

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

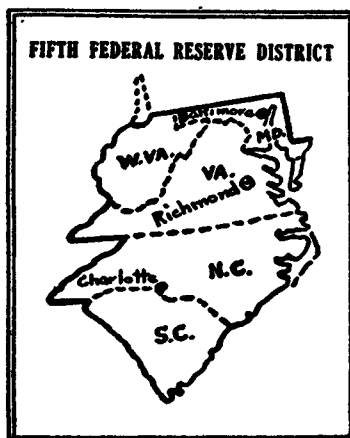


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RICHMOND, VIRGINIA

AUGUST 31, 1934

TRADE during the Summer was in the main of seasonal proportions, and basic conditions are improved. The Federal Reserve Bank of Richmond's rediscounts declined farther during the past month, at a time when early marketing of agricultural products creates a need for additional funds in member banks, but this year banks have sufficient funds of their own to finance crop marketing without calling on the reserve bank for assistance. Circulation of Federal reserve notes showed a seasonal rise between the middle of July and the middle of August, chiefly due to the opening of tobacco markets in South Carolina. Regularly reporting member banks showed some reduction in their loans during the past month, and at the same time reported an increase in deposits. Debits to individual accounts figures in the banks of leading cities showed about the customary decrease in the five weeks ended August 15 in comparison with the preceding five weeks, which contained quarterly and semi-annual payments around July 1, and figures for the 1934 five weeks were 12.2 per cent larger than figures for five weeks ended August 16 last year. Commercial failures in the Fifth district in July were more numerous than failures in June, but numbered 40 per cent less than failures in July 1933. Liabilities last month totaling \$1,718,339 exceeded both June 1934 and July 1933 liabilities, figures for both earlier months being low. On the whole, the insolvency record in the district last month was satisfactory, in spite of adverse comparison in liabilities with those of July last year. Employment conditions did not show any material improvement during July and early August. The chief large group of workers unable to obtain more or less steady employment is building tradesmen, but there are some indications of slight improvement in construction fields. Estimated valuation for building permits issued in leading Fifth district cities in July 1934 exceeded valuation for permits issued in July 1933 by 31 per cent, and contracts



actually awarded in the district last month totaled more than three times the amount of contracts awarded in the corresponding month last year. Coal production declined in July in comparison with June production, and was also smaller than output in July 1933. Textile mills in the Fifth district continued a policy of restricted operations in July, but increased production in August in preparation for Fall demand for textile products. Retail trade in department stores was about up to seasonal level during July, and averaged slightly more than 16 per cent above the dollar volume of trade in July last year. There was some fall-

ing off in wholesale trade last month in comparison with the same month of last year, especially in dry goods and shoes, but cumulative sales in the first seven months of this year were well ahead of sales in the first seven months last year. In agriculture, prospects in the Fifth reserve district are good this year. Production of many crops is smaller than last year, due chiefly to acreage reduction, but in most cases prices are sufficiently improved to make smaller yields more profitable than 1933 yields. For example, the cotton crop in the district is smaller than last year's crop, but at present prices this year's crop will bring growers more money. The same applies to the tobacco crop, but to an even greater degree, early season prices being nearly twice as high as 1933 prices. All crops are good in Virginia and the two Carolinas, although prospects are not nearly so good in Maryland and West Virginia. Due to acreage reduction, crops this year cost less to make than crops in any recent year.

Reserve Bank Statement

The accompanying table shows the principal items of condition of the Federal Reserve Bank of Richmond for three mid-month dates, August 15 and July 15, this year, and August 15 last year. During the

ITEMS	000 omitted		
	Aug. 15 1934	July 15 1934	Aug. 15 1933
Rediscounts held	\$ 723	\$ 833	\$ 12,443
Open market paper.....	193	193	266
Government securities	103,563	103,563	60,258
Total earning assets.....	104,479	104,589	72,967
Circulation of Fed. Res. notes..	143,256	142,133	137,172
Members' reserve deposits.....	124,049	118,274	69,772
Cash reserves	170,321	165,651	160,843
Reserve ratio	62.81	62.04	72.07

past month, changes in the items were small. Rediscounts for member banks declined by \$110,000, and total earning assets dropped by the same amount, no changes occurring in holdings of open market paper and Government securities. Circulation of Federal reserve notes rose by \$1,123,000 between July 15 and August 15, a seasonal increase of somewhat less amount than occurs in most years when South Carolina and border North Carolina auction tobacco markets open. Member bank reserve deposits rose by \$5,775,000 during the past month, carrying reserves farther in excess of legal requirements. Aggregate cash reserves of the Federal Reserve Bank of Richmond increased by \$4,670,000 between the middle of July and the middle of August, and the ratio of cash reserves to note and deposit liabilities combined rose about three-quarters of a point.

During the year between August 15, 1933, and August 15, 1934, there were some material changes in the items on the statement. Rediscounts for member banks, which were very small a year ago, declined by \$11,720,000 to less than three-quarters of a million dollars at the middle of August this year, and the portfolio of open market paper also dropped below the low figure of last year. On the other hand, the Bank increased its holdings of Government securities by \$43,305,000 during the year, this change bringing a net increase of \$31,512,000 in total earning assets. Circulation of Federal reserve notes increased by \$6,084,000 over August 15 last year. Member banks, apparently being unable to invest their funds profitably in satisfactory securities, built up their reserve balances at the Federal Reserve Bank of Richmond to a very high point during the year, this item on the statement rising by \$54,277,000, most of the amount being in excess of minimum legal requirements. Total cash reserves of the Richmond reserve bank rose by \$9,478,000 during the year, but the greatly increased deposit liability lowered the ratio of cash reserves to note and deposit liabilities combined by 9.26 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, August 15 and July 11, 1934, and August 16, 1933, thus affording opportunity for comparison of the

ITEMS	000 omitted		
	Aug. 15 1934	July 11 1934	Aug. 16 1933
Loans on stocks and bonds (in- cluding governments)	\$ 57,103	\$ 59,504	\$ 61,433
All other loans.....	103,585	106,999	112,353
Total loans and discounts.....	160,688	166,503	173,786
Investments in stocks & bonds	185,973	178,610	161,898
Reserve bal. with F. R. Bank....	51,093	46,776	25,662
Cash in vaults.....	10,202	11,657	9,134
Demand deposits	221,873	217,033	178,528
Time deposits	134,313	134,574	131,822
Borrowed from F. R. Bank.....	0	0	287

changes during the past month and the past year. It should be understood that the figures reflect conditions on the report dates only, and are not necessarily the highest or lowest figures that occurred during the periods under review.

Most of the items on the statement declined during the past month. Loans on securities decreased by \$2,401,000, and all other loans, which are largely commercial or agricultural, dropped by \$3,414,000, giving a total decline in loans and discounts amounting to \$5,815,000. Deposits rose during the month, an increase of \$4,840,000 in demand deposits contrasting with a slight drop of \$261,000 in time deposits. Time deposits frequently decline somewhat during the vacation season. The reporting banks decreased their cash in vaults between July 11 and August 15 by \$1,455,000. With the funds secured from repaid loans and increased deposits, the reporting banks increased their investments in securities by \$7,363,000, and added \$4,317,000 to their aggregate reserve balance at the Federal Reserve Bank of Richmond.

In comparison with condition figures for August 16, 1933, those for August 15, 1934, show decreases of \$4,330,000 in loans on securities and \$8,768,000 in all other loans, a total drop in loans and discounts of \$13,098,000. The reporting banks increased their reserve balance at the Federal Reserve Bank of Richmond by \$25,431,000 during the year, practically doubling last year's figure. They also increased their investments in stocks and bonds by \$24,075,000, chiefly in Government securities. Cash in vaults on August 15 this year showed an increase of \$1,068,000 over the total on August 16 last year. Total deposits rose by \$45,836,000 during the past year, of which \$43,345,000 was in demand deposits and \$2,491,000 in time deposits. None of the twenty-eight banks were rediscounting at the reserve bank at the middle of August this year, while two of them were borrowing a total of \$287,000 a year earlier.

Time and Savings Deposits

Time deposits in twenty-eight regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$326,603,107 at the end of July 1934, a lower figure than \$327,654,854 in time and savings deposits at the end of June this year but a higher figure than \$318,066,733 at the end of July

last year. Both reporting member banks and mutual savings banks showed declines in time deposits during the past month, but both groups of banks increased deposits during the year.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Aug. 15, 1934	July 11, 1934	Aug. 16, 1933
Asheville, N. C.....	\$ 10,438	\$ 9,722	\$ 10,285
Baltimore, Md.	307,907	310,958	299,303
Charleston, S. C.	11,280	12,907	10,211
Charleston, W. Va....	49,239	61,268	30,579
Charlotte, N. C.....	50,918	52,688	45,608
Columbia, S. C.	21,717	19,235	14,775
Cumberland, Md.	6,794	8,329	6,509
Danville, Va.	5,893	6,018	6,561
Durham, N. C.	26,362	25,081	23,291
Greensboro, N. C.....	12,153	12,264	4,643
Greenville, S. C.....	12,579	13,968	13,717
Hagerstown, Md.	7,447	7,822	6,149
Huntington, W. Va....	13,015	14,168	11,581
Lynchburg, Va.	14,054	16,210	14,831
Newport News, Va....	7,346	7,672	6,669
Norfolk, Va.	49,899	48,799	39,358
Portsmouth, Va.	3,640	4,197	3,444
Raleigh, N. C.....	38,624	30,325	15,460
Richmond, Va.	129,869	138,521	121,938
Roanoke, Va.	21,332	22,705	20,221
Washington, D. C.....	190,146	222,132	173,213
Wilmington, N. C....	8,389	8,931	6,678
Winston-Salem, N. C.	32,135	35,617	34,164
District Totals	\$1,031,176	\$1,089,537	\$ 919,188

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 August 15 and July 11 this year and August 16 last year. These figures reflect the volume of business which passed through the banks in the several cities during the periods under review.

During the five weeks ended August 15 this year, aggregate debits to individual, firm and corporation accounts in the reporting cities totaled \$1,031,176,000, a decrease of \$58,361,000, or 5.4 per cent, under aggregate debits in the preceding five weeks, ended July 11, 1934. A decline at this time is seasonal, due chiefly to large quarterly and semi-annual payments occurring in the earlier period, around July 1, and this year the decline was about normal. Five of the twenty-three cities reported higher figures for the more recent five weeks, these being Asheville, Columbia, Durham, Norfolk and Raleigh.

A comparison of the figures reported for the five weeks ended August 15 this year with the figures for the corresponding period ended August 16, 1933, shows an increase of \$111,988,000, or 12.2 per cent. Nineteen of the twenty-three cities reported higher debits figures for the 1934 five weeks. The decreases reported for Danville, Greenville, Lynchburg and Winston-Salem were probably due in large part to restricted operations in the textile field, and were all small declines.

Commercial Failures

The Dun & Bradstreet Monthly Review for August says that commercial failures in the United States in July numbered only 912, a decrease of 11.7 per cent under 1,033 insolvencies in June this year and 35.8 per cent fewer failures than 1,421 in July last year. Liabilities in July 1934 totaled \$19,325,517, compared with \$23,868,293 in June 1934 and \$27,481,103 in July 1933, decreases of 19.0 per cent during the month and 29.7 per cent during the year. In the Fifth Federal reserve district, the July insolvency record was less favorable than the National record, 61 failures in the district last month showing an increase of 32.6 per cent over 46 failures in June this year, although a decrease of 40.2 per cent under 102 bankruptcies in July 1933. Liabilities in the Fifth district last month totaled \$1,718,339, showing increases of 203.2 per cent over the very low total of \$566,699 in June 1934 and of 36.1 per cent over \$1,262,789 in July 1933. All of the twelve reserve districts reported fewer failures in July 1934 than in July 1933, and all except the Fifth district reported lower liabilities. In spite of the poor comparison of the Fifth district with others in July, the district's showing for the month was good, the number of failures being the smallest for any month back to November 1920, with the exception of three earlier months this year, March, April and June.

Employment

Employment conditions in the Fifth reserve district changed very little during July, and in August are relatively good in comparison with the country as a whole. Throughout the United States there was an average decline in industrial payrolls of 6.8 per cent in June and July, but Virginia's decline was only 7/10th of 1 per cent. Other Fifth district states compared favorably with the Nation, although restricted operations in the textile industry affected payrolls in the Carolinas. There are a few local strikes in the district, and a general textile strike to begin September 1 has been threatened. Construction work is showing some signs of increased activity, but as yet no large number of building tradesmen have been reemployed.

Coal Production

Production of bituminous coal in the United States in July 1934 totaled 25,280,000 net tons, a smaller output than 26,424,000 tons dug in June this year and materially less than 29,482,000 tons mined in July 1933. Total production of soft coal during the present calendar year to August 11 amounted to 217,191,000 tons, a higher figure than 187,467,000 tons mined to the same date last year. The August 4 report of the Bureau of Mines, Department of Commerce, gave coal production figures by states for the month of June 1934. West Virginia mines were first in production in June with 8,140,000 net tons, Pennsylvania ranking second with 7,560,000 tons, and in the first half of this year West Virginia mined 50,994,000 tons against 48,369,000

tons mined in Pennsylvania. In the first half of 1934 Hampton Roads ports shipped 9,624,106 net tons of bituminous coal, compared with 8,392,186 tons shipped in the first half of 1933. Stocks of coal in the hands of consumers increased during June, and at the end of that month were sufficient to last 37 days at current rates of consumption, compared with 30 days' supply in consumers' hands on July 1 last year.

Textiles

The textile industry continued the policy of restricting operations about 25 per cent during July, to prevent accumulation of manufactured goods during the dull season, but output increased materially in August. Fifth district cotton mills consumed 165,504 bales of cotton last month, of which North Carolina mills used 83,987 bales, South Carolina mills used 72,114 bales, and Virginia mills used 9,403 bales. Fifth district mills used 161,616 bales in June 1934 and 274,957 bales in July 1933. July 1934 consumption in Virginia and the Carolinas was 46.05 per cent of National consumption, a higher figure than either 44.47 per cent of National consumption in June 1934 or 45.78 per cent in July 1933.

On July 20, the Department of Commerce issued a report on spindles in place, spindles active in June, total spindle hours of operation in June, and average hours of operation per spindle in place in June. On June 30, 1934, there were 31,002,964 spindles in place in the United States, North Carolina leading all states with 6,146,708, or 19.8 per cent of the total, South Carolina ranking second with 5,787,270 spindles, or 18.7 per cent, and Massachusetts third with 5,703,956 spindles, or 18.4 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 June 1934. In actual spindle hours of operation, South Carolina led all states for June with 1,297,606,997 hours, or 24.7 per cent of the National total of 5,253,454,142 hours, and North Carolina ranked second with 1,095,515,492 hours, or 20.9 per cent. The Fifth district, with 40.6 per cent of total spindles in place in the United States in June, showed 48.1 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina ranked first last month with 224 hours, Virginia with an average of 208 hours ranked second, and North Carolina with 178 hours ranked fourth, all of these being above the National average of 169 hours.

Cotton Statistics

Spot cotton prices for middling grade cotton on ten Southern markets advanced during the past month to a high of 13.45 cents per pound on August 10, but declined to 13.09 cents on August 17, the latest date for which official figures are available. On August 8 the Department of Agriculture's first production forecast of the season caused cotton to advance sharply, but since that time unfavorable factors have caused some recession. Reduced consumption and exports during the last two months of the 1933-1934 cotton year tended to reduce cotton prices, and the action of union labor

representatives in authorizing their officers to call a strike of textile workers in the near future also affected cotton prices adversely. On the other hand, press discussion of the possibility of Government loans to enable farmers to hold 1934 cotton in the event of a prolonged strike has exerted a sustaining influence on the market.

The Department of Agriculture's first cotton condition report, in which probable production in 1934 was forecast, was issued on August 8. Production was estimated at 9,195,000 equivalent 500-pound bales, the smallest crop, except for that of 1921, since 1896, and about half a million bales less than most private observers had expected. Prospects for this year's cotton crop are much poorer than the average for the past ten years, chiefly due to the disastrous drought in the Middle West. Per acre yield this year is forecast as materially lower than the ten-year average in all major cotton growing states west of the Mississippi River, while forecasts for all major states east of the river are higher. Conditions in Texas, Oklahoma and Arkansas are especially bad. The average condition of the crop on August 1 was 60.4 per cent of a theoretical normal and the prospective yield per acre was given as 160.9 pounds, both much lower figures than the ten-year average. The indicated yield of 9,195,000 bales compares with 13,047,000 bales ginned from the 1933 crop, a decrease this year of 3,852,000 bales, or 29.5 per cent.

In the cotton growing states of the Fifth reserve district, production this year is forecast to be less than last year, the decrease averaging 13.4 per cent in comparison with the National decline of 29.5 per cent. South Carolina's crop this year is expected to yield 620,000 bales, a decline of 15.6 per cent under 735,000 bales ginned last year. North Carolina's crop is forecast at 606,000 bales, showing a decrease of 11.4 per cent from 684,000 bales grown last year. The Virginia cotton crop this year of 35,000 bales shows a drop of 5.4 per cent under 37,000 bales grown in 1933. Total figures for the district are 1,261,000 bales this year, compared with 1,456,000 bales picked last year. Condition figures on August 1 were about the same in Virginia and North Carolina as on August 1 last year, but the condition of South Carolina cotton was not up to the 1933 level. All three Fifth district cotton growing states showed materially higher condition figures than the ten-year average.

Consumption of cotton in the United States in July 1934 totaled 359,372 bales, compared with 363,414 bales used in June this year and 600,641 bales in July 1933. Total consumption for the cotton year ended July 31, 1934, amounted to 5,700,558 bales, compared with 6,137,395 bales consumed in the corresponding period of the 1932-1933 season. Manufacturing establishments held 1,230,369 bales on July 31, compared with 1,326,480 bales held on June 30 and 1,348,236 bales on July 31, 1933. Public warehouses and compresses held 5,565,140 bales in storage at the end of July this year, compared with 5,985,715 bales so held a month earlier and 5,736,398 bales on July 31 last year. July exports totaled 305,820 bales, compared with 459,226 bales sent abroad in June 1934 and 692,007 bales exported in July

1933. Exports during the cotton year ended July 31 totaled 7,534,415 bales, compared with 8,419,399 bales shipped over seas during the corresponding year ended July 31, 1933. Spindles active at some time in July numbered 24,417,682, compared with 24,690,312 in June this year and 26,085,300 in July 1933.

Cotton consumption in the cotton growing states totaled 289,557 bales in July, compared with 292,621 bales used in June and 483,846 bales in July 1933. Last month's consumption in the cotton growing states amounted to 80.6 per cent of National consumption, a higher percentage than either 80.5 per cent in June this year or 80.4 per cent in July last year. Of the 289,557 bales of cotton consumed in the cotton growing states in July, Fifth district mills used 165,504 bales, or 57.2 per cent, compared with 56.8 per cent of Southern consumption attained by Fifth district mills in July last year.

Tobacco

The tobacco crop in the Fifth district this year is estimated at 545,680,000 pounds on the basis of the August 1 condition, a decrease of 27 per cent under 1933 production of 748,327,000 pounds. Most of the lowered yield this year is due to reduced acreage, although the August 1 condition of the crop, except in Virginia, was also lower than a year ago. West Virginia shows the poorest prospects, a condition of 44 per cent of normal on August 1 comparing with 63 per cent last year. Maryland's prospective yield this year is 22,185,000 pounds, compared with 20,400,000 pounds in 1933 and a five-year average of 23,638,000 pounds. Virginia growers expect to harvest 78,745,000 pounds, against 97,046,000 pounds last year and a five-year average of 114,122,000 pounds. West Virginia, an unimportant tobacco state, will grow only about 3,000,000 pounds, while last year the state produced 4,322,000 pounds. North Carolina, the largest tobacco growing state in the country, has a crop forecast at 393,650,000 pounds, against 537,979,000 pounds in 1933 and a five-year average production of 506,763,000 pounds. South Carolina's 1934 crop of 48,100,000 pounds is not much more than half last year's yield of 88,580,000 pounds, and only 57 per cent of the five-year average crop of 83,820,000 pounds. Tobacco auction markets in South Carolina and border markets in North Carolina opened on August 9, and prices were nearly double opening prices last year. No official market averages will be available until next month, but the price has been running around 22 to 24 cents per pound against about 12 cents on the early sales in 1933. Lower grades of tobacco are reported as selling especially well. If present prices continue when the bulk of the North Carolina and all Virginia markets open, this year's tobacco crop will bring the growers more money than their 1933 crop, in spite of the large reduction in acreage.

Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on taxes collected in July 1934 on manufactured

tobacco products. July production of cigarettes in the United States numbered 11,355,398,860, compared with 9,526,101,183 cigarettes manufactured in July 1933. Smoking and chewing tobacco decreased from 25,977,179 pounds in July last year to 25,917,013 pounds in July this year. Cigars manufactured dropped from 400,511,453 in July 1933 to 378,055,584 in July 1934. Snuff production decreased from 2,805,228 pounds to 2,773,989 pounds during the year. During the month of July 1934, taxes on cigarettes totaled \$34,068,307, compared with \$28,579,841 collected in the corresponding month last year. Taxes on smoking and chewing tobacco decreased during the same period from \$4,676,012 to \$4,665,394. Although taxes collected on all forms of tobacco except cigarettes in July this year declined in comparison with taxes in July 1933, the increased collections on cigarettes raised total receipts on tobacco products to the Federal Treasury from \$34,784,236 in July 1933 to \$40,199,326 in July 1934.

Agricultural Notes

In comparison with farmers in many other sections of the United States, Fifth reserve district farmers are in a very favorable position this year. Although acreage planted to cash crops was generally smaller than in any recent year, the condition figures for nearly all crops on August 1 compared well with five or ten-year averages. The extreme drought which has been so disastrous in the Middle West and Southwest did not seriously affect growing crops in the Fifth district except in West Virginia, but on the other hand higher prices for agricultural products which will probably result from the National shortage will directly benefit farmers along the Atlantic seaboard. With average August 1 conditions for 32 leading crops during the ten years 1921-1930 as a base, or 100, average condition figures on August 1, 1934, were as follows in Fifth district states: Maryland 97.3, Virginia 101.5, West Virginia 74.0, North Carolina 107.4, and South Carolina 110.7. The average for the United States was 77.7.

Maryland weather in July was hot and dry, and most crops deteriorated to a point below the ten-year average. Corn production, forecast on August 1 at 14,420,000 bushels, shows declines from 16,480,000 bushels forecast on July 1 and 16,240,000 bushels harvested in 1933. The average production of corn in Maryland for five basic years 1927-1931 was 15,187,000 bushels. Wheat turned out better than anticipated, a yield of 7,852,000 bushels comparing with the July forecast of 7,277,000 bushels and the 1933 yield of 6,320,000 bushels. The five-year average production is 9,375,000 bushels. Oats turned out 1,144,000 bushels, a decline from 1,188,000 bushels forecast last month but above 1933 production of 1,100,000 bushels. There was no change in the hay forecast of 524,000 tons last month, but a slight decrease is indicated from 529,000 tons cut last year. Hay is the only Maryland crop which promises a larger production in 1934 than the five-year average yield. Pastures declined in condition last month from 80 per cent on July 1 to 49 per cent on August 1. The Maryland Irish potato crop of 3,038,000 bushels

this year is about 12 per cent above 2,700,000 bushels dug in 1933, but is approximately 17 per cent below the 1927-1931 average yield of 3,646,000 bushels. Prospects for sweet potatoes are for less than half an average crop and more than 200,000 bushels below the 1933 yield. The forecast for 625,000 bushels this year compares with 840,000 bushels dug last year and a five-year average of 1,493,000 bushels. Maryland's commercial apple crop of 492,000 bushels is much smaller than last year's small crop of 657,000 bushels and only about a third of the five-year average yield of 1,355,000 bushels.

Virginia crop conditions improved during July in all parts of the state except in the Shenandoah Valley and in a few counties in the Northern district. The greatest change was reported from the Southwestern district where rains caused rapid improvement following the drought during May and June. The production of many crops, such as corn, tobacco, peanuts and cotton still depends upon weather conditions during the next six weeks. The August 1 forecast of production for wheat, rye, barley, white potatoes and sweet potatoes is greater than a year ago, but the estimate for oats, tobacco, cotton, hay and fruit crops is below last year. The yield of wheat is estimated at 7,784,000 bushels, compared with 7,425,000 bushels harvested last year and the five-year average of 9,582,000 bushels. The best yields are reported from the Shenandoah Valley. Corn prospects indicate production to be 34,680,000 bushels, which is slightly less than last year's crop of 36,918,000 bushels but is above the five-year average of 33,611,000 bushels. The condition of late hay crops improved during the latter part of July and in most sections these crops now promise excellent yields. Owing to the dry weather during May and June the yield of clover and timothy, which supply the greater part of the hay crop, was reduced. Total production of all hay is estimated to be 854,000 tons, compared with 992,000 tons last year and the five-year average of 921,000 tons. The condition of pastures declined during July because of dry weather in many sections. The late July rains, however, caused great improvement, especially in the Central part of the state. Pastures are very poor in the Shenandoah Valley and a few Northern counties, but in the Eastern and Southwestern districts pastures are in splendid condition. The August 1 condition of peanuts was 85 per cent of normal, compared with 82 per cent last year. Vines have made rapid growth and generally have an excellent color. As the yield usually depends upon weather conditions from about August 10 to September 15, the August 1 condition is not a reliable indication of the final yield. Early commercial potatoes turned out unusually well and total shipments through August 4 amounted to 16,542 cars, compared with 9,819 cars shipped for the entire season last year. The total production of potatoes, including both early and late crops, is forecast at 13,803,000 bushels compared with 8,649,000 bushels last year and 15,989,000 bushels the five-year average production. Sweet potatoes indicate a yield above average and the total production is forecast at 4,080,000 bushels, compared with 3,885,000 bushels last year and

4,602,000 bushels the five-year average. The commercial apple crop based upon August 1 condition is estimated to be 1,680,000 barrels, compared with the short crop of last year of 1,750,000 barrels, and the five-year average production of 2,680,000 barrels. The number of apples on the trees this year is considerably less than last, but owing to the poor quality of last year's crop a much smaller percentage than usual was sold as fresh fruit. The quality of this year's crop is unusually good and there has been practically no injury from scab and aphid. However, in some sections there has been some worm damage. Weather conditions have been favorable except in the Shenandoah Valley where dry weather during July retarded growth. The commercial peach crop is very light in most sections of the state, but in the Piedmont district there are some heavy crops of excellent quality.

West Virginia crops suffered materially from dry and hot weather in July, and nearly all crops declined in condition. The corn crop on August 1 showed a condition of 69 per cent of normal, 10 points lower than the condition a month earlier. The crop is estimated at 10,464,000 bushels, compared with last year's crop of 13,920,000 bushels. The average yield per acre this year of 24 bushels compares with a 30 bushel yield in 1933. Final threshing returns indicate that the production of wheat exceeded earlier expectations. Indicated production is 1,836,000 bushels this year, compared with 1,798,000 bushels harvested last year. The 1933-1934 winter season was favorable for the wheat crop and although the spring drought caused the heads and straw to be shorter than usual, the heads were more compact and threshed out larger yields than was expected. The 1934 oats crop in West Virginia is the smallest in the past 26 years. Production is estimated at 1,960,000 bushels, compared with 2,356,000 bushels harvested in 1933 and a five-year average of 3,352,000 bushels. Except in a few choice locations, most of the acreage planted to oats this year suffered from drought from the time of seeding until the crop was cut. Dry weather caused poor seed germination and stands were spotted. The potato crop in West Virginia was quite disappointing. With an August 1 condition of only 54 per cent of normal, the indicated production of Irish potatoes is 2,660,000 bushels, nearly a million bushels short of the five-year average production, but 300,000 bushels larger than the very short crop in 1933. Extremely hot weather killed potato vines in many fields before the crop had matured. Hay was in poor condition on August 1, and the indicated production was only 368,000 tons, compared with 690,000 tons cured last year. The apple crop from both farm and commercial orchards is estimated at 3,220,000 bushels. The commercial crop of 1,764,000 bushels compares with 2,100,000 bushels harvested in 1933 and 3,918,000 bushels the five-year average production. Peach production is only 66,000 bushels, compared with 396,000 bushels in 1933.

North Carolina crop conditions on August 1 were not nearly as ideal as farmers might wish, but the indicated combined yields on 32 important crops show the state ranking fifth highest of all states in average conditions.

The corn crop in North Carolina is very good. Prospects in the Eastern and Mountain counties are excellent, with drier seasons experienced in the Piedmont counties. The crop indicated at 48,048,000 bushels is 8 per cent more than 44,252,000 bushels harvested in 1933 and 15 per cent larger than the past five years' average crop of 40,713,000 bushels. Wheat turned out well in North Carolina this year, and a yield of 4,253,000 bushels exceeded both last year's yield of 3,714,000 bushels and the five-year average production of 3,661,000 bushels. The oats crop of 3,440,000 bushels also exceeded both last year's and the five-year average yield. Irish potatoes yielded 10,324,000 bushels this year, compared with 7,315,000 bushels in 1933 and average production for 1927-1931 of 7,573,000 bushels. A sweet potato crop this year of 7,885,000 bushels is slightly less than the 1933 crop of 7,905,000 bushels, but exceeds the five-year average production of 6,794,000 bushels. The August 1 condition of 80 per cent indicates a hay crop of 629,000 tons. The condition is 17 points higher than that of last August and the prospective yield is 14 per cent larger. Pasture conditions have been good since the 1st of June, and water supply and pasturage excellent over most of the state. The peanut condition is generally regarded as being good in commercial areas. Stands are average or better. However, developments during August and early September will determine the final outturn of the crop. The North Carolina apple crop was damaged heavily by late winter freezes. The 3,300,000 bushel crop indicated on August 1 is about equal to the five-year average but is 37 per cent below the 1933 crop. The peach crop is considerably above an average this year, a crop of 2,210,000 bushels being indicated, which is about 5 per cent above the 1933 yield and 19 per cent above the five-year average.

South Carolina's composite condition figure for 32 important crops on August 1 was 110.7, the third highest figure in the United States, only Georgia and Alabama showing higher average conditions. Due to the Western drought the yield prospects for the entire country show only 77.7 per cent of normal. Prospects for total outturn in South Carolina are below average, in spite of fine per acre yields, due to reductions in acreage in cotton and tobacco and only a fair corn yield. Corn improved during July, but on August 1 the indicated production of 21,324,000 bushels was below the 1933 yield of 22,808,000 bushels, although above the five-year average of 21,215,000 bushels. Wheat yielded 765,000 bushels this year, a much larger figure than last year's crop of 592,000 bushels or the five-year average production of 546,000 bushels. This year's crop of oats totaled 6,596,000 bushels, compared with 7,215,000 bushels last year and a five-year average of 8,117,000 bushels. The 1934 hay yield of 206,000 tons exceeded last year's yield of 195,000 tons, and is also above the five-year average of 183,000 tons. Pastures showed an August 1 condition of 69 per cent, compared with a condition of 68 per cent a year earlier and 76 per cent the five-year average. Peanuts on August 1 were 65 per cent of normal, compared with 71 per cent last year and the average for five years of 74 per cent, but it is yet too early to judge the peanut crop.

A sweet potato crop of 4,275,000 bushels is below the 1933 yield of 4,648,000 bushels but exceeds the five-year average crop of 4,247,000 bushels. Irish potatoes promised a crop of 2,625,000 bushels on the basis of the August 1 condition, a much higher yield than last year's 1,744,000 bushels, but materially less than 2,944,000 bushels the five-year average. South Carolina's peach crop for 1934 of 1,564,000 bushels is slightly below the 1933 yield of 1,633,000 bushels, but is better than the five-year average production of 1,172,000 bushels. Apples promise a yield of 244,000 bushels, compared with 279,000 bushels in 1933 and a five-year average yield of 271,000 bushels.

Construction

Building Permits Issued in July 1934 and 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md.	664	596	\$ 678,120	\$ 464,640
Cumberland, Md.	5	5	900	3,748
Frederick, Md.	15	9	19,320	2,710
Hagerstown, Md.	14	18	25,425	17,745
Salisbury, Md.	10	13	26,375	35,510
Danville, Va.	21	10	17,995	4,101
Lynchburg, Va.	14	30	7,535	66,340
Norfolk, Va.	72	80	51,492	90,065
Petersburg, Va.	4	3	9,062	910
Portsmouth, Va.	19	23	10,390	22,655
Richmond, Va.	93	90	140,185	170,292
Roanoke, Va.	27	21	7,737	16,957
Bluefield, W. Va.	10	7	8,165	7,375
Charleston, W. Va.	25	120	10,893	42,216
Clarksburg, W. Va.	5	17	1,225	8,400
Huntington, W. Va.	15	19	27,450	10,525
Asheville, N. C.	19	21	18,603	14,328
Charlotte, N. C.	22	16	85,538	30,295
Durham, N. C.	31	28	81,585	74,925
Greensboro, N. C.	24	23	31,497	13,361
High Point, N. C.	11	13	3,868	19,200
Raleigh, N. C.	7	12	2,000	15,950
Rocky Mount, N. C.	3	3	1,280	4,150
Salisbury, N. C.	11	9	3,605	13,865
Winston-Salem, N. C.	52	37	24,315	18,530
Charleston, S. C.	36	36	48,907	17,353
Columbia, S. C.	37	30	58,828	19,246
Greenville, S. C.	21	18	15,275	12,355
Rock Hill, S. C.	9	14	3,675	11,325
Spartanburg, S. C.	19	16	14,024	4,000
Washington, D. C.	472	528	875,390	525,320
District Totals	1,787	1,865	\$2,310,659	\$1,758,392

Building permits issued in July in thirty-one leading cities of the Fifth reserve district numbered 1,787, compared with 1,865 permits issued in July, 1933, a decrease this year of 4.2 per cent, but estimated valuation figures for last month totaled \$2,310,659, an increase of 31.4 per cent in comparison with valuation figures totaling \$1,758,392 in July last year. Seventeen of the 31 reporting cities showed higher valuation figures for the 1934 month. Among the five largest cities, Baltimore, Washington and Charlotte increased, while Richmond and Norfolk decreased.

Contracts awarded in July for construction work in the Fifth reserve district totaled \$18,091,724, compared with only \$5,479,294 reported for July 1933, according to figures collected by the F. W. Dodge Corporation.

Of the July 1934 awards, \$2,365,979 represented residential types of construction, compared with \$2,325,924 for this class of work in July last year. Contracts

for residential work made up only 13 per cent of all contracts awarded in July this year, compared with 43 per cent of July 1933 contracts.

Retail Trade, 31 Department Stores

Richmond	Baltimore	Washington	Other Cities	District
July 1934 sales, compared with sales in July 1933:				
+11.5	+10.9	+22.6	+21.8	+16.4
Jan.-July 1934 sales, compared with sales in Jan.-July 1933:				
+22.0	+17.1	+19.1	+28.1	+19.5
July 31, 1934, stocks, compared with stocks on July 31, 1933:				
+19.8	+ 6.1	- 3.3	+ 4.6	+ 3.3
July 31, 1934, stocks, compared with stocks on June 30, 1934:				
- 8.0	- 8.0	- 7.0	- 7.4	- 7.5
Number of times stock was turned in July 1934:				
.251	.224	.242	.219	.233
Number of times stock was turned since January 1, 1934:				
2.207	1.949	2.154	1.907	2.052
Percentage of July 1, 1934, receivables collected in July:				
27.1	28.6	27.0	27.4	27.6

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

20	7	6	13	11
Groceries	Dry Goods	Shoes	Hardware	Drugs
July 1934 sales, compared with sales in July 1933:				
+ 6.2	-32.4	- 9.4	+ 7.4	+15.4
July 1934 sales, compared with sales in June 1934:				
-16.5	+ 9.6	+42.4	-11.3	- .1
Jan.-July 1934 sales, compared with sales in Jan.-July 1933:				
+22.3	+26.4	+16.2	+39.0	+21.7
July 31, 1934, stocks, compared with stocks on July 31, 1933:				
+ 1.6(8*)	+35.5(3*)	+32.5(4*)	+20.0(7*)
July 31, 1934, stocks, compared with stocks on June 30, 1934:				
+ 3.5(8*)	+ 4(3*)	+15.4(4*)	+ 8.3(7*)
Percentage of July 1, 1934, receivables collected in July:				
76.5(11*)	40.9(4*)	59.5(5*)	36.4(11*)	56.6(7*)

*Number of reporting firms.

All figures in the table are percentages.

(Compiled August 21, 1934)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial production declined in July. Factory employment and payrolls also decreased. Diminished output of steel was the chief factor in the decline of industrial activity which was larger than is usual at this season of the year. The general level of wholesale commodity prices showed little net change for July and advanced in the first three weeks of August.

Production and Employment

Volume of industrial output, as measured by the Board's seasonally adjusted index, decreased from 83 per cent of the 1923-25 average in June to 76 per cent in July. This decline reflected chiefly a sharp reduction in the output of steel, due in part to previous accumulation of stocks by consumers; and there was a further decline in steel operations during the first three weeks in August. Activity in the automobile industry decreased and there were considerable reductions in the output of pig iron and anthracite. At textile mills, where operations had been at a low level in June, activity showed little change in July. Output of shoes showed a seasonal increase. Accompanying heavy marketings of cattle from drought areas there was a considerable increase in activity at meatpacking establishments.

Factory employment decreased between the middle of June and the middle of July 3 per cent, an amount larger than is usual at this season. There were reductions in many industries producing durable manufactures, such as iron and steel products and building materials, and also at establishments producing knit goods and women's clothing. At canning establishments the number of employees increased by less than the usual seasonal amount. Employment on public projects increased further in July.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in July as in June.

Department of Agriculture estimates, based on August 1 conditions, indicate that yields per acre for principal crops are 22 per cent smaller than the ten-year average, reflecting the effects of the drought. The wheat crop is estimated at 491,000,000 bushels, 37,000,000 bushels less than last year's small harvest, and the corn crop at 1,607,000 bushels, as compared with a five-year average of 2,516,000,000 bushels. The cotton crop estimate is 9,195,000 bales, about 4,000,000 bales less than last season and smaller than in any other year since 1921.

Distribution

Total volume of freight-car loadings declined in July, reflecting chiefly a reduction in miscellaneous freight, including steel shipments, offset in part by an increase in shipments of livestock. Department store sales showed a decrease of somewhat more than the estimated seasonal amount.

Commodity Prices

Wholesale prices of farm products, after fluctuating widely in July, advanced considerably in the first three weeks of August. Between the beginning of July and the third week of August, cotton, wheat and hog prices showed substantial increases while cattle prices declined somewhat. During this period prices of commodities other than farm products and foods as a group showed little change.

Bank Credit

Member bank reserve balances increased further between the middle of July and the middle of August and on August 15 were about \$1,900,000,000 in excess of legal requirements. The increase in reserve balances reflected principally a further growth in monetary gold stock off-set in part during the first half of August by a seasonal increase in the total volume of money in circulation. The volume of reserve bank credit showed little change.

In the four weeks ending August 15, loans and investments of New York City banks decreased by \$141,000,000, while those of weekly reporting banks in other leading cities increased by \$116,000,000. The decrease at New York banks reflected a reduction of nearly \$200,000,000 in loans to brokers and dealers in securities, following a sharp decline in security prices in the latter part of July, and a decline of \$52,000,000 in holdings of United States Government securities. All other loans and holdings of securities other than United States Government obligations increased substantially at New York banks and at banks outside New York City. At outside banks holdings of United States Government securities also increased.

Average rates of discount on United States Treasury bills issued rose from .07 per cent in July to .23 per cent on August 22. Other open-market money rates remained unchanged at low levels.