

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

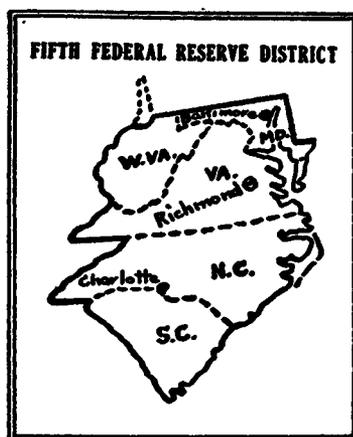


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RICHMOND, VIRGINIA

JUNE 30, 1935

**B**USINESS in the Fifth Federal Reserve district in May and the first half of June showed some conflicting trends, but averaged about up to seasonal levels. In banking, rediscounts at the Federal Reserve Bank of Richmond rose moderately, and there was also an increase in loans to industry for working capital, while member bank reserve deposits declined, due chiefly to purchase of Government securities by member banks. A seasonal decline in Federal reserve notes in circulation occurred between the middle of May and the middle of June. Regularly reporting member banks showed practically no change in loans during the past month, but they added to their holdings of securities and increased cash in vault. The reporting banks also reduced their reserve deposits, while their demand deposits rose moderately. Time deposits declined slightly, as frequently happens at vacation time. None of the regularly reporting member banks were rediscounting paper at the reserve bank during the month under review. Debits to individual accounts figures in twenty-three trade centers of the Fifth district in five weeks ended June 12 were 1.1 per cent less than debits in the preceding five weeks, ended May 8, but exceeded debits in five weeks ended June 13, 1934, by 11.5 per cent. The decrease in the most recent period in comparison with the preceding period this year was due to some quarterly payments in the earlier five weeks. The commercial failure record for May in the Fifth district was the best record made by any of the twelve reserve districts, bankruptcies in the district last month numbering only 27 in comparison with 64 in May 1934, and last month's aggregate liabilities of \$507,813 comparing with \$1,706,753 in May last year. Employment showed some increase in the construction field last month, but on the other hand there was apparently no decrease in persons on relief rolls. It appears that there was in reality little or no net change in employment conditions. Coal production in



May exceeded production in April this year, but was less than that of May last year. Textile mills in the Fifth district increased the rate of operations slightly in May in comparison with April, but continued below the level of last year. South Carolina led all states in hours of operation per spindle in place during April, the latest month for which figures are available. Spot cotton prices declined materially during the latter half of May, but regained part of the loss in early June. Tobacco manufacturing as indicated by revenue stamp taxes continued at a very high level in May, and materially exceeded the output of May 1934.

Building permits issued in May 1935 were more than double in estimated value those issued in May last year, the increase being chiefly in residential construction of the better class. Retail trade in May in department stores was rather disappointing except in Washington, at least partly due to unseasonably cool weather and frequent rains. Wholesale trade in groceries, hardware and drugs last month exceeded the volume of trade in either April 1935 or May 1934, but dry goods and shoe sales were less than in either of the earlier periods. Spring weather, which was cool and wet, was unfavorable for planting and crop development, but fall planted grains made good yields, and hays and pastures are better than average throughout the entire Fifth district. Although most spring planted crops are getting a late start, present conditions point to probabilities of good per acre yields if weather during the growing season is moderately favorable.

## Reserve Bank Statement

Rediscounts at the Federal Reserve Bank of Richmond rose by \$475,000 between May 15 and June 15, this year, while the portfolio of open market paper remained unchanged. Loans to industry for working capital made under authority of Section 13 (b) of the

ITEMS	000 omitted		
	June 15 1935	May 15 1935	June 15 1934
Rediscounts held .....	\$ 650	\$ 175	\$ 888
Open market paper.....	174	174	193
Industrial advances .....	4,392	4,035	0
Government Securities .....	116,716	113,563	103,563
Total earning assets.....	121,932	117,947	104,644
Circulation of Fed. Res. notes..	149,470	149,650	142,769
Members' reserve deposits.....	141,584	147,003	123,088
Cash reserves .....	181,845	191,028	189,025
Reserve ratio .....	60.95	63.06	65.51

Federal Reserve Act increased by \$357,000, and ownership of Government securities rose by \$3,153,000. These changes during the month resulted in a net increase of \$3,985,000 in the Bank's total earning assets. Federal reserve notes showed little change between the middle of May and the middle of June, decreasing \$180,000, but member bank reserve deposits registered a drop of \$5,419,000. As a result of the several changes mentioned, with others of less importance, cash reserves of the Richmond reserve bank declined \$9,183,000 during the past month, and the ratio of cash reserves to note and deposit liabilities combined decreased by 2.11 points.

In comparison with condition figures of the Federal Reserve Bank of Richmond as of June 15, 1934, corresponding figures for June 15, 1935, show decreases of \$238,000 and \$19,000, respectively, in rediscounts for member banks and in the portfolio of open market paper. On the other hand, working capital loans to industry, of which there were none last year, totaled \$4,392,000 on the 1935 date, and holdings of Government securities increased by \$13,153,000 during the year. The net change in total earning assets was an increase of \$17,288,000 between June 15 last year and this. Circulation of Federal reserve notes at the middle of June this year was higher by \$6,701,000 than a year earlier, and member bank reserve deposits rose by \$18,496,000. These changes in the statement resulted in a decrease of \$7,180,000 in cash reserves at the Federal Reserve Bank of Richmond in the year, and lowered the ratio of cash reserves to note and deposit liabilities combined by 4.56 points.

#### Statement of 28 Member Banks

ITEMS	000 omitted		
	June 12 1935	May 8 1935	June 13 1934
Loans on stocks and bonds (including Governments) .....	\$ 50,147	\$ 50,209	\$ 60,285
All other loans.....	92,786	92,950	108,837
Total loans and discounts.....	142,933	143,159	169,122
Investments in securities.....	203,366	198,225	169,097
Reserve bal. with F. R. Bank....	57,766	69,767	47,466
Cash in vaults.....	12,954	11,770	11,324
Demand deposits .....	247,110	243,524	213,916
Time deposits .....	137,318	138,022	134,537
Borrowed from F. R. Bank.....	0	0	0

Twenty-eight member banks in leading cities of the Fifth Federal reserve district send weekly condition

reports to the Federal Reserve Bank of Richmond and the accompanying table shows totals of the principal items as of three dates. June 12, 1935, figures are compared with those for May 8, 1935, and June 13, 1934, thus affording opportunity for comparison of the latest available figures with those of the preceding month and the preceding year.

Between May 8 and June 12, both this year, the reporting banks reduced aggregate loans by \$226,000, of which \$62,000 was in loans on securities and \$164,000 was in all other loans. Investments in securities, chiefly Government issues, increased \$5,141,000 during the month. The reporting banks reduced their reserve balance at the Federal reserve bank by \$12,001,000 between May 8 and June 12, while they increased cash in vaults by \$1,184,000. Total deposits in the twenty-eight banks rose during the past month, a rise of \$3,586,000 in demand deposits more than offsetting a decline of \$704,000 in time deposits. A decrease in time deposits usually occurs at the vacation season.

Between June 13, 1934, and June 12, 1935, loans on stocks and bonds decreased \$10,138,000 and all other loans dropped \$16,051,000, a total decline of \$26,189,000. All other items in the statement increased during the year. Investments in securities rose by \$34,269,000, and reserve balance at the Federal reserve bank increased by \$10,300,000. Cash in vaults totaled \$1,630,000 more on the 1935 date than a year earlier. Deposits rose \$35,975,000 during the year, demand deposits with an increase of \$33,194,000 accounting for over 90 per cent of the gain. None of the twenty-eight reporting banks were borrowing at the Federal Reserve Bank of Richmond on the three dates used in the table.

#### Time and Savings Deposits

Time deposits in twenty-eight regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$338,335,063 at the end of May 1935, a lower figure than \$338,825,410 at the end of April 1935, but a higher figure than \$326,631,808 at the end of May 1934. Reporting member banks showed a decline in time deposits during the past month but gained during the past year, while the mutual savings banks gained deposits during both the past month and the past year.

#### Debits to Individual Accounts

Debits to individual, firm and corporation accounts in the banks in twenty-three trade centers in the Fifth Federal reserve district are shown in the accompanying table for three equal periods of five weeks, ended June 12 and May 8 this year and June 13 last year. These figures reflect the volume of business which passed through the banks in the several cities during the periods under review.

In the five weeks ended June 12, 1935, aggregate debits in the reporting cities amounted to \$1,110,130,000, a decrease of \$12,904,000, or 1.1 per cent, in comparison with debits totaling \$1,123,034,000 during the preceding like period, ended May 8. However, a

CITIES	000 omitted		
	Total debits, five weeks ended		
	June 12, 1935	May 8, 1935	June 13, 1934
Asheville, N. C.....	\$ 10,617	\$ 10,884	\$ 9,381
Baltimore, Md. ....	321,042	323,527	299,020
Charleston, S. C.....	16,412	15,631	12,397
Charleston, W. Va....	56,582	51,543	52,660
Charlotte, N. C.....	51,286	54,991	49,792
Columbia, S. C.....	29,175	26,504	19,567
Cumberland, Md. ....	8,120	7,945	7,045
Danville, Va. ....	6,599	6,545	5,440
Durham, N. C.....	26,173	23,623	22,355
Greensboro, N. C.....	15,685	14,797	12,055
Greenville, S. C.....	15,548	14,893	14,606
Hagerstown, Md. ....	8,163	8,104	6,841
Huntington, W. Va....	14,372	14,290	13,126
Lynchburg, Va. ....	14,614	15,297	15,041
Newport News, Va....	8,477	8,087	7,540
Norfolk, Va. ....	50,925	53,004	46,351
Portsmouth, Va. ....	4,282	4,454	3,607
Raleigh, N. C.....	24,590	25,740	19,132
Richmond, Va. ....	131,562	136,023	123,755
Roanoke, Va. ....	23,359	21,595	21,420
Washington, D. C.....	230,479	241,525	196,330
Wilmington, N. C.....	10,421	9,966	8,559
Winston-Salem, N. C.	31,647	34,066	29,334
District Totals .....	\$1,110,130	\$1,123,034	\$ 995,354

majority of the cities reported higher figures for the more recent period, thirteen cities increasing and ten decreasing. Is the ten cities which failed to gain this year, the five largest cities are included. At least part of the decline in debits during the five weeks ended June 12 was due to inclusion of some quarterly payments in the earlier period, ended May 8, especially in the larger cities in which dividend payments are an important factor in debits figures.

In comparison with debits reported for the five weeks ended June 13, 1934, those for the corresponding five weeks this year showed an increase of \$114,776,000, or 11.5 per cent, part of which is probably accounted for by higher price levels this year in some lines. All of the reporting cities showed higher figures for the 1935 period except Lynchburg, in which a decrease of 2.8 per cent was registered.

### Commercial Failures

The *Dun & Bradstreet Monthly Review* for June, in commenting on the business failure record for May, says, "For more than a year commercial failures in the United States have been reduced in number, dropping sharply below the peak levels of 1932 and for many months falling under all comparative figures since 1920. Liabilities involved in these defaults also have been relatively small in amount. Some variation has occurred in the monthly reports of failures, but the change has not been great. For May this year 1,027 commercial failures were reported. These figures compared with 1,115 similar defaults in April and 977 in May 1934. For May in the earlier years of this decade and back to 1920, the number was higher, reaching the high point in 1932, when there were 2,788 failures reported for May. Liabilities in-

involved in the insolvencies that occurred in the month just closed reached a total of \$15,669,627. In April this year the amount was \$18,063,923, and for May 1934 it was \$22,560,835. The high point for May was in 1932, when the total involved for that month was \$83,763,521." In the Fifth Federal reserve district, failures in May 1935 totaled only 27, compared with 45 in April this year and 64 in May last year. Liabilities involved in May 1935 insolvencies in the district totaled \$507,813, a higher figure than \$295,432 reported for April this year, but far less than \$1,706,753 for May 1934. Only four of the twelve Federal reserve districts reported fewer failures in May 1935 than in May 1934, Richmond, Chicago, Minneapolis and San Francisco, and of these the Richmond district recorded the greatest improvement this year. In total liabilities involved, seven of the twelve districts reported lower figures for the 1935 month, the Richmond district again leading with the largest percentage decline from the figures of May 1934.

### Employment

Data on employment conditions are conflicting this month, some indicators pointing to increased opportunities for work while relief agencies report increased calls for help. Probably the most favorable sign of the past month was a material increase in construction in most of the cities of the district, especially in residential building of the better class. It is too early to say whether the cancellation of NRA codes will result in adding appreciably to unemployment, but apparently there is a strong sentiment in the Fifth district toward maintenance of code rules insofar as number of workers and hours are concerned. Postponement of a threatened strike in bituminous coal fields assures steady employment for miners for at least a few additional weeks. Tobacco factories continue full time operations, and textile mills are running slightly increased hours in comparison with April and early May. In view of contemplated projects under the Federal relief program, the outlook for labor is probably better than it has been for a year or more.

### Coal Production

Production of bituminous coal in the United States during the month of May 1935 amounted to 26,790,000 net tons, an increase over 21,920,000 tons mined in April this year but less than 27,385,000 tons dug in May last year. Total production of soft coal during the present calendar year to June 8 amounted to 164,629,000 net tons, compared with 162,668,000 tons mined in the same period last year, an increase this year of 1.2 per cent. Coal shipped through Hampton Roads ports during the present calendar year to June 1 totaled 8,115,899 tons compared with 8,350,686 tons shipped through the same ports prior to June last year. Retail coal prices in the Fifth reserve district are in most instances lower than at this time last year, the reduction being about twenty-five cents per ton.

## Textiles

Fifth district textile mills operated at a slightly higher rate in May than in April this year, but at a lower rate than in May 1934. Cotton consumption in the district last month totaling 211,412 bales was 2.9 per cent above consumption of 205,516 bales in April, but 9.4 per cent below consumption of 233,324 bales in May last year. North Carolina mills used 108,722 bales of cotton in May, South Carolina mills used 90,418 bales, and Virginia mills 12,272 bales, all lower figures than those for May 1934. Consumption of cotton in the Fifth district in May amounted to 45.1 per cent of National consumption, compared with 44.9 per cent of National consumption for the district in May last year. Textile mills are trying to retain code provisions by private agreement insofar as is possible.

The Bureau of the Census issued a report on May 21 on activity in the cotton spinning industry for April. On April 30 there were 30,770,400 spindles in place in the United States, of which 23,853,816, or 77.5 per cent, were active a total of 6,057,601,513 spindle hours during the month, an average of 197 hours per spindle in place. In the Fifth reserve district there were 12,630,034 spindles in place on April 30, of which 11,168,754, or 88.4 per cent, operated a total of 3,017,084,458 spindle hours in April, an average of 239 hours per spindle in place. South Carolina with an average of 264 hours per spindle led all states, Virginia with 250 hours ranked fourth, and North Carolina with 214 hours ranked sixth, all being above the United States average of 197 hours. With 41 per cent of all spindles in place in the United States located in the Fifth reserve district, the district mills operated 49.8 per cent of total spindle hours in the United States during April.

## Cotton Statistics

*Spot cotton prices* fluctuated considerably during the past month, moving through a range of more than a cent a pound. On May 10 spot prices on ten Southern markets averaged 12.44 cents per pound for middling grade. The week ended May 17 witnessed a rise to 12.55 cents, but there was then a recession to 12.38 cents on May 24. In the last week in May the average price dropped to 11.47 cents, but in the first week in June the price rose to 11.90 cents, and one June 14 reached an average of 12.03 cents. On June 15, 1934, the average price was 11.97 cents.

*Consumption of cotton* in the United States in May 1935 totaled 469,250 bales, compared with 462,844 bales used in April this year and 519,299 bales in May 1934. Total consumption for the ten months of the present cotton season—August 1 to May 31—amounted to 4,566,121 bales, compared with 4,977,040 bales consumed in the corresponding period of the 1933-1934 season. Manufacturing establishments held 979,130 bales on May 31, compared with 1,060,946 bales held on April 30 and 1,422,165 bales on May 31, 1934. Public warehouses and compresses held 6,560,247 bales in storage at the end of May this year, compared with

7,201,695 bales so held a month earlier and 6,560,165 bales on May 31 last year. May exports totaled 278,977 bales, compared with 284,764 bales sent abroad in May 1934. Exports during the ten months of this cotton year totaled only 4,174,762 bales, compared with 6,769,369 bales shipped overseas during the corresponding ten months ended May 31, 1934, all foreign countries having taken less American cotton this year. Spindles active at some time during May numbered 23,027,780, compared with 23,853,816 in April this year and 25,895,778 in May 1934.

*Cotton growing states consumed* 378,909 bales in May, compared with 374,013 bales used in April and 416,440 bales in May 1934. Last month's consumption of cotton in the cotton growing states amounted to 80.75 per cent of National consumption, a lower percentage than 80.81 per cent in April this year but higher than 80.19 per cent in May 1934. Of the 378,909 bales of cotton consumed in the cotton growing states in May, Fifth district mills used 211,412 bales, or 55.79 per cent, compared with 56.03 per cent of Southern consumption attained in the district in May last year.

No official reports on the condition of the cotton crop are issued until very late in the season, but unofficial information indicates that cotton in the Fifth reserve district suffered from too much rain and cold weather until about the first of June. Since that date, however, the weather has been favorable, with many clear days and high temperature, and cotton has progressed materially.

## Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on June 21 showing taxes collected on the manufacture of tobacco in May. The figures show that output of all types of manufactured tobacco except snuff continued to run ahead of 1934 figures. May production of cigarettes in the United States numbered 11,708,756,460, compared with 11,174,076,147 cigarettes manufactured in May 1934. The number of cigars made last month also rose from 380,449,937 in May 1934 to 407,731,360 in May 1935. Production of smoking and chewing tobacco rose from 25,756,129 pounds in May 1934 to 27,417,915 pounds in May this year, but snuff production declined from 3,299,653 pounds to 3,184,969 pounds. In actual amount of taxes paid in May, cigarettes led with \$35,134,986 this year and \$33,553,593 last year; smoking and chewing tobacco taxes totaled \$4,935,691 in May 1935 and \$4,636,604 in May 1934; cigar taxes yielded \$1,016,088 last month and \$993,999 in May last year; and snuff taxes amounted to \$573,295 and \$593,938 in May 1935 and 1934, respectively.

## Agricultural Notes

*Maryland weather* in May was favorable for wheat, and prospective yield for 1935 rose nearly 600,000 bushels during the month. The June 1 forecast of 7,505,000 bushels is over a million bushels below the average production for the five years 1928-1932, and

about 400,000 bushels below the 1934 yield, but the reduction in yield this year is entirely due to less acreage, the condition of the crop being above both last year's and the ten-year average. The final outturn of wheat will depend upon weather in June, which experience has shown to be the critical period for attacks of fungous diseases. The oat crop is also above average in condition, but the June 1 forecast of 232,000 bushels is less than the five-year average of 264,000 bushels, due to reduced acreage. A condition of 81 per cent for hay this year is about the same as 82 per cent a year ago, weather conditions having been splendid for both hay and pastures. The apple crop is much superior to the 1934 crop, a June 1 condition of 67 per cent comparing with last year's condition of 36 per cent. The peach crop is also relatively good, the reported condition on June 1 being 46 per cent compared with the five-year average of 64 per cent and last year's condition of only 15 per cent. About 322,000 bushels are expected this year, against 82,000 bushels last year and a five-year average yield of 509,000 bushels.

*Virginia* crop prospects on June 1 were generally more favorable than usual, although cool weather in May retarded the planting and growth of corn, cotton and peanuts. Crop conditions were rather uniform throughout the state as rainfall during the spring was quite general. Prospects for fall grains are about average, while pastures, hay crops and fruits are better than average. Truck crops made favorable progress during May and the yield and quality of the strawberry and green pea crops have been especially good. The production of early commercial potatoes will be about 20 per cent less than last year, due to the smaller acreage planted. The season has been favorable for potatoes and the yield per acre will be above average. The wheat yield will be reduced by rust which usually causes considerable loss in a wet season. The estimated production is 8,046,000 bushels which is practically the same as last year's crop of 8,092,000 bushels but is below the ten-year average production of 9,220,000 bushels. The condition of oats, rye and barley is better than last year and about the same as the ten-year average. There is generally a heavy growth of straw but heads are not well filled, the usual result of a wet spring. Hay prospects are very good throughout the state. The early hay crops made heavy yields, but there was some loss in harvesting the crop due to the frequent rains. The condition is reported at 84 per cent of normal, compared with 70 per cent on June 1 last year and 75 per cent the ten-year average. Pastures were unusually good in all sections of the state and the condition on June 1 was 90 per cent of normal compared with 72 per cent last year and 80 per cent the ten-year average. Production of early commercial potatoes is estimated to be 7,692,000 bushels, compared with 10,012,000 bushels in 1934 and 5,831,000 bushels in 1933. The season has been favorable for potatoes and yields are expected to be above the average. The smaller production this year is a result of a considerable reduction in acreage following the low prices received for the 1934 crop. Digging

has commenced but shipments will not be heavy until near the end of June. The apple crop is not as heavy as had been expected at blooming time, but prospects are much better than last year, and probably the best since 1931. Growers report 60 per cent of a full crop on June 1, compared with 32 per cent last year and 54 per cent the ten-year average. Orchards are reported to be in splendid condition, there is an abundance of moisture and the fruit has been growing rapidly, but there is considerable scab infestation as a result of wet weather. Prospects are fairly uniform throughout the state. The peach crop is considerably larger than last year and the crop is especially good in commercial orchards in Albemarle County. Growers report 45 per cent of a full crop, indicating a production of 756,000 bushels compared with the 1934 crop of 414,000 bushels.

*West Virginia* field work was delayed over much of the state during May as a result of backward spring weather, and frosts were reported in the northern sections. The weather was characterized by intermittent cold and warm days, and there was more than the usual amount of rain. Winter wheat is now expected to yield 2,226,000 bushels, compared with 1,974,000 bushels harvested last year, and this year's rye crop of 126,000 bushels compares with last year's crop of 120,000 bushels. Oats planting has been delayed by excessive rainfall, but the condition of the crop which was up on June 1 was much better than a year ago. Pasture conditions improved during May, and the condition of 85 on June 1 compared with 79 on May 1 and 60 on June 1, 1934. Hay also improved in May, and the condition of 82 per cent was far above 54 a year ago. Fruit prospects on June 1 were about the same as on May 1, although apples are not doing as well as was expected. Considerable fruit is dropping from the trees in farm orchards, but commercial orchards, in the main, are in better condition. The condition of 66 per cent for the farm apple crop on June 1 was far above 29 a year ago.

*The Carolinas* experienced quite variable weather in April and May, with more than average rain and cold, but on the whole early crop conditions compare favorably with those of average years. Wheat production in North Carolina this year is forecast at 5,544,000 bushels, a higher figure than 4,340,000 bushels harvested in 1934 and a five-year average of 3,653,000 bushels. South Carolina with a forecast of 979,000 bushels this year exceeds 765,000 bushels last year and 575,000 bushels the five-year average. The condition of oats on June 1 was 84 per cent in both North and South Carolina, a higher figure than the conditions a year ago, and also above the five-year averages. Hay condition on June 1 was better in both states than the ten-year average, and pastures were also better this year. Prospects for apples in North Carolina are 55 per cent of normal, compared with 45 per cent last year, and South Carolina's June 1 condition of 57 per cent is a little better than the condition on June 1 last year. The Carolinas have good prospects for peaches, a crop of 2,450,000 bushels in North Carolina exceeding the five-year average yield of 1,980,000 bushels

and South Carolina's crop of 1,734,000 bushels also bettering the five-year average production of 1,205,000 bushels. North Carolina early potatoes are better than a year ago, but the South Carolina crop is lower than the June 1934 condition.

### Construction

#### Building Permits Issued in May 1935 and 1934

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md. ....	930	837	\$ 979,680	\$1,003,800
Cumberland, Md. ....	10	9	625,083	5,642
Frederick, Md. ....	16	11	13,045	31,505
Hagerstown, Md. ....	30	8	40,307	2,220
Salisbury, Md. ....	12	15	16,175	10,825
Danville, Va. ....	29	24	71,623	13,453
Lynchburg, Va. ....	42	21	34,747	25,125
Norfolk, Va. ....	122	91	94,450	66,133
Petersburg, Va. ....	3	7	1,965	18,125
Portsmouth, Va. ....	24	27	23,920	17,711
Richmond, Va. ....	130	106	174,942	149,237
Roanoke, Va. ....	46	31	37,009	10,556
Bluefield, W. Va. ....	8	8	12,625	4,850
Charleston, W. Va. ....	120	56	71,767	8,317
Clarksburg, W. Va. ....	40	52	44,593	19,856
Huntington, W. Va. ....	27	22	24,000	10,395
Asheville, N. C. ....	42	62	87,750	62,761
Charlotte, N. C. ....	74	27	79,923	42,383
Durham, N. C. ....	56	22	201,963	45,945
Greensboro, N. C. ....	53	45	120,346	27,281
High Point, N. C. ....	30	23	45,269	15,075
Raleigh, N. C. ....	19	6	30,770	8,345
Rocky Mount, N. C. ....	15	6	39,005	3,760
Salisbury, N. C. ....	6	4	4,332	6,975
Winston-Salem, N. C. ....	75	57	67,387	24,022
Charleston, S. C. ....	71	22	67,170	11,250
Columbia, S. C. ....	51	22	123,049	35,970
Greenville, S. C. ....	39	36	25,230	26,500
Rock Hill, S. C. ....	24	16	65,508	11,540
Spartanburg, S. C. ....	47	34	16,639	15,815
Washington, D. C. ....	701	516	2,611,585	871,595
District Totals .....	2,892	2,223	\$5,851,857	\$2,606,967

Building permits issued in 31 leading Fifth district cities in May 1935 numbered 2,892, compared with 2,223 permits issued in May 1934, an increase of 30.1 per cent. Estimated valuation figures for all classes

of permits issued last month totaled \$5,851,857, compared with \$2,606,967 valuation for permits issued in May 1934, an increase this year of 124.5 per cent. Twenty-six of the thirty-one cities showed higher valuation figures for May 1935 than for May 1934, and most of the improvement appears to be in residential construction.

### Retail Trade, 31 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
May 1935 sales, compared with sales in May 1934:	-1.7	-6.6	+8.7	-7	+9
Jan.-May 1935 sales, compared with sales in Jan.-May 1934:	+3.0	+8	+12.6	+3.2	+6.1
May 31, 1935, stocks, compared with stocks on May 31, 1934:	+4.8	-4.8	-.3	+1.1	-1.4
May 31, 1935, stocks, compared with stocks on April 30, 1935:	+6.8	+2	-1.7	-2.5	-2
Number of times stock was turned in May 1935:	.336	.318	.398	.302	.35
Number of times stock was turned since January 1, 1935:	1.551	1.486	1.743	1.402	1.587
Percentage of May 1, 1935, receivables collected in May:	33.3	30.1	29.4	30.9	30.2

Note: Sales and stock changes are percentages.

### Wholesale Trade, 58 Firms

	21	7	6	13	11
	Groceries	Dry Goods	Shoes	Hardware	Drugs
May 1935 sales, compared with sales in May 1934:	+3.0	-16.5	-26.8	+17.1	+1.9
May 1935 sales, compared with sales in April 1935:	+3.3	-11.4	-28.5	+7.1	+4.1
Jan.-May 1935 sales, compared with sales in Jan.-May 1934:	+6.8	-16.3	-8.4	+10.5	+9
May 31, 1935, stocks, compared with May 31, 1934, stocks:	+5.2(8*)	-27.9(3*)	-16.8(4*)	+9.9(7*)	.....
May 31, 1935, stocks, compared with April 30, 1935, stocks:	-7.2(8*)	-4.3(3*)	-8.3(4*)	-5.0(7*)	.....
Percentage of May 1, 1935, receivables collected in May:	84.5(12*)	40.1(4*)	71.6(5*)	48.6(11*)	68.3(7*)

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

(Compiled June 21, 1935)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

There was a further slight decline in industrial production in May and factory employment and payrolls also showed a decrease. Activity in residential construction continued to be above the level of a year ago.

**Production and Employment**

Volume of industrial production, as measured by the Board's seasonally adjusted index, declined from 86 per cent of the 1923-25 average in April to 85 per cent in May, which was the fourth consecutive month of gradual decline from the recent high level of 90 in January. At steel mills output declined somewhat in May and the first three weeks of June, as is usual at this season. In the automobile industry, where output this spring has been at a level substantially higher than in other recent years, production showed a marked decline in May, reflecting in part the effects of a strike. At cotton mills there was little change in activity, while at woolen mills production increased further, contrary to seasonal tendency. Production of shoes declined seasonally. Output of coal, which has fluctuated widely in recent months, reflecting partly developments in the labor situation, showed a marked increase during May and the early part of June.

Factory employment and payrolls declined between the middle of April and the middle of May. Decreases in employment were reported for the automobile, radio, lumber, clothing, cotton, silk and shoe industries, while at woolen mills employment increased and in many other lines little change was reported.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in May as in April. Residential work continued in excess of a year ago, while the volume of contracts for public projects was smaller than in the corresponding month of 1934.

Department of Agriculture estimates based on June 1 reports indicate that conditions for wheat, oats, barley, rye, hay, and pastures were at the ten-year average for 1923-32, in contrast with conditions a year ago, which were unusually poor as a consequence of a prolonged drought. The winter wheat crop this year is estimated to be somewhat larger than last year and, with a considerable increase indicated for spring wheat, present conditions, according to the Department of Agriculture, suggest a total crop of about 670,000,000 bushels as compared with 496,000,000 bushels last season and a ten-year average of 828,000,000 bushels. Domestic stocks of wheat have been materially reduced this season.

**Distribution**

Total volume of freight-car loadings increased in May by about the usual seasonal amount. Coal shipments showed a marked increase, while loadings of miscellaneous freight declined. Department store sales, as measured by the Board's seasonally adjusted index, increased from 73 per cent of the 1923-25 average in April to 76 per cent in May and were at approximately the same level as a year ago.

**Commodity Prices**

The general level of wholesale prices, which was 80.3 per cent of the 1926 average at the end of April and also in the week ending May 25, had declined to 79.8 per cent by the week ending June 15, according to the index of the Bureau of Labor Statistics. Grain prices decreased considerably during May and the first half of June. Cotton prices, after a sharp decline at the end of May and a subsequent increase, also were lower in the middle of June than at the beginning of May. Prices of commodities other than farm products and foods as a group advanced slightly during this period.

**Bank Credit**

During the five weeks ending June 19 reserve balances of member banks increased by \$175,000,000 as a result of gold imports, offset in part by an increase in Treasury cash and deposits with the Reserve banks. Excess reserves of member banks on June 12 were above \$2,500,000,000 for the first time, but declined somewhat in the following week.

At reporting member banks in leading cities there was an increase of \$540,000,000 in net demand deposits in the four weeks ending June 12, due in part to gold imports. Time deposits declined by \$150,000,000, of which \$70,000,000 represented a decline at New York City banks consequent upon a ruling of the New York Clearing House in May prohibiting the payment of interest on new time deposits maturing in less than six months. Total loans and investments of reporting banks showed no important changes.

Short-term open-market interest rates continued at low levels in May and the first half of June.