

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

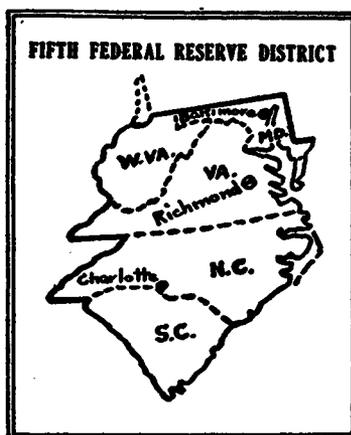


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

SEPTEMBER 30, 1935

MOST of the business indicators in the Fifth Federal Reserve district show that trade in August and early September was fully up to seasonal level, and agricultural conditions are quite favorable for comparatively large cash returns to farmers in the Fall. In banking, total earning assets at the Federal Reserve Bank of Richmond rose slightly between the middle of August and the middle of September, and the circulation of Federal Reserve notes increased seasonally with the opening of tobacco markets and the beginning of early Fall trade. Member bank reserve deposits also increased last month. Regularly reporting member banks slightly increased their loans between August 14 and September 11 and materially increased demand deposits, but time deposits declined slightly and investments in stocks and bonds were lowered. Debits to individual accounts figures in banks in leading trade centers in the four weeks ended September 11 showed a decline of 2.9 per cent in comparison with debits in the preceding four weeks, but exceeded debits in the corresponding four weeks of 1934 by 10.9 per cent. Commercial failures in the Fifth district in August numbered only 39, compared with 51 in August last year, but liabilities last month totaling \$1,431,207 compared unfavorably with liabilities amounting to \$440,675 in August 1934 insolvencies. Employment did not change materially in August and early September, but the changes that did occur reflected some improvement. Coal production in August showed a seasonal increase over July production, but was 5.4 per cent less than production in August last year. Textile mills in the Fifth Reserve district increased their rate of operation last month, and consumed more cotton than in either July this year or August last year. South Carolina continued to lead all states in the average number of hours of operation per spindle in place. Tobacco markets in South Carolina and a part of North Carolina sold a large volume of to-



bacco in August for prices which were considered on the whole moderately satisfactory. Tobacco manufacturers continued to operate at high levels, although output fell below the record figures of July and in all types of manufacture except cigarettes also fell below August 1934 figures. Construction continues to improve in the Fifth Reserve district, both the number of permits issued and the estimated valuation in August this year exceeding the August 1934 figures, and contracts actually awarded last month nearly doubling the August 1934 contracts in value. Retail trade in August averaged 7 per cent above the volume of

trade in August last year, measured by sales in thirty-one leading department stores in the Fifth district, and wholesale trade in groceries, hardware and drugs also exceeded the dollar volume of trade in the corresponding month a year ago, but dry goods and shoe sales were smaller in the 1935 month. Prospects in agriculture in the Fifth district states are better than they were at this time last season, and while prices for the leading money crops, cotton and tobacco, are lower at the present time than last year, increased yields indicate that farmers in the district will probably have at least as large incomes this year as they had in 1934. Supplies of food and feed crops are abundant this year.

Reserve Bank Statement

Principal items on the statement of the Federal Reserve Bank of Richmond for three mid-month dates are shown in the accompanying table, affording opportunity for comparison of the latest available figures, those for September 15, 1935, with the figures for corresponding dates a month and a year earlier. In the past month, rediscounts for member banks increased \$244,000, while industrial loans declined \$22,000, a net increase of \$222,000 in total earning

ITEMS	000 omitted		
	Sept. 15 1935	Aug. 15 1935	Sept. 15 1934
Rediscounts held	\$ 350	\$ 106	\$ 720
Open market paper.....	173	173	193
Industrial advances	4,563	4,585	80
Government securities	116,716	116,716	103,563
Total earning assets.....	121,802	121,580	104,556
Circulation of Fed. Res. notes..	165,072	154,095	157,768
Members' reserve deposits.....	159,157	155,379	131,437
Cash reserves	218,627	205,195	198,572
Reserve ratio	65.65	64.65	66.07

assets. The portfolio of open market paper and holdings of Government securities remained unchanged during the month. Circulation of Federal Reserve notes rose seasonally between August 15 and September 15, advancing \$10,977,000, due in large part to opening of tobacco markets in North Carolina and to early Fall trade. Member bank reserve deposits rose by \$3,778,000 during the past month, carrying reserves farther in excess of legal requirements. Aggregate cash reserves of the Federal Reserve Bank of Richmond increased by \$13,432,000 between the middle of August and the middle of September, and the ratio of cash reserves to note and deposit liabilities combined rose by 1.00 point.

A comparison of the condition figures for September 15, 1935, with those reported for September 15, 1934, shows marked changes in most items. Rediscounts for member banks, which were very small a year ago, declined further by \$370,000, and the portfolio of open market paper also dropped \$20,000. On the other hand, holdings of Government securities rose by \$13,153,000 during the year, and loans direct to industry, which were just beginning to be made in September 1934, increased by \$4,483,000. Total earning assets increased by \$17,246,000 between the middle of September last year and this. The circulation of Federal Reserve notes rose by \$7,304,000 during the past year, and member bank reserve deposits increased by \$27,720,000. The increase in note circulation was due in part to needs for marketing a larger tobacco crop this year, and the rise in reserve deposits reflects surplus funds in possession of the member banks. The several changes in the statement previously mentioned, with others of less importance, increased the cash reserves of the Federal Reserve Bank of Richmond by \$20,055,000 during the year, but the ratio of reserves to note and deposit liabilities combined declined by 42/100ths of a point.

Statement of 28 Member Banks

The accompanying table shows the principal items of condition on the weekly statement of twenty-eight regularly reporting member banks in ten leading cities of the Fifth Federal Reserve district as of three dates, September 11 and August 14 this year, and September 12 last year, thus affording opportunity for comparison of the latest available figures with those a month and a year earlier. It should be understood that the figures shown are not necessarily the highest or lowest

ITEMS	000 omitted		
	Sept. 11 1935	Aug. 14 1935	Sept. 12 1934
Loans on stocks and bonds (in- cluding Governments)	\$ 50,125	\$ 49,760	\$ 57,154
All other loans.....	92,186	91,533	103,867
Total loans and discounts.....	142,311	141,293	161,021
Investments in securities.....	198,583	204,799	186,051
Reserve bal. with F. R. Bank....	76,395	57,810	56,479
Cash in vaults.....	12,701	10,876	12,009
Demand deposits	235,130	224,846	214,340
Time deposits	135,900	136,498	133,955
Borrowed from F. R. Bank.....	0	0	0

figures which occurred during the periods under review, but represent the condition of the banks on the report dates only.

During the four weeks between August 14 and September 11, the reporting banks increased their loans by \$1,018,000. Loans on stocks and bonds rose \$365,000 last month, while all other loans rose by \$653,000. The reporting banks decreased their investments in securities by \$6,216,000 between August 14 and September 11. Aggregate reserve balances of the twenty-eight banks at the Federal Reserve bank rose by \$18,585,000 during the month, and cash in vaults increased by \$1,825,000. Demand deposits rose by \$10,284,000 since the middle of August, but there was a small decline in time deposits amounting to \$598,000. None of the twenty-eight reporting banks were borrowing at the Federal Reserve bank during the past month.

On September 12, 1934, all figures in the combined statement of the reporting institutions were smaller than figures on September 11, 1935, except loan and rediscount figures. Total loans declined \$18,710,000 during the year, of which \$7,029,000 was in loans on securities and \$11,681,000 was in all other loans. None of the reporting banks were borrowing at the Federal Reserve bank on either the 1934 or the 1935 dates. On the other hand, the banks built up their reserve balances at the Federal Reserve bank by \$19,916,000 during the past year, and also increased their investments in securities, chiefly Governments, by \$12,532,000. Cash in vaults rose by \$692,000. Aggregate deposits increased \$23,333,000 between the middle of September last year and this, demand deposits gaining \$20,790,000 and time deposits \$2,543,000.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$337,817,077 at the end of August 1935, a lower figure than \$338,243,382 reported at the end of July this year but an increase over \$327,095,161 at the end of August 1934. 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		
	Sept. 11, 1935	Aug. 14, 1935	Sept. 12, 1934
Asheville, N. C.....	\$ 8,782	\$ 8,418	\$ 8,092
Baltimore, Md.	234,990	259,106	209,433
Charleston, S. C.....	10,415	9,809	9,606
Charleston, W. Va....	34,921	40,136	35,103
Charlotte, N. C.....	39,879	41,315	37,088
Columbia, S. C.....	18,124	19,522	14,938
Cumberland, Md.	6,418	7,081	5,297
Danville, Va.	5,722	5,407	4,388
Durham, N. C.....	29,605	21,984	34,170
Greensboro, N. C.....	11,484	10,622	10,833
Greenville, S. C.....	12,289	11,357	10,081
Hagerstown, Md.	6,014	6,058	5,116
Huntington, W. Va....	10,559	10,134	10,480
Lynchburg, Va.	11,255	11,477	10,379
Newport News, Va....	6,614	6,303	5,707
Norfolk, Va.	36,515	39,464	37,273
Portsmouth, Va.	2,818	2,942	2,523
Raleigh, N. C.....	18,816	25,676	14,578
Richmond, Va.	129,281	112,140	120,205
Roanoke, Va.	17,236	15,386	15,795
Spartanburg, S. C.....	5,612*	-----	-----
Washington, D. C.....	166,841	179,525	138,857
Wilmington, N. C.....	8,408	7,217	6,840
Winston-Salem, N. C.	26,956	28,176	22,900
Fifth District Totals	\$853,942	\$879,255	\$769,682

*Spartanburg not included in Totals.

Debits to individual accounts figures shown in the table for three equal periods of four weeks include all checks drawn against depositors' accounts in the banks of twenty-three leading trade centers in the Fifth Federal Reserve district. Figures for the four weeks ended September 11, 1935, are included, and for comparison the corresponding figures for the preceding four weeks this year, ended August 14, 1935, and the same four weeks last year, ended September 12, 1934, are also listed.

Aggregate debits in the reporting cities declined \$25,313,000, or 2.9 per cent, in the latest four weeks, compared with figures for the preceding like period, only eleven of the twenty-three cities showing higher figures. The cities reporting increased debits last month were Asheville, Durham, Greensboro and Wilmington, N. C., Charleston and Greenville, S. C., Danville, Newport News, Richmond and Roanoke, Va., and Huntington, W. Va. Spartanburg, S. C., is included in the table for the latest four weeks, but figures for the earlier periods are not available.

In comparison with debits to individual accounts figures for the four weeks ended September 12, 1934, the figures reported for the corresponding period this year show an increase of \$84,260,000, or 10.9 per cent. Twenty of the twenty-three cities reported higher figures for the 1935 period, the three cities which failed to gain being Charleston, W. Va., Durham, N. C., and Norfolk, Va.

Commercial Failures

Dun & Bradstreet Monthly Review for September says: "The trend of business failures in the United

States continues to show a declining tendency. The number of defaults reported for August was the lowest for any month this year. Losses involved, measured by the amount of liabilities, also were reduced, compared with July, and were below those for all other months this year except May. The number of failures for August was 901, compared with 931 in July and 929 in August 1934. Liabilities for August totaled \$17,845,596, compared with \$20,446,761 for the preceding month and \$18,459,903 in August of last year." The August record in the Fifth district was less favorable than the National record, although fewer insolvencies were reported than in August last year. Failures in the district last month totaled 39, compared with 30 in July and with 51 in August last year. Aggregate liabilities last month amounted to \$1,431,207, compared with \$601,923 in July 1935 and only \$440,675 in August 1934. Fewer failures were reported for August this year than for August last year in only four of the twelve Federal Reserve districts, while lower liabilities were reported this year in six districts.

Employment

Employment increased slightly in several industries in August and early September in the Fifth Federal Reserve district, and held previous levels in others. Opening of additional tobacco markets in North Carolina gave employment to some scores of handlers and other warehouse helpers. Coal production in August exceeded July production, giving longer hours of work to miners. Textile mills operated at a higher rate in August than in July, adding to payrolls in that industry. Tobacco factories continued operations at about the same rate in August, although output did not quite equal the record month of July. Work in construction fields was more easily obtained in August this year than in August last year, both building permits issued and contracts actually awarded in the 1935 month exceeding 1934 figures. Fall harvesting operations are giving more work to agricultural workers than they were able to obtain during the growing season.

Coal Production

Bituminous coal production in the United States in August 1935 totaled 25,980,000 net tons, an average of 962,000 tons per working day, a seasonal increase over 22,252,000 tons mined in July this year but 5.4 per cent below 27,452,000 tons dug in August 1934. Total production of bituminous coal this calendar year through August totaled 237,126,000 net tons, compared with 234,629,000 tons mined to the same date last year. The August 24 report of the Bureau of Mines, Department of the Interior, gave coal production by states for July. West Virginia led all states with 6,706,000 tons, Pennsylvania ranking second with 5,928,000 tons. Total production in the Fifth district in July was 7,442,000 tons, or 33.4 per cent of National production, compared with 8,436,000 tons, or 33.9 per cent of

National production, mined in the Fifth district in July last year. Shipments of coal through Hampton Roads this calendar year through August totaled 12,088,705 tons, compared with 12,092,948 tons shipped through the same period in 1934.

Textiles

Fifth district textile mills increased operations about 8 per cent in August over July, and also ran at a slightly higher rate than in August last year. In August 1935, Fifth district textile mills consumed 197,293 bales of cotton, an increase of 7.9 per cent over 182,821 bales used in July this year, and 4.7 per cent more than 188,398 bales consumed in the district in August 1934. Last month North Carolina mills consumed 100,669 bales, South Carolina mills used 84,997 bales, and Virginia mills 11,627 bales, all the figures being higher than the ones reported for August last year. Fifth district consumption figures in August 1935 were 48.3 per cent of National consumption, compared with 45 per cent of National consumption attained by the Fifth district mills in August last year.

On August 21, the Department of Commerce issued a report on spindles in place, spindles active in July, total spindle hours of operation in July, and average hours of operation per spindle in place in July. On July 31, 1935, there were 30,110,078 spindles in place in the United States, North Carolina leading with 6,130,376, or 20.4 per cent of the total, South Carolina ranking second with 5,839,968 spindles, or 19.4 per cent, and Massachusetts third with 5,375,988 spindles, or 17.9 per cent. The Fifth district as a whole had 42 per cent of total spindles in place in the United States at the end of July 1935. In actual spindle hours of operation, South Carolina led all states for July with 1,342,412,365 hours, or 26 per cent of the National total of 5,157,527,985 hours, and North Carolina ranked second with 1,144,372,027 hours, or 22 per cent, while Massachusetts had only 586,196,351 hours, or 11 per cent. The Fifth district, with 42 per cent of total spindles in place in the United States in July, showed 51 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 230 hours per spindle ranked first, Virginia with 209 hours ranked fourth, and North Carolina with 187 hours ranked sixth. The average hours of operation for the United States was 171 per spindle in place.

Cotton Statistics

Spot cotton prices declined about \$5.50 per bale between the middle of August and the middle of September, chiefly due to the AAA announcement of a plan to lend 9 cents per pound to growers on this year's crop instead of repeating last year's advance of 12 cents. The decline was checked in the second week of September by the Department of Agriculture's reduction in prospective yield figures from those released a month earlier. The average price for middling grade cotton on ten Southern markets was 11.60 cents per pound on August 16th, 10.85 cents on August 23rd,

10.53 cents on August 30th, 10.48 cents on September 6th, and 10.49 cents on September 13th, the latest date for which quotations are available. The average price on September 14, 1934, was 12.86 cents per pound.

The Department of Agriculture's second condition report of the season, issued on September 9 as of September 1, estimated 1935 production of cotton as 11,489,000 bales of 500 pounds gross weight, a decrease of 309,000 bales under the estimate of production made on August 1 but 1,853,000 bales above the 1934 short crop of 9,636,000 bales. During August prospects for cotton improved in some states, including North Carolina and Virginia in the Fifth district, but prospects declined in such important states as South Carolina, Alabama, Louisiana, Oklahoma and Texas, the last named State showing a loss of 384,000 bales during the month. In the Fifth district cotton growing states, South Carolina registered a decrease of 20,000 bales in prospective yield during August, due chiefly to excessive rains and winds over the entire State and to weevil activity in Piedmont counties. North Carolina prospects rose by 2,000 bales last month, and the Virginia estimate also rose 2,000 bales. In North Carolina weevil damage has been quite extensive and the top crop is almost entirely missing. Favorable growing weather in July and early August developed bolls rapidly and aided materially in overcoming weevil damage. The early, or bottom, crop is unusually good throughout the State. In comparison with the 1934 yield, the three Fifth district states show a combined increase in prospective yield of 40,000 bales this year. The South Carolina crop for 1935 is now estimated to be 739,000 bales, compared with 681,000 bales picked last year; the North Carolina yield this year of 613,000 bales compares with the 1934 crop of 629,000 bales; and Virginia's prospective yield of 33,000 bales compares with last year's yield of 35,000 bales. The Census Bureau reports that 1,132,739 bales of this year's crop were ginned prior to September 1, a slightly lower figure than 1,402,835 bales ginned before September last year.

Cotton consumption in the United States in August 1935 rose above the July figure, but was below the figure for August 1934. Cotton used in American mills last month totaled 408,410 bales, compared with 391,771 bales used in July this year and 418,941 bales in August 1934. Manufacturing establishments held 644,926 bales on August 31, compared with 789,373 bales held on July 31 and 1,076,982 bales on August 31, 1934. Public warehouses and compresses held 5,892,836 bales in storage at the end of August this year, compared with 5,739,197 bales so held a month earlier and 5,823,939 bales on August 31 last year. August exports totaled 241,484 bales, compared with 276,622 bales sent abroad in July 1935 and 252,531 bales exported in August 1934. Spindles active at some time during August numbered 22,046,652, compared with 22,312,384 in July this year and 24,181,776 in August 1934.

Cotton growing states consumed 342,935 bales in August, compared with 322,909 bales used in July and 333,977 bales in August 1934. Last month's consump-

tion in the cotton growing states amounted to 83.97 per cent of National consumption, a higher figure than either 82.42 per cent in July this year or 79.72 per cent in August last year. Of the 342,935 bales of cotton consumed in the cotton growing states in August, Fifth district mills used 197,293 bales, or 57.53 per cent, a higher figure than 56.04 per cent attained by Fifth district mills in August 1934.

Tobacco Marketing

South Carolina tobacco markets opened on August 8, with prices considered satisfactory, although slightly below those of 1934. The South Carolina Commissioner of Agriculture reports producers' sales totaling 39,313,598 pounds of tobacco in August this year, at an average of \$21.14 per hundred pounds, compared with sales totaling 29,879,104 pounds at \$22.91 per hundred in August 1934. Although last month's prices were less than prices in August 1934, tobacco sold last month brought \$1,465,000 more. The market at Mullins led in sales in August with 14,128,446 pounds, Lake City ranked second with 8,536,164 pounds, and Timmonsville third with 4,244,310 pounds. On a basis of the September 1 condition, the South Carolina tobacco crop this year is estimated to be 82,650,000 pounds, an increase over the August 1 forecast of 78,375,000 pounds and about 45 per cent above the 1934 crop of 56,880,000 pounds, the increase in comparison with last year being due both to increased acreage and higher condition figures. This year's production is above the five-year average yield of 75,823,000 pounds.

North Carolina border markets in the South Carolina belt opened on August 8 and on August 26 markets in the New Bright belt opened. North Carolina markets sold 52,106,822 pounds of tobacco for growers during the month, at an average price of \$21.26 per hundred pounds, compared with 56,062,948 pounds sold by the same markets in August 1934 for \$25.79 per hundred. Fairmont led in August sales with 11,556,944 pounds, Whiteville ranking second with 8,493,961 pounds, and Fairmont paid the highest average price for the month, \$23.42 per hundred pounds. The tobacco crop in North Carolina improved in condition during August, and the forecast of production was raised from 511,810,000 pounds on August 1 to 528,614,000 pounds on September 1. The crop in 1934 yielded 417,975,000 pounds, and the five-year average production is 468,526,000 pounds.

Growing tobacco improved in Virginia and Maryland last month, but lost ground in West Virginia. On the basis of the September 1 condition, *Virginia* farmers expect to cure 92,590,000 pounds this year, compared with 80,155,000 pounds in 1934 and a five-year average of 98,916,000 pounds. *Maryland* growers will probably harvest 23,562,000 pounds, compared with 23,418,000 pounds last year and a five-year average of 24,018,000 pounds. *West Virginia's* crop is forecast to be 2,320,000 pounds in 1935, compared with 1,755,000 pounds last year and a five-year average of 4,193,000 pounds. The Fifth district total

production of tobacco in 1935 is forecast to be 729,736,000 pounds, compared with 580,183,000 pounds harvested last year and a five-year average production of 671,476,000 pounds.

Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on taxes collected in August 1935 on manufactured tobacco products. The report showed a reduction from the record figures of July, but output continued large. August production of cigarettes in the United States numbered 11,974,831,167, compared with 11,809,522,453 cigarettes manufactured in August 1934. On the other hand, smoking and chewing tobacco decreased from 27,905,054 pounds in August last year to 27,311,032 pounds in August this year. Cigars manufactured declined from 425,452,701 in August 1934 to 422,281,685 in August 1935. Snuff production decreased from 3,042,763 pounds to 2,901,313 pounds during the year. In August 1935, taxes on cigarettes totaled \$35,926,561, compared with \$35,429,697 collected in the corresponding month last year. Taxes on smoking and chewing tobacco fell during the same period from \$5,020,893 to \$4,916,174. Total receipts by the Federal Treasury on tobacco products rose from \$42,061,705 in August last year to \$42,401,143 in August this year, the increase in receipts from cigarettes more than offsetting the drop in receipts from smoking and chewing tobacco, cigars and snuff.

Agricultural Notes

Combined crop prospects improved in August in Maryland, Virginia and North Carolina, but declined in West Virginia and South Carolina. The improvement was greatest in Virginia, and the decline most marked in South Carolina, but South Carolina with 123.5 ranked second in prospective per acre yields on September 1 expressed as a percentage of the ten-year average yield. Virginia's percentage on September 1 was 114.3, North Carolina's 111.9, West Virginia's 110.6, and Maryland's 108.3. The average for the United States was 100.8.

Maryland corn decreased 2 per cent in prospective yield in August, apples also decreased slightly, and tobacco increased 4 per cent, according to the Maryland Crop Reporting Service, but these figures reflect conditions on September 1 and do not take into consideration severe damage done by the storm of the first week in September. Corn, late hays and truck crops on the Eastern Shore were severely injured, while in Southern Maryland tobacco growers suffered heavy losses, but the amount of damage has not yet been determined. August weather was too dry for corn over most sections of the State. The estimated production of 17,956,000 bushels compares with last year's crop of 16,995,000 bushels and the five-year average of 15,039,000 bushels. Early August rains improved tobacco prospects, and over half the crop was housed by September 1. Prospects indicate production of 23,563,000 pounds as compared with the 1934 yield of 23,418,000 pounds and the five-year aver-

age of 24,018,000 pounds. Hay production of 555,000 tons this year compares with 578,000 tons in 1934 and an average production of 458,000 tons. Pasture conditions declined in August as a result of dry weather but on September 1 were still above average for that date. The white potato crop is estimated at 3,564,000 bushels compared with last year's production of 3,267,000 bushels and the five-year average of 3,339,000 bushels. Extensive damage from potato blight is reported in Western counties. Sweet potato production of 775,000 bushels compares with 750,000 bushels last year and the five-year average of 1,374,000 bushels. All reports indicate extensive damage to sweet potatoes from the storm. The September 1 apple crop was estimated at 2,124,000 bushels. Last year's crop was 1,102,000 bushels while the average is 2,053,000 bushels. The commercial apple crop of 1,180,000 bushels is about 8 per cent below average.

West Virginia crops decreased nearly 2 per cent in average condition during August, although corn, tobacco and peaches improved. The oat, potato and apple crops showed declines, while prospects for hay remained unchanged. Corn is expected to yield 12,682,000 bushels this year, compared with 12,128,000 bushels last year and an average of 11,056,000 bushels. Oats threshed out lighter than was expected, but the 1935 yield of 2,484,000 bushels was higher than 2,052,000 bushels in 1934, although much below the five-year average yield of 3,239,000 bushels. West Virginia's 1935 hay yield of 745,000 tons is far above either the 1934 crop of 502,000 tons or the average production of 615,000 tons. Pastures on September 1 were far better than average. White potato prospects indicate a yield of 3,220,000 bushels this year, against 3,120,000 bushels last year and a five-year average of 3,484,000 bushels. Apple prospects declined in August, and on September 1 a crop of 5,940,000 bushels was forecast, of which 3,240,000 bushels was the commercial crop. Both figures are materially higher than those for 1934, but are below the five-year average. A peach yield of 260,000 bushels was more than double last year's crop of 110,000 bushels, but was only a little over half the average yield of 492,000 bushels.

Virginia crops generally made favorable progress during August. Prospects for corn, tobacco, cotton, hay and apples improved, while prospects for potatoes, sweet potatoes and peaches remained unchanged. The indicated production of all crops, except potatoes and cotton, is greater than last year. The rain and wind storm of September 5th and 6th caused considerable damage to crops in the Eastern part of the State, but the loss was mostly confined to crops on the low grounds. The corn crop suffered the heaviest loss, as most of the corn in the river valleys was seriously damaged or will be a total loss. The greatest damage was in the James and Staunton River valleys. The total loss to the corn crop, however, will be only about 5 per cent of the State production. Most of the tobacco had been harvested prior to the storm, so there was little damage, the total being estimated at less than 5 per cent. Pastures and late hay crops were greatly benefited by the rains. Corn production, based

on the September 1 condition of 88 per cent, was estimated to be 37,250,000 bushels compared with the 1934 crop of 35,794,000 bushels and the average production for five years of 31,346,000 bushels. The oat crop turned out slightly better than had been expected and the indicated production is 2,728,000 bushels, compared with 2,398,000 bushels last year. The September 1 condition of peanuts indicates a production of 159,600,000 pounds, compared with 146,000,000 pounds last year and the five-year average of 146,681,000 pounds. Weather conditions during August were generally favorable, although in a few sections there was too much rain for the best growth. Late hay crops improved during August and heavy crops of soybeans, cowpeas and lespedeza are expected. There was some loss of hay cut just prior to the heavy rains in the first week of September. The total production of hay is now expected to be 1,126,000 tons, which is one of the largest crops on record. Pastures continue excellent throughout the State. Fruit prospects improved during August, as there was ample moisture for proper growth. The production of apples is reported to be 16,430,000 bushels, compared with 9,275,000 bushels last year and 13,160,000 bushels the five-year average. Commercial apples improved also, and are of very good size except on trees that are overloaded or where the trees lack vigor. The crop is coloring well and maturing a little earlier than usual. The commercial crop is estimated at 10,540,000 bushels this year, compared with last year's crop of 6,562,000 bushels and a five-year average production of 8,228,000 bushels. The condition of late potatoes on September 1 was very good and indicated an average yield. Continued rains during the first part of September, however, were unfavorable for the crop. Total production of potatoes, including the early commercial crop, is estimated at 11,528,000 bushels, compared with 13,433,000 bushels last year. Sweet potatoes made favorable progress in August, and total production is estimated at 4,860,000 bushels, compared with 3,910,000 bushels last year.

North Carolina crops as a whole showed a slight improvement last month. August was a dry month through most of the Piedmont counties and in Southern portions of the coastal area, and most crops experienced a setback in these sections. The upper coastal and mountain counties had good rains and conditions improved sufficiently to raise the average prospects for the State. Corn, the only crop planted generally in all counties, declined 5 per cent in August. Production of 45,904,000 bushels is about 4 per cent less than 47,580,000 bushels harvested last year. On the other hand, small grain crops were better than last year, and oats turned out 4,642,000 bushels against 3,519,000 bushels in 1934. A hay crop of 675,000 tons compares with 699,000 tons last year, and pastures are also poorer this year. Peanuts on September 1 were lower in condition than a year ago, but a larger acreage indicates a 1935 yield of 273,050,000 pounds against 264,000,000 pounds last year. Excessive rainfall produced an excess of peanut vines at the expense of nuts. White potatoes in North Carolina this year totaled 8,774,000 bushels, compared with 10,-

672,000 bushels in 1934, and the 1935 yield of 7,440,000 bushels of sweet potatoes is less than 8,856,000 bushels dug in 1934. An apple crop of 4,200,000 bushels is forecast, of which 823,000 is commercial crop, compared with total production of 3,525,000 bushels last year, of which the commercial crop comprised 691,000 bushels.

South Carolina had ample rain in August and crop prospects as a whole improved, although there was too much rain for cotton and for hay curing. Corn production indicated at 25,425,000 bushels is 22 per cent above 20,760,000 bushels gathered last year and 26 per cent above average production of 20,151,000 bushels. A hay crop of 221,000 tons is expected this year, 10 per cent above last year's yield of 201,000 tons and 23 per cent above the five-year average cut of 180,000 tons. Oats totaling 10,462,000 bushels exceeded both the 1934 yield of 6,596,000 bushels and the average production of 8,080,000 bushels. The 1935 sweet potato crop of 4,488,000 bushels is larger than the 1934 crop of 4,428,000 bushels, but is less than average production of 4,569,000 bushels. Peanuts promise a yield of 11,360,000 pounds this year, an increase of 18 per cent over last year's crop of 9,600,000 pounds and 35 per cent above the five-year average yield of 8,398,000 pounds.

Construction

Building Permits Issued in August 1935 and 1934

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md.	809	788	\$1,015,200	\$ 628,560
Cumberland, Md.	10	13	17,925	10,620
Frederick, Md.	12	12	18,255	9,535
Hagerstown, Md.	16	14	26,685	6,457
Salisbury, Md.	10	9	3,500	5,740
Danville, Va.	22	15	23,175	26,347
Lynchburg, Va.	28	31	27,840	25,785
Norfolk, Va.	132	84	202,640	129,007
Petersburg, Va.	1	6	1,400	10,765
Portsmouth, Va.	27	28	23,750	12,445
Richmond, Va.	120	102	258,598	110,259
Roanoke, Va.	39	30	52,219	8,668
Bluefield, W. Va.	10	8	18,005	4,494
Charleston, W. Va.	147	77	108,372	55,710
Clarksburg, W. Va.	74	37	93,744	28,097
Huntington, W. Va.	21	12	21,985	11,580
Asheville, N. C.	24	34	22,454	16,650
Charlotte, N. C.	82	23	99,982	20,620
Durham, N. C.	47	25	116,635	101,375
Greensboro, N. C.	54	51	85,193	42,008
High Point, N. C.	43	19	122,318	19,560
Raleigh, N. C.	19	15	53,571	23,685
Rocky Mount, N. C.	9	3	11,600	1,650
Salisbury, N. C.	8	2	27,535	600
Winston-Salem, N. C.	65	58	71,826	32,395
Charleston, S. C.	57	37	37,824	63,033
Columbia, S. C.	49	33	86,248	430,615
Greenville, S. C.	32	31	70,150	41,300
Rock Hill, S. C.	11	12	24,240	9,175
Spartanburg, S. C.	25	42	15,780	9,207
Washington, D. C.	625	472	1,811,680	1,372,310
Totals	2,628	2,123	\$4,570,329	\$3,268,252

Building permits issued in August in thirty-one leading cities of the Fifth reserve district numbered 2,628, compared with 2,123 permits issued in August, 1934, an increase of 23.8 per cent this year, and estimated valuation figures for last month totaled \$4,570,329, an increase of 39.8 per cent in comparison with valuation figures totaling \$3,268,252 in August last year. Twenty-six of the thirty-one cities showed higher valuation figures for the 1935 month. All of the five largest cities, Baltimore, Washington, Richmond, Norfolk and Charlotte, increased. High Point, N. C., and Clarksburg, W. Va., made the best records in estimated valuation figures in August 1935, population of reporting cities being taken into consideration.

Contracts awarded in August for construction work in the Fifth district, including both rural and urban projects, totaled \$23,273,287, compared with \$12,110,714 awarded in August 1934, according to figures collected by the F. W. Dodge Corporation. Of the awards in August this year, \$5,340,632, or 22.9 per cent, was for residential work, while last year residential contracts totaled \$1,806,354, or 14.9 per cent of all awards in August.

Retail Trade, 31 Department Stores

Richmond	Baltimore	Washington	Other Cities	District	
August 1935 sales, compared with sales in August, 1934:	+ 4.0	- 3.8	+17.7	+ 6.7	+ 7.1
Total sales Jan.-Aug. 1935, compared with Jan.-Aug. 1934:	+ 4.2	+ 9	+14.3	+ 3.8	+ 7.1
Aug. 31, 1935, stocks, compared with stocks on Aug. 31, 1934:	- .9	- 6.2	- .5	+ 2.5	- 2.5
Aug. 31, 1935, stocks, compared with stocks on July 31, 1935:	+ 4.1	+ 6.5	+ 6.1	+ 6.6	+ 6.1
Number of times stock was turned in August 1935:	.313	.273	.37	.296	.318
Number of times stock was turned since January 1, 1935:	2,493	2,362	2,84	2,211	2,551
Percentage of Aug. 1, 1935, receivables collected in August:	29.8	25.8	26.5	25.8	26.5

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

21	7	6	12	11	
Groceries	Dry Goods	Shoes	Hardware	Drugs	
August 1935 sales, compared with sales in August 1934:	+ 5.3	-20.3	- 9.3	+ 7.8	+ .2
August 1935 sales, compared with sales in July 1935:	+ 2.1	+65.4	+98.1	+18.5	+ 2.6
Jan.-Aug. 1935 sales, compared with sales in Jan.-Aug. 1934:	+ 7.3	-18.0	-12.5	+ 8.4	+ 1.1
Aug. 31, 1935, stocks, compared with Aug. 31, 1934, stocks:	+ 1.1(8*)	-23.9(3*)	- 4.6(4*)	- .1(7*)
Aug. 31, 1935, stocks, compared with July 31, 1935, stocks:	+ .7(8*)	-12.5(3*)	- 8.9(4*)	- 1.6(7*)
Percentage of collections in August to receivables Aug. 1:	99.7(12*)	42.0(4*)	41.0(5*)	38.9(11*)	66.6(7*)

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

(Compiled September 21, 1935)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Board of Governors of the Federal Reserve System)

Total volume of industrial production increased in August by about the usual seasonal amount. Steel output increased more than seasonally, while the output of automobiles and anthracite declined sharply. Factory employment and payrolls increased. Wholesale prices of farm products and metals advanced during August and the first two weeks of September, and prices of wheat and metals increased further in the third week of the month.

Production and Employment

Industrial production increased seasonally in August and the Board's index, which is adjusted to allow for usual seasonal variations, remained unchanged at 86 per cent of the 1923-1925 average. Activity at steel mills showed a considerable increase from July to August and in the first three weeks of September was at a level higher than in any other month since February. Automobile assemblies declined by about 30 per cent in August, and showed a further sharp reduction in the early part of September, reflecting in part preparations for early introduction of new models. At lumber mills output continued to increase in August. Cotton consumption by domestic mills increased slightly from recent relatively low levels and activity at woolen mills was maintained at a high rate. At mines, output of bituminous coal showed an increase. Factory employment and payrolls increased between the middle of July and the middle of August by more than the usual seasonal amount. Marked increases in employment were reported for the steel, machinery, lumber, silk, and clothing industries, while at automobile factories employment declined somewhat. The number of wage earners engaged in the production of durable manufactures in August was 6 per cent larger than a year earlier, while the volume of employment in other manufacturing industries as a group showed little change. Total factory employment was 3 per cent larger than in August 1934.

Daily average value of construction contracts, as reported by the F. W. Dodge Corporation, showed little change in August and the first half of September. Contracts for residential building, which earlier in the year had increased considerably, showed a decrease for this period, while the volume of public projects increased.

Department of Agriculture estimates based on September 1 conditions indicate a cotton crop of 11,489,-

000 bales, as compared with the unusually small crop of 9,636,000 bales last year. The indicated crops of corn, wheat, and other grains are considerably larger than last year, when drought conditions prevailed, and the condition of pastures is above the ten-year average.

Distribution

Freight-car loadings increased considerably in August and the first half of September, partly as a consequence of seasonal factors. Department store sales increased slightly less than seasonally from July to August.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 79.6 per cent of the 1926 average at the beginning of August to 80.8 per cent in the second week of September and prices of many leading commodities, including wheat, silk, copper, lead, and zinc, advanced further in the third week of the month. Cotton prices declined considerably in August and showed relatively little change in the first three weeks of September.

Bank Credit

Excess reserves of member banks declined in the five-week period ended September 18, reflecting a temporary increase in the Treasury's total holdings of cash and deposits at Federal Reserve banks and a seasonal increase of money in circulation, which was partly offset by an inflow of gold from abroad.

Total loans and investments of reporting banks in leading cities increased by \$610,000,000 during the five weeks ended September 18. Loans increased by \$100,000,000, holdings of United States Government direct obligations by \$390,000,000, holdings of United States guaranteed securities by \$70,000,000, and holdings of other securities by \$50,000,000. Adjusted demand deposits of these banks—that is, demand deposits other than Government and bank deposits, adjusted for collection items—increased by \$140,000,000, United States Government deposits by \$160,000,000, and balances due to banks by \$270,000,000.

Yields on Government securities rose somewhat further during this period, while other short-term open-market money rates remained at previous low levels.