

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

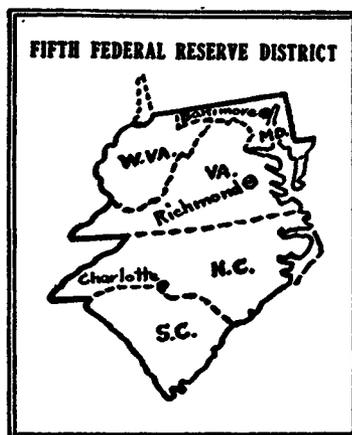


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RICHMOND, VIRGINIA

OCTOBER 31, 1934

**B**USINESS in the Fifth Federal reserve district in September and the first half of October advanced seasonally over other recent months, and in most lines exceeded trade of September and early October last year. While the textile strike retarded business in the Carolinas to some extent during the first three weeks of September, on the whole it appears that the strike had less effect than might have been expected. Fall trade has begun in normal volume, and with farmers better off financially than in any recent year the outlook for the balance of this year is considered good. In banking circles, rediscounts at the Federal Reserve Bank of Richmond declined further between September 15 and October 15, while the circulation of Federal reserve notes showed somewhat more than a seasonal increase. The Bank increased advances to industry, but member bank reserve deposits declined moderately. Reporting member banks slightly increased their outstanding loans and their investments in securities, but both demand and time deposits registered small decreases. Debits to individual accounts, reflecting transactions passing through the banks of leading cities in the Fifth district, increased seasonally during four weeks ended October 10 in comparison with the preceding four weeks, ended September 12, and also exceeded debits in four weeks ended October 11, 1933, by nearly 20 per cent. The commercial failure record in the Fifth district in September was the best for any district in the country in comparison with September last year. Failures were fewer and aggregate liabilities were lower last month in the district than in any other month since 1920. The settlement of the textile strike in late September improved employment conditions in the district, but otherwise there was little change in labor circles. Coal production increased moderately in September, a seasonal gain, but was below the level of production last September. Activity in the textile industry was restricted seriously in



September by the strike in that industry, and since the settlement orders have been relatively small and mills have not generally gotten back to full time operations. Cotton prices ruled lower in September and early October than earlier in the season. Condition figures on this year's cotton crop as of October 1 indicated a yield of 9,443,000 bales, an increase of 191,000 bales over the September 1 forecast, but 3,604,000 bales less than 1933 production. Prospective yield declined 20,000 bales in Fifth district states last month. The tobacco crop in the Fifth district improved during September, and prices being received for this year's crop are about twice as high as 1933 prices. The 1934 yield of tobacco is materially less than last year's crop, due to acreage reduction, but the higher prices much more than compensate for smaller production. Construction work continues to lag behind other industries, but permits issued in twenty of thirty-one reporting cities in the Fifth district in September 1934 exceeded in value the permits issued in September 1933. Retail trade as reflected in department store sales was better in September than in the same month last year, and wholesale trade in most lines for which figures are available also compared favorably with September 1933 trade. The farmers of the district had a generally good year for production and harvesting of their crops, and this year's money returns from cash crops far exceed total returns from last year's crops. Cotton growers are better off than they were a year ago, and tobacco farmers are in the strongest position they have experienced for several years. Reports on retail sales from cotton and tobacco growing sections of the Fifth district show very marked improvement over sales a year ago.

**Reserve Bank Statement**

ITEMS	000 omitted		
	Oct. 15 1934	Sept. 15 1934	Oct. 15 1933
Rediscounts held .....	\$ 417	\$ 720	\$ 8,916
Open market paper .....	216	193	242
Industrial advances .....	481	80	0
Government securities .....	103,563	103,563	74,203
Total earning assets .....	104,677	104,556	83,361
Circulation of Fed. Res. notes.....	170,126	157,768	146,846
Members' reserve deposits.....	126,991	131,437	70,856
Cash reserves .....	205,050	198,572	154,158
Reserve ratio .....	66.98	66.07	67.03

Rediscounts for member banks at the Federal Reserve Bank of Richmond decreased by \$303,000 between September 15 and October 15, both this year, and there was no change in the ownership of Government securities, but the portfolio of open market paper rose by \$23,000 and the Bank increased its direct advances to industry by \$401,000. These changes raised total earning assets of the Bank by \$121,000 during the month. The circulation of Federal reserve notes of the Richmond bank rose more than seasonally last month, increasing by \$12,358,000. The larger than normal rise in note circulation was probably due in large part to a need for additional currency to move this year's tobacco crop at current prices, which are approximately twice as high as those of 1933. Member bank reserve deposits decreased by \$4,446,000 between the middle of September and the middle of October. The several changes enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$6,478,000 during the past month, and the ratio of cash reserves to note and deposit liabilities combined rose nine-tenths of a point.

During the year between October 15, 1933, and October 15, 1934, rediscounts for member banks at the Richmond reserve bank declined by \$8,499,000, and holdings of acceptances purchased in the open market dropped by \$26,000, but the Bank increased its ownership of Government securities by \$29,360,000 and advanced to industry \$481,000. These changes resulted in a net increase of \$21,316,000 in total earning assets. Federal reserve notes in actual circulation rose by \$23,280,000 between the middle of October last year and this, part of the increase being due to increased prices for agricultural products this year. Member bank reserve deposits on October 15 this year exceeded reserves on October 15 last year by \$56,135,000. The changes in the statement previously mentioned raised the cash reserves of the Federal Reserve Bank of Richmond by \$50,892,000 during the year, but the ratio of reserves to note and deposit liabilities combined declined a very small fraction of a point.

**Statement of 28 Member Banks**

The accompanying table shows totals of the principal items of condition reported by twenty-eight member banks in ten leading cities of the Fifth Federal

ITEMS	000 omitted		
	Oct. 10 1934	Sept. 12 1934	Oct. 11 1933
Loans on stocks and bonds (including Governments) .....	\$ 57,081	\$ 57,154	\$ 61,456
All other loans.....	105,160	103,867	114,287
Total loans and discounts.....	162,241	161,021	175,743
Investments in stocks and bonds	189,101	186,051	159,681
Reserve bal. with F. R. Bank.....	55,080	56,479	29,991
Cash in vaults.....	12,232	12,009	10,022
Demand deposits .....	230,408	230,625	187,584
Time deposits .....	133,495	133,955	129,449
Borrowed from F. R. Bank.....	0	0	124

reserve district as of three dates, October 10 and September 12, this year, and October 11 last year, thus affording opportunity for comparison of the latest available figures with those of the preceding month and year. It should be understood that the figures shown are not necessarily the highest or lowest that occurred during the periods under review.

Loans by the twenty-eight reporting member banks increased by \$1,220,000 during the period between September 12 and October 10, an increase of \$1,293,000 in "All other loans" offsetting a decrease of \$73,000 in "Loans on securities." Investments in securities rose during the months by \$3,050,000. The reporting banks decreased their reserve balances at the reserve bank during the month by \$1,399,000, merely a daily fluctuation. Cash in vaults rose by \$223,000 between September 12 and October 10. Both demand and time deposits declined slightly during the past month, demand deposits decreasing by \$217,000 and time deposits by \$460,000. None of the twenty-eight banks were borrowing at the reserve bank on either October 10 or September 12.

Between October 11, 1933, and October 10, 1934, total loans in the reporting banks declined by \$13,502,000, loans on securities decreasing \$4,375,000 and all other loans dropping \$9,127,000. Borrowing by the twenty-eight banks at the reserve bank also decreased from \$124,000 a year ago to nothing on October 10 this year. On the other hand, all other items in the table show material increases. The reporting banks raised their investments in stocks and bonds by \$29,420,000, and their reserve balance at the Federal Reserve Bank of Richmond by \$25,089,000 during the year. Cash in vault rose by \$2,210,000 between the middle of October last year and this. Both demand and time deposits increased during the year, demand deposits rising by \$42,824,000 and time deposits by \$4,046,000.

**Time and Savings Deposits**

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$327,052,500 at the end of September 1934, a slightly lower figure than \$327,095,161 reported at the end of August this year but higher than \$313,944,813 at the end of September 1933. Mutual savings bank deposits increased last month while time deposits in the reporting member

banks decreased, 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		
	Oct. 10, 1934	Sept. 12, 1934	Oct. 11, 1933
Asheville, N. C.....	\$ 8,580	\$ 8,092	\$ 8,778
Baltimore, Md. ....	267,573	209,433	228,480
Charleston, S. C. ....	12,950	9,606	11,148
Charleston, W. Va....	37,332	35,103	25,421
Charlotte, N. C.....	41,311	37,088	40,303
Columbia, S. C.....	18,370	14,938	13,951
Cumberland, Md. ....	6,162	5,297	6,006
Danville, Va. ....	9,333	4,388	4,783
Durham, N. C.....	46,439	34,170	27,213
Greensboro, N. C.....	10,183	10,833	6,265
Greenville, S. C.....	12,016	10,081	12,415
Hagerstown, Md. ....	6,512	5,116	6,128
Huntington, W. Va....	10,605	10,480	9,327
Lynchburg, Va. ....	12,356	10,379	12,495
Newport News, Va....	6,449	5,707	6,246
Norfolk, Va. ....	47,998	37,273	33,287
Portsmouth, Va. ....	2,971	2,523	2,858
Raleigh, N. C.....	21,621	14,578	13,939
Richmond, Va. ....	150,407	120,205	109,141
Roanoke, Va. ....	17,659	15,795	17,036
Washington, D. C....	161,809	138,857	160,494
Wilmington, N. C....	7,990	6,840	6,690
Winston-Salem, N. C.	29,339	22,900	27,492
<b>Fifth District Totals</b>	<b>\$945,965</b>	<b>\$769,682</b>	<b>\$789,896</b>

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of four weeks each, ended October 10 and September 12, 1934, and October 11, 1933.

During the four weeks ended October 10, 1934, aggregate debits to individual accounts showed a seasonal increase of \$176,283,000, or 22.9 per cent, over debits during the preceding like period this year, ended September 12, the increase being due in part to quarterly settlements on October 1 and in part to the opening of early Fall trade during the later period. All of the twenty-three reporting cities except Greensboro showed higher figures for the more recent period.

In comparison with figures reported for four weeks last year, ended October 11, 1933, corresponding figures for the four weeks ended October 10, 1934, show an increase of \$156,069,000, or 19.8 per cent. Twenty of the twenty-three cities reported higher figures for the 1934 period, the three cities which failed to gain being Asheville, Greenville and Lynchburg. All of the three decreases were very small, and Greenville would have exceeded the 1933 figures if the textile strike had not run into the 1934 period under review.

### Commercial Failures

The record of business failures in both the Fifth reserve district and the United State was quite favorable in September, in comparison with the records for

September in other recent years. Insolvencies in the United States last month numbered 790, compared with 1,116 insolvencies reported for September 1933, a decrease of 29.2 per cent, and in the Fifth district there were only 27 failures in September, compared with 72 in September last year, a decrease of 62.5 per cent. In aggregate liabilities involved in last month's insolvencies, the district also compared favorably with the National improvement, the United States decreasing 24.7 per cent and the Fifth district 73.7 per cent in comparison with liabilities in September 1933. Aggregate liabilities in the United States last month totaled \$16,440,147, compared with \$21,846,906 in September last year, while liabilities in the district totaled \$431,992 in September 1934 and \$1,644,076 in September 1933. The number of failures in the Fifth district last month was the smallest for any month since April 1920, and liabilities were the lowest since June 1920. Every one of the twelve Federal reserve districts except Dallas reported fewer failures in September 1934 than in September 1933, and all districts except Philadelphia and San Francisco reported lower liabilities.

### Employment

The outstanding development in employment since the middle of September was the settlement of the textile strike, which for about three weeks seriously affected all lines of business in the Carolinas. Some of the mills have not yet reopened, due to lack of orders, but on the whole the industry began operations promptly after the strike was abandoned, and nearly all old employees returned to work. In other fields of employment, little change occurred during the past month. There was some seasonal increase in coal mining in September, and the Government's modernization plans in housing also provided a relatively small amount of additional work, but it appears that these gains were offset by completion of numerous PWA projects.

### Coal Production

Bituminous coal production in September totaled 27,670,000 net tons, a seasonal increase over 27,462,000 tons produced in August this year, but less than 29,500,000 tons mined in September 1933. September 1934 had but 24 working days, compared with 27 working days in August and 25.1 days in September last year, so on a basis of daily output September 1934 production of coal compares more favorably with the other two months used in the comparison. Total production of soft coal in the United States in the present calendar year to October 6 amounted to 270,128,000 net tons, compared with 243,762,000 tons mined during the corresponding period last year.

In its September 22 report, the Bureau of Mines, Department of Commerce, gave bituminous coal production figures for the month of August, and West Virginia with 7,755,000 tons continued to lead the country, Pennsylvania ranking second with 7,050,000 tons. Total production in the Fifth district in August 1934 was 8,543,000 tons, or 31.1 per cent of National pro-

duction, compared with 11,678,000 tons, or 34.4 per cent of National production, mined in the Fifth district in August 1933.

### Textiles

A large majority of the textile mills in the Fifth reserve district were closed most of September on account of the nation wide strike, and consumption of cotton was small. Fifth district mills used 139,319 bales of cotton last month, compared with 188,398 bales consumed in August 1934 and 234,801 bales in September 1933. Last month North Carolina mills consumed 76,541 bales, South Carolina mills used 50,795 bales, and Virginia mills, which were not affected by the strike, used 11,983 bales. Consumption of cotton in the Fifth district in September amounted to 47.1 per cent of National consumption, compared with 44.8 per cent of National consumption used in the district in August this year and 47.0 per cent used in September 1933.

On October 19, the Department of Commerce issued a report on spindles in place, spindles active in September, total spindle hours of operation in September, and average hours of operation per spindle in place in September. On September 30, 1934, there were 30,954,762 spindles in place in the United States, North Carolina leading with 6,145,940, or 19.85 per cent of the total, South Carolina ranking second with 5,815,882 spindles, or 18.79 per cent, and Massachusetts third with 5,668,492 spindles, or 18.31 per cent. The Fifth district as a whole had 40.08 per cent of total spindles in place in the United States at the end of September 1934. In actual spindle hours of operation, North Carolina led all states for September with 926,409,716 hours, or 24.92 per cent of the National total of 3,716,261,653 hours, and South Carolina ranked second with 912,615,537 hours, or 24.56 per cent. Massachusetts, which usually ranks third or fourth in actual spindle hours of operations, was so seriously affected by the strike last month that the state ranked fifth, and averaged only 40 hours per spindle in place, the lowest figure for any state in the country. The Fifth district, with 40.08 per cent of total spindles in the United States in September, showed 54.1 per cent of total hours of operation. In actual hours of operation per spindle in place, Virginia with an average of 263 hours per spindle was far in the lead, while Mississippi ranked second with 178 hours and Texas third with 161 hours. The average hours of operation for the United States was 120 hours per spindle in place.

### Cotton Statistics

*Spot cotton prices* showed a downward trend from the middle of September through the first week in October, but regained part of the loss in the second week. In the *Review* last month we quoted the average price for middling grade cotton on ten Southern spot markets on September 14 as 12.86 cents per pound. From this figure the price gradually declined to 12.33 cents on October 5, but the October 8 forecast of probable cotton production this year was somewhat lower than

the trade expected, and the price rose to 12.57 cents on October 12, the latest date for which official quotations are available. The settlement of the strike in the textile industry, which might have been expected to cause a rise in cotton prices, apparently had little influence on the market.

The Department of Agriculture's third condition report of the season, issued on October 8 as of October 1, estimated 1934 production of cotton as 9,443,000 bales of 500 pounds gross weight, an increase of 191,000 bales over the estimate of production made on the September 1 condition but 3,604,000 bales less than the 1933 yield of 13,047,000 bales. The Department of Agriculture's report says, "Most of the increase from last month took place in States along the Mississippi River, particularly Arkansas, Louisiana and Mississippi. Increases are also shown for Alabama and Georgia. These increases are partly offset by further declines in Texas and Oklahoma and moderate losses in the Carolinas and Virginia. Conditions during September were more favorable than usual and picking and ginning progressed rapidly in all States except Virginia and North Carolina. In these two States excessive rains interfered with harvesting operations and resulted in some rotting of bolls." In the Fifth district cotton growing states, South Carolina registered a decrease of 8,000 bales in prospective yield during September, the crop declining most in the Piedmont counties. North Carolina prospects dropped 10,000 bales last month, and the estimate for production in Virginia fell 2,000 bales. The three states show a combined loss in prospective yield of 20,000 bales. The South Carolina crop for 1934 is now estimated to be 695,000 bales, compared with 735,000 bales picked last year; the North Carolina yield this year of 646,000 bales compares with the 1933 crop of 684,000 bales; and Virginia's yield of 36,000 bales compares with last year's yield of 37,000 bales. The Census Bureau reports that 4,958,346 bales of this year's crop were ginned prior to October 1, a lower figure than 5,908,071 bales ginned before October last year.

*Cotton consumption* in the United States in September 1934 showed unusually small figures in comparison with other recent months and with September last year, due of course to adverse effects of the nation wide strike in the textile industry. The number of bales used totaled 295,960 in September 1934, compared with 420,949 bales used in August this year and 499,482 bales in September 1933. Total consumption this cotton year—August 1 through September—amounted to 716,909 bales, against 1,088,384 bales consumed in the corresponding two months of last season. Manufacturing establishments held 1,056,744 bales on September 30, compared with 1,081,218 bales held on August 31 and 1,159,573 bales on September 30, 1933. Public warehouses and compresses held 7,616,140 bales in storage at the end of September this year, compared with 5,824,025 bales so held a month earlier and 7,376,143 bales on September 30 last year. September exports totaled 479,861 bales, compared with 267,562 bales exported in August and 869,244 bales sent abroad in September 1933. Total exports

during the two months of the present cotton year—August and September—totaled 747,423 bales, a decrease under 1,399,871 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 22,112,888, compared with 24,153,998 in August this year and 25,993,140 in September 1933.

*Cotton growing states consumed* 243,004 bales in September, compared with 336,159 bales in August and 401,434 bales in September 1933. Last month's consumption in the cotton growing states amounted to 82.11 per cent of National consumption, a higher percentage than either 79.86 per cent in August this year or 80.37 per cent in September 1933. Of the 243,004 bales of cotton consumed in the cotton growing states in September, Fifth district mills used 139,319 bales, or 57.33 per cent, a lower figure than 58.49 per cent of Southern consumption attained by Fifth district mills in September last year.

### Tobacco Marketing

*South Carolina* auction tobacco markets sold 21,525,772 pounds for growers in September, at an average price of \$19.93 per hundred pounds, compared with only 17,592,016 pounds sold in September 1933, at an average of \$12.58 per hundred pounds. In September last year the markets were open only six days, being closed most of the month in protest against low prices. Total sales since the South Carolina markets opened on August 9 amount to 51,404,876 pounds, for \$11,137,330, compared with 50,072,795 pounds sold for \$6,380,669 in August and September last year. Mullins led all markets in September sales with 9,394,908 pounds, Lake City raking second with 5,034,742 pounds. Total production of tobacco in South Carolina in 1934 is forecast as 57,720,000 pounds, compared with 88,580,000 pounds grown in 1933.

*North Carolina* markets sold 150,348,048 pounds of producers' tobacco in September 1934, at an average price of \$27.02 per hundred, while last year only 57,342,749 pounds were sold in September, and only \$12.04 per hundred was realized for it. North Carolina markets were closed most of September 1933 in protest against unsatisfactory prices. Wilson led all markets in September 1934 sales with 22,632,918 pounds, Greenville coming second with 21,411,551 pounds, but Winston-Salem paid the highest average price, \$30.31 per hundred pounds. On the basis of October 1 condition, the North Carolina tobacco crop this year is forecast at 404,225,000 pounds, compared with 537,979,000 pounds grown in 1933.

*Virginia* had only eleven tobacco markets open in September, but between September 25 and 29 the eleven markets sold 4,502,384 pounds for \$29.99 per hundred. In 1933 Virginia markets did not open until October. Danville with 1,803,070 pounds led in sales during the five days the markets were open in September, and Danville's average price of \$32.41 per hundred was also the highest in any city. The quality of tobacco sold last month was much better than is usually shown by early sales, the greater part of which generally con-

sists of common grades. Warehousemen estimated that tobacco sold in September graded 40 per cent good, 40 per cent medium, and only 20 per cent common. Tobacco production in Virginia, on the basis of October 1 condition, is predicted to be 86,313,000 pounds, compared with 97,046,000 pounds grown last year.

*Maryland's* tobacco prospects remained unchanged during September, and the October 1 forecast of 24,480,000 pounds was the same as the forecast on September 1. In 1933, Maryland produced 20,400,000 pounds of tobacco.

*West Virginia* tobacco lost ground last month, and probable production figures were reduced from 3,400,000 pounds on September 1 to 3,000,000 pounds on October 1. In 1933 West Virginia's tobacco crop totaled 4,322,000 pounds.

### Tobacco Manufacturing

For release on October 23, the Commissioner of Internal Revenue issued a report on taxes collected in September 1934 on manufactured tobacco products. September production of cigarettes in the United States numbered 10,294,498,803, compared with 9,527,722,933 cigarettes manufactured in September 1933. Smoking and chewing tobacco production decreased from 25,922,557 pounds in September last year to 24,439,279 pounds in September this year. Cigars manufactured dropped from 423,599,786 in September 1933 to 394,861,780 in September 1934. Snuff production decreased from 3,210,301 pounds to 2,794,486 pounds during the year. In the month of September 1934, taxes on cigarettes totaled \$30,884,780, compared with \$28,585,236 collected in the corresponding month last year. Taxes on smoking and chewing tobacco decreased during the same period from \$4,666,116 to \$4,399,263, and cigar taxes dropped from \$1,109,307 to \$972,024. As in all recent months, taxes collected on all forms of tobacco except cigarettes in September this year declined in comparison with taxes in the corresponding month of the preceding year, but increased collections on cigarettes raised total receipts on tobacco products to the Federal Treasury from \$34,938,513 in September 1933 to \$36,759,075 in September 1934.

### Agricultural Notes

Weather on the whole was favorable for crop development in the Fifth district in September, and prospective yield figures were higher on October 1 than on September 1 for most crops. Corn and cotton lost ground slightly last month, but oats, hay, tobacco and Irish potatoes improved.

*Maryland* weather, which was marked by heavy rains and mild temperatures, favored development of late crops and pastures, but caused some delay in field work and was distinctly unfavorable for tobacco curing. Corn prospects on October 1 totaling 16,480,000 bushels were the same as on September 1, and exceeded 16,240,000 bushels harvested last year. Oats turned out better than was expected, and this year's yield of 1,320,000 bushels exceeds the 1933 crop of 1,100,000

bushels. Prospects for hay rose during September, and on October 1 a crop of 576,000 tons was indicated, compared with 529,000 tons harvested last year. The forecast of Irish potato production on October 1 amounting to 3,255,000 bushels was considerably higher than the forecast a month earlier, and was far above the 1933 crop of 2,700,000 bushels. Sweet potatoes made rapid progress in September, and at the end of the month a crop of 850,000 bushels was indicated, compared with 840,000 bushels dug in 1933. The commercial apple crop improved notably during September, and the October 1 forecast of 676,000 bushels exceeded last year's crop of 657,000 bushels. The composite condition of all crops in Maryland on October 1, based on a ten-year average (1921-1930), was 105.8, representing an increase of 2.9 points during September.

*Virginia* crops will generally make larger yields per acre than average. During September harvest was retarded by frequent rains and the preparation of land for seeding fall grains was also delayed. Late hay crops generally made heavy yields, and feed supplies will be ample for all requirements. Most of the corn crop was cut by October and husking had commenced, but the corn was drying slowly due to frequent rains. Total production of corn is estimated to be the same as last month, which was 35,402,000 bushels, compared with 36,918,000 bushels last year. Peanut digging began the latter part of September, but threshing will not be possible until the latter part of October when the crop dries out. Therefore, the production is still somewhat uncertain. Yields are reported fairly good on well drained land but rather poor on land not so well drained. Production of 149,650,000 pounds is expected, which is about 10 per cent above the September forecast and well above the 1933 yield of 111,153,000 pounds. The growth of late hay crops was unusually heavy, but frequent rains made saving the crop very difficult. However, a fairly heavy yield of 899,000 tons is expected, and will meet all requirements for farm feeding. Pastures continued in excellent condition during September and good grazing for the Fall is indicated. Fruit prospects changed little last month, but rains developed large size in apples and pears. The total apple crop in Virginia is smaller than last year, but the quality of the fruit is so much better that the commercial part of the crop, totaling 1,930,000 barrels, will exceed last year's commercial crop of 1,750,000 barrels. The late Irish potato crop did not yield as well as usual owing to unfavorable weather conditions, which were too hot and dry at the beginning of the season and too wet at the close. However, as a result of the large early crop, total production of Irish potatoes is forecast at 13,803,000 bushels, which is considerably greater than the small crop of 8,649,000 bushels harvested last year. Sweet potatoes show a heavy growth of vine, but the yield is not expected

to be above average. A yield of 4,080,000 bushels is forecast, compared with 3,885,000 bushels dug last year. The composite condition of Virginia's crops on October 1 was 105.8, showing a small increase of 2/10ths of 1 point during September.

*West Virginia* crops improved during September, and on October 1 the composite condition of all crops of 83.5 represented a gain of 5.8 points over the condition on September 1. Corn production is estimated at 11,990,000 bushels this year, compared with 13,920,000 bushels harvested last year. The oat crop turned out at 2,072,000 bushels, against 2,356,000 bushels threshed in 1933. Hay yields in West Virginia totaling 460,000 tons are lower than 690,000 tons cured last year. An Irish potato crop of 2,660,000 bushels exceeds the 1933 yield of 2,331,000 bushels. The commercial apple crop is smaller than last year's crop, 690,000 barrels this year comparing with 700,000 barrels picked last year.

*North Carolina* crop prospects were slightly damaged by excessive rains in September, and the October 1 composite condition figure of 111.6 for all crops was 4/10ths of 1 point lower than the September 1 figure. The North Carolina corn crop of 48,048,000 bushels this year compares with 44,252,000 bushels in 1933, and the 1934 oat crop of 3,440,000 bushels compares with 3,382,000 bushels threshed last year. A hay crop of 664,000 tons exceeds last year's cut of 553,000 tons. The 1934 peanut crop is expected to yield approximately 262,900,000 pounds, compared with 197,600,000 pounds last year. Both Irish and sweet potato crops are larger than last year, Irish potatoes on October 1 indicating a yield of 10,324,000 bushels in comparison with 7,315,000 bushels last year, and sweet potatoes yielding 8,715,000 bushels in 1934 against 7,905,000 bushels in 1933. The apple crop in North Carolina this year is materially smaller than last year's crop, but peaches this year yielded better than in 1933.

*South Carolina* crops also declined in average condition in September, and the composite condition on October 1 of 122.4 was 8/10ths of 1 point lower than the September 1 condition, but continued as high as any composite figure for any state. The figure for Alabama rose during September, and on October 1 was the same as South Carolina's. Corn is expected to produce 21,324,000 bushels this year, compared with 22,808,000 bushels gathered last year. A yield of 206,000 tons of hay is forecast for 1934, against 195,000 tons cured in 1933. The early Irish potato crop yielded 2,625,000 bushels, a large increase over 1,744,000 bushels dug last year, but this year's sweet potato crop of 4,617,000 bushels is less than the 1933 yield of 4,648,000 bushels. South Carolina expects to harvest 10,240,000 pounds of peanuts in 1934, against 9,520,000 pounds gathered last year. The oat crop threshed out 6,596,000 bushels, compared with 7,215,000 bushels threshed from the 1933 crop.

**Construction****Building Permits Issued in September  
1934 and 1933**

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md. ....	715	596	\$ 693,120	\$ 464,640
Cumberland, Md. ....	13	5	8,890	3,748
Frederick, Md. ....	20	9	9,225	2,710
Hagerstown, Md. ....	16	18	295,423	17,745
Salisbury, Md. ....	18	13	17,850	35,510
Danville, Va. ....	18	10	7,480	4,101
Lynchburg, Va. ....	32	30	12,896	66,340
Norfolk, Va. ....	66	80	49,115	90,065
Petersburg, Va. ....	5	3	2,330	910
Portsmouth, Va. ....	23	23	30,865	22,655
Richmond, Va. ....	116	90	156,450	170,292
Roanoke, Va. ....	37	21	16,930	16,957
Bluefield, W. Va. ....	11	7	8,165	7,375
Charleston, W. Va. ....	71	120	54,781	42,216
Clarksburg, W. Va. ....	19	17	26,595	8,400
Huntington, W. Va. ....	28	19	14,738	10,525
Asheville, N. C. ....	38	21	27,639	14,328
Charlotte, N. C. ....	31	16	11,390	30,295
Durham, N. C. ....	7	28	17,441	74,925
Greensboro, N. C. ....	37	23	81,442	13,361
High Point, N. C. ....	13	13	9,870	19,200
Raleigh, N. C. ....	6	12	7,940	15,950
Rocky Mount, N. C. ....	4	3	7,350	4,150
Salisbury, N. C. ....	3	9	470	13,865
Winston-Salem, N. C. ....	80	37	25,208	18,530
Charleston, S. C. ....	37	36	34,221	17,353
Columbia, S. C. ....	31	30	14,643	19,246
Greenville, S. C. ....	24	18	15,790	12,355
Rock Hill, S. C. ....	18	14	47,835	11,325
Spartanburg, S. C. ....	33	16	5,049	4,000
Washington, D. C. ....	450	528	1,117,555	525,320
District Totals .....	2,020	1,865	\$2,828,696	\$1,758,392

Building permits issued by building inspectors in thirty-one cities in the Fifth reserve district in September 1934 totaled 2,020, with estimated valuation amounting to \$2,828,696, an increase of 8.3 per cent in number of permits in comparison with 1,865 permits issued in September 1933, and a gain of 60.9 per cent over September 1933 valuation figures totaling \$1,758,392. Twenty of the thirty-one cities reported higher valuation figures for the 1934 month, but of the five largest cities only Baltimore and Washington gained. Richmond, Norfolk and Charlotte reported lower totals for September 1934 than for September 1933.

Contracts awarded in September for construction work in the Fifth district, including both rural and urban projects, totaled \$12,056,889, compared with \$12,110,714 in August 1934 and \$9,839,130 in September 1933. Of the awards in September this year, \$1,668,894, or 13.8 per cent, was for residential work, while last year residential contracts in September totaled \$1,783,485, or 18.1 per cent of all awards.

**Retail Trade, 31 Department Stores**

September 1934 sales, compared with sales in September 1933:				
Richmond	Baltimore	Washington	Other Cities	District
+15.7	-2.1	+15.9	+11.0	+8.3
Total sales Jan.-Sept. 1934, compared with Jan.-Sept. 1933:				
+20.1	+13.1	+18.2	+24.1	+17.0
Sept. 30, 1934, stocks, compared with stocks on Sept. 30, 1933:				
+14.1	-11.4	-18.2	+1.4	-10.9
Sept. 30, 1934, stocks, compared with stocks on Aug. 31, 1934:				
+10.0	+10.9	+10.9	+12.8	+11.0
Number of times stock was turned in September 1934:				
.333	.286	.35	.288	.316
Number of times stock was turned since January 1, 1934:				
2.82	2.48	2.793	2.456	2.636
Percentage of Sept. 1, 1934, receivables collected in September:				
27.2	24.6	24.3	26.2	24.9

Note: Sales and stock changes are percentages.

**Wholesale Trade, 58 Firms**

September 1934 sales, compared with sales in September 1933:				
21 Groceries	7 Dry Goods	6 Shoes	13 Hardware	11 Drugs
+4.8	+27.5	-25.3	+15.4	+4.0
September 1934 sales, compared with sales in August 1934:				
-1.2	+ .3	-21.2	+3.7	-.8
Jan.-Sept. 1934 sales, compared with sales in Jan.-Sept. 1933:				
+18.6	+30.7	+6.0	+30.2	+18.9
Sept. 30, 1934 stocks, compared with Sept. 30, 1933 stocks:				
+5.9(8*)	-2.6(3*)	-4.7(4*)	+9.8(7*)	.....
Sept. 30, 1934 stocks, compared with Aug. 31, 1934 stocks:				
+17.0(8*)	-9.7(3*)	-14.1(4*)	-.1(7*)	.....
Percentage of Sept. 1, 1934, receivables collected in Sept.:				
78.2(12*)	33.9(4*)	60.2(5*)	42.0(11*)	56.8(7*)

\*No. of reporting firms. All figures in table are percentages.

(Compiled October 20, 1934)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Volume of industrial production remained unchanged in September when there is usually a seasonal increase and factory employment and payrolls declined. An important factor in the decrease was the strike in the textile industry. Retail trade in rural districts showed a large increase, and sales at department stores in cities also increased, though somewhat less than seasonally. Deposits at banks and commercial loans continued to increase.

**Production and Employment**

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 73 per cent of the 1923-1925 average in August to 71 per cent in September. There were substantial declines in activity at cotton and woolen mills, reflecting the influence of the textile strike, and in the output of shoes, automobiles, and lumber. After the termination of the strike textile production increased. Steel mill operations, which had declined sharply during the summer, have been at a higher level in recent weeks than in the early part of September. Production of beef and lamb increased further in September, reflecting in part the disposal of animals bought in the drought areas by the Federal Government. Wheat flour production and sugar meltings also were larger in September. Output of anthracite and bituminous coal showed a larger than seasonal increase.

Factory employment and payrolls declined considerably in September, largely as a result of the textile strike. The number of workers employed was substantially reduced in the automobile, iron and steel, and shoe industries, as well as in the basic textile industries. There was a larger than seasonal increase in employment in clothing industries, while in the non-ferrous metals, building materials, food products, and paper and printing industries employment was sustained. Among non-manufacturing lines, employment increased seasonally from August to September at coal mines and in retail trade. There was also a substantial increase in number of persons provided with work by the Emergency Work Program of the Federal Relief Administration, while employment on public works decreased somewhat.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued in about the same volume during September as in other recent months.

Department of Agriculture crop reports for October 1 indicated a cotton crop of 9,443,000 bales as compared with a yield of 13,047,000 bales last year. The corn crop, which averaged 2,516,000,000 bushels from 1927 to 1931, is estimated at 1,417,000,000 bushels this year. Hay and pasture conditions improved in September and weather in the first half of October was generally fav-

orable for forage crops. The yield of white potatoes is estimated at 362,000,000 bushels, about equal to the average for 1927-1931.

**Distribution**

Daily average railroad freight-car loadings increased from August to September by about the usual seasonal amount, but declined slightly in the first half of October. Sales at department stores increased from August to September by somewhat less than the estimated seasonal amount, while retail sales of general merchandise in rural districts, as shown by reports of mail order houses and chain stores to the Department of Commerce, increased considerably.

**Commodity Prices**

Wholesale prices of farm products and foods, which had advanced sharply in August and the first week of September, subsequently declined somewhat. The weekly index of wholesale prices of the Bureau of Labor Statistics, which had advanced from 74 per cent of the 1926 average at the beginning of June to 78 per cent early in September, stood at 76 per cent in the second week of October. Recent declines occurred principally in those products which had increased most rapidly in preceding weeks, such as wheat, cotton, livestock, and meats. Prices of commodities other than farm products and foods have in general shown little change since last January, but within recent weeks prices of textile products and scrap steel declined slightly and gasoline prices showed a considerable decrease. The open-market price of silver advanced sharply in the first half of October.

**Bank Credit**

Excess reserves of member banks have shown no material change during the past month and on October 17 amounted to about \$1,750,000,000. A reduction in Treasury cash and deposits with the Federal Reserve banks somewhat more than offset a seasonal growth of \$57,000,000 in the volume of money in circulation and a continued growth in required reserves arising from a growth in deposits. Volume of reserve bank credit outstanding showed little change.

At reporting member banks in leading cities there was a further growth in deposits and in loans and investments. Between September 19 and October 17 total deposits of the banks increased by about \$500,000,000. Commercial loans to customers and member banks' holdings of United States Government securities increased further, while security loans declined.

Short-term money rates continued at low levels during September and the first three weeks of October. Yields on Government securities declined in October, following an increase in August and September.