

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

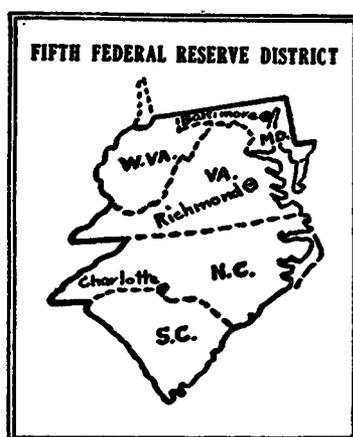


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RICHMOND, VIRGINIA

NOVEMBER 30, 1935

OCTOBER and early November witnessed more improvement in business in the Fifth Federal reserve district than any other six weeks in several years. There was probably less improvement in the banking business than in almost any other line, but this was due to the ability of business men in general to carry on their activities without calling on banks for much additional assistance. At the Federal Reserve Bank of Richmond rediscounts declined further between October 15 and November 15, and reserve deposits of member banks, already far in excess of legal requirements, were further increased. The circulation of Federal reserve notes increased somewhat more than seasonally during the month. Reporting member banks in leading cities increased their loans slightly between October 9 and November 13, chiefly in commercial loans, and also added to their investments in securities, chiefly of Government issues. Demand deposits rose materially between October 9 and November 13, but there was a slight decline in time deposits. Debits to individual accounts figures in five weeks ended November 13 exceeded debits in the preceding five weeks, ended October 9, whereas in most years a decline in debits in the later period occurs. Debits in the latest five weeks exceeded debits in the corresponding period last year by a higher percentage than was shown in any month this year since February. Employment conditions showed improvement in nearly all lines of industry and trade last month, especially in construction fields. Coal production in October showed considerably more than a seasonal increase in comparison with September production, and also exceeded October 1934 production by nearly 12 per cent. The demand for textile products broadened materially during October and early November, and cotton mills in the Fifth district increased cotton consumption to a point 11.7 per cent above consumption in October last year. Spot cotton prices rose steadily between the middle of Oc-



tober and the middle of November, influenced favorably by an increased demand for textile products, a better export demand for raw cotton, and decreased production prospects for the 1935 cotton crop. Tobacco markets sold large amounts of tobacco in October for prices considered satisfactory in view of a much larger yield this year than in 1934. Tobacco manufacturing last month was at near-record levels, production exceeding October 1934 production in all lines. Construction work undertaken in recent weeks in the Fifth district shows a decided increase. Building permits issued in October in leading cities exceeded in value permits issued in October last year by 31 per cent, and contracts actually awarded rose 136 per cent. Retail trade in October was retarded by exceptionally mild and clear weather, but exceeded October 1934 trade by more than 4 per cent, while wholesale trade last month in five leading lines compared favorably on the whole with trade during the corresponding month last year. Fall weather was practically ideal for maturing of crops and for harvesting, and figures indicating 1935 yields are higher in nearly every case than was expected earlier in the season. The Fifth district's two leading money crops, cotton and tobacco, will probably be more profitable this year than in 1934, although prices this year are lower. An increase of about 3 per cent in 1935 cotton yield, with parity payments by the Federal Government, will increase cotton receipts, and an increase of 33 per cent in the 1935 tobacco production will more than compensate for lower prices this year. Cattle raisers in the district expect materially increased receipts this year, and fruit growers also have large crops of good quality for market. Food and feed crops turned out well, and farmers have larger supplies for home consumption than a year ago.

## Reserve Bank Statement

ITEMS	000 omitted		
	Nov. 15 1935	Oct. 15 1935	Nov. 15 1934
Rediscounts held .....	\$ 47	\$ 207	\$ 110
Open market paper.....	173	173	209
Industrial advances .....	4,410	4,506	1,289
Foreign loans on gold.....	4	0	599
Government securities .....	116,716	116,716	103,563
Total earning assets.....	121,350	121,602	105,770
Circulation of Fed. Res. notes..	185,756	173,262	173,141
Members' reserve deposits.....	168,632	158,861	128,110
Cash reserves .....	248,199	228,446	203,001
Reserve ratio .....	68.10	66.97	66.31

Rediscounts at the Federal Reserve Bank of Richmond declined by \$160,000 between October 15 and November 15, 1935, on the latter date totaling only \$47,000. Industrial loans made direct to industrial or commercial borrowers decreased \$96,000 during the same period, while foreign loans on gold rose \$4,000. No changes occurred in the portfolio of open market paper or holdings of Government securities during the month. Total earning assets of the Richmond bank dropped by \$253,000 between the middle of October and the middle of November. Federal reserve notes in actual circulation increased by \$12,494,000 between October 15 and November 15, a seasonal rise of somewhat more than normal amount caused by marketing of cotton and tobacco and increased activity in industrial and commercial fields. Member bank reserve deposits at the Federal Reserve Bank of Richmond rose by \$9,771,000 during the past month, further increasing excess reserves above legal requirements. The several changes in the statement previously enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$19,753,000 between October 15 and November 15, and also raised the ratio of reserves to note and deposit liabilities combined by 1.13 points.

During the year between November 15, 1934, and November 15, 1935, rediscounts at the Richmond bank dropped by \$63,000, and the portfolio of open market paper declined by \$36,000. Foreign loans on gold also declined during the period, by \$595,000. On the other hand, the Bank increased its loans direct to industry by \$3,121,000 and its holdings of Government securities by \$13,153,000, the several changes resulting in a net increase in total earning assets amounting to \$15,580,000. The circulation of Federal reserve notes rose by \$12,615,000 during the year, and member bank reserve deposits increased by \$40,522,000. Cash reserves of the Federal Reserve Bank of Richmond rose by \$45,198,000 between the middle of November last year and this, and the ratio of reserves to note and deposit liabilities combined gained 1.79 points.

## Statement of 41 Member Banks

The accompanying table shows a consolidated statement of certain items of condition for forty-one reporting member banks, located in twelve leading cities of the Fifth Federal reserve district, as of three dates, November 13 and October 9, 1935, and November 14,

ITEMS	000 omitted		
	Nov. 13 1935	Oct. 9 1935	Nov. 14 1934
Loans on stocks and bonds (including Governments) .....	\$ 68,041	\$ 67,350	\$ 77,002
All other loans.....	126,216	123,672	133,261
Total loans and discounts.....	194,257	191,022	210,263
Investments in stocks and bonds	378,865	356,317	357,057
Reserve bal. with F. R. Bank....	112,524	103,871	81,824
Cash in vaults.....	17,364	16,687	15,938
Demand deposits .....	396,778	375,911	356,970
Time deposits .....	191,037	191,831	187,325
Borrowed from F. R. Bank.....	0	0	0

1934, thus affording opportunity for comparison of the latest available figures with those for the preceding month and the preceding year. Since the banking holiday in 1933 this table has been compiled from reports of twenty-eight banks, but with this issue of the *Review* we return to the pre-holiday list of banks and cities insofar as is possible.

Between October 9 and November 13, both this year, loans increased by \$3,235,000, of which \$691,000 was in loans on securities and \$2,544,000 was in all other loans, the latter being chiefly commercial loans at this season. Investments in securities by the reporting banks rose by \$22,548,000 during the month, and aggregate reserve balance at the reserve bank rose by \$8,653,000. Cash in vaults rose by \$677,000 between October 9 and November 13, additional cash being needed as Fall and Winter trade increased. Demand deposits rose by \$20,867,000 during the past month, but time deposits decreased by \$794,000, the decline in time deposits probably reflecting the transfer of Christmas Savings accounts from time to demand deposits thirty days before the date of payment. None of the reporting banks was borrowing at the reserve bank on either October 9 or November 13.

In comparison with condition figures as of November 14, 1934, those as of November 13, 1935, show declines in loans, but material increases in all other items. Loans decreased a total of \$16,006,000 during the year, of which \$8,961,000 was in loans on securities and \$7,045,000 was in all other loans. Investments in securities on the 1935 date showed an increase of \$21,808,000 during the year, and aggregate reserve balance at the Federal Reserve Bank of Richmond rose by \$30,700,000. Cash in vaults increased by \$1,426,000 between the middle of November last year and this. Deposits gained \$43,520,000 in the period under review, demand deposits rising by \$39,808,000 and time deposits increasing by \$3,712,000.

## Time and Savings Deposits

Time deposits in forty-one reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$395,163,714 at the end of October, 1935, a higher figure than either \$394,295,958 reported at the end of September this year or \$383,061,051 at the end of October 1934. The mutual savings banks reported a higher total of deposits on October 31, 1935, than on either of the earlier dates, and time deposits in the forty-one member banks also

increased during the year but decreased slightly during the past month.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Nov. 13, 1935	Oct. 9, 1935	Nov. 14, 1934
Asheville, N. C.....	\$ 11,753	\$ 11,857	\$ 10,874
Baltimore, Md. ....	339,216	341,720	299,030
Charleston, S. C.....	18,379	17,805	13,570
Charleston, W. Va....	48,479	45,396	46,205
Charlotte, N. C.....	66,746	60,689	56,897
Columbia, S. C.....	29,650	27,786	22,593
Cumberland, Md. ....	9,011	8,955	6,894
Danville, Va. ....	18,169	10,370	18,510
Durham, N. C.....	49,025	42,681	48,932
Greensboro, N. C....	15,695	16,209	13,629
Greenville, S. C.....	20,441	18,831	16,968
Hagerstown, Md. ....	8,530	8,862	7,734
Huntington, W. Va...	14,518	14,471	13,047
Lynchburg, Va. ....	16,374	16,594	14,856
Newport News, Va....	8,258	8,345	7,732
Norfolk, Va. ....	50,244	48,357	48,280
Portsmouth, Va. ....	4,059	3,745	3,838
Raleigh, N. C.....	29,370	25,377	29,558
Richmond, Va. ....	191,218	182,374	166,506
Roanoke, Va. ....	23,871	22,832	21,594
Spartanburg, S. C....	10,464*	8,787*	.....
Washington, D. C....	245,134	238,192	196,352
Wilmington, N. C....	12,209	11,026	9,959
Winston-Salem, N. C.	48,069	42,858	37,418
<b>Fifth District Totals</b>	<b>\$1,278,418</b>	<b>\$1,225,332</b>	<b>\$1,110,976</b>

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

The debits to individual, firm and corporation accounts figures shown in the accompanying table for three equal periods of five weeks include all checks drawn against depositors' accounts in the banks of twenty-three leading trade centers of the Fifth Federal reserve district.

A comparison of the total of \$1,278,418,000 in debits reported for the five weeks ended November 13, 1935, with the total reported for the preceding five weeks, ended October 9 this year, shows an increase of \$53,086,000, or 4.3 per cent. A decline in debits during the more recent period usually occurs, due to heavy payments of dividends and interest on October 1, but this year increased business in late October and early November counterbalanced the seasonal tendency toward lower figures. Seventeen of the twenty-three cities reported higher figures for the more recent period, and the six decreases were small.

In comparison with figures reported for five weeks last year, ended November 14, 1934, corresponding figures for the five weeks ended November 13, 1935, show a total increase of \$167,442,000, or 15.1 per cent, a larger increase than was reported in any other month since February in comparison with the corresponding period last year. All of the reporting cities showed higher figures for the 1935 period except Danville, which decreased 1.8 per cent, and Raleigh, which declined only 6/10ths of 1 per cent.

### Commercial Failures

*Dun & Bradstreet Monthly Review for November*

says that business failures in the United States in October 1935 numbered 1,097, with aggregate liabilities totaling \$22,243,941, compared with 806 failures and liabilities totaling \$21,837,926 in September 1935 and 1,091 failures and liabilities totaling \$19,968,448 in October 1934. Failures in the manufacturing division accounted for the increase in insolvencies in October this year over October last year. An upturn in bankruptcies in October in comparison with September is seasonal. In the Fifth Federal reserve district, insolvencies in October 1935 totaling 40 exceeded 32 failures reported in September but were fewer than 48 failures in October last year. Liabilities last month in the district totaled \$1,250,947, a higher figure than either \$403,050 reported in September this year or \$778,492 reported in October last year.

### Employment

The number of persons employed in the Fifth reserve district appears to have increased steadily in past weeks. The increase in work is not marked in any special line of trade or field of industry, but practically all lines and fields show some improvement. The construction industry shows the largest increase in employment in the past two or three months, especially in private construction of residential types of the better class. A seasonal decline in outside work which is noticed in most years in the Fall and early Winter has not occurred this year.

### Coal Production

Bituminous coal production in the United States totaled 36,697,000 net tons in October 1935, more than a seasonal increase over 24,944,000 tons mined in September this year, and also above October 1934 production of 32,807,000 tons. Total production of soft coal during the calendar year to November 9 amounted to 308,631,000 net tons, compared with 304,365,000 tons mined during the corresponding period last year. Shipments of coal through Hampton Roads ports in 1935 prior to November 9 totaled 15,417,941 tons compared with 15,392,882 tons shipped through the same ports to the corresponding date in 1934.

In its November 2 report, the Bureau of Mines of the Department of the Interior gave bituminous coal production figures by states for the month of September. The report credited West Virginia with 6,662,000 net tons, while Pennsylvania, the second ranking state, dug 5,728,000 tons. In the same report, the Bureau of Mines stated that stocks of bituminous coal declined during September, chiefly due to a marked reduction in railroad fuel reserves, but on October 1 stocks in the hands of industrial consumers were estimated to be sufficient to last 46 days, the same figure reported a year ago.

### Textiles

The demand for cotton textiles broadened in October, and mills throughout the country increased operations over those of September by about 20 per cent.

In the Fifth reserve district, mills in the Carolinas and Virginia consumed 263,360 bales of cotton last month, an increase of 19.3 per cent over 220,714 bales used in September and a rise of 11.7 per cent over 235,752 bales used in October 1934. North Carolina mills consumed 143,700 bales in October this year, South Carolina mills used 107,710 bales, and Virginia mills 11,950 bales. The figures for the two Carolinas were above corresponding figures last year, but the 1935 Virginia figure was lower than the 1934 one. Consumption of cotton in the Fifth district in October amounted to 47.69 per cent of National consumption, a lower figure than 49.14 per cent of National consumption used in the district in September this year but above 45.07 per cent used in October 1934.

On October 22 the Department of Commerce issued a report on spindles in place, spindles active in September, total spindle hours of operation in September, and average hours of operation per spindle in place in September. On September 30, 1935, there were 29,808,220 spindles in place in the United States, North Carolina leading with 6,123,112, or 20.5 per cent of the total, South Carolina ranking second with 5,841,372 spindles, or 19.6 per cent, and Massachusetts third with 5,277,656 spindles, or 17.7 per cent. The Fifth district as a whole had 42.3 per cent of total spindles in place in the United States at the end of September 1935. In actual spindle hours of operation, South Carolina led all states for September with 1,649,165,452 hours, or 26.7 per cent of the National total of 6,183,763,453 hours, and North Carolina ranked second with 1,429,837,710 hours, or 23.1 per cent. In actual hours of operation per spindle in place in September, South Carolina with an average of 282 hours per spindle was in the lead, while North Carolina with 234 hours and Virginia with 233 hours ranked fifth and sixth, respectively. The average for the United States was 207 hours of operation per spindle in place.

### Cotton Statistics

*Spot cotton prices*, as represented by the average paid on ten Southern markets on Friday of each week, rose steadily during the second half of October and the first half of November. Middling grade upland cotton averaged 10.85 cents per pound on October 11, from which the price rose to 10.97 cents on October 18, to 11.05 cents on October 25, and to 11.18 cents on November 1. The average on November 8 was 11.48 cents, and on November 15, the latest date for which official quotations are available, the price was 12.15 cents. On November 16, 1934, the average price on the same markets was 12.48 cents.

*Condition figures* on the 1935 cotton crop, based on the November 1 condition, were issued by the Department of Agriculture on November 8. This report lowered the estimate of production in the United States to 11,141,000 bales, in comparison with the estimate of 11,464,000 bales on October 1, 1935, and 9,636,000 bales ginned in 1934. Most of the decrease from last month took place in Arkansas, Oklahoma, Tennessee and Missouri, where early frosts occurred and other

unfavorable weather conditions checked the development of the late crop. Moderate declines during the month are shown for North Carolina, Mississippi, Louisiana and Texas. In the Fifth reserve district, South Carolina's prospective field of 750,000 bales is above the October estimate of 745,000 bales, and compares with 681,000 bales ginned in 1934. The North Carolina forecast of 600,000 bales on November 1 was 15,000 bales less than a month earlier, and compares with last year's yield of 629,000 bales. The Virginia crop declined 1,000 bales during October, and prospects on November 1 for a yield of 32,000 bales shows a decrease from 35,000 bales ginned from the 1934 crop. Total production in the Fifth district is forecast at 1,382,000 bales, a decrease of 11,000 bales during October but 37,000 bales more than last year's production, South Carolina accounting for the increase.

*Ginning figures* to November 1, released by the Census Bureau on November 8, showed 7,749,635 bales ginned from this year's crop, compared with 7,917,671 bales of last year's crop ginned before November. In the Fifth district weather in October was ideal for cotton picking and on November 1 practically no cotton remained in the fields.

*Cotton consumption* in the United States in October showed an increase over the month of September, and was also above consumption in October last year. The number of bales used totaled 552,187 in October 1935, compared with 449,126 bales used in September this year and 523,032 bales in October 1934. Total consumption this cotton year—August 1 through October 31—amounted to 1,409,723 bales, against 1,236,669 bales consumed in the corresponding three months of last season. Manufacturing establishments held 1,074,405 bales on October 31, compared with 716,807 bales held on September 30 and 1,140,493 bales on October 31, 1934. Public warehouses and compresses held 8,481,901 bales in storage at the end of October this year, compared with 7,148,651 bales so held a month earlier and 9,380,804 bales on October 31 last year. October exports totaled 711,664 bales, compared with 486,764 bales exported in September and 615,593 bales sent abroad in October 1934. Total exports during the three months of the present cotton year totaled 1,439,912 bales, a higher figure than 1,321,783 bales shipped overseas during the corresponding three months last year. Spindles active at some time during October numbered 23,192,602, compared with 22,683,818 in September this year and 25,103,884 in October 1934.

*Cotton growing states consumed* 459,176 bales of cotton in October, compared with 378,402 bales in September and 412,302 bales in October 1934. Last month's consumption in the cotton growing states amounted to 83.2 per cent of National consumption, compared with 84.3 per cent in September this year and 78.8 per cent in October 1934. Of the 459,176 bales of cotton consumed in the cotton growing states in October, the Fifth district mills used 263,360 bales, or 57.4 per cent, the same percentage of Southern

consumption attained by Fifth district mills in October of both 1934 and 1933.

### Tobacco Marketing

*South Carolina* auction markets sold most of the 1935 tobacco crop in August and September, only two markets being open in October. Sales last month totaled 7,020,280 pounds of producers' tobacco, for an average price of \$15.94 per hundred pounds, compared with 1,547,299 pounds sold for \$19.24 per hundred in October last year. Total sales this year through October amounted to 84,585,308 pounds, and the average season price was \$18.56 per hundred. Last year sales for the entire season totaled only 52,952,175 pounds, but the average price was \$21.60 per hundred. The November 1 estimate of tobacco production in South Carolina this year was 87,400,000 pounds, compared with 56,880,000 pounds grown in the State in 1934 and a five-year average of 75,823,000 pounds. Production and sales figures do not agree, because tobacco grown in one State is frequently sold in another, depending upon nearness to markets.

*North Carolina* markets sold 172,873,168 pounds of growers' tobacco in October 1935, at an average price \$22.86 per hundred pounds. These figures compare with 116,946,318 pounds sold for an average of \$33.67 per hundred in October 1934. Total sales this season to November 1 of 383,878,851 pounds show an increase over 325,670,530 pounds sold in 1934 before November, and final production for 1935 estimated at 562,998,000 pounds is 35 per cent above the yield of 417,975,000 pounds in 1934. Wilson led the North Carolina markets in October sales with 23,394,933 pounds, and also led in price with an average of \$24.64 per hundred pounds. Winston-Salem ranked second in October sales with 19,549,415 pounds.

*Virginia* flue-cured tobacco markets opened on October 1 and sold 38,557,060 pounds during the month, at an average price of \$22.48 per hundred pounds. In October 1934 sales amounted to 33,107,040 pounds, at an average of \$32.58 per hundred. Sales in October were the largest on record for that month, and the average price received was the highest since 1926 with the single exception of last year. Warehousemen estimated that tobacco sold in October this year graded 31 per cent good, 44 per cent medium and 25 per cent common, whereas in October 1934 sales graded 45 per cent good, 33 per cent medium and 22 per cent common. The November 1 condition of the Virginia tobacco crop indicated a yield this year of 96,460,000 pounds, compared with the October 1 forecast of 95,116,000 pounds and 1934 production of 80,155,000 pounds.

### Tobacco Manufacturing

On November 20, the Commissioner of Internal Revenue issued a report on taxes collected in October 1935 on manufactured tobacco products. October production of cigarettes in the United States numbered 12,710,887,310, compared with 10,718,132,697 cigarettes manufactured in October 1934. Smoking and

chewing tobacco production increased from 27,463,735 pounds in October last year to 28,574,792 pounds in October this year. Cigars manufactured rose from 494,456,319 in October 1934 to 524,399,362 in October 1935. Snuff production increased from 3,042,730 pounds to 3,340,842 pounds during the year. In the month of October 1935, taxes on cigarettes totaled \$38,134,728, compared with \$32,156,394 collected in the corresponding month last year. Taxes on smoking and chewing tobacco increased during the same period from \$4,944,395 to \$5,143,659, and cigar taxes rose from \$1,291,634 to \$1,357,207. Combined taxes to the Federal Treasury on all forms of tobacco manufacturing, exclusive of processing taxes, totaled \$45,236,957 in October 1935 and \$38,940,114 in October 1934, an increase this year of 16 per cent.

### Agricultural Notes

Weather conditions for crop harvesting were quite favorable in October, and housing of crops was practically completed. In most cases crops are turning out better than mid-season forecasts, and yields are on the whole above average in all Fifth district states. Per acre yields in South Carolina this year average 125.2 per cent of average yields during the ten years 1921-1930, Virginia yields average 115.4 per cent of the base yields, North Carolina yields average 115.3 per cent, Maryland yields 110.2 per cent, and West Virginia yields 109.9 per cent. The United States average is 100.6 per cent.

*Maryland* weather last month was favorable for harvesting corn, soy beans, potatoes and other late crops, and for seeding of winter wheat and barley. Corn husking is well advanced, and the quality of the crop is good. Indicated production of corn totals 18,760,000 bushels this year, about 10 per cent above the 1934 yield of 16,995,000 bushels and 12 per cent above the five-year average crop of 15,039,000 bushels. Yields of late Irish potatoes were low, many farmers reporting considerable loss from rot. Dryness over most of the State during the growing season, flood conditions on the Eastern Shore, and frost injury account for the disappointing yields. Production of 3,135,000 bushels compares with last year's crop of 3,267,000 bushels and a five-year average of 3,339,000 bushels. Sweet potatoes also turned out short. This year's crop of 700,000 bushels is 7 per cent below last year's yield of 750,000 bushels and is approximately half the five-year average of 1,374,000 bushels. The 1935 apple crop of 2,412,000 bushels exceeds the 1934 yield of 1,102,000 bushels and is also above the five-year average yield of 2,053,000 bushels. Mild weather caused considerable dropping of apples and advanced maturity. The commercial crop is of good size, fine color, fair quality, and totals 1,340,000 bushels compared with 615,000 bushels last year and an average production of 1,286,000 bushels. Maryland's tobacco prospects indicate a yield of 25,188,000 pounds this year, a higher figure than either 23,418,000 pounds cured in 1934 or the five-year average crop of 24,018,000 pounds. Early seeded wheat is up to a good stand.

*Virginia* harvesting was completed during October and early November, and yields of some crops turned out slightly better than had been previously forecast. Killing frosts occurred during the first week of October, which was earlier than usual, and caused some damage to late corn, cotton, peanuts potatoes and gardens. Weather conditions during the remainder of the month, however, were more favorable than usual, so there was less loss from rains or storms than in most years. Preparation for seeding fall grains was delayed by dryness and many farmers were later than normal in completing Fall seeding. General rains the last week of October were very beneficial for grains and truck crops. The average yield of corn this year is the second highest on record, and the expected yield of 38,740,000 bushels compares with 35,794,000 bushels gathered in 1934 and a five-year average production of 31,346,000 bushels. Tobacco growers report that all types produced slightly better than earlier forecasts indicated, and per acre yields are the highest on record for all types except burley. Production of all types of tobacco in Virginia this year is estimated to be 96,460,000 pounds, compared with 80,155,000 pounds cured last year and a five-year average yield of 98,916,000 pounds. Peanut yield is still uncertain, only a small percentage of the crop having been threshed by November 1. Many growers started digging too early, but the late crop is exceptionally good. Production of peanuts is estimated at 155,800,000 pounds, compared with the 1934 yield of 146,000,000 pounds and a five-year average of 145,681,000 pounds. Late Irish potatoes turned out above average in per acre yield, but the 1935 total yield of 11,352,000 bushels is less than the 1934 crop of 13,433,000 bushels and the five-year average of 14,447,000 bushels. The commercial sweet potato crop was below average in yield, but the farm crop turned out fairly well. Total production is estimated at 4,176,000 bushels, slightly above the 1934 yield of 3,910,000 bushels but less than the five-year average production of 4,316,000 bushels. Virginia's apple crop is better than was previously forecast, due to unusually large size of the fruit. Production totals 16,697,000 bushels compared with the 1934 crop of 9,275,000 bushels and the five-year average of 13,160,000 bushels. The commercial crop, or that part of the total yield which will be distributed for consumption as fresh fruit, is estimated at 10,710,000 bushels, compared with 6,562,000 bushels last year. As a result of the large crop and the early export movement, carlot shipments to November 1 totaled 5,018 cars, compared with 2,674 cars shipped to the same date in 1934.

*West Virginia* farmers had a favorable year in 1935. Pastures were good all season, and roughage crops for live stock increased considerably over last year. Corn production of 12,460,000 bushels is 3 per cent above 12,128,000 bushels harvested in 1934 and 13 per cent

above the five-year average crop of 11,056,000 bushels. The tobacco crop of 2,112,000 pounds is greater than 1,755,000 pounds grown in 1934, but because of acreage reduction is much less than the five-year average production of 4,193,000 pounds. This year's potato crop of 3,010,000 bushels compares unfavorably with last year's crop of 3,120,000 bushels and the average production of 3,484,000 bushels. Fruit prospects, while above 1934 figures, are less than five-year average figures. Apples will yield about 5,610,000 bushels this year, compared with 3,630,000 bushels gathered in 1934 and average production of 6,947,000 bushels in 1928-1932.

*North Carolina* showed several increases in prospective yields during October, corn prospects increasing 3 per cent, tobacco 4 per cent, peanuts nearly 5 per cent, and pecans 12 per cent. All crops turned out well this year. Corn production estimated at 49,528,000 bushels exceeds the 1934 yield of 47,580,000 bushels and the five-year average crop of 39,119,000 bushels. The tobacco crop of 562,998,000 pounds this year compares with 417,975,000 pounds last year and the five-year average of 468,526,000 pounds. The Irish potato crop of 8,774,000 bushels is less than last year's yield of 10,672,000 bushels but exceeds the five-year average production of 7,573,000 bushels, and this year's sweet potato yield of 8,320,000 bushels shows the same comparison, being less than the 1934 yield of 8,856,000 bushels but more than the average production of 6,819,000 bushels. North Carolina's apple crop of 3,975,000 bushels is above both 3,525,000 bushels in 1934 and an average production of 3,411,000 bushels in 1928-1932. An adequate supply of food and feed crops was gathered. Peanuts are expected to total 285,750,000 pounds this year, compared with 264,000,000 pounds picked last year and a five-year production of 246,206,000 pounds.

*South Carolina* preliminary crop estimates indicate that 1935 was an exceptionally favorable year for farmers in the State. Feed and food crops are about 22 per cent above 1934 figures and 24 per cent greater than the five-year average. The corn crop, estimated at 24,578,000 bushels, is 18 per cent above last year's yield of 20,760,000 bushels and 22 per cent above the five-year average production of 20,151,000 bushels. This year's tobacco crop of 87,400,000 pounds is the third largest in the history of the State, and compares with 56,880,000 pounds in 1934 and average production of 75,823,000 pounds in 1928-1932. Irish potatoes, due to reduced acreage, total only 1,836,000 bushels this year, compared with 2,625,000 bushels in 1934 and average production of 2,731,000 bushels. Sweet potato yields of 4,488,000 bushels this year compare with 4,428,000 bushels last year and a five-year average crop of 4,569,000 bushels. This year's peanut crop of 11,200,000 pounds is 17 and 33 per cent, respectively, above the 1934 crop and the five-year average yield.

**Construction****Building Permits Issued in October  
1935 and 1934**

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md. ....	915	826	\$1,077,960	\$1,998,600
Cumberland, Md. ....	17	6	124,289	52,774
Frederick, Md. ....	12	18	7,214	19,979
Hagerstown, Md. ....	33	17	44,165	11,823
Salisbury, Md. ....	28	19	26,085	11,270
Danville, Va. ....	36	15	178,169	15,405
Lynchburg, Va. ....	75	45	46,895	26,791
Norfolk, Va. ....	102	149	89,868	83,480
Petersburg, Va. ....	3	8	2,300	4,125
Portsmouth, Va. ....	21	61	19,050	15,110
Richmond, Va. ....	128	106	119,162	88,908
Roanoke, Va. ....	45	33	86,864	24,723
Bluefield, Va. ....	13	17	8,554	14,525
Charleston, W. Va. ....	142	46	203,658	20,332
Clarksburg, W. Va. ....	69	50	49,749	51,230
Asheville, N. C. ....	30	41	23,405	9,203
Charlotte, N. C. ....	118	55	94,679	106,439
Durham, N. C. ....	39	28	124,580	58,675
Greensboro, N. C. ....	69	68	87,485	49,132
High Point, N. C. ....	53	15	27,924	19,523
Raleigh, N. C. ....	29	14	21,380	14,240
Rocky Mount, N. C. ....	6	8	9,800	5,580
Salisbury, N. C. ....	13	3	40,425	11,550
Winston-Salem, N. C. ....	69	90	89,055	32,043
Charleston, S. C. ....	69	55	182,556	16,812
Columbia, S. C. ....	63	41	123,965	63,703
Greenville, S. C. ....	46	37	70,000	35,095
Rock Hill, S. C. ....	28	19	167,632	15,085
Spartanburg, S. C. ....	36	48	52,605	13,909
Washington, D. C. ....	652	565	1,891,300	982,860
District Totals .....	2,959	2,473	\$5,090,773	\$3,872,924

Building permits issued by inspectors in thirty Fifth district cities in October 1935 totaled 2,959, with estimated valuation amounting to \$5,090,773, compared with 2,473 permits valued at \$3,872,924 issued in October 1934, increases of approximately 20 per cent in number and 31 per cent in total valuation in the 1935 month. Twenty-four of the thirty cities reported higher valuation figures last month in comparison with October 1934 figures, the best record made for many months. Among the six largest cities on the list, higher 1935 figures were reported by Charlotte, Norfolk, Richmond, Washington and Winston-Salem, but Baltimore fell below its October 1934 valuation figures.

Contracts actually awarded in October for construc-

tion work in the Fifth district, including both rural and urban projects, totaled \$25,841,275, compared with \$10,936,722 in October 1934, according to figures collected by the F. W. Dodge Corporation. Of the awards in October this year, \$7,373,860, or 28.5 per cent, was for residential work, compared with \$2,837,212, or 25.9 per cent, for this type of work in October 1934.

**Retail Trade, 31 Department Stores**

Richmond	Baltimore	Washington	Other Cities	District
October 1935 sales, compared with sales in October 1934:				
+ 2.6	- 2.7	+12.0	- .3	+ 4.3
Total sales Jan.-Oct. 1935, compared with Jan.-Oct. 1934:				
+ 4.0	+ .9	+15.3	+ 4.1	+ 7.5
Oct. 31, 1935, stocks, compared with stocks on Oct. 31, 1934:				
+ 5.0	- .3	+10.9	+ 1.5	+ 4.8
Oct. 31, 1935, stocks, compared with stocks on Sept. 30, 1935:				
+11.7	+11.2	+13.0	+ 9.0	+11.8
Number of times stock was turned in October 1935:				
.371	.359	.428	.328	.386
Number of times stock was turned since January 1, 1935:				
3.198	3.022	3.667	2.841	3.281
Percentage of Oct. 1, 1935, receivables collected in October:				
34.2	29.8	27.4	31.4	29.3

Note: Sales and stock changes are percentages.

**Wholesale Trade, 58 Firms**

21 Groceries	7 Dry Goods	6 Shoes	13 Hardware	11 Drugs
October 1935 sales, compared with sales in October 1934:				
+ 8.2	+16.4	- 5.3	+ 2.3	- 1.0
October 1935 sales, compared with sales in September 1935:				
+ 7.0	+ 2.1	-15.8	+ 2.0	+ 7.4
Jan.-Oct. 1935 sales, compared with sales in Jan.-Oct. 1934:				
+ 6.4	-11.4	-10.4	+ 8.7	+ 1.0
Oct. 31, 1935, stocks, compared with Oct. 31, 1934, stocks:				
+ 1.0(8*)	-16.7(3*)	+11.3(4*)	+ 9.8(7*)	.....
Oct. 31, 1935, stocks, compared with Sept. 30, 1935, stocks:				
+17.8(8*)	-11.3(3*)	-18.1(4*)	+ 3.2(7*)	.....
Percentage of collections in October to receivables Oct. 1:				
108.7(12*)	45.1(4*)	76.7(5*)	51.9(11*)	71.0(7*)

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

(Compiled November 21, 1935)

**BUSINESS CONDITIONS IN THE UNITED STATES**

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

Industrial production increased more than seasonally in October and there was also a considerable advance in factory employment and payrolls. There was a continuous inflow of gold from abroad and an increase in bank deposits.

**Industrial Production and Employment**

Volume of output at factories and mines, as measured by the Board's seasonally adjusted index of industrial production, increased from 89 per cent of the 1923-1925 average in September to 94 per cent in October, reflecting larger output in a wide range of industries. Automobile production, which had been at a low level in September when preparations were being made for the manufacture of new models, increased rapidly during October and the early part of November. At steel mills, activity increased slightly in this period, contrary to the usual seasonal tendency, and in the third week of November was at about 54 per cent of capacity. Lumber production showed little change. Among the industries producing non-durable manufactures, the principal changes in output were increases of considerably more than the usual seasonal amount at cotton mills, woolen mills and meat-packing establishments. At mines output of bituminous coal was in larger volume than in other recent months and output of crude petroleum continued to increase.

Factory employment, which ordinarily shows little change at this season, increased considerably between the middle of September and the middle of October, reflecting substantial increases in the industries producing durable manufactures. The most marked expansion was in the automobile industry and there were smaller increases at railroad repair shops and in the iron and steel, machinery and non-ferrous metals industries. Employment at canning factories showed a considerable decline, largely of a seasonal character.

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a considerable increase in October followed by a slight decline in the first half of November. In this six-week period total contracts were substantially larger than a year ago, reflecting marked increases both in residential building and in other types of construction, but the volume is still at a relatively low level.

**Distribution**

Railroad freight-car loadings increased by a considerable amount from September to October, reflecting principally larger shipments of coal and miscellaneous freight. In the early part of November car loadings were at a lower level than in October, chiefly as a consequence of seasonal developments. Department store sales, which usually increase at this season, showed little change from September to October on a daily average basis, and the Board's seasonally adjusted index declined from 81 per cent of the 1923-1925 average to 77 per cent.

**Commodity Prices**

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was slightly lower in October and the early part of November than in the latter part of September, reflecting reductions in the prices of farm products and foods offset in part in the index by an advance in prices of other commodities, particularly hides and leather products and textiles. Prices of hogs and pork showed a decrease, as is usual at this season, while cotton advanced.

**Bank Credit**

Excess reserves of member banks increased further by \$190,000,000 during the five-week period ended November 20, reflecting a continued inflow of gold from abroad. At the end of the period excess reserves were at a high level of \$3,000,000,000.

Total loans and investments of reporting banks in 101 leading cities increased by \$190,000,000 during the five weeks ended November 20, reflecting principally an increase in holdings of United States Government securities. Adjusted demand deposits of these banks showed an increase of \$550,000,000 for the period.

The call money rate on New York Stock Exchange loans was increased from  $\frac{1}{4}$  of 1 per cent to  $\frac{3}{4}$  of 1 per cent in the last week of October. At the same time the rate on time loans was increased from  $\frac{1}{4}$  of 1 per cent to 1 per cent, but few loans have been made. Other money rates have remained at former low levels.