

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

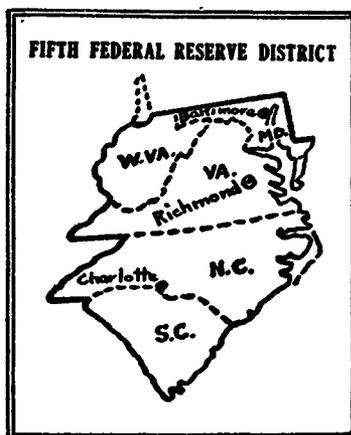


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

JULY 31, 1934

CHANGES in business in the Fifth reserve district between the first of June and the middle of July were chiefly seasonal in character. Some recession in the volume of trade was noted in nearly all lines, but this is a normal development. There was a further decline in rediscounts at the Federal Reserve Bank of Richmond during the past month, and on July 15 rediscounts totaled only about 6 per cent of the small volume of rediscounts outstanding a year ago. No changes occurred in the reserve bank's portfolios of open market paper or Government securities last month. There was a decrease in the circulation of Federal reserve notes of somewhat less than seasonal average between June 15 and July 15. Regularly reporting member banks in the district's leading cities reduced their loans between June 13 and July 11, but increased their investments in bonds and other securities. Demand deposits rose appreciably during the month under review, and time deposits also registered a small increase. Debits to individual accounts figures for four weeks ended July 11, 1934, showed somewhat more than the normal seasonal increase over debits in the preceding four weeks, ended June 13, 1934, and also exceeded debits in four weeks ended July 12, 1933, by 18 per cent. Total debits in twenty-three cities for the first half of 1934 were 22.4 per cent greater than debits in the same cities in the first half of 1933, every city reporting higher figures for the 1934 period. Commercial failures in the Fifth district in June were less numerous than in any other month since August 1920, and liabilities involved were the lowest since June 1920. The June record in the district was better than the National record in both number of insolvencies and in liabilities involved. During the first half of 1934, the number of bankruptcies in the Fifth district declined 47.9 per cent in comparison with the first half of 1933, and aggregate liabilities involved declined by 69.8 per cent. Employment conditions showed little net change



during June and early July, but there was a considerable amount of unrest and dissatisfaction in labor circles, which was indicated by a number of strikes, especially in the textile field. However, most of the strikes were of short duration and were local in character. Coal production in June was below the May level, but considerably above the level of June 1933. Textile mills curtailed operations about 25 per cent in June, to prevent accumulation of manufactured products during the dull season, but prices for textile products have recently advanced. Cotton prices rose between the middle of June and the middle of July, stimulated by

acreage reduction and unfavorable weather for growing cotton over much of the belt. Official acreage figures show a reduction under the acreage harvested in 1933, and a very marked reduction under the acreage planted last year, before the Department of Agriculture's adjustment of acreage was made. Construction work continues to lag far behind other business in the Fifth district. Retail trade in June showed a seasonal decline in comparison with May trade, but averaged 20 per cent above the volume of trade done in June last year, and wholesale trade was about at seasonal levels in comparison with business done in recent months. Agricultural prospects are quite varied in the district, some crops having excellent prospects while others appear to be backward, but it is too early in the season to estimate accurately probable production this year for most crops. Generally speaking, acreage planted in money crops has been reduced, while acreage in food and feed crops has been materially increased.

Reserve Bank Statement

The figures in the accompanying table show the principal items on the Federal Reserve Bank of Richmond's statement of condition as of July 15, 1934, in comparison with corresponding figures a month and a year

ITEMS	000 omitted		
	July 15 1934	June 15 1934	July 15 1933
Rediscounts held	\$ 833	\$ 888	\$ 13,991
Open market paper	193	193	276
Government securities	103,563	103,563	58,108
Total earning assets.....	104,589	104,644	72,375
Circulation of Fed. Res. notes..	142,133	142,769	139,801
Members' reserve deposits.....	118,274	123,088	71,608
Cash reserves	165,651	189,025	169,588
Reserve ratio	62.04	65.51	72.58

earlier. During the past month, rediscounts for member banks declined further, by \$55,000, but the holdings of open market paper and of Government securities remained unchanged. Total earning assets, therefore, declined \$55,000 between June 15 and July 15. The month witnessed a seasonal decline in the circulation of Federal reserve notes, but the decrease, amounting to only \$636,000, was less than usually occurs at this time of the year. Member bank reserve deposits declined by \$4,814,000 between the middle of June and the middle of July, but remained far above legal requirements. The several changes in the statement previously mentioned, with others of lesser importance, lowered the cash reserves of the Federal Reserve Bank of Richmond by \$23,374,000 between June 15 and July 15, and also reduced the ratio of reserves to note and deposit liabilities combined by 3.47 points.

A comparison of the July 15, 1934, figures with those for July 15, 1933, shows some marked changes during the year. Rediscounts for member banks, which were low a year ago, declined by \$13,158,000 during the period under review, amounting to only \$833,000 at the middle of July this year. Open market paper decreased \$83,000. On the other hand, the Bank increased its holdings of Government securities by \$45,455,000 between the middle of July last year and this, a change which resulted in a net rise in total earning assets of \$32,214,000 during the year. Circulation of Federal reserve notes showed a rise of \$2,332,000 between July 15, 1933, and the corresponding date this year. Member banks with funds on hand which they were unable to invest profitably and safely increased their reserve deposits at the Federal reserve bank by \$46,666,000 during the past year. Cash reserves of the Federal Reserve Bank of Richmond dropped by \$3,937,000 between the middle of July last year and the same time this year, and the ratio of cash reserves to note and deposit liabilities combined declined by 10.54 points.

Statement of 28 Member Banks

The principal items of condition reported by twenty-eight regularly reporting member banks in leading Fifth district cities are shown in the table for three dates, July 11 and June 13, 1934, and July 12, 1933, thus affording opportunity for comparison of the changes during the past month and the past year. It should be understood that the figures reflect conditions on the

ITEMS	000 omitted		
	July 11 1934	June 13 1934	July 12 1933
Loans on stocks and bonds (including Governments)	\$ 59,504	\$ 60,285	\$ 62,219
All other loans.....	106,999	108,837	112,866
Total loans and discounts.....	166,503	169,122	175,085
Investments in stock and bonds..	178,610	169,097	151,979
Reserve bal. with F. R. Bank....	46,776	47,466	28,941
Cash in vaults.....	11,657	11,324	10,360
Demand deposits	217,033	213,916	183,090
Time deposits	134,574	134,537	131,842
Borrowed from F. R. Bank.....	0	0	321

report dates only, and are not necessarily the highest or lowest figures that occurred during the periods used in the comparisons.

Between June 13 and July 11, both this year, only minor changes for the most part were shown in the condition figures. Loans on stocks and bonds declined by \$781,000 during the month, and all other loans dropped by \$1,838,000, a total decrease in loans and discounts of \$2,619,000. On the other hand, the reporting institutions increased their investments in securities, chiefly Government obligations, by \$9,513,000 during the past month. There was a small decline of \$690,000 in reserve balances of the twenty-eight banks at the reserve bank. Cash in vaults rose by \$333,000 between the middle of June and the middle of July. Deposits increased during the past four weeks, demand deposits rising \$3,117,000 and time deposits by \$37,000. None of the reporting banks were borrowing at the Federal reserve bank on either of the dates used in the comparison.

Between July 12, 1933, and July 11, 1934, the twenty-eight member banks reduced their loans on securities by \$2,715,000, and all other loans, which are largely agricultural or commercial, dropped by \$5,867,000, a total decrease in loans and discounts amounting to \$8,582,000. Investments in bonds and stocks rose by \$26,631,000 during the year under review, chiefly in short time Government obligations on which the yield is low. The aggregate reserve balance of the reporting banks at the Federal reserve bank rose by \$17,835,000 during the past year, and on July 11, 1934, cash in vaults totaled \$1,297,000 more than on July 12, 1933. Deposits showed a marked increase between July last year and this, demand deposits rising by \$33,943,000 and time deposits gaining \$2,732,000. Two of the twenty-eight reporting banks were borrowing \$321,000 from the Federal Reserve Bank of Richmond a year ago, but none of them were borrowing on the corresponding 1934 date.

Time and Savings Deposits

Time deposits in twenty-eight regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$327,654,854 at the end of June 1934, a higher figure than either \$326,631,808 in time and savings deposits at the end of May this year or \$325,617,214 at the end of June last year. Re-

porting member banks showed increases in time deposits during both the past month and the past year,

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

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS, FOUR WEEKS ENDED			SEMI-ANNUAL TOTALS	
	July 11, 1934	June 13, 1934	July 12, 1933	1934	1933
Asheville, N. C.....	\$ 7,830,000	\$ 7,459,000	\$ 7,997,000	\$ 52,771,000	\$ 43,133,000
Baltimore, Md.....	252,522,000	230,837,000	205,779,000	1,543,042,000	1,186,089,000
Charleston, S. C.....	10,311,000	9,937,000	7,766,000	66,060,000	51,581,000
Charleston, W. Va.....	52,261,000	42,166,000	35,574,000	237,877,000	174,363,000
Charlotte, N. C.....	43,398,000	39,543,000	35,818,000	262,543,000	189,944,000
Columbia, S. C.....	14,575,000	15,563,000	10,094,000	96,901,000	57,531,000
Cumberland, Md.....	6,836,000	5,523,000	6,510,000	34,945,000	28,063,000
Danville, Va.....	4,979,000	4,323,000	4,616,000	34,521,000	25,430,000
Durham, N. C.....	20,679,000	17,742,000	18,563,000	133,693,000	97,237,000
Greensboro, N. C.....	10,136,000	9,458,000	3,108,000	61,216,000	30,903,000
Greenville, S. C.....	10,906,000	11,128,000	12,009,000	81,246,000	56,192,000
Hagerstown, Md.....	6,472,000	5,389,000	5,353,000	34,651,000	23,965,000
Huntington, W. Va.....	11,649,000	10,445,000	8,777,000	67,227,000	54,778,000
Lynchburg, Va.....	13,300,000	11,870,000	12,362,000	81,877,000	68,480,000
Newport News, Va.....	5,892,000	6,042,000	5,538,000	37,567,000	34,507,000
Norfolk, Va.....	39,897,000	36,766,000	33,307,000	235,697,000	186,035,000
Portsmouth, Va.....	3,487,000	2,833,000	3,174,000	18,815,000	18,526,000
Raleigh, N. C.....	25,852,000	15,054,000	11,092,000	128,828,000	85,326,000
Richmond, Va.....	113,775,000	98,761,000	97,344,000	677,520,000	592,637,000
Roanoke, Va.....	18,621,000	16,601,000	17,218,000	113,478,000	101,661,000
Washington, D. C.....	181,108,000	154,947,000	175,916,000	1,029,463,000	993,671,000
Wilmington, N. C.....	7,401,000	6,808,000	5,829,000	47,180,000	34,440,000
Winston, Salem, N. C.....	29,493,000	23,329,000	31,498,000	169,866,000	151,512,000
District Totals.....	\$891,380,000	\$782,524,000	\$755,242,000	\$5,246,984,000	\$4,286,004,000

The accompanying table of debits to individual accounts shows aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-three cities of the Fifth reserve district during three equal periods of four weeks, ended July 11, 1934, June 13, 1934, and July 12, 1933. In addition, the table shows figures for the half-year ended June 30, 1934, with comparative figures for the first half of 1933.

An increase in debits between four weeks ended June 13 and four weeks ended July 11 is seasonal, due chiefly to quarterly and semi-annual payments on and around July 1, and this year the increase was fully up to the level of most years. Debits in the four weeks ended July 11 showed an increase of \$108,856,000, or 13.9 per cent, over debits in the preceding four weeks, ended June 13, twenty of the twenty-three reporting cities registering gains. In Columbia and Greenville, two of the three cities which decreased, lower figures in the more recent period were probably due to curtailment of operations by cotton textile mills.

A comparison of the figures for the four weeks ended July 11, 1934, with corresponding figures for four weeks ended July 12, 1933, shows an increase of \$136,138,000, or 18 per cent, a favorable comparison with increases shown in other recent months. Twenty of the twenty-three cities reported increased figures for the 1934 period, the three decreases being due at least in part to the textile situation previously mentioned.

Total debits in the first half of 1934 amounted to \$5,246,984,000 in the reporting cities in the Fifth district, compared with debits aggregating \$4,286,004,000

in the first half of 1933, an increase this year of \$960,980,000 or 22.4 per cent. Every city reported higher figures for 1934. Part of the increase this year was due to the bank holiday last year, but most of it reflects both an increased volume of business this year and higher commodity prices in many lines.

Commercial Failures

Dun & Bradstreet Monthly Review for July states that business failures in the United States numbered only 1,033 in June 1934, with aggregate liabilities totaling \$23,868,293, decreases in comparison with June 1933 figures of 37.3 per cent in number of insolvencies and 32.5 per cent in liabilities. In June last year there were 1,648 failures, with liabilities totaling \$35,344,909. In the Fifth Federal reserve district, there were only 46 bankruptcies in June this year, with liabilities amounting to \$566,699, compared with 84 failures and liabilities aggregating \$1,646,019 in June 1933, decreases for the current month of 45.2 per cent in number of insolvencies and 65.6 per cent in liabilities involved. The number of failures in the district last month was the lowest reported for any month since August 1920, and liabilities were the lowest since June 1920. During the first half of 1934, bankruptcies in the Fifth reserve district numbered 379, compared with 727 in the first six months of 1933, a decrease of 47.9 per cent, and aggregate liabilities in the past six months totaled \$6,438,185, a decrease of 69.8 per cent under liabilities totaling \$21,333,686 in the first half of 1933. The Fifth district record for June 1934 was better than the

National record in both number of failures and aggregate liabilities involved, and for the first half of this year the district also made a better comparison than the Nation in liabilities involved, but the total of bankruptcies for the six months declined more in the United States as a whole than in the Fifth district.

Employment

Employment conditions in the Fifth Federal reserve district apparently made little net change during the past month. There have been some recent increases in employment, and at least one industrial plant which employs about 500 workers, and which has been closed for several years, is re-opening with sufficient orders to run the plant several months. There have recently been a number of strikes in the district, chiefly in different branches of the textile industry, but all except one or two of them have been settled. There is less demand for farm workers this year, because of restricted acreage, and in fact this decreased need for agricultural labor has increased the number of workers seeking employment in towns and cities. Relief work is still making heavy inroads into public funds, especially in sections where strikes have materially increased the number of persons who have to seek assistance.

Coal Production

Total production of bituminous coal in the United States in June 1934 amounted to 26,424,000 net tons, compared with 28,100,000 tons mined in May 1934 and 25,320,000 tons in June last year. Daily average production in June this year of 1,016,000 tons compared with an average of 1,064,000 tons in May 1934 and 974,000 tons in June 1933. Total production of soft coal during the present calendar year to July 7 amounted to 187,797,000 net tons, a higher figure than 151,587,000 tons mined to July 7 last year. Tidewater shipments of coal through Hampton Roads totaled 9,624,106 tons during the first half of this year, compared with 8,392,186 tons shipped in the corresponding period in 1933.

The June 23 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of May 1934. West Virginia, after falling behind Pennsylvania in production in April, was again in first place in May with 8,805,000 net tons, Pennsylvania with 7,895,000 tons dropping back to second place. The coal mining states of the Fifth district, Maryland, West Virginia and Virginia, mined a total of 9,785,000 tons of bituminous coal in May, 34.8 per cent of total National production.

Textiles

By agreement with NRA authorities, cotton mills throughout the country curtailed production during June by approximately 25 per cent, this step being taken to regulate production in accord with lessened demand and a slow distribution in the past two months. Fifth district mills therefore consumed only 161,616 bales of

cotton in June 1934, compared with 233,324 bales used in May this year and the record figure of 318,835 bales used in June 1933. Last month North Carolina mills consumed 84,201 bales, South Carolina mills consumed 67,936 bales, and Virginia mills 9,479 bales. June consumption in the Carolinas and Virginia was 44.5 per cent of National consumption, a lower figure than either 44.9 per cent of National consumption in May this year or 45.8 per cent in June 1933.

On June 20, the Department of Commerce issued a report on spindles in place, spindles active in May, total spindle hours of operation in May, and average hours of operation per spindle in place in May. On May 31, 1934, there were 31,029,950 spindles in place in the United States, North Carolina leading all states with 6,154,882, or 19.8 per cent of the total, South Carolina ranking second with 5,787,272 spindles, or 18.7 per cent, and Massachusetts third with 5,725,604 spindles, or 18.5 per cent. The Fifth district as a whole had 40.6 per cent of total spindles in place in the United States at the end of May. In actual spindle hours of operation South Carolina led all states for May with 1,850,307,770 hours, or 25.4 per cent of the National total of 7,279,092,293 hours, and North Carolina ranked second with 1,521,179,565 hours, or 20.9 per cent, while Massachusetts, with 955,510,747 hours of operation, showed only 13.1 per cent of the United States total, although that state has 18.5 per cent of spindles in place. The Fifth district, with 40.6 per cent of total spindles in place in the United States in May, showed 48.9 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina led with 320 hours, Virginia with 287 hours tied Alabama for second place, and North Carolina with 247 hours ranked sixth, all of the Fifth district figures being larger than the United States average of 235 hours.

Cotton Statistics

Spot cotton prices, under the influence of extremely unfavorable weather for the growing crop and sharply reduced acreage in comparison with recent years, advanced materially between the middle of June and the middle of July. In the *Review* last month we quoted the average price for middling grade upland cotton on ten Southern markets as 11.97 cents per pound on June 15, but on July 13, the latest date for which official figures are available, the average price had risen to 12.86 cents per pound, the highest price since June 1930.

Consumption of cotton in the United States in June 1934 totaled 363,414 bales, compared with 519,765 bales used in May this year and 697,261 bales in June 1933. Total consumption for the eleven months of the present cotton year—August 1 to June 30—amounted to 5,340,715 bales, compared with 5,536,754 bales consumed in the corresponding period of the 1932-1933 season. Manufacturing establishments held 1,326,480 bales on June 30, compared with 1,421,428 bales held on May 31 and 1,398,448 bales on June 30, 1933. Public warehouses and compresses held 5,985,715 bales in storage at the end of June this year, compared with 6,570,664 bales so held a month earlier and 6,309,492

bales on June 30 last year. June exports totaled 459,226 bales, compared with 284,764 bales sent abroad in May 1934 and 614,561 bales exported in June 1933. Exports during the eleven months of this cotton year totaled 7,228,595 bales, compared with 7,727,392 bales shipped over seas during the corresponding eleven months ended June 30, 1933, the decrease this year being due to lower exports to England, France, Italy and especially Germany, only partly offset by materially larger exports to Japan and some increase in shipments to Canada, China, and miscellaneous European states. Spindles active at some time during June numbered 24,690,312, compared with 25,891,366 in May this year and 25,549,974 in June 1933.

Cotton growing states consumed 292,621 bales of cotton in June, compared with 416,911 bales used in May and 565,951 bales in June 1933. Last month's consumption in the cotton growing states amounted to 80.5 per cent of National consumption, a higher figure than 80.2 per cent in May this year but less than 81.2 per cent in June 1933. Of the 292,621 bales of cotton consumed in the cotton growing states in June, Fifth district mills used 161,616 bales, or 55.2 per cent, a lower percentage than 56.3 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 9, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as only 68.6 per cent of the July 1, 1933, acreage. Every cotton growing state except California materially reduced acreage this year, chiefly as a result of the Federal Government's campaign to reduce surplus cotton by restricting this year's crop to only a little over 10,000,000 bales. If allowance is made for about 10,500,000 acres of the July 1, 1933, acreage which was removed from cultivation and harvest in the plow up movement last summer, this year's acreage on July 1 was about 94 per cent of last year's productive acreage. In the Fifth reserve district, South Carolina showed a decrease of 29 per cent and North Carolina a decrease of 26 per cent, while Virginia planted 25 per cent less than last year. Heavy producing states outside the Fifth district reported the following decreases in acreage: Oklahoma 36%; Arkansas 35%; Tennessee 34%; Texas 32%; Alabama and Mississippi 31%; Louisiana 30%; and Georgia 25%. However, these figures are all in comparison with cotton in cultivation on July 1, 1933, before approximately 25 per cent of the acreage was destroyed, and therefore none of the state figures throw any light on probable yield in comparison with yields last year. No official information is yet available on the condition of this year's cotton crop, the first report of the season being due on August 8, but reports of drought in western and southwestern cotton growing states probably indicate that cotton has suffered along with other crops, and make it unlikely that last year's high yield per acre will be equaled in 1934.

Agricultural Notes

Maryland. An increased production over 1933 for all major crops in Maryland, except potatoes and hay, is indicated by the July 1 crop report, although the total acreage, excluding strawberries, is about 73,000 acres less than last year. Acreage of corn, wheat, oats, sweet potatoes and tobacco have been reduced. Generally speaking, the season through May was cool and wet, but in June weather turned very warm and dry, and some crops were adversely affected. The wheat crop in Maryland is estimated at 7,277,000 bushels this year, compared with 6,320,000 bushels harvested last year and a five-year production of 9,375,000 bushels. Better yields per acre are indicated for this year, an average of 19 bushels comparing with only 16 bushels last year. Although a smaller acreage was planted to corn, a yield of 16,480,000 bushels is expected this season, compared with 16,240,000 bushels in 1933 and a five-year average of 15,187,000 bushels. The oats crop of 1,188,000 bushels is above last year's yield of 1,100,000 bushels, but below the average of 1,563,000 bushels for five years. A hay yield in 1934 of 524,000 tons is slightly less than 529,000 tons cured last year, but is above the five-year average production of 479,000 tons. This year's Irish potato crop is forecast at 3,131,000 bushels, compared with 2,700,000 bushels in 1933 and 3,646,000 bushels the five-year average. The sweet potato forecast on July 1 of 650,000 bushels is much below last year's yield of 840,000 bushels, and is also far less than the five-year average production of 1,493,000 bushels. This year's tobacco crop will probably yield 22,950,000 pounds, compared with 20,400,000 pounds in 1933 and a five-year average production of 23,638,000 pounds. Apples totaling 992,000 bushels is materially less than 1,312,000 bushels in 1933 and a five-year average pick of 2,056,000 bushels.

Virginia farmers planted slightly less total acreage this year, but yields of the principal crops are expected to be better than last year. The acreage of wheat, barley, rye, peanuts, Irish potatoes and hay is larger than in 1933, but the acreage of corn, oats, sweet potatoes, tobacco and cotton is smaller. Crop conditions improved during June, rains in many sections having relieved drought conditions. Wheat yield is turning out slightly less than expected. Total production is forecast at 7,748,000 bushels this year, compared with 7,425,000 bushels threshed last year and a five-year average production of 9,582,000 bushels. The acreage planted to corn is estimated to be 1,445,000 acres, a decrease of 8 per cent from last year. The condition of the crop on July 1 was reported good except in sections which have had very little rainfall. Weather conditions during August usually determine corn yield, but the forecast on July 1 was for a yield of 34,680,000 bushels, compared with 36,918,000 bushels last year and a five-year average yield of 33,611,000 bushels. Wet weather in the spring prevented oat planting, and the crop is therefore less in acreage this year by 20 per cent than in 1933. Production is estimated at 2,479,000 bushels, compared with 3,360,000 bushels harvested last year. Irish potato acreage was increased 15 per cent

this year, most of the increase being in the early commercial crop. The yield of the early crop was much heavier than last year, and total production of white potatoes this year is expected to be 13,803,000 bushels, compared with 8,649,000 bushels last year and 15,989,000 bushels the average for the five year base period, 1927-1931. The sweet potato acreage was reduced this year, low prices last year resulting in a sharp reduction in the commercial crop, which was only partly made up by an increase in the acreage planted for farm consumption. The crop this year is expected to yield 4,250,000 bushels, compared with 3,885,000 bushels dug in 1933. On July 1 the condition of hay crops was below normal as a result of dry weather in many sections of the State during May, but prospects for the late hay crop are very good. A total yield of 899,000 tons is materially below the 1933 yield of 992,000 tons. The Virginia peanut acreage is estimated at 141,000 acres this year, compared with 113,000 acres last year. Improvement in prices and a reduction in cotton acreage were the principal causes for the rise in peanut acreage. No forecast of production can be made so early in the season, but the crop is late and a favorable fall will be necessary in order to secure average yields. The acreage planted to tobacco is 18 per cent less than last year, and, with the exception of 1932, is the smallest acreage in the State since 1872. The condition of the crop on July 1 was unusually good and excellent yields are expected, but weather conditions during August usually determine the actual yield. Present prospects point to a probable production of 75,895,000 pounds, compared with 97,046,000 pounds last year. The 1934 production of apples, peaches and pears will be below the ten-year average as a result of unfavorable weather during the winter and spring. Apple prospects declined in June and total production is now forecast as 7,630,000 bushels, compared with 10,900,000 bushels last year and 12,914,000 bushels the average for 1927-1931. Commercial orchards have better prospects than farm orchards. There are not as many apples on the trees as last year, but the quality is so much better that if the apples develop the usual size it is possible the commercial crop may equal last year's small yield of 1,750,000 barrels.

West Virginia. Slightly curtailed acreage, low yields of early hay crops, and a fair to good crop of corn and other fall crops are indicated for West Virginia in the July 1 report. Inadequate rainfall during April and May reduced crop prospects in nearly all sections of the State except the Eastern Panhandle. Thunder-showers during June improved pastures, hay and corn prospects, and were also beneficial to the early potato crop. This year's corn yield is forecast at 11,772,000 bushels, compared with 13,920,000 bushels the five-year average production. Corn was planted late this year, and growth in May was slower than usual, but the crop made excellent progress during the latter part of June. Wheat yield in West Virginia this year totaling 1,700,000 bushels is less than last year's yield of 1,798,000 bushels but is above the five-year average of 1,679,000 bushels. Oats production is estimated at 2,072,000 bushels in 1934, compared with 2,356,000 bushels har-

vested last year. Based on the July 1 condition, hay is expected to yield 398,000 tons, much less than the 1933 crop of 690,000 tons. Irish potato production of 2,964,000 bushels forecast this year materially exceeds the 1933 crop of 2,331,000 bushels but is below the five-year average of 3,522,000 bushels. Tobacco suffered from the late spring drought, and this year's production of 3,125,000 pounds is less than 4,322,000 pounds in 1933. However, this year's reduction in tobacco acreage accounts for most of the decline in yield. The West Virginia apple crop is estimated at 3,105,000 bushels, compared with 4,200,000 bushels last year and 7,000,000 bushels the five-year average.

North Carolina crops on July 1 were in very uncertain condition. Prospects for corn, pastures and grasses were good, but the weather up to July was too wet for cotton. A corn crop of 43,252,000 bushels is indicated this year, compared with 44,252,000 bushels in 1933. The wheat yield turned out 4,253,000 bushels against 3,714,000 bushels threshed last year. Oats yielded 3,440,000 bushels in 1934 and 3,382,000 bushels in 1933. Prospects for hay are ahead of last year, and this year's yield is estimated at 559,000 tons, compared with 553,000 tons last year. An Irish potato yield of 10,413,000 bushels exceeds last year's crop of 7,315,000 bushels, but this year's sweet potato yield of 6,972,000 bushels is less than 7,905,000 bushels dug in 1933. A tobacco crop of 400,912,000 pounds, now forecast for 1934, is much less than 537,979,000 pounds cured last year, but this reduction is of course a result of the Agricultural Adjustment program. The prospective apple crop in North Carolina is only 2,850,000 bushels, compared with 5,254,000 bushels last year.

South Carolina crop prospects on July 1 were relatively unsatisfactory, due to cool wet weather in May and early June, followed by excessively hot weather. Total acreage planted to all crops this year is about 3 per cent more than the 1933 acreage, increases in food and feed crops more than offsetting reductions in cotton and tobacco. Corn acreage was increased 13 per cent, wheat 15 per cent, oats 5 per cent, hay 4 per cent, sweet potatoes 2 per cent, and Irish potatoes 31 per cent. Cotton acreage was reduced nearly 7 per cent below the acreage actually harvested last year, and tobacco acreage was cut 28 per cent. Corn prospects are the poorest in years, with an indicated production of 18,658,000 bushels compared with 22,808,000 bushels gathered last year from a smaller acreage. The prospective per acre yield is the smallest since 1901. Winter freezes and deficient spring moisture are mainly responsible for the shortest oats crop since 1928. This year's forecast of 6,596,000 bushels compared with 7,215,000 bushels last year and a five-year average production of 8,117,000 bushels. Increased acreage and a somewhat better per acre yield brought a wheat yield of 765,000 bushels in South Carolina this year, compared with 592,000 bushels harvested last year and a five-year average production of 546,000 bushels. The tobacco outlook on July 1 was for a yield of 46,250,000 pounds in 1934, compared with 88,580,000 pounds last year and average production of 83,820,000 pounds in the five years 1927-1931. The low prospective yield is chiefly due to reduced

acreage, but the condition of the crop on July 1 was also much lower than a year earlier. Prospects for sweet potatoes, while somewhat below last year, are slightly above the five-year average, indicated production this year of 4,275,000 bushels comparing with 4,648,000 bushels last year and 4,247,000 bushels the five-year average. Irish potatoes are expected to yield 2,625,000 bushels in 1934, compared with 1,744,000 bushels in 1933 and 2,944,000 bushels the average for 1927-1931. Hay prospects are better than last year, and a crop of 206,000 tons is larger than 195,000 tons cut in 1933.

Construction

Building Permits Issued in June 1934 and 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md.	658	1,017	\$ 592,560	\$ 983,160
Cumberland, Md.	12	14	6,415	9,648
Frederick, Md.	8	11	6,211	5,570
Hagerstown, Md.	11	10	17,905	7,210
Salisbury, Md.	10	18	27,140	19,300
Danville, Va.	16	17	95,465	12,243
Lynchburg, Va.	28	29	120,589	63,605
Norfolk, Va.	91	122	40,339	148,620
Petersburg, Va.	7	5	2,825	3,300
Portsmouth, Va.	19	22	6,630	14,955
Richmond, Va.	81	87	55,752	112,194
Roanoke, Va.	30	17	19,654	12,645
Bluefield, W. Va.	8	8	1,595	6,648
Charleston, W. Va.	74	83	29,091	23,223
Clarksburg, W. Va.	57	26	49,192	3,950
Huntington, W. Va.	16	14	16,410	58,110
Asheville, N. C.	28	29	21,003	11,600
Charlotte, N. C.	34	30	299,948	54,947
Durham, N. C.	23	21	56,385	101,855
Greensboro, N. C.	38	39	201,236	23,565
High Point, N. C.	9	14	5,950	17,225
Raleigh, N. C.	14	15	187,200	30,765
Rocky Mount, N. C.	2	3	150	8,050
Salisbury, N. C.	3	11	800	19,320
Winston, Salem, N. C.	58	47	16,308	36,980
Charleston, S. C.	31	34	14,073	21,070
Columbia, S. C.	34	36	43,036	15,476
Greenville, S. C.	34	25	42,160	19,370
Rock Hill, S. C.	9	7	6,360	14,450
Spartanburg, S. C.	23	20	4,451	3,670
Washington, D. C.	510	578	670,815	583,770
District Totals.....	1,976	2,409	\$2,657,648	\$2,446,494

Building permits issued in June in thirty-one leading cities of the Fifth reserve district numbered 1,976, compared with 2,409 permits issued in June 1933, a decrease of 18 per cent, but estimated valuation figures for last month totaled \$2,657,648, an increase of 8.6 per cent over valuation of \$2,446,494 in June 1933. Sixteen of the thirty-one reporting cities showed higher valuation figures for June 1934. Among the five largest

cities, increased valuation figures were reported for Washington and Charlotte, but Baltimore, Richmond and Norfolk fell below their June 1933 totals. Lynchburg, Charlotte, Greensboro and Raleigh made the most favorable records last month.

Contracts awarded for construction work in the Fifth reserve district in June this year totaled \$18,627,345, including both urban and rural construction, compared with \$10,425,409 in contracts awarded in June 1933, according to figures collected by the F. W. Dodge Corporation. Of the June 1934 contracts, \$2,543,415 was for residential structures, 13.7 per cent of all contracts, compared with \$3,342,989 for residential work in June last year, or 32 per cent of all contracts awarded that month.

Retail Trade, 31 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
June 1934 sales, compared with sales in June 1933:	+24.2	+17.1	+21.3	+28.6	+20.6
Total sales first half of 1934, compared with first half of 1933:	+23.5	+17.9	+18.7	+29.0	+19.9
June 30, 1934 stocks, compared with stock on June 30, 1933:	+23.0	+16.7	+ 8.7	+ 6.9	+13.0
June 30, 1934 stocks, compared with stocks on May 31, 1934:	- 5.8	- 6.4	- 7.6	- 7.0	- 6.9
Number of times stock was turned in June 1934:	.328	.315	.358	.278	.329
Number of times stock was turned since January 1, 1934:	1.945	1.715	1.902	1.73	1.814
Percentage of June 1, 1934 receivables collected in June:	30.5	27.6	28.7	29.2	28.5

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

	20 Groceries	7 Dry Goods	6 Shoes	13 Hardware	11 Drugs
June 1934 sales, compared with sales in June 1933:	+28.6	-11.3	-27.8	+16.0	+14.3
June 1934 sales, compared with sales in May 1934:	+ 8.8	-18.5	-44.7	- 5.9	- 8.0
Total sales first half of 1934, compared with first half of 1933:	+25.4	+43.9	+20.9	+45.0	+22.8
June 30, 1934 stocks, compared with June 30, 1933 stocks:	+ 1.3(8*)	+67.5(3*)	+56.7(4*)	+15.6(7*)
June 30, 1934 stocks, compared with May 31, 1934 stocks:	- 2.1(8*)	- 1.2(3*)	+22.5(4*)	- .7(7*)
Percentage of June 1, 1934, receivables collected in June:	83.2(11*)	36.5(4*)	53.7(6*)	42.0(11*)	59.1(7*)

*Number of reporting firms. All figures in the table are percentages.

(Compiled July 21, 1934)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial production, which had increased during each of the six months from December to May, declined in June by somewhat more than the usual seasonal amount. Factory employment and payrolls also showed decreases which were partly of a seasonal nature. The general level of wholesale commodity prices advanced during June and showed little change during the first three weeks of July.

Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 86 per cent of the 1923-25 average in May to 84 per cent in June, reflecting chiefly a sharp reduction in activity at cotton textile mills. Production at lumber mills and at coal mines also showed a decline. In the steel and automobile industries activity decreased in June by an amount somewhat smaller than is usual at this season. Maintenance of activity at steel mills in June reflected in part the accumulation of stocks by consumers, according to trade reports, and at the beginning of July output of steel showed a sharp decline.

Employment at factories decreased somewhat between the middle of May and the middle of June, reflecting reductions in working forces in industries producing textile fabrics, wearing apparel, leather products, automobiles, and lumber, offset in part by increases in employment at steel mills and at meatpacking establishments.

Value of construction contracts awarded, which had shown little change during May and June, showed an increase in the first half of July, according to the F. W. Dodge Corporation.

Department of Agriculture estimates, based on July 1 conditions, indicated a wheat crop of 484,000,000 bushels, compared with an average of 886,000,000 bushels for the five years 1927-1931, and a corn crop of 2,113,000,000 bushels, compared with the five-year average of 2,516,000,000 bushels. Crops of other grains, hay and tobacco were also estimated to be considerably smaller than usual. The acreage of cotton under cultivation was estimated at 28,000,000 acres, about 2,000,000 less than the acreage harvested last sea-

son. In the first three weeks of July drought conditions prevailed over wide areas, particularly in the southwest.

Distribution

The number of freight cars loaded per working day showed a further slight increase in June followed by a decline in the first half of July. Sales by department stores decreased in June by more than the estimated seasonal amount.

Wholesale Commodity Prices

Wholesale prices of farm products and foods generally advanced during June while other commodities as a group showed a slight decline. Hog prices increased considerably in the middle of the month while wheat declined throughout the month. In the middle of July wheat prices advanced rapidly to levels above those reached at the end of May, and there was a considerable advance in cotton, while lumber prices declined and finished steel prices were reduced somewhat from the advanced quotations previously announced.

Bank Credit

Between June 13 and July 18 member bank reserves increased to a new high level of nearly \$4,000,000,000, about \$1,850,000,000 in excess of legal requirements. The growth reflected chiefly a further increase in the monetary gold stock. A seasonal increase in demand for currency over the July 4th holiday period was followed by an approximately equal seasonal return flow during the succeeding two weeks. The volume of reserve bank credit outstanding showed little change.

At reporting member banks there was a growth of U. S. Government deposits during the five-week period, reflecting chiefly the purchase in June of new issues of Government securities by the banks. Bankers' balances also increased but deposits of individuals, firms and corporations have shown little change. Loans declined somewhat, reflecting a decrease in loans to customers, while loans to brokers showed an increase.

Money rates remained practically unchanged at the low levels prevailing in June.