

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

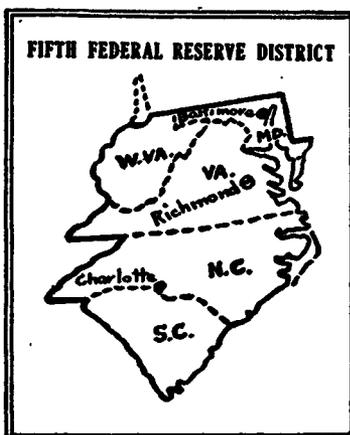


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RICHMOND, VIRGINIA

SEPTEMBER 30, 1934

BUSINESS in the Fifth Federal reserve district in August and early September was fully up to seasonal level in comparison with other recent months, and current crop conditions and prices indicate larger incomes this year in agricultural sections of the district. Rediscunts at the Federal Reserve Bank of Richmond remained practically at the same low figure between August 15 and September 15, member banks being able to care for seasonal demands for credit by merchants for discounting Fall bills without assistance from the reserve bank. The circulation of Federal reserve notes registered the usual seasonal increase during the past month, the rise being somewhat larger than in most years. No change occurred in the reserve bank's ownership of Government securities. Reporting member banks in leading cities slightly increased loans between the middle of August and the middle of September, and also increased investments in securities and reserve balances at the reserve bank. Demand deposits rose considerably last month, but there was a slight decline in time deposits. Debits to individual accounts figures in four weeks ended September 12, 1934, showed a 4 per cent decrease in comparison with the preceding four weeks, ended August 15, but increased 21 per cent in comparison with debits for four weeks ended September 13, 1933. Commercial failure figures for both number of insolvencies and liabilities involved in August in the Fifth district were better than for any other August since 1920, and compared more favorably than National figures with August 1933 totals. Employment changed relatively little in August and early September, except for the strike in the textile field, but there are some signs of increased construction work in the Fifth district. Coal production in August showed a seasonal rise above July production, but was nearly 20 per cent below production in August last year. West Virginia continued to lead all states in the output of bituminous coal. Textile mills



increased operations in August over July, but did not reach the level of operations of August last year. The threatened strike in the industry apparently stimulated very little additional production before the shut-down occurred. Construction work continues in relatively small volume in the Fifth district, but recent weeks witnessed some improvement. Retail trade in August, as reflected in department store sales, made an excellent record in the Fifth reserve district, averaging 10 per cent above sales in August 1933, the highest increase reported by any reserve district. Wholesale trade also

showed improvement last month in all lines for which data are available. Dry goods and shoe jobbers reported larger seasonal increases in sales in August than usual. In agriculture, prospects for per acre yields in the Fifth district are excellent this year, composite crop condition figures on September 1 for all states in the district being above the ten-year average, with South Carolina showing the highest figure for the entire United States. Tobacco production is smaller than last year, due to acreage reduction, and the same statement applies to cotton. However, tobacco prices are practically double those of last year, and the purchasing power of tobacco farmers will be much larger this Fall than for several years. Cotton prices have not advanced as much as tobacco prices, but there has been a sufficient rise to compensate fully for reduced production. Food and feed crops in the district yielded well, and farmers are well supplied for their needs. Weather throughout the Summer was favorable for farming operations except in West Virginia, which had insufficient rain, and on the whole the outlook for Fall and Winter business appears better than it was a year ago.

Reserve Bank Statement

ITEMS	000 omitted		
	Sept. 15 1934	Aug. 15 1934	Sept. 15 1933
Rediscounts held	\$ 720	\$ 723	\$ 10,452
Open market paper.....	193	193	239
Industrial advances	80	0	0
Government securities	103,563	103,563	67,971
Total earning assets.....	104,556	104,479	78,662
Circulation of Fed. Res. notes..	157,768	143,256	138,869
Members' reserve deposits.....	131,437	124,049	67,342
Cash reserves	198,572	170,321	147,986
Reserve ratio	66.07	62.81	67.78

Principal items on the statement of the Federal Reserve Bank of Richmond for three mid-month dates are shown in the accompanying table, affording opportunity for comparison of the latest available figures, those for September 15, 1934, with the figures for corresponding dates a month and a year earlier. In the past month, rediscounts for member banks decreased \$3,000, but the Bank advanced \$80,000 on industrial loans, a net increase of \$77,000 in total earning assets. The portfolio of open market paper and holdings of Government securities remained unchanged during the month. Circulation of Federal reserve notes rose by more than the seasonal amount between August 15 and September 15, advancing by \$14,512,000, probably due in large part to the opening of tobacco markets in North Carolina and to early cotton sales. Member bank reserve deposits rose by \$7,388,000 during the past month, carrying reserves farther in excess of legal requirements. Aggregate cash reserves of the Federal Reserve Bank of Richmond increased by \$28,251,000 between the middle of August and the middle of September, and the ratio of cash reserves to note and deposit liabilities combined rose by 3.26 points.

A comparison of the condition figures for September 15, 1934, with those reported for September 15, 1933, shows marked changes in most items. Rediscounts for member banks, which were very small a year ago, declined further by \$9,732,000, and the portfolio of open market paper also dropped \$46,000. On the other hand, holdings of Government securities rose by \$35,592,000 during the year. Total earning assets increased by \$25,894,000 between the middle of September last year and this. The circulation of Federal reserve notes rose by \$18,899,000 during the past year, and member bank reserve deposits increased by \$64,095,000. The increase in note circulation was due in part to higher prices prevailing in many lines this year, especially in receipts for tobacco and some other early agricultural products, and the rise in reserve deposits reflects surplus funds in possession of the member banks. The several changes in the statement previously mentioned, with others of less importance, increased the cash reserves of the Federal Reserve Bank of Richmond by \$50,586,000 during the year, but the ratio of reserves to note and deposit liabilities combined declined by 1.71 points.

Statement of 28 Member Banks

ITEMS	000 omitted		
	Sept. 12 1934	Aug. 15 1934	Sept. 13 1933
Loans on stocks and bonds (in- cluding Governments)	\$ 57,154	\$ 57,103	\$ 59,286
All other loans.....	103,867	103,585	114,094
Total loans and discounts.....	161,021	160,688	173,380
Investments in stocks and bonds	186,051	185,973	159,976
Reserve bal. with F. R. Bank.....	56,479	51,093	26,361
Cash in vaults.....	12,009	10,202	9,844
Demand deposits	230,625	221,873	182,861
Time deposits	133,955	134,313	129,269
Borrowed from F. R. Bank.....	0	0	268

The accompanying table shows the principal items of condition on the weekly statement of twenty-eight regularly reporting member banks in ten leading cities of the Fifth Federal reserve district as of three dates, September 12 and August 15, this year, and September 13, last year, thus affording opportunity for comparison of the latest available figures with those a month and a year earlier. It should be understood that the figures shown are not necessarily the highest or lowest figures which occurred during the periods under review, but represent the condition of the banks on the report dates only.

During the four weeks between August 15 and September 12, the reporting banks increased their loans by \$333,000, a small rise in view of the fact that at this season merchants usually call upon their banks for loans with which to discount bills for Fall goods. Loans on stocks and bonds rose \$51,000 last month, while All Other Loans rose by \$282,000. The reporting banks increased their investments in securities \$78,000 between August 15 and September 12. Aggregate reserve balances of the twenty-eight banks at the Federal reserve bank rose by \$5,386,000 during the month, and cash in vaults increased by \$1,807,000. Demand deposits rose by \$8,752,000 since the middle of August, but there was a small decline in time deposits amounting to \$358,000. None of the twenty-eight reporting banks were borrowing at the Federal reserve bank during the past month.

On September 13, 1933, all figures in the combined statement of the reporting institutions were smaller than figures on September 12, 1934, except the loan and rediscount figures. Total loans declined \$12,359,000 during the year, of which \$2,132,000 was in loans on securities and \$10,227,000 was in All Other Loans. Rediscounts at the reserve bank dropped from \$268,000 borrowed by two of the reporting banks on September 13, 1933, to nothing on September 12, 1934. On the other hand, the banks built up their reserve balances at the Federal reserve bank by \$30,118,000 during the past year, and also increased their investments in securities, chiefly Governments, by \$26,075,000. Cash in vaults rose by \$2,165,000. Aggregate deposits increased \$52,450,000 between the middle of September last year and this, demand deposits gaining \$47,764,000 and time deposits \$4,686,000.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$327,095,161 at the end of August 1934, a higher figure than either \$326,603,107 reported at the end of July this year or \$314,058,864 at the end of August 1933. Mutual savings bank deposits increased last month while time deposits in the reporting member banks decreased slightly, but both groups of banks showed increases in time and savings deposits for the year.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Sept. 12, 1934	Aug. 15, 1934	Sept. 13, 1933
Asheville, N. C.....	\$ 8,092	\$ 8,162	\$ 7,989
Baltimore, Md.	209,433	242,353	179,735
Charleston, S. C.....	9,606	9,014	9,683
Charleston, W. Va....	35,103	37,628	22,670
Charlotte, N. C.....	37,088	39,769	32,014
Columbia, S. C.....	14,938	18,552	10,536
Cumberland, Md.	5,297	5,169	4,526
Danville, Va.	4,388	4,890	4,230
Durham, N. C.....	34,170	21,559	23,714
Greensboro, N. C.....	10,833	9,636	5,144
Greenville, S. C.....	10,081	9,715	10,820
Hagerstown, Md.	5,116	5,878	4,443
Huntington, W. Va....	10,480	10,124	8,459
Lynchburg, Va.	10,379	10,733	10,962
Newport News, Va....	5,707	5,725	5,077
Norfolk, Va.	37,273	39,384	25,537
Portsmouth, Va.	2,523	2,886	2,448
Raleigh, N. C.....	14,578	23,114	10,942
Richmond, Va.	120,205	102,739	89,690
Roanoke, Va.	15,795	16,184	15,104
Washington, D. C.....	138,857	149,965	123,716
Wilmington, N. C.....	6,840	6,691	5,118
Winston-Salem, N. C.	22,900	23,150	21,442
Fifth District Totals	\$769,682	\$803,020	\$633,999

Debits to individual accounts figures shown in the table for three equal periods of four weeks include all checks drawn against depositors' accounts in the banks of twenty-three leading trade centers in the Fifth Federal reserve district. Figures for the four weeks ended September 12, 1934, are included, and for comparison the corresponding figures for the preceding four weeks this year, ended August 15, 1934, and the same four weeks last year, ended September 13, 1933, are also listed.

Aggregate debits in the reporting cities declined \$33,338,000, or 4.2 per cent, in the latest four weeks, compared with figures for the preceding like period, only eight of the twenty-three cities showing higher figures. The cities reporting increased debits last month were Cumberland, Md.; Richmond, Va.; Huntington, W. Va.; Durham, Greensboro and Wilmington, N. C.; Charleston and Greenville, S. C.

In comparison with debits to individual accounts figures for the four weeks ended September 13, 1933, the figures reported for the corresponding period this

year show an increase of \$135,683,000, or 21.4 per cent. Twenty of the twenty-three cities reported higher figures for the 1934 period, the three cities which failed to gain being Charleston and Greenville, S. C., and Lynchburg, Va. Part of the increase in 1934 debits is doubtless due to higher price levels in many lines.

Commercial Failures

Commercial insolvencies in the Fifth Federal reserve district in August 1934 totaled 51, with aggregate liabilities amounting to \$440,675, a decrease in number of 44 per cent and a fall in liabilities of 77 per cent in comparison with 91 failures and estimated liabilities totaling \$1,917,769 in August 1933. The number of failures in August was the smallest for any August since 1920, and last month's aggregate liabilities were not only the lowest for August since 1919 but were the lowest for any month since June 1920. The record of the Fifth district in August was better than the National average in both number of failures and liabilities involved. In the United States as a whole, failures in August 1934 numbering 929 showed a decrease of 36.9 per cent in comparison with 1,472 failures in August 1933, and last month's liabilities totaling \$18,459,903 were 56.8 per cent less than liabilities in August last year. All of the twelve reserve districts showed fewer failures in August 1934 than in August 1933, and aggregate liabilities were also lower in all districts in the 1934 month.

Employment

The outstanding feature in the employment situation in the Fifth district at present is of course the textile strike, which is of vital importance in the two Carolinas. It is difficult to secure accurate reports on the effects of the strike, but thousands of workers are idle. In Virginia the textile mills have continued operations with little change, and in the Carolinas a large number of mills did not shut down or have re-opened after being closed a few days. On the whole, however, it appears that the majority of mills in the Carolinas are closed. In fields other than textiles, very little change in employment conditions occurred between the middle of August and the middle of September. Some improvement is noted in construction fields, but it is comparatively slight and has not given additional employment to many workers.

Coal Production

Bituminous coal production in the United States in August 1934 totaled 27,490,000 net tons, an average of 1,018,000 tons per working day, a seasonal increase over 25,280,000 tons mined in July this year but 19 per cent below 33,910,000 tons dug in August 1933. Total production of bituminous coal this calendar year through September 8 totaled 241,848,000 net tons, compared with 217,336,000 tons mined to the same date last year. The August 25 report of the Bureau of Mines, Department of Commerce, gave coal production by

states for July. West Virginia led all states with 7,685,000 tons, Pennsylvania ranking second with 6,850,000 tons. West Virginia also led in production this calendar year through July with 58,679,000 tons in comparison with 55,219,000 tons for Pennsylvania. Total production in the Fifth district in July was 8,396,000 tons, or 33.2 per cent of National production, compared with 10,147,000 tons, or 34.4 per cent of National production, mined in the Fifth district in July last year.

Textiles

There was some increase in activity in the textile field in August in comparison with July, but operations continued at a much lower level than a year earlier, in spite of the threatened strike in the industry which might have been expected to stimulate production before the shut-down. In August 1934, Fifth district textile mills consumed 188,398 bales of cotton, an increase of 13.8 per cent over 165,504 bales used in July this year, but 27.7 per cent less than 260,402 bales consumed in the district in August 1933. Last month North Carolina mills consumed 97,069 bales, South Carolina mills used 80,195 bales, and Virginia mills 11,134 bales, all the figures being lower than the ones reported for August last year. Fifth district consumption figures in August 1934 were 44.76 per cent of National consumption, compared with 44.22 per cent of National consumption attained by the Fifth district mills in August last year.

On August 21, the Department of Commerce issued a report on spindles in place, spindles active in July, total spindle hours of operation in July, and average hours of operation per spindle in place in July. On July 31, 1934, there were 30,937,816 spindles in place in the United States, North Carolina leading with 6,140,404, or 19.85 per cent of the total, South Carolina ranking second with 5,789,142 spindles, or 18.71 per cent, and Massachusetts third with 5,707,900 spindles, or 18.45 per cent. The Fifth district as a whole had 40.67 per cent of total spindles in place in the United States at the end of July 1934. In actual spindle hours of operation, South Carolina led all states for July with 1,330,385,710 hours, or 25.82 per cent of the National total of 5,151,979,342 hours, and North Carolina ranked second with 1,104,917,376 hours, or 21.45 per cent, while Massachusetts had only 642,698,784 hours, or 12.47 per cent. The Fifth district, with 40.67 per cent of total spindles in the United States in place in July, showed 50 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 230 hours per spindle ranked first, Virginia with 215 hours ranked second, and North Carolina with 180 hours ranked fourth. The average hours of operation for the United States was 167 per spindle in place.

Cotton Statistics

Spot cotton prices fluctuated frequently between the middle of August and the middle of September, the trend on the whole being downward as a result of the unfavorable influence exerted by the strike in the tex-

tile industry. The average price for upland short staple cotton, middling grade, on ten Southern spot markets dropped from 13.09 cents per pound on August 17 to 12.86 cents on September 14, the latest date for which official figures are available.

The Department of Agriculture's second condition report of the season, issued on September 8 as of September 1, estimated 1934 production of cotton as 9,252,000 bales of 500 pounds gross weight, an increase of 57,000 bales over the estimate of production made on the August 1 condition but 3,795,000 bales less than the 1933 yield of 13,047,000 bales. During August prospects for cotton improved in all States east of Alabama, these gains being partly offset by decreases in prospective yield west of Alabama. Texas showed relatively no change during August, but sharp declines in the condition of cotton occurred in Arkansas and Oklahoma. The per acre yield in Oklahoma is the lowest on record for that State. In the Fifth district cotton growing states, South Carolina registered an increase of 83,000 bales in prospective yield during August, the crop improving in all sections of the State except in the Piedmont counties where weevil damage caused some deterioration. North Carolina prospects rose by 50,000 bales last month, and the estimate for production in Virginia rose 3,000 bales. The three states show a combined gain in prospective yield of 136,000 bales. The South Carolina crop for 1934 is now estimated to be 703,000 bales, compared with 735,000 bales picked last year; the North Carolina yield this year of 656,000 bales compares with the 1933 crop of 684,000 bales; and Virginia's prospective yield of 38,000 bales exceeds last year's yield of 37,000 bales. The Census Bureau reports that 1,397,886 bales of this year's crop were ginned prior to September 1, a slightly higher figure than 1,396,139 bales ginned before September last year, but in the Fifth district the crop is later than a year ago and ginning figures to September this year were materially smaller.

Cotton consumption in the United States in August 1934 rose moderately above the low July figure, but was much below the figure for August 1933. Cotton used in American mills last month totaled 420,949 bales, compared with 359,372 bales used in July this year and 588,902 bales in August 1933. Manufacturing establishments held 1,081,218 bales on August 31, compared with 1,230,369 bales held on July 31 and 1,155,556 bales on August 31, 1933. Public warehouses and compresses held 5,824,025 bales in storage at the end of August this year, compared with 5,565,140 bales so held a month earlier and 5,799,467 bales on August 31 last year. August exports totaled 267,562 bales, compared with 305,820 bales sent abroad in July 1934 and 530,627 bales exported in August 1933. Spindles active at some time during August numbered 24,153,998, compared with 24,417,682 in July this year and 25,926,374 in August 1933.

Cotton growing states consumed 336,159 bales in August, compared with 289,557 bales used in July and 464,705 bales in August 1933. Last month's consumption in the cotton growing states amounted to 79.86 per cent of National consumption, a lower figure than

80.57 per cent in July this year but above 78.91 per cent in August last year. Of the 336,159 bales of cotton consumed in the cotton growing states in August, the Fifth district mills used 188,398 bales, or 56.04 per cent, exactly the same percentage of Southern consumption attained by Fifth district mills in August 1933.

Tobacco Marketing

South Carolina tobacco markets opened on August 9, and growers were much pleased with prices, which averaged nearly double the prices received in August last year. The South Carolina Commissioner of Agriculture reports producers' sales totaling 29,879,104 pounds of tobacco in August this year, at an average of \$22.91 per hundred pounds, compared with sales totaling 32,478,779 pounds at \$12.83 per hundred in August 1933. Although last month's sales were 2,599,675 pounds less than sales in August 1933, tobacco sold last month brought \$2,680,462 more. The market at Mullins led in sales in August with 10,064,921 pounds, Lake City ranked second with 7,332,632 pounds, and Timmonsville third with 3,479,954 pounds. On a basis of the September 1 condition, the South Carolina tobacco crop this year is estimated to be 54,020,000 pounds, an increase over the August 1 forecast of 48,100,000 pounds, but only about 60 per cent of the 1933 crop of 88,580,000 pounds, the decrease in comparison with last year being due chiefly to acreage reduction. This year's production is 64 per cent of the five-year average yield of 83,820,000 pounds.

North Carolina border markets in the South Carolina belt opened on August 9, and later in the month markets in the New Bright belt opened. North Carolina markets sold 55,419,012 pounds of tobacco for growers during the month, at an average price of \$25.82 per hundred pounds, compared with 40,376,997 pounds sold by the same markets in August 1933 for \$12.09 per hundred. Fairmont led in August sales with 9,893,766 pounds, Lumberton ranking second with 7,254,309 pounds, but Ahoskie paid the highest average price for the month, \$27.51 per hundred pounds. The tobacco crop in North Carolina improved in condition during August, and the forecast of production was raised from 393,650,000 pounds on August 1 to 400,900,000 pounds on September 1. The crop in 1933 yielded 537,979,000 pounds, and the five-year average production is 506,763,000 pounds.

Growing tobacco improved in Virginia, Maryland and West Virginia last month, and forecasts of prospective yield were raised. On the basis of the September 1 condition, *Virginia* farmers expect to cure 83,700,000 pounds this year, compared with 97,046,000 pounds in 1933 and a five-year average of 114,122,000 pounds. *Maryland* growers will probably harvest 24,480,000 pounds, compared with 20,400,000 pounds last year and a five-year average of 23,638,000 pounds. *West Virginia's* crop is forecast to be 3,400,000 pounds in 1934, compared with 4,322,000 pounds last year and a five-year average of 4,248,000 pounds. The Fifth district total production of tobacco in 1934 is forecast to be 566,500,000 pounds, compared with 748,327,000 pounds

harvested last year and a five-year average production of 732,591,000 pounds.

Agricultural Notes

Crops in all sections of the Fifth Federal reserve district improved during August, and on September 1 all States in the district except West Virginia had prospects for higher per acre yields than the ten-year average, all crops being combined. The average condition figures for all crops in the several states on September 1 were as follows: Maryland 102.9 per cent of the 10-year average, Virginia 105.6 per cent, West Virginia 77.7 per cent, North Carolina 112.0 per cent, and South Carolina 123.2 per cent, the South Carolina figure being the highest in the United States. Crops in Maryland improved 5.6 per cent during August, Virginia crops improved 4.1 per cent, West Virginia crops 3.7 per cent, North Carolina 4.6 per cent, and South Carolina 11.6 per cent.

Maryland corn improved about 9 per cent during the past month, and on September 1 this year's yield was forecast as 16,480,000 bushels, compared with 16,240,000 bushels gathered in 1933 and a five-year average production of 15,187,000 bushels. An oats crop of 1,188,000 bushels compares with 1,100,000 bushels last year and a five-year average of 1,563,000 bushels. The 1934 Irish potato crop of 3,007,000 bushels is larger than the 1933 crop of 2,700,000 bushels, but is below the five-year average production of 3,646,000 bushels. Sweet potatoes promise a much smaller yield this year, 675,000 bushels comparing with 840,000 bushels in 1933 and a five-year average of 1,493,000 bushels. The prospects for hay in Maryland totaling 544,000 tons is better than last year's yield of 529,000 tons, and is also above the five-year average production of 475,000 tons. Pastures improved notably during August, advancing from a condition of 49 per cent on August 1 to 73 per cent on September 1, but on the latter date was below 78 per cent a year earlier. Apple prospects improved in August, but the commercial crop is forecast at only 554,000 bushels this year, compared with 657,000 bushels in 1933 and 1,355,000 bushels the five-year average.

Virginia farm work made satisfactory progress during August and considerable land has been prepared for seeding fall grains. Corn improved in all parts of the State, but in some sections rains came too late to help early corn which had been damaged by the hot, dry weather during July and the first part of August. Corn production is forecast at 36,125,000 bushels, an increase of about 3 per cent over the August forecast and practically the same as last year's crop of 36,918,000 bushels. Late hay improved during August and the yield will be larger than was expected earlier in the season. Heavy rains caused a good growth of grass on wheat fields and pastures so that farmers will be able to save considerable quantities of hay from such land. Production of hay is forecast at 899,000 tons, which is an increase of about 5 per cent above the August forecast but 10 per cent less than last year's crop of 992,000 tons. Many farmers, especially in the Eastern counties, will have surplus hay for sale. Pastures improved so much in August that on September 1 the condition

averaged 90 per cent, compared with 67 per cent a month earlier. Excellent Fall grazing is now assured for all sections of the State. Fruit crops benefitted from August rains, apples increasing rapidly in size. Total production of apples is estimated to be 7,950,000 bushels, compared with 10,900,000 bushels last year and a five-year average of 12,914,000 bushels. The increase in the size of apples increased the forecast for the commercial crop last month, the estimate based on September 1 being 1,930,000 barrels, compared with 1,750,000 barrels last year and 2,680,000 barrels the five-year average production. The quality of the crop is unusually good, so a larger percentage than in recent years will be packed. The peach crop turned out slightly better than had been expected due to excellent size and quality. The crop was quite small because of winter killing and frost damage, so that the total production was only 378,000 bushels, compared with 990,000 bushels gathered last year and the five-year average of 858,000 bushels. Peanut production this year is forecast at 138,700,000 pounds, which is slightly larger than last year's yield and about the same as the five-year average production. Frequent rains caused a heavy growth of vines, but in a wet season the yield is usually smaller than expected. Prospects for late potatoes improved slightly in most sections of the State and the yield is now expected to be about average. Total production of Irish potatoes, including the early crop, is estimated to be 13,803,000 bushels, compared with the small yield last year of 8,649,000 bushels and the five-year average production of 15,989,000 bushels. August rains caused a heavy growth of sweet potato vines but the yield is not expected to be any larger than was forecast a month ago. Total production is estimated at 4,080,000 bushels, slightly more than last year's crop of 3,885,000 bushels but below the five-year average yield of 4,602,000 bushels.

West Virginia experienced a drought during the Spring and Summer months, but heavy rains fell during August and brought improvement to growing crops. Corn improved 6 per cent during the month, but the prospective yield of 11,772,000 bushels compares unfavorably with last year's crop of 13,920,000 bushels. Oats production was unsatisfactory in West Virginia this year, and the yield of 1,960,000 bushels is lower than either 2,356,000 bushels last year or the five-year average production of 3,352,000 bushels. The hay crop is very short, estimated production of 368,000 tons comparing with 690,000 tons cured last year and a five-year average crops of 683,000 tons. Reports indicate a shortage of hay supplies on farms in many counties this year. The Irish potato crop in West Virginia is estimated to be 2,660,000 bushels for 1934, compared with 2,331,000 bushels dug in 1933 and a five-year average of 3,522,000 bushels. Apple production is estimated at 3,220,000 bushels, of which 1,764,000 bushels make up the commercial crop. Last year the commercial crop totaled 2,100,000 bushels, and the five-year average production is 3,918,000 bushels.

North Carolina crop yields this year are nearly all above 1933 yields. Corn prospects indicate a yield of 49,280,000 bushels, compared with 40,713,000 bushels gathered last year. This year's oats crop of 3,440,000

bushels exceeds last year's yield of 3,206,000 bushels. The 1934 hay crop of 664,000 tons is larger than the 1933 yield of 563,000 tons, but demand for hay will be very large during the Winter and additional hay will probably have to be imported into the State. Prospects for peanuts on September 1 indicate a yield of 262,900,000 pounds, compared with 231,181,000 pounds dug from the 1933 crop. The prospective sweet potato crop of 8,300,000 bushels is much above the 1933 yield of 6,794,000 bushels, and the 1934 Irish potato yield of 10,324,000 bushels also far exceeds last year's crop of 7,573,000 bushels. The 1934 apple crop of 3,000,000 bushels is smaller than last year's crop of 3,386,000 bushels, but the peach crop of 2,312,000 bushels was better than last year's pick of 1,857,000 bushels.

South Carolina crops on a per acre basis are the best in the United States, although total production will be somewhat less than in 1933 due to acreage reduction in cotton and tobacco. On September 1, the estimate of corn production of 22,212,000 bushels compared with 21,324,000 bushels forecast on August 1, and last year's production of 22,808,000 bushels. This year's crop of oats totals 6,596,000 bushels, compared with 7,215,000 bushels last year and a five-year average of 8,117,000 bushels. South Carolina's hay yield of 206,000 tons is above last year's yield of 195,000 tons, and also above the five-year average production of 183,000 tons. Pastures were better on September 1 than last year, and also above the five-year average. A peanut crop of 10,880,000 pounds is forecast this year, compared with 9,520,000 pounds in 1933 and a five-year average of 8,055,000 pounds. The 1934 Irish potato crop of 2,625,000 bushels is above last year's crop of 1,744,000 bushels, but is less than the five-year average production of 2,944,000 bushels. On the other hand, the sweet potato crop of 4,617,000 bushels this year is less than last year's yield of 4,648,000 bushels, but is above the average yield of 4,247,000 bushels for the five-year base period. South Carolina made a good crop of peaches this year, totaling 1,610,000 bushels, compared with the five-year average yield of 1,172,000 bushels.

Construction

Building permits issued in August in thirty leading cities of the Fifth reserve district numbered 2,095, compared with 1,782 permits issued in August 1933, an increase of 17.6 per cent this year, and estimated valuation figures for last month totaled \$3,255,807, an increase of 94.4 per cent in comparison with valuation figures totaling \$1,675,062 in August last year. Twenty-one of the thirty reporting cities showed higher valuation figures for the 1934 month. Among the five largest cities, Baltimore, Washington, Richmond and Norfolk increased, while Charlotte decreased. Columbia, S. C., made the best record in estimated valuation figures in August 1934, population of reporting cities being taken into consideration.

Contracts awarded in August for construction work in the Fifth district, including both rural and urban projects, totaled \$12,110,714, compared with \$6,156,503 awarded in August 1933, according to figures collected by the F. W. Dodge Corporation. Of the awards

Building Permits Issued in August 1934 and 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md.	788	596	\$ 628,560	\$ 555,720
Cumberland, Md.	13	10	10,620	96,425
Frederick, Md.	12	14	9,535	8,680
Hagerstown, Md.	14	14	6,457	7,765
Salisbury, Md.	9	7	5,740	11,925
Danville, Va.	15	9	26,347	22,085
Lynchburg, Va.	31	28	25,785	26,110
Norfolk, Va.	84	94	129,007	74,671
Petersburg, Va.	6	4	10,765	2,043
Portsmouth, Va.	—	24*	—	23,902*
Richmond, Va.	102	109	110,259	88,887
Roanoke, Va.	30	27	8,668	41,827
Bluefield, W. Va.	8	6	4,494	1,065
Charleston, W. Va.	77	80	55,710	29,830
Clarksburg, W. Va.	37	19	28,097	19,675
Huntington, W. Va.	12	17	11,580	5,245
Asheville, N. C.	34	22	16,650	13,688
Charlotte, N. C.	23	29	20,620	34,629
Durham, N. C.	25	26	101,375	51,083
Greensboro, N. C.	51	32	42,008	12,266
High Point, N. C.	19	13	19,560	10,797
Raleigh, N. C.	15	12	23,685	11,250
Rocky Mount, N. C.	3	13	1,650	21,169
Salisbury, N. C.	2	7	600	3,022
Winston-Salem, N. C.	58	53	32,395	24,185
Charleston, S. C.	37	34	63,033	14,281
Columbia, S. C.	33	27	430,615	21,129
Greenville, S. C.	31	28	41,300	11,825
Rock Hill, S. C.	12	12	9,175	10,090
Spartanburg, S. C.	42	17	9,207	3,760
Washington, D. C.	472	423	1,372,310	439,935
District Totals	2,095	1,782	\$3,255,807	\$1,675,062

* Not included in totals.

in August this year, \$1,806,354, or 14.9 per cent, was for residential work, while last year residential contracts totaled \$1,930,773, or 31.4 per cent of all awards in August.

Retail Trade, 31 Department Stores

Richmond	Baltimore	Washington	Other Cities	District
August 1934 sales, compared with sales in August 1933:				
+12.4	+ 4.4	+14.5	+13.7	+10.3
Total sales Jan.-Aug. 1934 compared with Jan.-Aug. 1933:				
+20.8	+15.5	+18.6	+26.1	+18.3
Aug. 31, 1934, stocks, compared with stocks on Aug. 31, 1933:				
+21.3	— 3.9	—14.5	+ 2.0	— 5.7
Aug. 31, 1934, stocks, compared with stocks on July 31, 1934:				
+ 7.2	+ 6.2	+ 4.3	+ 4.9	+ 5.4
Number of times stock was turned in August 1934:				
.3	.266	.31	.282	.288
Number of times stock was turned since January 1, 1934:				
2.498	2.207	2.457	2.182	2.333
Percentage of Aug. 1, 1934, receivables collected in August:				
26.7	25.5	25.5	25.4	25.6

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

20	7	6	13	11
Groceries	Dry Goods	Shoes	Hardware	Drugs
August 1934 sales, compared with sales in August 1933:				
+12.9	+62.0	+ 1.4	+ 2.6	+16.1
August 1934 sales, compared with sales in July 1934:				
+14.5	+65.9	+93.5	+27.4	+ 7.9
Jan.-Aug. 1934 sales, compared with sales in Jan.-Aug. 1933:				
+20.9	+31.3	+13.1	+32.6	+21.0
Aug. 31, 1934 stocks, compared with Aug. 31, 1933 stocks:				
— 4.3(8*)	+ 2.9(3*)	+ 2.4(4*)	+12.6(7*)
Aug. 31, 1934 stocks, compared with July 31, 1934 stocks:				
+ 2.6(8*)	— 8.0(3*)	—14.9(4*)	— .8(7*)
Percentage of Aug. 1, 1934, receivables collected in Aug.:				
78.6(11*)	35.5(4*)	49.2(5*)	34.9(11*)	58.3(7*)

* Number of reporting firms.

All figures in the table are percentages.

(Compiled September 21, 1934)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Total output of industry, which usually increases at this season, showed little change in August. Factory employment and payrolls increased between the middle of July and the middle of August by about the usual seasonal amount. Distribution of commodities at department stores showed a more than seasonal growth.

Production and Employment

Output of basic industrial products, as measured by the Board's index, which makes allowance for usual seasonal changes, declined from 75 per cent of the 1923-1925 average in July to 73 per cent in August. At steel mills production continued to decline during August and the early part of September, contrary to seasonal tendency; in the middle of September a slight increase in activity was reported. Output of automobiles, which had been maintained at a relatively high rate during the spring and early summer, declined in August. Lumber production showed an increase. In the cotton textile industry production was in larger volume in August than in July, but was retarded by the strike in the first three weeks of September. At meatpacking establishments output in August was larger than in any other recent month, accompanying heavy marketings of cattle from drought areas.

Factory employment showed a seasonal increase between the middle of July and the middle of August, reflecting considerable growth in employment in the wearing apparel, canning, and meatpacking industries, while employment in the iron and steel industries and at railroad repair shops declined.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in August as in each of the four preceding months.

Department of Agriculture estimates as of September 1 indicate a corn crop 40 per cent smaller than the average for the five years 1927-1931 and other feed crops also are expected to be unusually small. The condition of pastures on September 1 was poorer than in any other recent year but some improvement has been reported in the early part of September. The spring wheat crop, estimated at 93,000,000 bushels, is about one-third of the five-year average and the winter wheat crop is also small. The cotton crop is estimated at 9,300,000 bales, a sharp reduction from other recent years.

Distribution

Volume of freight car loadings, which usually in-

creases at this season, showed little change in August. Shipments of miscellaneous freight showed no seasonal expansion, while shipments of livestock increased considerably. Department store sales increased by an amount substantially larger than is usual in August and were 2 per cent higher than a year ago.

Commodity Prices

Wholesale prices of commodities increased in August and the first week of September, reflecting sharp advances in the prices of farm products and foods. Hog prices advanced rapidly during the month of August and in the latter part of the month cattle prices also showed a marked increase. Since the beginning of September, prices for both hogs and cattle have declined somewhat, and in the middle of the month there have also been decreases in the prices of wheat and cotton. In August, as in other recent months, there was little change in prices of commodities other than farm products and foods.

Bank Credit

A seasonal increase in demand for currency by the public and an increase in Government deposits at the Reserve banks were reflected in a decline in member bank reserve balances between the middle of August and the middle of September. On September 19 reserve balances were about \$1,700,000,000 in excess of legal requirements. There was little change in the volume of reserve bank credit during August and September.

Total loans and investments of reporting member banks showed little change between August 15 and September 19; loans, other than security loans, increased by \$170,000,000 and holdings of securities by \$50,000,000, while security loans declined by \$200,000,000. The increase in loans other than on securities occurred largely at banks in New York City and in the Western districts and reflected chiefly a growth in direct loans to customers for ordinary commercial purposes and for financing the harvesting of crops. The banks' holdings of acceptances and commercial paper, which also reflect current business financing, increased during the period.

Short-term money rates continued at low levels. Yields on both United States Government and corporate bonds increased during August and the first half of September.