

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

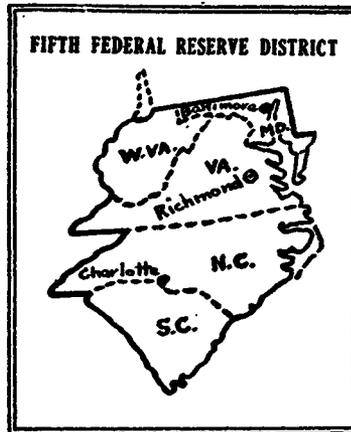


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RICHMOND, VIRGINIA

OCTOBER 31, 1935

FALL trade opened up well in the Fifth Federal Reserve district in September and early October, and not only reached seasonal levels in comparison with trade in recent months but exceeded the volume of business done during the same period last year. In banking circles, rediscounts at the Federal Reserve Bank of Richmond declined between September 15 and October 15, while the circulation of Federal reserve notes showed a seasonal increase as crop marketing and the opening of Fall trade called for more currency. Cash reserves of the Reserve bank rose materially last month. Reporting member banks increased their loans between September 11 and October 9, chiefly in commercial loans for discounting bills for Fall merchandise. The same banks reported increased investments in securities during the past month, and some gain in both demand and time deposits. Debits to individual accounts, reflecting transactions passing through the banks of leading cities in the Fifth district, increased seasonally during four weeks ended October 9 in comparison with the preceding four weeks, ended September 11, and also exceeded debits in four weeks ended October 10, 1934, by nearly 6 per cent. Commercial failures in the Fifth district in September were the fewest in number for any month this year except one, and last month's liabilities were the lowest in fifteen years with the exception of April and June figures this year. Employment conditions showed some improvement during September and early October, especially for workers in construction fields. Coal production registered a moderate seasonal increase in September over August, but was below the level of production last September, perhaps due to unusually large reserve stocks accumulated by consumers earlier in the Summer and Fall when a strike in bituminous fields was feared. Activity in the textile field increased in September over August, and was far above that of September 1934, when many mills were shut down



most of the month by a general strike in the industry. Cotton prices showed a rising tendency during the past month. Condition figures on this year's cotton crop as of October 1 indicated a yield of 11,464,000 bales, an insignificant change from September 1 figures but 1,828,000 bales more than the 1934 yields. Prospective yield rose 8,000 bales in the Fifth district during September and on October 1 was 48,000 bales above 1934 production, all of the increase being in South Carolina. Forecasts of tobacco yields in the Fifth district increased last month and are much above 1934 figures in the Carolinas and Virginia, but this year's

prices are somewhere around 25 per cent below last year's. Construction work, especially in residential building, shows healthy signs of revival, and valuation figures for building permits issued in September were practically double the September 1934 figures. All forms of tobacco manufacturing in September exceeded September 1934 production figures. Retail trade as reflected in department store sales was better in September than in the same month last year, increasing 14.7 per cent, and wholesale trade in all lines except shoes for which figures are available also compared favorably with September 1934 trade. The farmers of the district had favorable weather and seasons, on the whole, and crops turned out above average yields in most cases. Cotton and tobacco prices are lower than last year, but this is partly in some sections and entirely in others compensated for by increased yields. Prices of live stock and all live stock products, important sources of farm income in certain sections of the Fifth district, are much higher than prices last year. On the whole, aggregate income in 1935 derived from farm products in the Fifth district appears likely to be at least as high as the 1934 income.

Reserve Bank Statement

ITEMS	000 omitted		
	Oct. 15 1935	Sept. 15 1935	Oct. 15 1934
Rediscounts held	\$ 207	\$ 350	\$ 417
Open market paper.....	173	173	216
Industrial advances	4,506	4,563	481
Government securities	116,716	116,716	103,563
Total earning assets.....	121,602	121,802	104,677
Circulation of Fed. Res. notes..	173,262	165,072	170,126
Members' reserve deposits.....	158,861	159,157	126,991
Cash reserves	228,446	218,627	205,050
Reserve ratio	66.97	65.65	66.98

The accompanying table shows principal items on the statement of condition of the Federal Reserve Bank of Richmond on three mid-month dates, October 15 and September 15 this year and October 15 last year, thus affording opportunity for comparison of current figures with those a month and a year earlier. Rediscounts for member banks declined \$143,000 between September 15 and October 15, and on the latter date also showed a drop of \$210,000 from discounts on October 15 last year. Open market paper held in the Bank's portfolio was unchanged during the past month, but was \$43,000 less in amount than holdings at the middle of October 1934. Industrial advances made direct to business by the Federal Reserve Bank declined \$57,000 since September 15, but on October 15 was \$4,025,000 larger in amount than industrial advances a year earlier. No change occurred last month in the volume of Government securities owned by the Bank, but during the past year this item rose by \$13,153,000. The changes in the items mentioned caused a net decrease of \$200,000 in the Bank's total earning assets last month, but an increase of \$16,925,000 during the year. Circulation of Federal reserve notes rose seasonally by \$8,190,000 between the middle of September and the middle of October, and on the latter date was higher by \$3,136,000 than circulation on October 15, 1934. Member bank reserve deposits decreased \$296,000 during the past month, a mere daily fluctuation, but on October 15 was \$31,870,000 higher than reserves a year earlier. The several changes enumerated, with others of less importance, raised the aggregate cash reserves of the Federal Reserve Bank of Richmond by \$9,819,000 last month and by \$23,396,000 during the year. The ratio of cash reserves to note and deposit liabilities combined rose 1.32 points between September 15 and October 15 this year, but declined a very small fraction of 1 point between October 15, 1934, and the corresponding date this year.

Statement of 28 Member Banks

Twenty-eight member banks in leading cities of the Fifth Federal reserve district make weekly reports to the Reserve Bank, and the accompanying table shows totals for selected items for three dates, October 9 and September 11, 1935, and October 10, 1934. It should be understood that the figures in the table are not necessarily the highest or lowest that occurred between the dates used, but reflect the condition of the banks on the report dates only.

Total loans and discounts at the reporting banks rose

ITEMS	000 omitted		
	Oct. 9 1935	Sept. 11 1935	Oct. 10 1934
Loans on stocks and bonds (including Governments)	\$ 51,139	\$ 50,125	\$ 57,081
All other loans.....	94,029	92,186	105,160
Total loans and discounts.....	145,168	142,311	162,241
Investments in stocks & bonds..	206,151	198,583	189,101
Reserve bal. with F. R. Bank....	72,281	76,395	55,080
Cash in vaults.....	12,472	12,701	12,232
Demand deposits	235,697	235,130	230,408
Time deposits	135,929	135,900	133,495
Borrowed from F. R. Bank.....	0	0	0

by \$2,857,000 during the past four weeks, loans on stocks and bonds advancing \$1,014,000 and all other loans rising \$1,843,000. The banks also increased investments in securities by \$7,568,000 during the month under review, but reduced their reserve balance at the Federal Reserve Bank by \$4,114,000. However, reserve deposits continue far above actual requirements. Cash in vaults dropped \$229,000 between September 11 and October 9. Aggregate deposits in the twenty-eight banks rose \$596,000 last month, demand deposits increasing \$567,000 and time deposits \$29,000. None of the reporting banks was borrowing at the Reserve Bank on any of the dates shown in the table.

Comparison of the October 9, 1935, figures with those of October 10, 1934, shows wider variations than occurred in the past month. Total loans and discounts declined \$17,073,000 during the year, loans on securities dropping by \$5,942,000 and all other loans decreasing by \$11,131,000. On the other hand, investments in stocks and bonds rose by \$17,050,000 during the year, and reserve deposits of the twenty-eight banks rose by \$17,201,000. Cash in vaults on October 9 this year was more by \$240,000 than on October 10 last year. Deposits rose by \$7,723,000 between October 10, 1934, and October 9, 1935, demand deposits gaining \$5,289,000 and time deposits increasing \$2,434,000.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$338,393,958 at the end of September 1935, a higher figure than either \$337,817,077 reported at the end of August this year or \$327,052,500 at the end of September 1934. Both the member banks and the savings banks reported higher figures for September 30, 1935, than for either of the earlier dates.

Debits to Individual Accounts

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of four weeks each, ended October 9 and September 11, 1935, and October 10, 1934.

During the four weeks ended October 9, 1935, aggregate debits to individual accounts showed a seasonal increase of \$146,599,000, or 17.2 per cent, over debits during the preceding like period this year, ended September 11, the increase being due in part to quarterly settlements on October 1 and in part to the opening of

CITIES	000 omitted		
	Total debits, four weeks ended		
	Oct. 9, 1935	Sept. 11, 1935	Oct. 10, 1934
Asheville, N. C.....	\$ 9,407	\$ 8,782	\$ 8,580
Baltimore, Md.	281,665	234,990	267,573
Charleston, S. C.....	14,963	10,415	12,950
Charleston, W. Va....	36,299	34,921	37,332
Charlotte, N. C.....	49,604	39,879	41,311
Columbia, S. C.....	23,213	18,124	18,370
Cumberland, Md.	7,221	6,418	6,162
Danville, Va.	8,724	5,722	9,333
Durham, N. C.....	35,117	29,605	46,439
Greensboro, N. C.....	12,898	11,484	10,183
Greenville, S. C.....	15,460	12,289	12,016
Hagerstown, Md.	7,259	6,014	6,512
Huntington, W. Va....	11,501	10,559	10,605
Lynchburg, Va.	13,672	11,255	12,356
Newport News, Va....	6,808	6,614	6,449
Norfolk, Va.	39,249	36,515	47,998
Portsmouth, Va.	3,043	2,818	2,971
Raleigh, N. C.....	19,964	18,816	21,621
Richmond, Va.	148,796	129,281	150,407
Roanoke, Va.	18,548	17,236	17,659
Spartanburg, S. C.....	7,354*	5,612*
Washington, D. C.....	192,973	166,841	161,809
Wilmington, N. C.....	8,930	8,408	7,990
Winston-Salem, N. C.	35,227	26,956	29,339
Fifth District Totals	\$1,000,541	\$ 853,942	\$ 945,965

*Spartanburg, S. C., not included in Totals.

early Fall trade during the later period. All of the twenty-three reporting cities showed higher figures for the more recent period.

In comparison with figures reported for four weeks last year, ended October 10, 1934, corresponding figures for the four weeks ended October 9, 1935, show an increase of \$54,576,000, or 5.8 per cent. Seventeen of the twenty-three cities reported higher figures for the 1935 period, the six cities which failed to gain being Charleston, W. Va., Danville, Norfolk and Richmond, Va., Durham and Raleigh, N. C.

Commercial Failures

Commercial failures in the United States in September 1935 numbered 806, with aggregate liabilities totaling \$21,837,926, an increase of 2.0 per cent in comparison with 790 failures in September 1934 and a rise of 32.8 per cent in liabilities over \$16,440,147 reported for September last year. In the Fifth Federal reserve district the September record was worse than the National record in the number of failures but was much better in liabilities. There were 32 bankruptcies in the district last month, an increase of 18.5 per cent over 27 insolvencies in September last year, but last month's liabilities totaling \$403,050 show a decline of 6.7 per cent in comparison with liabilities totaling \$431,992 in September 1934 failures. Of the twelve Federal reserve districts, six reported fewer failures last month than in September last year, while eight districts reported lower liabilities. The districts reporting both fewer failures and lower liabilities this year were Boston, St. Louis and San Francisco.

Employment

Some increase in employment was noted in the Fifth

Federal reserve district in September and the first half of October, part of it seasonal in character, but there was relatively little reduction in relief rolls. Coal mining on a daily basis increased seasonally in September, giving longer hours of work to miners. Tobacco markets which opened in September and October employed a number of helpers. Retail stores began taking on extra help for the busy Fall season. More important than any of these, construction work as indicated by permits issued in September was practically double the volume of work provided for in September 1934 permits, thus affording employment to many building tradesmen, perhaps the class in which unemployment has been most general during the depression. Industrial plants in the district are operating at seasonal levels in comparison with recent months, and there are no labor disputes of importance at present.

Coal Production

Bituminous coal production in the United States totaled only 24,886,000 net tons in September 1935 in comparison with 26,112,000 tons mined in August this year and 27,772,000 tons in September 1934. However, on a daily basis September production of 1,037,000 tons showed a seasonal increase over production of 967,000 tons per day in August. Total production of soft coal in the current calendar year through October 5 totaled 268,742,000 net tons, compared with 268,038,000 tons mined to the same date in 1934, and coal shipped through Hampton Roads this year through October 5 totaled 13,643,498 tons against 13,652,719 tons shipped through the same ports in the corresponding period last year.

In its September 28 report, the Bureau of Mines of the Department of the Interior gave bituminous coal production figures by states for the month of August, and West Virginia with 7,694,000 tons ranked first, while Pennsylvania with 6,776,000 tons was second and Kentucky with 2,985,000 tons was third. Total production in the Fifth district in August 1935 was 8,583,000 tons, or 32.9 per cent of National production, compared with 8,569,000 tons, or 31.2 per cent of National production, mined in Fifth district states in August 1934.

Textiles

Textile mills in the United States and in the Fifth reserve district increased operating time in September over August, the district gain slightly exceeding the National increase. Cotton mills in the two Carolinas and Virginia consumed 220,714 bales of cotton in September, compared with 197,293 bales used in August and only 139,319 bales consumed in September 1934, when a general strike in the textile industry tied up many mills most of the month. Last month North Carolina mills used 116,054 bales, South Carolina mills used 93,338 bales, and Virginia mills 11,322 bales. The figures for the Carolinas were much higher than the 1934 figures, but Virginia mills were not affected by the strike last year and consumption of cotton in September 1934 was larger than consumption in September 1935. Consumption of cotton in the Fifth district in September amounted to 49.1 per cent of

National consumption, compared with 48.3 per cent of National consumption used in the district in August this year and 47.3 per cent used in September 1934.

On September 20 the Department of Commerce issued a report on spindles in place, spindles active in August, total spindle hours of operation in August, and average hours of operation per spindle in place in August. On August 31, 1935, there were 30,014,994 spindles in place in the United States, North Carolina leading with 6,130,118, or 20.4 per cent of the total, South Carolina ranking second with 5,843,632 spindles, or 19.5 per cent, and Massachusetts third with 5,370,840 spindles, or 17.9 per cent. The Fifth district as a whole has 42.1 per cent of total spindles in place in the United States at the end of August 1935. In actual spindle hours of operation, South Carolina led all states for August with 1,509,467,449 hours, or 27.2 per cent of the National total of 5,545,241,375 hours, and North Carolina ranked second with 1,221,227,720 hours, or 22.0 per cent. In actual hours of operation per spindle in place in August, South Carolina with an average of 258 hours per spindle was in the lead, while Tennessee with 242 hours and Virginia with 240 hours ranked second and third, respectively. North Carolina ranked sixth with an average of 199 hours. The average for the United States was 185 hours per spindle in place.

Cotton Statistics

Spot cotton prices showed an upward trend from the middle of September through the first week in October, but lost part of the gain in the second week. In the *Review* last month we quoted the average price for middling grade cotton on ten Southern spot markets on September 13 as 10.49 cents per pound. From this figure the price gradually rose to 10.98 cents on October 4, but declined to 10.85 cents on October 11, the latest date for which official quotations are available. A threat of war in Europe appears to have had relatively little effect on cotton quotations.

The Department of Agriculture's third condition report of the season, issued on October 8 as of October 1, estimated 1935 production of cotton as 11,464,000 bales of 500 pounds gross weight, a decrease of 25,000 bales from the September 1 forecast but 1,828,000 bales more than the short 1934 crop. The Department of Agriculture's report says, "Further declines in prospects in Texas of 192,000 bales and 18,000 bales in Oklahoma are nearly offset by increases in Georgia, Alabama, Mississippi and Arkansas. Other States show only slight changes from the forecast for September 1. In the Southeastern States heavy rain and storms during the first part of September were about offset by favorable picking and ginning weather during the latter part of the month. In the Mississippi Valley States conditions were about average and the prospects changed upward slightly. In Texas and Oklahoma the crop showed little recovery from its late start with increasing menace of frost damage to small bolls before these can mature. In all the more Northern States of the Belt the crop is late and the percentage ginned much behind the usual for October 1." In Fifth district cotton growing States, South Carolina's prospective yield on October 1 was 745,000 bales, an increase of

6,000 bales over the September 1 forecast of 739,000 bales and 64,000 bales above the 1934 production. North Carolina's forecast also rose last month, from 613,000 bales on September 1 to 615,000 bales on October 1, but the October estimate was 14,000 bales less than last year's crop. Virginia prospects remained unchanged at 33,000 bales between September 1 and October 1, but were 2,000 bales below the yield of 35,000 bales in 1934. Total production in the Fifth district this year is forecast at 1,393,000 bales, 48,000 bales in excess of last year's crop. The Census Bureau reports that 4,230,367 bales of this year's crop were ginned prior to October 1, a lower figure than 4,962,384 bales ginned before October last year.

Cotton consumption in the United States in September 1935 showed increased figures in comparison with other recent months and with September 1934, the latter gain being due in part to adverse effects of the nation wide strike in the textile industry last year. The number of bales used totaled 449,126 in September 1935, compared with 408,410 bales used in August this year and 294,696 bales in September 1934. Total consumption this cotton year—August 1 through September—amounted to 857,536 bales, against 713,637 bales consumed in the corresponding two months of last season. Manufacturing establishments held 716,807 bales on September 30, compared with 644,926 bales held on August 31 and 1,057,900 bales on September 30, 1934. Public warehouses and compresses held 7,148,651 bales in storage at the end of September this year, compared with 5,892,836 bales so held a month earlier and 7,617,064 bales on September 30 last year. September exports totaled 486,764 bales, compared with 241,484 bales exported in August and 453,659 bales sent abroad in September 1934. Total exports during the two months of the present cotton year—August and September—totaled 728,248 bales, an increase over 706,190 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 22,683,818, compared with 22,046,652 in August this year and 22,111,932 in September 1934.

Cotton growing states consumed 378,402 bales in September, compared with 342,935 bales in August and 241,414 bales in September 1934. Last month's consumption in the cotton growing states amounted to 84.25 per cent of National consumption, a higher percentage than either 83.97 per cent in August this year or 81.92 per cent in September 1934. Of the 378,402 bales of cotton consumed in the cotton growing states in September, Fifth district mills used 220,714 bales, or 58.3 per cent, a higher figure than 57.7 per cent of Southern consumption attained by Fifth district mills in September last year.

Tobacco Marketing and Yields

South Carolina auction tobacco markets sold 38,233,430 pounds of producers' tobacco in September 1935, compared with 21,525,772 pounds sold in September 1934. Prices last month averaged \$16.88 per hundred pounds, against an average of \$19.93 per hundred received in September last year. Season sales this year to October totaled 77,565,028 pounds for \$14,768,962, compared with sales in August and September

last year totaling 51,404,876 pounds for \$11,137,330. Mullins led all markets in September sales with 17,617,484 pounds, Lake City ranking second with 8,037,918 pounds. Total production of tobacco in South Carolina in 1935 is forecast as 86,450,000 pounds, compared with 56,880,000 pounds grown in 1934 and a five-year average production of 75,823,000 pounds.

North Carolina markets sold 157,512,760 pounds of producers' tobacco in September 1935, at an average price of \$18.88 per hundred pounds, in comparison with 152,753,454 pounds sold for an average of \$26.91 per hundred in September 1934. Farmers have expressed much dissatisfaction with 1935 prices and there was some talk of closing auction markets until prices improve, but no definite steps in this direction have been taken. Wilson led all markets in September 1935 sales with 23,292,537 pounds, Greenville coming second with 19,723,466 pounds, but Fuquay Springs paid the highest average price, \$20.87 per hundred pounds. On the basis of October 1 condition, the *North Carolina* tobacco crop this year is forecast at 538,369,000 pounds, compared with 417,975,000 pounds grown in 1934 and a five-year average crop of 468,526,000 pounds. *North Carolina's* 1935 crop is more than double that of the next ranking state, *Kentucky*.

Virginia tobacco markets did not open until October and no official sales figures are yet available, but sales have been large and prices moderately satisfactory. Prices improved about 15 per cent around the middle of October but continued about 25 per cent below last year's prices. *Virginia* tobacco prospects improved in September under the influence of unusually favorable weather for harvesting and curing, and the crop is now expected to yield 95,116,000 pounds, an increase of nearly 3 per cent over the September 1 forecast. Production of tobacco in 1934 in the State totaled 80,155,000 pounds, and the five-year average production was 98,916,000 pounds.

Maryland's tobacco prospects rose 7 per cent during September, and the October 1 forecast was 25,188,000 pounds. In 1934 *Maryland* grew 23,418,000 pounds of tobacco, and the average production for a five-year base period was 24,018,000 pounds.

West Virginia tobacco lost ground in September, due to poor harvesting weather and damage resulting from excessive moisture. The October 1 forecast of 2,160,000 pounds exceeds 1934 production of 1,755,000 pounds, but is little more than half the five-year average production of 4,193,000 pounds.

Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on October 18 showing taxes collected in September 1935 on manufactured tobacco products. September production of cigarettes in the United States numbered 10,774,083,390, compared with 10,294,498,800 cigarettes manufactured in September 1934. Smoking and chewing tobacco production increased from 24,439,279 pounds in September last year to 26,178,774 pounds in September this year. Cigars manufactured rose from 394,861,780 in September 1934 to 430,958,624 in September 1935. Snuff production increased from 2,794,486 pounds to 2,804,755 pounds during the year. In the month of September 1935, taxes on cig-

arettes totaled \$32,325,401, compared with \$30,884,780 collected in the corresponding month last year. Taxes on smoking and chewing tobacco rose during the same period from \$4,399,263 to \$4,712,857, and cigar taxes rose from \$972,024 to \$1,080,618. Total receipts on tobacco products to the Federal Treasury rose from \$36,759,074 in September 1934 to \$38,623,732 in September 1935.

Agricultural Notes

Weather in September was favorable for late crop development and for harvesting, and combined per acre yield figures for 33 important crops rose in all Fifth district states between September 1 and October 1. On the latter date the several states showed the following percentages of average yields during the ten-year period 1921-1930: *South Carolina* 124.9 per cent, *Virginia* 114.4 per cent, *North Carolina* 113.7 per cent, *West Virginia* 111.9 per cent, and *Maryland* 111.0 per cent. The National average figure was 101.5 per cent.

Virginia crops were seriously damaged by hard rains and floods early in September, but the clear, dry weather during the latter part of the month was unusually favorable for maturing and harvesting crops, so that the storm loss was more than offset by the excellent harvest weather. Production of corn, tobacco, hay, apples, peaches, peanuts and sweet potatoes will be greater than last year, and the only crops showing a smaller production are Irish potatoes and cotton. Fall sown truck crops have made favorable progress and shipments of spinach are expected to be earlier than last year. Late corn improved considerably in the Northern district due to the late August and early September rains, but in the Eastern and Central districts prospects declined somewhat due to damage from the September storm. Total production is estimated to be 37,250,000 bushels, which is the same as last month's forecast but is slightly larger than the 1934 crop of 35,794,000 bushels. The peanut crop matured later than usual, and very few nuts had been dug by October 1, so the yield is still somewhat uncertain. Wet weather during the latter part of August and the first week of September was unfavorable for the development of peanuts, and growers report that prospects are not quite as favorable as they appeared a month ago. The estimated production is forecast at 155,800,000 pounds, about 3 per cent less than the September forecast but about 7 per cent greater than the 1934 yield of 146,000,000 pounds. Late hay crops showed improvement during September, and total production is estimated to be 1,126,000 tons, compared with 948,000 tons harvested last year. The 1935 hay yield is one of the largest on record. The late potato crop, which is about 25 per cent of the total, improved during September. The final estimate of the early commercial crop was slightly below the earlier forecast, so total production of potatoes is now estimated at 11,352,000 bushels. The 1934 crop was 13,433,000 bushels. Since the October 1 estimate was made some late crops were damaged by frost, but most fields had matured before this damage occurred. No change was reported in sweet potato prospects during the past month and the estimated production of 4,680,000 bushels compares with 3,910,000 bushels har-

vested last year. There was very little change in fruit prospects during September, and the apple crop is apparently turning out as expected. Total production of 16,430,000 bushels is considerably above last year's crop of 9,275,000 bushels and is also above the five-year average of 13,160,000 bushels. The commercial crop, or that portion of the total crop which will be distributed for fresh consumption, is estimated at 10,540,000 bushels, compared with last year's commercial crop of 6,562,000 bushels. Approximately 30 per cent of the commercial crop had been picked by October 1, and growers reported that, while the quality was not quite as good as average, the size of the fruit was above normal. Growers estimate that about 46 per cent of the crop will pack No. 1 grade or better, compared with 54 per cent making these grades last year. In many sections of Virginia there was considerable complaint of difficulty in securing sufficient labor to harvest the crops, but generally the supply was about equal to the demand. This is the first Fall since the depression began that farmers have had difficulty in securing the necessary labor.

Maryland crops all improved in September, with the exception of potatoes. Heavy rains in early September resulted in some damage to corn fodder, late hay crops, tomatoes on the Eastern Shore, and tobacco in Southern Maryland. On the other hand, the rains greatly improved seed beds for winter wheat planting and also improved pastures. Present indications are for 1935 production of feed grains 8 per cent above last year and 20 per cent above the five-year average. This year's corn crop of 18,492,000 bushels is 9 per cent larger than last year's yield of 16,995,000 bushels and 23 per cent higher than average five-year production of 15,039,000 bushels. Oats production of 1,238,000 bushels compares with 1,320,000 bushels a year ago and the five-year average of 1,547,000 bushels. The barley crop of 724,000 bushels this year is much larger than usual. Hay production totaling 567,000 tons compares unfavorably with the 1934 cut of 578,000 tons but is far above the average crop of 458,000 tons. Condition of pastures is 81 per cent of normal, compared with 84 per cent a year ago and an average for October 1 of 68 per cent. Irish potatoes showed no change during September. The early crop yielded better than was expected but the late yields were disappointing. The October 1 estimate of 3,564,000 bushels of potatoes is 9 per cent above 3,267,000 bushels dug in 1934 and about 7 per cent above the five-year average production of 3,339,000 bushels. Sweet potatoes indicate a crop of 825,000 bushels in 1935, about 10 per cent above 750,000 bushels raised last year but 40 per cent less than average production of 1,374,000 bushels. Apple prospects continue to improve. The present estimate of 2,340,000 bushels compares with 1,102,000 bushels gathered last year and the five-year average of 2,053,000 bushels. Reports indicate the sizing is better than expected, the coloring is fine, but quality is only fair.

West Virginia weather during September was favorable for maturing and harvesting crops. Frosts the latter part of the month and subsequently closed the growing season over much of the State, with some late corn damaged but with most of this crop and others

maturing ahead of the frosts. Corn production estimated at 12,682,000 bushels is about 5 per cent above the 1934 crop of 12,128,000 bushels and 15 per cent above the average 1928-1932 yield of 11,056,000 bushels. The oats crop will be 2,538,000 bushels, compared with 2,052,000 bushels in 1934 and average production of 3,239,000 bushels. Buckwheat, which met some setbacks during September, is now expected to yield 368,000 bushels, 14 per cent less than last year, but about 3 per cent greater than the five-year average. An abundance of hay is expected for the State compared with recent years, total tonnage being estimated at 778,000 compared with 502,000 tons cured in 1934 and the five-year average of 615,000 tons. Some hay was spoiled by rain during harvesting, but the bulk of the cut was stacked or housed in good condition. Irish potatoes declined in September from rotting and damage by excessive rains. Production of 3,150,000 bushels is about the same as 3,120,000 bushels dug last year, but is 10 per cent below average production of 3,484,000 bushels. The apple crop of West Virginia is expected to be 5,940,000 bushels this year, of which 3,240,000 bushels will be the commercial crop. The commercial crop was 2,475,000 bushels in 1934 and the average production for five-years was 3,690,000 bushels.

North Carolina had an excess of rainfall in September, which delayed harvesting but aided in good yields and put the soil in excellent condition for planting to winter crops. The corn yield is expected to be one of the best for many years and with increased acreage a yield of 48,320,000 bushels is forecast, compared with 47,580,000 bushels in 1934 and average production of 39,119,000 bushels. A good hay crop of 712,000 tons was cured this year, compared with 699,000 tons last year and a five-year average of only 561,000 tons. Pastures on October 1 were better than average. The stands and growth of peanuts have been good this season, and yield prospects are considerably better than usual. A yield of 273,050,000 pounds of peanuts is expected, compared with 264,000,000 pounds in 1934 and a five-year average yield of 246,206,000 pounds. Harvesting is well under way, and most fields are yielding clean, bright shells with few rotted nuts. The Irish potato crop of 8,774,000 bushels this year compares with 10,672,000 bushels last year and average production of 7,573,000 bushels, while the 1935 sweet potato yield of 8,000,000 bushels compares with 8,856,000 bushels in 1934 and an average of 6,819,000 bushels in 1928-1932.

South Carolina crop prospects changed little last month. The indicated yield per acre of all crops combined is 24.9 per cent above the average for the ten years 1921-1930, in which respect South Carolina ranks second in the nation. Prospective corn yield of 25,425,000 bushels is 22 per cent above last year's production of 20,760,000 bushels and 26 per cent above average yield of 20,151,000 bushels. Hay, estimated at 236,000 tons, is 17 per cent above 201,000 tons cut in 1934 and 31 per cent above the average yield of 180,000 tons. A sweet potato crop of 4,590,000 bushels this year exceeds last year's yield of 4,428,000 bushels and the five-year average of 4,569,000 bushels. The South Carolina peanut yield of 11,520,000 pounds com-

pares with 9,600,000 pounds in 1934 and annual production of 8,398,000 pounds during the five-year period 1928-1932.

Construction

Building Permits Issued in September 1935 and 1934

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md.	710	715	\$ 684,720	\$ 693,120
Cumberland, Md.	17	13	22,304	8,890
Frederick, Md.	10	20	3,390	9,225
Hagerstown, Md.	39	16	12,720	295,423
Salisbury, Md.	23	18	21,200	17,850
Danville, Va.	18	18	28,570	7,480
Lynchburg, Va.	46	32	51,237	12,896
Norfolk, Va.	94	66	136,505	49,115
Petersburg, Va.	3	5	850	2,330
Portsmouth, Va.	29	23	6,850	30,865
Richmond, Va.	114	116	102,783	156,450
Roanoke, Va.	57	37	33,965	16,930
Bluefield, W. Va.	8	11	29,150	8,165
Charleston, W. Va.	123	71	153,643	54,781
Clarksburg, W. Va.	50	19	32,171	26,595
Huntington, W. Va.	28*	95,770	14,738
Asheville, N. C.	24	38	8,060	27,639
Charlotte, N. C.	108	31	167,016	11,390
Durham, N. C.	30	7	96,290	17,441
Greensboro, N. C.	56	37	54,203	81,442
High Point, N. C.	60	13	86,815	9,870
Raleigh, N. C.	28	6	279,676	7,940
Rocky Mount, N. C.	7	4	4,900	7,350
Salisbury, N. C.	9	3	135,945	470
Winston-Salem, N. C.	59	80	42,970	25,208
Charleston, S. C.	46	37	22,324	34,221
Columbia, S. C.	67	31	127,203	14,643
Greenville, S. C.	56	24	109,425	15,790
Rock Hill, S. C.	31	18	39,140	47,835
Spartanburg, S. C.	28	33	19,731	5,049
Washington, D. C.	646	450	3,045,265	1,117,555
District Totals	2,596	1,992	\$5,654,791	\$2,828,696

*Not included in totals.

Building permits issued by building inspectors in thirty-one cities in the Fifth reserve district in September 1935 totaled 2,596, with estimated valuation amounting to \$5,654,791, an increase of 30.3 per cent in number of permits in comparison with 1,992 permits issued in September 1934, and a gain of 99.9 per cent over September 1934 valuation figures totaling \$2,-

828,696. Twenty of the thirty-one cities reported higher valuation figures for the 1935 month, but of the five largest cities only Washington, Norfolk and Charlotte gained. Baltimore and Richmond reported lower totals for September 1935 than for September 1934. Of the total increase of \$2,826,095 in estimated valuation, Washington accounted for \$1,927,710, but some of the smaller cities showed much higher percentage increases.

Retail Trade, 31 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
September 1935 sales, compared with sales in September 1934:	+ 4.1	+ 5.5	+26.4	+11.2	+14.7
Total sales Jan.-Sept. 1935, compared with Jan.-Sept. 1934:	+ 4.2	+ 1.5	+15.8	+ 4.7	+ 8.0
Sept. 30, 1935, stocks, compared with stocks on Sept. 30, 1934:	- .6	- 5.0	+ 5.6	+ .8	+ .2
Sept. 30, 1935, stocks, compared with stocks on Aug. 31, 1935:	+10.4	+12.3	+19.0	+10.2	+14.5
Number of times stock was turned in September 1935:	.354	.319	.428	.315	.366
Number of times stock was turned since January 1, 1935:	2.834	2.667	3.245	2.516	2.9
Percentage of Sept. 1, 1935, receivables collected in September:	28.5	25.0	25.2	25.1	25.5

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

	20	7	6	13	11
	Groceries	Dry Goods	Shoes	Hardware	Drugs
September 1935 sales, compared with sales in September 1934:	+ 4.9	+ 2.4	- .7	+18.6	+ 2.2
September 1935 sales, compared with sales in August 1935:	- .5	+28.8	-13.7	+14.1	+ 2.0
Jan.-Sept. 1935 sales, compared with sales in Jan.-Sept. 1934:	+ 6.4	-15.0	-11.0	+ 9.6	+ 1.2
Sept. 30, 1935, stocks, compared with Sept. 30, 1934, stocks:	- 7.1(8*)	-24.9(3*)	+ .2(4*)	+ 3.3(7*)
Sept. 30, 1935, stocks, compared with Aug. 31, 1935, stocks:	+ 7.2(8*)	-10.9(3*)	- 9.7(4*)	+ 2.9(7*)
Percentage of collections in September to receivables Sept. 1:	96.3(11*)	38.5(4*)	59.1(5*)	41.4(11*)	65.2(7*)

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

(Compiled October 21, 1935)

BUSINESS CONDITIONS IN THE UNITED STATES

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

Industrial production and employment increased in September and distribution of commodities to consumers was in larger volume, reflecting in part seasonal influences. The general level of wholesale prices showed little change.

Production and Employment

Output at factories and mines, as measured by the Board's seasonally adjusted index of industrial production, advanced from 87 per cent of the 1923-1925 average in August to 88 per cent in September, reflecting chiefly increases in the output of iron and steel, lumber, cotton and silk textiles, and anthracite, offset in part in the total by declines in the production of automobiles and woolen textiles. At steel mills activity increased from 49 per cent of capacity in August to 51 per cent in September, and during the first three weeks of October continued at about the September level. At automobile factories a sharp decline in output during September, as preparations were made for new models, was followed in the early part of October by a rapid advance. Lumber production continued to increase in September. In the cotton textile industry, where output had been at a relatively low level since April, activity showed a marked increase in September and there was also an increase in output at silk mills, while at woolen mills, where activity has been at an exceptionally high level for several months, there was a decline.

Factory employment showed a seasonal increase between the middle of August and the middle of September. The number employed at foundries and in the lumber, non-ferrous metals and machinery industries increased substantially, while in the automobile industry there was a considerable decline. At cotton mills employment showed a seasonal increase and at silk and rayon mills there was an increase of more than the usual seasonal amount, while employment at woolen mills and shoe factories declined.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was about the same in the six weeks ended October 15 as in the pre-

vious six weeks, reflecting an increase in residential building, partly of a seasonal character, and a slight decline in other types of construction.

Distribution

Freight car loadings showed an increase of more than the usual seasonal amount in September and increased further in the first half of October. Department store sales also increased by more than the estimated seasonal amount in September, and for the third quarter the average of the Board's seasonally adjusted index was 80 per cent of the 1923-1925 average as compared with 75 per cent a year ago.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, showed little change during September and the first three weeks of October. Prices of grains decreased in the middle of October, following a considerable advance, while prices of silk, hides and copper increased throughout the period.

Bank Credit

Reserves of member banks continued to increase during the five weeks ended October 23, reflecting chiefly imports of gold from abroad. At the end of the period reserves in excess of legal requirements at \$2,930,000,000 were at the highest level on record.

At weekly reporting member banks in 91 leading cities adjusted demand deposits increased by \$40,000,000 during the four weeks ending October 16, while United States Government deposits declined and inter-bank balances rose to a new high level. Loans on securities decreased by \$40,000,000, while other loans, including commercial credits, increased by \$80,000,000.

Yields on both short-term and long-term Government obligations increased from the last week in August to the first part of October and subsequently declined. Other short-term open-market money rates remained at previous low levels.