

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



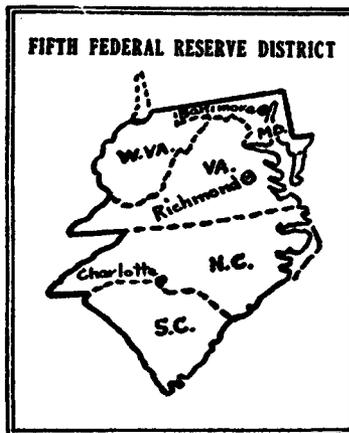
WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

JANUARY 31, 1935

ANNUAL SUMMARY	1934	1933	1929
Debits to Individual Accounts (23 Cities).....	\$10,963,718,000	\$ 9,163,539,000	\$16,673,842,000
Number of Commercial Failures, 5th District.....	650	1,206	1,420
Liabilities Involved in Failures, 5th District.....	\$ 11,025,607	\$ 30,049,977	\$ 24,705,654
Cotton Consumption, 5th District Mills (Bales).....	2,451,293	2,914,087	3,039,884
Cotton Grown in Fifth District (Bales).....	1,384,000	1,456,000	1,625,000
Tobacco Grown in Fifth District (Pounds).....	594,830,000	749,207,000	725,109,000
Building Permits for All Work (31 Cities).....	21,539	21,360	42,122
Value of Permits for All Work (31 Cities).....	\$ 30,848,263	\$ 20,728,673	\$ 131,888,967
Value of Contracts Awarded, 5th District.....	\$ 185,791,734	\$ 102,465,338	\$ 385,963,047
Total Sales, 31 Department Stores, 5th District.....	\$ 94,330,604	\$ 80,438,560	\$ 117,111,916
Total Sales, 58 Wholesale Firms in 5 Lines.....	\$ 54,309,207	\$ 46,508,414	\$ 63,287,820
Bituminous Coal Production, U. S. (Tons).....	357,500,000	333,631,000	534,989,000

SOME important annual statistics for 1934 are contrasted in the above table with similar figures for 1933, and 1929 figures are also included to allow for comparison with the year immediately preceding the depression. The figures in the table show general improvement in 1934 over 1933, but the cotton consumption figures for last year were lower than the 1933 figures, partly on account of the general strike in the textile industry in the past summer. The figures clearly indicate real progress for business last year. Debits to individual accounts figures, which reflect the volume of business passing through the banks, exceeded 1933 debits by 19.6 per cent, all of the reporting cities showing higher figures in 1934. The number of commercial failures in the Fifth district last year declined 46 per cent below the number of failures in 1933, and aggregate liabilities dropped 63 per cent. Cotton and tobacco grown in the Fifth district in 1934 were 5 per cent and 21 per cent, respectively, below production in 1933, but the farm value of the cotton crop increased 23 per cent and the tobacco crop rose 42 per cent. Construction continued in relatively small



volume, but the 1934 record was better than that of the preceding year. Building permits issued last year increased 1 per cent in number and 49 per cent in estimated valuation, and contracts actually awarded rose 81 per cent in amount. Department store sales as reflected in thirty-one leading stores increased 17 per cent in 1934 over sales in 1933, and total sales by fifty-eight wholesalers and jobbers in five selected lines increased 17 per cent. Bituminous coal production in the United States increased 7 per cent in 1934 over coal mined in the preceding year. In agriculture, 1934 was a much better year than 1933 in every way.

Favorable weather during most of the growing season in the Fifth district contrasted sharply with the disastrous drought in the Middle West and the Southwest. Except for some lower yields as a result of acreage reduction, crops produced well in the district in 1934, and higher prices brought much larger money returns.

In December, business continued to show improvement in nearly all lines over the corresponding month of 1933. Department store sales in thirty-one stores

averaged 16.5 per cent above sales in December 1933, and wholesale trade in five reporting lines also was better than trade a year earlier. Most of the changes between December 15 and January 15 in the statements of the Federal Reserve Bank of Richmond and of regularly reporting member banks were seasonal, but a material increase occurred in investments in securities by member banks. Debits to individual accounts figures in four weeks ended January 9, 1935, showed a seasonal increase over debits in the four preceding weeks, and were 19.5 per cent larger than debits in four corresponding weeks in 1933. Employment showed only seasonal changes during the past month, winter weather holding up outside work in some instances. Coal production in December showed a seasonal rise from November figures, and also exceeded production in December 1933. There was a decline in cotton consumption in the Fifth district in December, as is usually the case in that month, but consumption exceeded that of the preceding December. Tobacco prices declined in December and cotton prices dropped in January, but most of the cotton and tobacco has been sold and price changes at this season are not so important as they would have been a few weeks earlier. Construction work provided for in building permits issued in leading cities in December was in small volume, but exceeded the work planned in December 1933, while contracts actually awarded for construction in the district fell slightly below the amount awarded a year earlier.

Reserve Bank Statement

ITEMS	000 omitted		
	Jan. 15 1935	Dec. 15 1934	Jan. 15 1934
Rediscounts held	\$ 313	\$ 148	\$ 4,075
Open market paper.....	209	209	3,800
Industrial advances	1,695	1,369	0
Government securities	103,563	103,563	78,563
Total earning assets.....	105,780	105,289	86,438
Circulation of Fed. Res. notes..	158,406	173,972	151,560
Cir. of Fed. Res. bank notes.....	0	0	4,518
Members' reserve deposits.....	125,292	116,674	90,607
Cash reserves	188,530	209,305	176,355
Reserve ratio	64.93	67.26	69.96

Rediscounts at the Federal Reserve Bank of Richmond rose slightly between the middle of December and the middle of January, advancing by \$165,000, and advances made direct to industry under Section 13-B of the Federal Reserve Act rose by \$326,000. There was no change in the holdings of Government securities, which make up most of the Bank's earning assets at this time. The portfolio of open market paper also remained unchanged at a very low figure. Federal reserve notes in actual circulation showed a seasonal drop between December 15 and January 15, decreasing by \$15,566,000. Federal reserve notes always return from circulation in considerable volume as soon as holiday shopping is done and the marketing season for agricultural products passes its crest. Member banks continued to add to their reserves at the Federal Reserve Bank of Richmond between December 15 and

January 15, this item on the statement rising by \$8,618,000. The several changes mentioned in the statement, with others of less importance, decreased the cash reserves of the Richmond reserve bank by \$20,775,000 during the month, and lowered the ratio of reserves to note and deposit liabilities combined by 2.33 points.

A comparison of the figures in the statement of condition for January 15 this year with corresponding figures a year ago shows that some marked changes occurred during the year 1934. Rediscounts for member banks declined by \$3,762,000 during the year, or approximately 92 per cent of rediscounts held on January 15, 1934. The Bank also decreased its portfolio of open market paper by \$3,591,000, or 95 per cent. On the other hand, holdings of Government securities rose by \$25,000,000 during the year, and the Bank had advances to industry outstanding on January 15, 1935, amounting to \$1,695,000. These changes resulted in a net rise of \$19,342,000 in earning assets during the year under review. Circulation of Federal reserve notes rose \$6,846,000 during the year, but Federal reserve bank notes totaling \$4,518,000 in circulation at the middle of January 1934 were retired before the corresponding date this year. Member bank reserve deposits rose by \$34,685,000 during the year, adding further to reserves which were already in excess of legal requirements. Cash reserves of the Federal Reserve Bank of Richmond rose by \$12,175,000 between January 15 last year and this, but the ratio of reserves to note and deposit liabilities combined declined by 5.03 points.

Statement of 28 Member Banks

ITEMS	000 omitted		
	Jan. 9 1935	Dec. 12 1934	Jan. 10 1934
Loans on stocks and bonds (in- cluding Governments)	\$ 58,460	\$ 60,869	\$ 59,030
All other loans.....	107,844	107,619	109,293
Total loans and discounts.....	166,304	168,488	168,323
Investments in securities.....	200,509	189,317	168,212
Reserve bal. with F. R. Bank.....	48,920	49,466	34,047
Cash in vaults.....	12,204	13,553	11,081
Demand deposits	232,541	232,779	195,011
Time deposits	133,742	132,317	129,514
Borrowed from F. R. Bank.....	0	0	0

The accompanying table shows the principal items of condition of twenty-eight regularly reporting member banks in the Fifth reserve district as of three dates, thus affording opportunity for comparison of the latest available figures with those of the corresponding dates a month and a year earlier. It should be understood that the figures in the table reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

During the month between December 12 and January 9, total loans and discounts held by the twenty-eight reporting banks declined by \$2,184,000, loans on securities falling \$2,409,000 and all other loans, which are largely commercial at this season, increasing \$225,000. A decrease in loans at the end of the year is

seasonal. The reporting banks increased their investments in stocks and bonds by \$11,192,000 during the month, chiefly by the purchase of Government securities for temporary investment, but decreased their reserve balance at the reserve bank by \$546,000, merely a daily fluctuation. Cash in vaults declined by \$1,349,000 after the passing of the holiday shopping season. Aggregate deposits in the twenty-eight banks increased by \$1,187,000 last month, demand deposits decreasing by \$238,000 and time deposits increasing by \$1,425,000. None of the reporting banks were borrowing at the reserve bank on either January 9, 1935, or December 12, 1934.

A comparison of the January 9, 1935, figures with those for January 10, 1934, shows increases in all items except loans to customers and rediscounts at the reserve bank. Total loans and discounts decreased by \$2,019,000 between the middle of January last year and this, loans on stocks and bonds decreasing \$570,000 and all other loans falling \$1,449,000. Aggregate deposits rose \$41,758,000 during the year, demand deposits increasing \$37,530,000 and time deposits \$4,-

228,000. The insurance of deposits after January 1, 1934, tended to bring additional money into the banks. Investments in stocks and bonds by the twenty-eight reporting institutions increased by \$32,297,000 between the 1934 and 1935 dates, and cash in vaults rose by \$1,123,000. None of the twenty-eight reporting banks were borrowing at the Federal Reserve Bank of Richmond on either the 1934 or 1935 dates under comparison.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$330,739,162 at the end of December 1934, a higher figure than either \$328,105,896 reported at the end of November 1934 or \$315,035,743 at the end of December 1933. Time and savings deposits in both member banks and mutual savings banks increased during December, and at the end of the year were higher in both member and savings banks than a year earlier.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Total Debits During the Four Weeks Ended			Annual Totals	
	Jan. 9, 1935	Dec. 12, 1934	Jan. 10, 1934	1934	1933
Asheville, N. C.	\$ 8,774,000	\$ 8,762,000	\$ 8,054,000	\$ 108,583,000	\$ 95,917,000
Baltimore, Md.	265,156,000	242,646,000	208,475,000	3,137,450,000	2,558,838,000
Charleston, S. C.	12,626,000	12,079,000	10,707,000	137,806,000	114,121,000
Charleston, W. Va.	50,162,000	40,404,000	37,248,000	500,784,000	364,820,000
Charlotte, N. C.	44,546,000	45,979,000	35,633,000	541,310,000	427,865,000
Columbia, S. C.	18,025,000	17,079,000	14,786,000	208,459,000	143,883,000
Cumberland, Md.	6,434,000	6,298,000	5,254,000	73,626,000	62,901,000
Danville, Va.	8,482,000	11,482,000	8,104,000	92,015,000	70,204,000
Durham, N. C.	18,356,000	28,361,000	24,090,000	337,711,000	267,860,000
Greensboro, N. C.	12,213,000	11,725,000	7,070,000	131,669,000	68,149,000
Greenville, S. C.	13,529,000	14,648,000	11,380,000	160,664,000	133,835,000
Hagerstown, Md.	6,205,000	5,915,000	4,914,000	73,968,000	57,006,000
Huntington, W. Va.	12,229,000	12,008,000	10,867,000	138,926,000	115,370,000
Lynchburg, Va.	13,550,000	13,212,000	13,222,000	161,150,000	149,411,000
Newport News, Va.	7,115,000	8,079,000	6,659,000	80,152,000	73,912,000
Norfolk, Va.	40,041,000	43,593,000	37,883,000	505,050,000	399,850,000
Portsmouth, Va.	3,347,000	3,636,000	3,001,000	38,970,000	37,651,000
Raleigh, N. C.	36,583,000	21,803,000	23,507,000	288,112,000	183,925,000
Richmond, Va.	124,909,000	126,434,000	106,697,000	1,499,113,000	1,270,484,000
Roanoke, Va.	19,745,000	19,238,000	19,285,000	230,126,000	213,197,000
Washington, D. C.	173,629,000	165,442,000	147,393,000	2,069,526,000	1,956,138,000
Wilmington, N. C.	8,202,000	8,102,000	6,957,000	96,983,000	74,720,000
Winston-Salem, N. C.	28,633,000	31,274,000	29,115,000	351,565,000	323,482,000
District Totals	\$932,491,000	\$898,199,000	\$780,301,000	\$10,963,718,000	\$ 9,163,539,000

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks in twenty-three leading trade centers of the Fifth Federal reserve district, three equal periods of four weeks being given to allow for comparison of the latest available figures with those of the preceding like period and the corresponding period a year ago. In addition, total debits are shown by cities and the district for the calendar years 1934 and 1933.

Debits figures for four weeks ended January 9, 1935, showed a somewhat smaller than seasonal increase amounting to \$34,292,000, or 3.8 per cent, over aggregate debits in the preceding four weeks, ended De-

ember 12, 1934, the increase being due in part to holiday trade but principally to the large volume of annual payments falling due on January 1. Of the twenty-three reporting cities, fourteen reported higher figures for the more recent period, while nine cities failed to show the seasonal increase. The declines in Danville and Durham occur nearly every year, and are due in part to holiday suspension of tobacco marketing. Of the six largest cities, Baltimore, Washington and Huntington reported larger debits for the more recent four weeks, while Richmond, Norfolk and Charlotte reported lower figures.

In comparison with debits aggregating \$780,301,000

reported for the four weeks ended January 10, 1934, this year's figures for the corresponding period show an increase of \$152,190,000, or 19.5 per cent, all of the twenty-three cities increasing this year except Durham and Winston-Salem.

Total debits in the twenty-three reporting cities for 1934 showed an increase of \$1,800,179,000, or 19.6 per cent, in comparison with total debits in 1933. All of the reporting cities show higher figures for 1934 than for 1933. Aggregate debits in the Fifth district last year were higher than debits in either 1933 or 1932.

Commercial Failures

The business failure record in December in both the Fifth reserve district and the United States continued to show marked improvement in comparison with the record for the corresponding month of the preceding year, according to figures gathered by Dun & Bradstreet, Inc. Failures in the Fifth district in December 1934 numbered 45, in comparison with 39 reported for November 1934 and 76 for December 1933. Liabilities involved in last month's insolvencies totaled only \$667,322, a slightly higher figure than \$550,602 in November but less than \$1,544,968 in December of the preceding year. As a rule, business failures tend to rise in December because of the pressure of year-end settlements, but the rise this year was less than usually occurs. The National record for December also showed much improvement over December 1933, a total of 963 failures last month comparing with 1,132 insolvencies in December 1933, and aggregate liabilities last month totaling only \$19,910,610 in comparison with liabilities totaling \$27,200,432 in December a year ago.

The year 1934 witnessed a very marked improvement in insolvencies in comparison with 1933. There were only 650 bankruptcies in the Fifth reserve district in 1934, a decrease of 46 per cent in comparison with 1,206 failures in the district in 1933. Not since 1920 have as few failures occurred in one year. Liabilities totaling \$11,025,607 last year were the lowest since 1919, and show a decrease of 63 per cent from \$30,049,977 reported for 1933. For the United States as a whole, there were 12,185 failures in 1934, with liabilities aggregating \$264,248,176, compared with 20,307 failures for \$502,830,584 in 1933. In the Nation 1934 failures declined 40 per cent in number and 47 per cent in liabilities in comparison with the number and liabilities for 1933.

Employment

There was no improvement in employment conditions in the Fifth reserve district between the middle of December and the middle of January, but on the contrary some seasonal increase in unemployment occurred, due to inclement weather for outside work. Practically no farm work is done at this season, and all kinds of construction work continue to lag far below normal levels. During December brisk retail trade gave temporary employment to a considerable number of people, but this lasted only through the holidays.

Coal Production

Bituminous coal production in the United States in December 1934 was higher than production in November, and also exceeded production in December 1933. Last month 31,386,000 net tons of bituminous coal were mined, compared with 30,450,000 tons mined in November and 30,377,000 tons brought to the surface in December 1933. Total production for the calendar year 1934 exceeded production in 1933, approximately 357,500,000 tons dug comparing with 333,631,000 tons mined in the earlier year. Shipments of coal through Hampton Roads in December totaled approximately 1,891,000 tons, and total shipments from January 1 through December totaled 18,133,000 tons. Shipments through Hampton Roads ports totaled 17,281,732 tons in 1933.

The December 22, 1934, report of the Bureau of Mines, Department of Commerce, gave bituminous coal production by states for the month of November. West Virginia led all states with 8,735,000 tons, Pennsylvania ranking second with an output of 7,690,000 tons.

Textiles

Operations of textile mills in the Fifth reserve district showed a seasonal recession in December in comparison with November, but exceeded the rate of operations of December 1933. Cotton consumption in the district in December totaled 192,436 bales, of which 95,712 bales were used in North Carolina mills, 86,546 bales were used in South Carolina mills, and 10,178 bales were used in Virginia mills, all states reporting higher figures last month than for December 1933. In November 1934 the mills in the Carolinas and Virginia consumed 225,770 bales, and in December 1933 they used 158,124 bales. Total consumption in the Fifth district in 1934 showed a material decrease under 1933 consumption, 2,451,293 bales used in 1934 being 15.9 per cent less than 2,914,087 bales used in 1933. Consumption in April, October, November and December 1934 was larger than consumption in the corresponding months of 1933, but consumption in the other eight months of last year fell below the figures for the same months in 1933. Consumption of cotton in the Richmond reserve district in December 1934 totaled 46.53 per cent of National consumption, compared with 47.33 per cent in November 1934 and 45.50 per cent in December 1933.

Cotton Statistics

Spot cotton prices on Southern markets were firm between the middle of December and the second week in January, advancing from 12.61 cents per pound on December 14 to 12.72 cents on January 4, but after the latter date there was a recession to 12.45 cents per pound on January 18, the latest date for which official quotations from Southern markets are available. The decline in price in January appeared to be due chiefly to uncertainty as to the possible effects of the Supreme Court's forthcoming "gold clause" decision. The course of cotton prices during 1934 was interesting, and covered a range of 3.08 cents per pound. The lowest price

of the year was 10.37 cents per pound on January 5, and the highest price was 13.45 cents on August 10, following the Department of Agriculture's first condition report of the season, issued on August 8 and forecasting a yield of 9,195,000 bales. The price held above 13 cents for five weeks, but then dropped gradually as favorable weather in the Eastern cotton belt increased probable yield figures. During most of the active selling season, cotton averaged approximately 12.50 cents per pound. The lowest price reached by cotton in 1933, the preceding year, was 5.79 cents per pound on February 3, and the highest price was 11.34 cents on July 14, with the average price during the active marketing period about 9.25 cents. The average price in 1934's selling season was therefore about 35 per cent above the 1933 price.

Cotton consumption in American mills in December 1934 totaled 413,535 bales, according to the report of the Bureau of the Census made public on January 14. This figure shows a seasonal decrease from 477,060 bales consumed during the month of November, but is 19 per cent more than 347,524 bales used in December 1933. Total consumption during the five months of the present cotton year amounted to 2,127,814 bales, compared with 2,415,210 bales consumed during the five months ended December 31, 1933. Cotton on hand at manufacturing establishments on December 31, 1934, totaled 1,299,554 bales, compared with 1,293,763 bales held on November 30, 1934, and 1,641,839 bales held on December 31, 1933. Bales in public warehouses and compresses numbered 9,640,558 at the end of December, against 9,794,811 bales at the end of November, and 10,334,998 bales on December 31, 1933. Exports of cotton totaled 504,185 bales in December, compared with 572,359 bales sent abroad in November 1934 and 820,099 bales in December 1933, and exports in the five months of the present cotton year—August 1-December 31, inclusive—totaled 2,398,327 bales against 4,180,098 bales shipped over seas in the corresponding five months ended December 31, 1933. Imports last month totaled 9,982 bales, compared with 8,796 bales imported in December 1933. Consumption of cotton in the cotton growing states totaled 329,636 bales in December, compared with 282,091 bales used in December 1933. Last month's consumption in the cotton growing states amounted to 79.71 per cent of National consumption, compared with 81.17 per cent of National consumption used in the cotton growing states in December a year ago. Of the 329,636 bales consumed in the cotton growing states last month, Fifth district states used 192,436 bales, or 58.38 per cent, compared with 56.05 per cent of Southern consumption attained by Fifth district mills in December 1933. Spindles active at some time during December 1934 numbered 25,057,270, compared with 25,050,778 in November 1934 and 24,828,396 in December 1933.

Tobacco Marketing

North Carolina tobacco markets sold only 12,112,029 pounds of growers tobacco in December 1934, compared with 56,116,767 pounds sold in December 1933. Total sales this season to January 1, 1935, amounted to 387,651,807 pounds, at an average price of \$28.68 per hun-

dred pounds, compared with sales totaling 472,655,556 pounds for \$16.11 per hundred sold of the 1933 crop prior to January 1, 1934. Prices received in North Carolina last month averaged \$17.88 per hundred pounds, compared with \$17.22 per hundred received for tobacco sold in December a year ago. Winston-Salem led in sales in December with 4,687,666 pounds, and Durham ranked second with 1,385,054 pounds. In total sales this season, Wilson leads with 48,573,849 pounds, Greenville ranking second with 46,162,087 pounds. Fuquay Springs led in price in December with an average of \$26.62 per hundred pounds.

Virginia leaf tobacco sales during December amounted to 17,218,341 pounds, for an average of \$16.88 per hundred pounds, according to warehouse reports to the Commissioner of Agriculture. Sales for December 1933 were 18,705,061 pounds, at an average of \$15.56 per hundred pounds. Total sales for the season through December 31 amounted to 79,236,114 pounds for a total of \$21,700,000, or an average of \$27.39, which is the highest amount sold to this date since 1929 and the highest average price since 1922. Flue-cured sales in December amounted to 9,317,159 pounds, at an average of \$19.37. The price declined considerably from the November average of \$28.14 per hundred but was higher than the December 1933 average of \$16.80. Most of this type has been sold and the total sales through December amounted to 69,708,849 pounds for an average price of \$29.22. This is the highest average since 1922. Warehousemen reported that the quality of the tobacco sold in December declined considerably from previous months, and grades were estimated as 17 per cent good, 34 per cent medium and 49 per cent common. Sales of fire-cured tobacco amounted to 4,925,816 pounds at an average of \$12.05 per hundred pounds. The volume of sales was much larger than in November, and was the largest amount for December since 1931. The price was lower than in November, but was the highest December average since 1929. Burley markets opened in December and sales amounted to 2,429,567 pounds at an average price of \$18.80 per hundred, the highest average price since December 1930. Sun-cured markets also opened in December and sold 545,799 pounds at an average of \$9.27 per hundred pounds. This is the highest average for this type since 1929, and the largest sales for December since 1930. Warehousemen reported that most of the sun-cured sales consisted of the common grades.

Crop Estimates and Values

Although the United States suffered in 1934 from the worst drought on record, the states in the Fifth Federal reserve district escaped serious damage. Shortages in production elsewhere raised prices of agricultural products, and therefore Fifth district farmers received larger cash returns from their year's work than in any other recent year. The accompanying table of production figures for principal crops covering three years shows the figures by states in detail. In most cases acreage reduction accounts for the declines in production in the district. *Corn* production lacked 1

<i>Crops</i>		<i>Maryland</i>	<i>Virginia</i>	<i>W. Va.</i>	<i>N. Carolina</i>	<i>S. Carolina</i>	<i>District</i>	<i>Farm Value</i>
Corn (bus.)	1934	16,995,000	35,794,000	12,128,000	47,580,000	20,760,000	133,257,000	\$109,402,000
	1933	16,240,000	36,918,000	13,920,000	44,252,000	22,808,000	134,138,000	80,755,000
	1932	16,440,000	26,928,000	11,150,000	34,830,000	17,885,000	107,233,000	44,170,000
Cotton (bales)	1934	-----	39,000	-----	650,000	695,000	1,384,000	\$ 86,461,000
	1933	-----	37,000	-----	684,000	735,000	1,456,000	70,602,000
	1932	-----	34,000	-----	660,000	716,000	1,410,000	42,977,000
Tobacco (lbs.)	1934	23,418,000	92,970,000	2,040,000	418,802,000	57,600,000	594,830,000	\$161,462,000
	1933	20,400,000	97,046,000	4,322,000	538,859,000	88,580,000	749,207,000	114,058,000
	1932	27,125,000	55,595,000	2,312,000	295,086,000	39,236,000	419,354,000	49,591,000
Irish Potatoes (bus.)	1934	3,267,000	13,433,000	3,120,000	10,672,000	2,625,000	33,117,000	\$ 17,845,000
	1933	2,850,000	8,649,000	2,331,000	7,315,000	1,744,000	22,889,000	22,975,000
	1932	2,852,000	9,682,000	3,485,000	6,596,000	1,445,000	24,060,000	14,429,000
Sweet Potatoes (bus.)	1934	750,000	3,910,000	-----	8,856,000	4,428,000	17,944,000	\$ 11,089,000
	1933	960,000	3,885,000	-----	7,905,000	4,648,000	17,398,000	9,802,000
	1932	888,000	3,610,000	-----	7,990,000	6,072,000	18,560,000	7,019,000
Oats (bus.)	1934	1,320,000	2,398,000	2,052,000	3,519,000	6,596,000	15,885,000	\$ 11,113,000
	1933	1,200,000	3,360,000	2,280,000	3,382,000	7,215,000	17,437,000	9,837,000
	1932	1,425,000	3,237,000	2,926,000	4,366,000	7,974,000	19,928,000	6,717,000
Wheat (bus.)	1934	7,934,000	8,092,000	1,974,000	4,340,000	765,000	23,105,000	\$ 23,123,000
	1933	6,320,000	7,425,000	1,856,000	3,714,000	592,000	19,907,000	17,868,000
	1932	4,940,000	6,253,000	1,276,000	3,572,000	760,000	16,801,000	9,630,000
Hay (tons)	1934	578,000	948,000	502,000	699,000	201,000	2,928,000	\$ 47,380,000
	1933	529,000	1,038,000	696,000	545,000	195,000	3,003,000	35,356,000
	1932	468,000	772,000	563,000	541,000	210,000	2,554,000	26,297,000
Peanuts (lbs.)	1934	-----	147,000,000	-----	272,000,000	12,800,000	431,800,000	\$ 13,652,000
	1933	-----	112,100,000	-----	189,050,000	12,240,000	313,390,000	7,993,000
	1932	-----	115,150,000	-----	299,880,000	14,720,000	469,750,000	6,298,000
Apples (bus.)	1934	1,102,000	9,275,000	3,630,000	3,525,000	244,000	17,776,000	\$ 15,245,000
	1933	1,312,000	10,900,000	4,200,000	5,254,000	279,000	21,945,000	14,407,000
	1932	1,368,000	7,830,000	4,191,000	1,825,000	164,000	15,378,000	8,548,000
Apples, Commercial (bus.)	1934	615,000	6,562,000	2,475,000	691,000	-----	10,343,000	\$ 8,746,000
	1933	657,000	5,250,000	2,100,000	1,011,000	-----	9,018,000	5,821,000
	1932	756,000	5,889,000	2,700,000	357,000	-----	9,702,000	5,192,000
Sorghum Syrup (gals.)	1934	-----	335,000	-----	1,650,000	371,000	2,356,000	\$ 1,412,000
	1933	-----	315,000	-----	1,800,000	416,000	2,531,000	1,403,000
	1932	-----	200,000	-----	1,680,000	540,000	2,420,000	1,159,000

per cent of equalling 1933 production, but the farm value of the crop rose 36 per cent in 1934. *Cotton* production was 5 per cent below 1933 production, but the value of the crop rose 23 per cent. *Tobacco* yield was 21 per cent lower than the 1933 yield, but the price was so much better that the total value of the crop rose by 42 per cent. *Irish potatoes* show the evils of over production, an increase in total yield amounting to 45 per cent being worth 22 per cent less than the 1933 crop. This is the only crop which shows a lower value for 1934. *Sweet potato* yield rose 3 per cent, and the value rose 13 per cent. The *oat* crop declined 9 per cent in output, but the value of the oat yield rose 13 per cent. The *wheat* crop of the Fifth district was 16 per cent larger in 1934 than in 1933, and the drought in Western wheat fields raised the price by 29 per cent. There was a drop of 3 per cent in the *hay* crop in the district in 1934, but the value rose 34 per cent. *Peanut* production increased 38 per cent, and the aggregate value of the nuts rose 71 per cent. The total *apple* crop declined 19 per cent in 1934, but the quality of the fruit was unusually good and the value of the crop rose 6 per cent. An exceptionally large percentage of apples were of saleable quality, and the

commercial yield therefore rose 15 per cent and the value increased 50 per cent. In comparison with values for 1932, which was a dry year in the Fifth district, values in 1934 showed very large increases. Tobacco increased 226 per cent, corn 148 per cent, wheat 140 per cent, peanuts 117 per cent, cotton 101 per cent, hay 80 per cent, commercial apples 69 per cent, oats 65 per cent, sweet potatoes 58 per cent, and even Irish potatoes rose 24 per cent.

Construction

Building permits issued for work within the corporate limits of thirty-one Fifth district cities numbered 1,457 in December 1934, with estimated valuation figures totaling \$1,913,866, compared with 1,064 permits issued in December 1933, for a valuation total of \$1,106,697. Last month the number of permits increased 36.9 per cent and valuation figures rose 72.9 per cent in comparison with the figures reported for December 1933. Twenty-three of the thirty-one cities reported higher valuation figures for December than for the corresponding month of the preceding year, but most of the increases were due to very small 1933 figures rather than

Building Permits Issued in December 1934 and 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md.	450	416	\$ 390,240	\$ 342,120
Cumberland, Md.	6	2	22,544	400
Frederick, Md.	2	6	155	2,455
Hagerstown, Md.	11	7	103,755	28,800
Salisbury, Md.	7	7	11,250	10,525
Danville, Va.	6	6	4,660	1,200
Lynchburg, Va.	10	22	14,450	58,925
Norfolk, Va.	90	92	84,094	41,345
Petersburg, Va.	3	2	2,880	900
Portsmouth, Va.	7	13	7,425	4,475
Richmond, Va.	61	38	48,101	43,576
Roanoke, Va.	29	12	5,290	25,438
Bluefield, W. Va.	8	2	7,329	108
Charleston, W. Va.	60	40	14,061	49,055
Clarksburg, W. Va.	13	9	44,724	980
Huntington, W. Va.	11	5	8,230	2,000
Asheville, N. C.	76	15	23,422	19,020
Charlotte, N. C.	37	13	50,156	20,555
Durham, N. C.	15	15	39,300	27,950
Greensboro, N. C.	30	21	12,865	24,027
High Point, N. C.	23	6	27,579	23,414
Raleigh, N. C.	9	7	4,535	12,700
Rocky Mount, N. C.	0	5	0	11,590
Salisbury, N. C.	1	2	10	2,025
Winston-Salem, N. C.	41	20	49,564	5,050
Charleston, S. C.	47	26	33,446	10,566
Columbia, S. C.	24	18	17,825	3,358
Greenville, S. C.	21	17	15,700	4,060
Rock Hill, S. C.	13	7	10,220	5,275
Spartanburg, S. C.	25	9	16,181	1,975
Washington, D. C.	321	204	843,875	322,830
Totals	1,457	1,064	\$1,913,866	\$1,106,697

to large amounts of work planned last month. All three of the largest cities, Baltimore, Washington and Richmond, reported higher figures for December 1934 than for December 1933, but the figures for Baltimore and Richmond remain very small. During the entire year 1934, permits issued in the thirty-one reporting cities totaled 21,539, a higher figure than 21,360 permits issued in 1933 but less than 27,791 permits issued in 1932. Estimated valuation figures last year totaling \$30,848,263 exceeded the 1933 total of only \$20,728,673, but was below the total of \$35,613,841 for 1932.

Contracts awarded in December for construction work in the Fifth district including both rural and urban projects, totaled \$13,698,803, compared with \$8,599,431 awarded in November 1934 and \$15,453,761

in December 1933, according to figures collected by the F. W. Dodge Corporation. Of the awards in December 1934, \$1,875,938, or 13.7 per cent, was for residential work, compared with \$2,064,426, or 13.4 per cent, for this type of work in December 1933. Annual figures for 1934 on contracts awarded in the Fifth district total \$185,791,734, an increase of 81.3 per cent in comparison with contracts totaling \$102,465,338 awarded in 1933. Of course a considerable proportion of the increase was due to public projects or projects undertaken with grants or loans from public funds.

Retail Trade, 31 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
December 1934 sales, compared with sales in December 1933:	+14.8	+12.1	+21.0	+16.0	+16.5
Total sales during 1934, compared with sales in 1933:	+18.5	+12.7	+20.3	+21.4	+17.3
Dec. 31, 1934, stocks, compared with stocks on Dec. 31, 1933:	+11.0	- 5.8	- 4.0	- .8	- 2.9
Dec. 31, 1934, stocks, compared with stocks on Nov. 30, 1934:	-23.7	-20.1	-21.7	-26.3	-21.8
Number of times stocks were turned in December 1934:	.608	.562	.67	.55	.609
Number of times stocks were turned during the year 1934:	4.194	3.767	4.287	3.667	4.007
Percentage of Dec. 1, 1934, receivables collected in Dec.:	32.9	30.1	29.1	30.6	30.0

Note: Sales and stock changes are percentages.

Wholesale Trade, 58 Firms

	21	7	6	13	11
	Groceries	Dry Goods	Shoes	Hardware	Drugs
December 1934 sales, compared with sales in December 1933:	+ 8.3	+ 4.5	+17.2	+ 3.7	+ 3.0
December 1934 sales, compared with sales in November 1934:	- 8.4	-47.2	-51.6	-18.0	- 9.0
Total sales in 1934, compared with sales in 1933:	+17.3	+24.8	+ 6.2	+26.8	+17.4
Dec. 31, 1934, stocks, compared with stocks on Dec. 31, 1933:	+19.8(8*)	-18.1(3*)	-17.6(4*)	+ 7.4(7*)
Dec. 31, 1934, stocks, compared with stocks on Nov. 30, 1934:	-10.5(8*)	- 5.3(3*)	+ 9.1(4*)	+ 8.0(7*)
Percentage of Dec. 1, 1933, receivables collected in December:	84.7(12*)	41.6(4*)	61.1(5*)	48.4(11*)	61.0(7*)

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

(Compiled January 21, 1935)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

In December the Federal Reserve Board's seasonally adjusted indexes of industrial production and factory employment increased sharply. Wholesale prices of farm products and foods showed a considerable advance in the latter part of the month and in the early part of January, while prices of other commodities as a group showed little change.

Production and Employment

Output of basic industrial products increased in December, when it usually declines, and the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, increased from 74 per cent of the 1923-25 average in November to 85 per cent in December. Activity at steel mills increased, contrary to the usual seasonal tendency, and output at automobile factories rose rapidly. In both of these industries there were further sharp increases in activity in the first three weeks of January. At woolen mills and silk mills activity increased in December, contrary to seasonal tendency, and at cotton mills and tobacco factories it declined by less than the usual seasonal amount. Output of petroleum increased somewhat in December and the first half of January.

Factory employment increased between the middle of November and the middle of December, contrary to seasonal tendency, and there was a considerable growth in factory payrolls. Substantial increases were reported for the automobile, textile, shoe, and tire industries, while in the meatpacking industry there was a further decline from recent high levels. Employment in retail trade showed an increase largely of a seasonal character.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in December, partly seasonal in nature, followed by an increase in the first half of January. For the fourth quarter as a whole the value of contracts for privately-financed projects was about the same as in the corresponding period of 1933, while the volume of publicly-financed projects was considerably smaller than last year.

Distribution

Volume of freight-car loadings declined less in December than is usual at that season. Sales of merchandise by department stores showed an increase of more than the estimated seasonal amount and were approximately 11 per cent larger than in the corresponding month a year earlier.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced considerably during the latter part of December and the early part of January, reflecting chiefly marked increases in the prices of farm products and foods. Scrap steel prices also increased. In the third week of January prices of grains, cotton, hides, and rubber showed a decline from the level of the preceding week. Currently wholesale prices are 9 per cent higher than a year ago, reflecting an increase of 30 per cent for farm products, an increase of 24 per cent for foods and little change for other commodities.

Retail prices of foods, as reported by the Bureau of Labor Statistics, increased considerably in the latter part of December, following three months of gradual decline.

Bank Credit

During the six weeks ending January 23 seasonal return flow of currency from circulation, further imports of gold, and disbursement by the Treasury of funds previously held as cash or on deposit with the Reserve banks were reflected in a growth of member bank balances with the Reserve banks to \$4,500,000,000, the highest figure on record and in an increase of their excess reserves to the high level of \$2,160,000,000.

Loans and investments of reporting member banks in leading cities increased by \$350,000,000 in the 5 weeks ended January 16. Holdings of United States Government obligations rose \$420,000,000 and an increase was shown also in holdings of obligations guaranteed by the Government and in other security holdings, while loans declined by \$130,000,000.

Commercial paper rates, which had been reported at a range of $\frac{3}{4}$ -1 per cent since June, declined to a general level of $\frac{3}{4}$ per cent early in January. Other short-term open market money rates showed little change, while yields on long-term United States Treasury bonds declined from 3 to $2\frac{3}{4}$ per cent.

In December and January discount rates were lowered from 3 to $2\frac{1}{2}$ per cent at the Federal Reserve Banks of Richmond, Minneapolis, Kansas City, and Dallas, and from $2\frac{1}{2}$ to 2 per cent at Philadelphia, Chicago, and St. Louis. At the Federal Reserve Bank of Atlanta the discount rate was lowered to $2\frac{1}{2}$ per cent in December and to 2 per cent in January.