaller this year than in 1933. The June 1 condition of all tame hay was 54 per cent of normal, which is 24 points less than the condition on June 1, 1933. The condition of the West Virginia apple crop on June 1 was only 29 per cent of normal compared with 62 per cent in 1933. In the Eastern Panhandle section where the largest crops of commercial apples are produced, crop prospects are somewhat better but will probably not measure up to those of 1933. Late frosts and the absence of normal rainfall decreased the already poor peach prospects so that on June 1 the growers reported a condition of 8 per cent of normal, compared with 40 per cent in 1933 and 48 per cent the ten-year average. From this indication a peach crop of 77,000 bushels compares with the 1933 production of 396,000 bushels.

*The Carolinas* had favorable weather for farm work until May, but during that month and into June there was excessive rainfall, making it impossible to keep

grass out of the fields and to do late planting. On the whole, however, crop prospects are about average in the two states. Wheat production in North Carolina this year is forecast at 4,260,000 bushels, a higher figure than 3,714,000 bushels harvested in 1933 and a five-year average of 3,661,000 bushels. South Carolina with a forecast of 850,000 bushels this year exceeds 592,000 bushels last year and 546,000 bushels the five-year average. The condition of oats on June 1 was 64 per cent in North Carolina and 67 per cent in South Carolina, the former a lower figure and the latter a higher figure than the conditions a year ago, but both materially lower than the five-year averages. A prospective crop of 472,000 bushels in North Carolina and a yield of 60,000 bushels in South Carolina both exceed last year's yields. Hay condition on June 1 was lower in both states than on June 1, 1933, and pastures were also poorer this year. Prospects for apples in North Carolina are only 45 per cent of normal, compared with 64 per cent last year, but South Carolina's June 1 condition of 56 per cent is the same as the condition on June 1 last year. Contrary to conditions in the upper half of the district, the Carolinas have good prospects for peaches, a crop of 2,278,000 bushels for North Carolina exceeding the five-year average yield of 2,024,000 bushels and South Carolina's crop of 1,610,000 bushels also bettering the five-year average production of 1,142,000 bushels. North Carolina early potatoes are nearly up to the five-year average condition, and the South Carolina crop is better than the average.

### Construction

*Building permits* issued in 31 leading Fifth district cities in May 1934 numbered 2,223, compared with 2,302 permits issued in May 1933, a decrease of 3.4 per cent. On the other hand, estimated valuation figures for all classes of permits issued last month totaled \$2,606,967, compared with \$1,902,161 valuation for permits issued in May 1933, an increase this year of 37.1 per cent. Sixteen of the thirty-one cities showed higher valuation figures for May 1934 than for May 1933, but many of these increases were due to very

### BUILDING PERMITS ISSUED IN MAY 1934 AND 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md. ....	837	884	\$1,003,800	\$ 573,120
Cumberland, Md. ....	9	18	5,642	13,893
Frederick, Md. ....	11	20	31,505	4,962
Hagerstown, Md. ....	8	14	2,220	8,425
Salisbury, Md. ....	15	16	10,825	13,400
Danville, Va. ....	24	12	13,453	12,955
Lynchburg, Va. ....	21	47	25,125	93,225
Norfolk, Va. ....	91	115	66,133	85,835
Petersburg, Va. ....	7	3	18,125	1,725
Portsmouth, Va. ....	27	27	17,711	32,850
Richmond, Va. ....	106	82	149,237	83,186
Roanoke, Va. ....	31	38	10,556	25,559
Bluefield, W. Va. ....	8	9	4,850	8,435
Charleston, W. Va. ....	56	71	8,317	28,301
Clarksburg, W. Va. ....	52	12	19,856	2,925
Huntington, W. Va. ....	22	10	10,395	7,410
Asheville, N. C. ....	62	36	62,761	18,585
Charlotte, N. C. ....	27	37	42,383	35,135
Durham, N. C. ....	22	31	45,945	58,580
Greensboro, N. C. ....	45	27	27,281	11,755
High Point, N. C. ....	23	0	15,075	0
Raleigh, N. C. ....	6	16	8,345	25,910
Rocky Mount, N. C. ....	6	9	3,760	10,350
Salisbury, N. C. ....	4	9	6,975	12,475
Winston-Salem, N. C. ....	57	60	24,022	25,990
Charleston, S. C. ....	22	43	11,250	9,445
Columbia, S. C. ....	22	31	35,970	10,521
Greenville, S. C. ....	36	18	26,500	9,615
Rock Hill, S. C. ....	16	10	11,540	19,120
Spartanburg, S. C. ....	34	28	15,815	9,305
Washington, D. C. ....	516	569	871,595	649,170
District Totals .....	2,223	2,302	\$2,606,967	\$1,902,161

low 1933 figures rather than to high figures this year.

*Contracts awarded* for construction work in the Fifth reserve district in May this year totaled \$14,324,525, including both urban and rural construction, compared with \$5,409,292 in contracts awarded in May 1933, according to figures collected by the F. W. Dodge Corporation. Of the May 1934 contracts, \$2,945,860 was for residential structures, approximately 21 per cent of all contracts, compared with \$2,379,177 for residential work in May last year, or 44 per cent of all contract awards in that month.

**Retail Trade, 31 Department Stores**

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
May 1934 sales, compared with sales in May 1933:				
+13.9	+19.7	+22.1	+21.8	+20.1
Jan.-May 1934 sales, compared with sales in Jan.-May 1933:				
+23.4	+18.1	+18.1	+29.0	+19.7
May 31, 1934, stocks, compared with stocks on May 31, 1933:				
+36.1	+27.8	+18.5	+11.9	+23.0
May 31, 1934, stocks, compared with stocks on April 30, 1934:				
+ 4.0	— .1	— .1	— 1.5	+ .2
Number of times stock was turned in May 1934:				
.352	.325	.368	.309	.343
Number of times stock was turned since January 1, 1934:				
1.603	1.28	1.532	1.391	1.468
Percentage of May 1, 1934, receivables collected in May:				
31.2	29.3	28.7	29.1	29.2

Department store sales in the Fifth Federal reserve district in May 1934 averaged 20.1 per cent more in dollar volume than sales in May 1933, the best record made for any month since August last year. March 1934 showed a higher percentage increase in comparison with March 1933 sales, but that comparison was influenced by the change in the date of Easter. Washington made the best record in the Fifth district last month with an increase of 22.1 per cent. Cumulative sales in the reporting stores in the first five months of this year averaged 19.7 per cent above sales in the corresponding period of 1933, the "Other Cities" stores leading with an increase of 29.0 per cent.

Stocks on the shelves of the thirty-one stores on May 31, 1934, totaled 23.0 per cent more, at retail selling value, than stocks on May 31, 1933, and also showed a very small increase of 2/10ths of 1 per cent over stocks on April 30, 1934, the latter increase due entirely to Richmond. Stocks were turned an average of .343

times during the month of May, a lower average rate than .355 times for May last year, but since January 1 stocks have been turned 1.468 times, a slightly higher figure than 1.466 times for the first five months of 1933.

Collections in 29 of the 31 reporting stores averaged 29.2 per cent of receivables outstanding on May 1, a higher percentage of receivables collected during the month than 24.6 per cent in May 1933. Collections were better in all reporting cities last month than in the same month last year.

**Wholesale Trade, 57 Firms**

	20	7	6	13	11
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
May 1934 sales, compared with sales in May 1933:					
+24.0	+ 6.2	— 2.2	+20.0	+18.3	
May 1934 sales, compared with sales in April 1934:					
+19.1	+ 1.8	— 3.4	— 3.1	+ 2.3	
Jan.-May 1934 sales, compared with sales in Jan.-May 1933:					
+26.3	+36.9	+30.2	+52.2	+24.4	
May 31, 1934, stocks, compared with May 31, 1933, stocks:					
+12.9(8*)	+127.7(3*)	+20.9(4*)	+16.6(7*)	.....	
May 31, 1934, stocks, compared with April 30, 1934, stocks:					
— 5.9(8*)	— 4.5(3*)	+ 3.0(4*)	— 5.1(7*)	.....	
Percentage of May 1, 1934, receivables collected in May:					
79.9(11*)	39.9(4*)	58.7(6*)	42.1(11*)	65.3(7*)	

\* Number of reporting firms.

The accompanying table shows in percentage form how sales in five wholesale lines in May 1934 and in the first five months of this year compared with sales in May 1933 and in the first five months of last year. It also shows changes in stocks on hand, and finally gives the percentages of collections during May to total accounts receivable as of May 1, 1934.

(Compiled June 20, 1934)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Industrial production increased slightly in May, while factory employment and payrolls showed little change. The general level of wholesale prices, after remaining practically unchanged since the middle of February, advanced sharply in the middle of June, reflecting chiefly increases in the prices of livestock and livestock products.

**Production and Employment**

Industrial production, as measured by the Board's seasonally adjusted index, advanced from 86 per cent of the 1923-1925 average in April to 87 per cent in May, as compared with a recent low level of 72 last November. Activity at steel mills increased further from 54 per cent of capacity in April to 58 per cent in May, while output of automobiles showed a decline. Lumber production continued at about one-third the 1923-1925 level. In the textile industries output declined somewhat, partly as a consequence of seasonal developments. At mines coal production showed little change in volume, while output of petroleum continued to increase.

In the first three weeks of June activity at steel mills continued at about the May level, although a decline is usual at this season. Maintenance of activity reflected in part, according to trade reports, considerable stocking of steel. Output of automobiles declined somewhat, as is usual at this season.

Employment in factories, which usually declines slightly between the middle of April and the middle of May, showed little change, while employment on the railroads, in agriculture and in the construction industry increased, as is usual at this season. Increased employment was shown at manufacturing establishments producing durable goods, such as iron and steel and nonferrous metals, while employment declined at establishments producing non-durable manufactures, such as textiles and their products.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, has shown a decline in the spring months, reflecting a reduction in the volume of contracts for public projects. The volume of construction work actually under way has increased as work has progressed on contracts previously awarded.

Department of Agriculture estimates based on June 1 conditions indicated unusually small crops of winter wheat and rye and exceptionally poor conditions for spring wheat, oats, hay and pastures, largely as a con-

sequence of a prolonged drought. The winter wheat crop was estimated at 400 million bushels as compared with a five-year average of 630 million bushels and an exceptionally small crop of 350 million bushels last season. Rains in early June somewhat improved prospects for forage and grain crops not already matured.

**Distribution**

Total freight traffic increased in May by more than the usual seasonal amount, reflecting in considerable part a larger volume of shipments of miscellaneous products. At department stores the value of sales showed an increase as is usual at this season.

**Commodity Prices**

During May and the first three weeks of June wholesale prices of individual farm products fluctuated widely, while prices of most other commodities showed little change. Wheat, after advancing rapidly during May, declined considerably in the first three weeks of June. Cotton continued to advance in the early part of June. In the middle of the month hog prices increased sharply from recent low levels. Automobile prices were reduced in the early part of June, and copper prices advanced.

**Bank Credit**

During May and the first half of June there was little change in the volume of reserve bank credit outstanding. As a consequence of expenditure by the Treasury of cash and deposits with the Federal Reserve banks and a growth in the country's monetary gold stock, member bank reserve balances advanced further to a level \$1,800,000,000 in excess of legal requirements. In the week ending June 20, however, excess reserves dropped to \$1,675,000,000, reflecting an increase in Treasury deposits at the Reserve banks in connection with June 15 tax receipts and sales of Government securities.

Total loans and investments of reporting member banks increased by \$80,000,000 between May 16 and June 13, reflecting a growth in holdings of investments other than United States Government securities and in open-market loans to brokers and dealers, while loans to customers declined. Net demand deposits increased by about \$400,000,000 during the period.

Money rates in the open market continued at low levels. The rate on prime commercial paper declined to  $\frac{3}{4}$ -1 per cent in June, the lowest figure on record.