

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

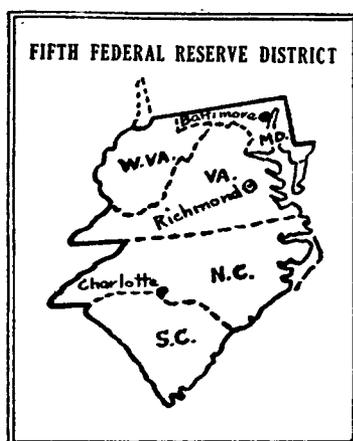


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**FEDERAL RESERVE BANK OF RICHMOND**

RICHMOND, VIRGINIA

JUNE 30, 1936

**T**RADER in the Fifth Federal Reserve district in May and the first half of June was fully up to the level of other recent months, and industrial activity was sustained at a higher rate than a year ago. In banking, discounts at the Federal Reserve Bank of Richmond rose moderately between May 15 and June 15, but the portfolio of open market paper and industrial loans outstanding declined. Federal reserve notes in actual circulation showed a small unseasonal rise, while member bank reserve deposits declined. Regularly reporting member banks showed a small increase in loans last month, while investments in securities—chiefly Government issues—declined and their reserve balances at the Reserve bank were considerably reduced. Cash in vault, in even thousands of dollars, totaled exactly the same amount on May 13 and June 10. Demand deposits increased moderately, but time deposits registered a slight decrease between the middle of May and the middle of June, as frequently happens at vacation time. None of the reporting member banks was borrowing at any time during the past month. Debits to individual accounts figures in twenty-three trade centers of the Fifth district in four weeks ended June 10 were 2/10ths of 1 per cent larger than debits in the preceding four weeks, ended May 13, and exceeded debits in the four weeks ended June 12, 1935, by 14.5 per cent. Commercial failures in the Fifth district were larger both in number and amount than in May 1935, when the volume of failures was unusually small. Employment continued to show distinct improvement over 1935 figures, especially in construction fields and in the district's leading industries. Coal production in May showed a seasonal decrease from April production figures, but exceeded production in May last year by approximately 7 per cent. Cotton textile mills restricted operating time to some extent in May in comparison with April, but exceeded May 1935 operations by about 20 per cent. Consumption of



cotton in the Fifth district in May this year was 48 per cent of total consumption in the United States, while last year in May the district used 45 per cent of all cotton consumed in the country. Spot cotton prices increased slightly between the middle of May and the middle of June. In the manufacture of tobacco, the output of cigarettes and cigars in May 1936 exceeded production in May 1935, while production of snuff and of smoking and chewing tobacco fell below the figures for the corresponding month last year. Building permits issued in leading cities in May exceeded those issued in May 1935 in both number and esti-

ated valuation. Retail trade as reflected in department store sales was above seasonal levels in May this year, and exceeded the volume of trade done in May 1935 by 12.2 per cent. Wholesale trade in all five lines for which figures are available was in larger volume in May this year than in May last year. The agricultural outlook is decidedly less favorable than was the case a year ago. The early spring months were too wet and cold for proper preparation of land and planting of crops, and when the rains ceased in the first half of April a drought followed, with no rain of importance from about the middle of April to the first or second week in June. As a result of the unfavorable weather, crops were all planted from two weeks to a month later than usual, and the ground was so dry in May that many seeds did not sprout after being planted. Truck crops were severely reduced in yield, winter grains had short straw and relatively light heads, and corn, cotton and tobacco crops started under severe handicaps. Favorable weather later in the season could overcome much of the lateness of staple crops, but the outlook at present is doubtful to say the least.

## Reserve Bank Statement

Discounts held by the Federal Reserve Bank of Richmond rose by \$77,000 between the middle of May

ITEMS	000 omitted		
	June 15 1936	May 15 1936	June 15 1935
Discounts held .....	\$ 123	\$ 46	\$ 650
Open market paper.....	120	191	174
Industrial advances .....	4,124	4,164	4,392
Government securities .....	116,716	116,716	116,716
Total earning assets.....	\$121,083	\$121,117	\$121,932
Fed. Res. notes in circulation..	173,502	172,999	149,470
Members' reserve deposits.....	156,467	177,110	141,584
Cash reserves .....	281,707	273,952	181,845
Reserve ratio .....	71.56	70.51	60.95

and the middle of June, but on June 15 this year totaled \$527,000 less than discounts held on the corresponding date last year. The portfolio of open market paper declined by \$71,000 during the past month, and at the middle of June showed a drop of \$54,000 in comparison with holdings of open market paper a year earlier. Loans made direct to industry for working capital also declined between May 15 and June 15, by \$40,000, and on the latter date lacked \$268,000 of equalling industrial advances outstanding on June 15, 1935. These changes resulted in a net decline of \$34,000 in total earning assets last month, and a decrease of \$849,000 during the past year. Federal Reserve notes in actual circulation rose by \$503,000 between the middle of May and the middle of June, and during the year between June 15, 1935, and June 15, 1936, Federal Reserve notes in actual circulation rose by \$24,032,000, a considerable part of the rise for the year being due to replacement of National bank notes with Federal Reserve notes in the total volume of all money in circulation. Member banks reduced their reserve deposits at the Reserve bank by \$20,643,000 during the past month, ended June 15, but reserve deposits continue far above requirements and at the middle of June showed an increase of \$14,883,000 over aggregate reserve deposits on June 15, 1935. The several changes in the statement, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$7,755,000 during the past month, and during the year since June 15, 1935, cash reserves rose by \$99,862,000. The ratio of reserves to note and deposit liabilities combined on June 15, 1936, was 1.05 points higher than the ratio on May 15, and showed a rise of 10.61 points in comparison with the ratio on June 15, 1935.

#### Statement of 41 Member Banks

ITEMS	000 omitted		
	June 10 1936	May 13 1936	June 12 1935
Loans on stocks and bonds (including Governments) .....	\$ 68,593	\$ 68,163	\$ 67,150
All other loans.....	137,453	136,174	128,520
Total loans and discounts....	\$206,046	\$204,337	\$195,670
Investments in securities.....	387,100	394,585	377,542
Reserve bal. with F. R. Bank....	112,103	126,883	85,833
Cash in vaults .....	17,685	17,685	17,217
Demand deposits .....	417,850	414,668	385,393
Time deposits .....	193,303	193,436	194,190
Money borrowed .....	0	0	0

The accompanying table shows totals of principal items on a composite statement of condition of forty-one regularly reporting member banks in the Fifth

Federal Reserve district as of three dates. June 10, 1936, figures are compared with those for May 13, 1936, and June 12, 1935, thus affording opportunity for comparison of the latest available figures with those of the preceding month and the preceding year.

Between May 13 and June 10, both this year, the reporting banks increased loans by \$1,709,000, of which \$430,000 was in loans on securities and \$1,279,000 was in all other loans. Investments in securities, chiefly Government issues, decreased by \$7,285,000 during the month. The reporting banks reduced their reserve balance at the Federal Reserve bank by \$14,780,000 between May 13 and June 10, while total cash in vaults was the same on both dates. Total deposits in the forty-one banks rose during the past month, a rise of \$3,182,000 in demand deposits more than offsetting a decline of \$133,000 in time deposits. A moderate decrease in time deposits usually occurs at the vacation season.

Between June 12, 1935, and June 10, 1936, all items except time deposits increased on the statement. Loans on stocks and bonds rose by \$1,443,000 during the year, and all other loans rose by \$8,933,000, a total increase of \$10,376,000. Investments in securities rose by \$9,558,000, and reserve balance at the Federal Reserve bank increased by \$26,270,000. Cash in vaults totaled \$468,000 more on the 1936 date than a year earlier. Deposits rose \$31,570,000 during the year, demand deposits with an increase of \$32,457,000 offsetting a drop of \$887,000 in time deposits. None of the forty-one reporting banks was borrowing at the Federal Reserve Bank of Richmond or elsewhere on the three dates used in the table.

#### Time and Savings Deposits

Time deposits in forty-one regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$401,278,841 at the end of May 1936, a lower figure than \$401,562,953 at the end of April 1936 but a higher figure than \$395,207,063 at the end of May 1935. Reporting member banks showed declines in time deposits in both the past month and the past year, while deposits in mutual savings banks fell during the month but rose during the year.

#### Debits to Individual Accounts

Debits to individual, firm and corporation accounts in twenty-three trade centers in the Fifth Federal reserve district are shown in the accompanying table for three equal periods of four weeks, ended June 10 and May 13 this year and June 12 last year. These figures reflect the volume of business which passed through the banks in the several cities during the periods under review.

In the four weeks ended June 10, 1936, aggregate debits in the reporting cities amounted to \$1,012,560,000, an increase of \$1,764,000, or 2/10ths of 1 per cent, in comparison with debits totaling \$1,010,796,000 during the preceding like period, ended May 13. A majority of the cities reported higher figures for the more recent period, fifteen cities increasing and eight

CITIES	000 omitted		
	Total debits, four weeks ended:		
	June 10 1936	May 13 1936	June 12 1936
Asheville, N. C.....	\$ 9,975	\$ 9,884	\$ 8,517
Baltimore, Md. ....	291,394	289,770	254,635
Charleston, S. C.....	13,741	15,123	12,894
Charleston, W. Va....	41,305	38,204	46,124
Charlotte, N. C.....	46,834	45,200	40,373
Columbia, S. C.....	21,873	21,145	23,207
Cumberland, Md. ....	7,620	7,946	6,376
Danville, Va. ....	5,765	6,042	5,379
Durham, N. C.....	19,235	18,716	21,246
Greensboro, N. C.....	20,316	14,863	12,811
Greenville, S. C.....	15,520	14,651	12,079
Hagerstown, Md.....	7,260	7,155	6,603
Huntington, W. Va....	18,025	15,728	11,188
Lynchburg, Va.....	12,499	12,859	11,440
Newport News, Va....	7,967	8,245	6,925
Norfolk, Va. ....	41,157	43,194	41,337
Portsmouth, Va.....	3,837	3,611	3,408
Raleigh, N. C.....	26,867	25,246	19,748
Richmond, Va. ....	117,885	117,931	103,813
Roanoke, Va.....	25,937	24,937	18,600
Spartanburg, S. C....	*6,846	*6,615	
Washington, D. C....	216,915	231,868	183,591
Wilmington, N. C....	9,397	8,911	8,848
Winston-Salem, N. C..	31,236	29,567	25,504
District Totals .....	\$1,012,560	\$1,010,796	\$ 884,646

\* Spartanburg not included in totals.

decreasing. In the eight cities which failed to gain in the past four weeks three of the five largest cities in the district are included, Washington, Richmond and Norfolk.

In comparison with debits reported for the four weeks ended June 12, 1935, those for the corresponding four weeks this year showed an increase of \$127,914,000, or 14.5 per cent, most of which is probably accounted for by an increase in business volume being done this year. All of the reporting cities showed higher figures for the 1936 period except Charleston, W. Va., Durham, Columbia and Norfolk. Percentage increases of more than 20 per cent were reported by Huntington, Greensboro, Roanoke, Raleigh, Greenville and Winston-Salem. Huntington with an increase of 61.1 per cent made the largest gain in comparison with the corresponding period last year, and Charleston, W. Va., with a decline of 10.4 per cent reported the largest drop in aggregate debits.

### Commercial Failures

The commercial failure record in the Fifth Federal reserve district in May was less favorable than the National record, although the number of insolvencies and the aggregate liabilities involved were not as large as the figures for some other recent months. The number of failures in the Fifth district and in the United States for several periods are shown in the accompanying table.

Period	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1936 .....	44	832	\$ 611,000	\$15,375,000
May 1935 .....	26	1,004	443,000	14,339,000
5 Months, 1936.....	218	4,541	\$4,278,000	\$77,996,000
5 Months, 1935.....	228	5,129	3,077,000	71,846,000

The district showed an increase of 69.2 per cent in number of bankruptcies in May 1936 in comparison with May 1935, and liabilities last month were 37.9 per cent above May 1935 liabilities, while the National totals showed a decrease of 17.1 per cent in number of failures and an increase of only 7.2 per cent in aggregate liabilities involved.

### Employment

All available indicators point to a steady improvement in employment conditions in the Fifth Reserve district since early spring. Construction work undertaken with private funds is in much larger volume than a year ago, and building tradesmen are better employed than at any other time in several years. Tobacco factories are operating full time, and cotton textile plants are also using their full quota of workers. The dry weather of the past month handicapped rural workers, but farmers report little surplus labor available and in some instances sufficient help on farms has been hard to obtain. Statistics gathered by the Virginia Department of Labor shows more persons employed by the State's industrial establishments than were on the rolls a year ago, and calls on relief agencies and enrollment at employment offices have materially declined.

### Coal Production

Production of bituminous coal in the United States during the month of May 1936 amounted to 28,678,000 net tons, a seasonal decrease from 30,318,000 tons mined in April this year but more than 26,849,000 tons dug in May last year. Total production of soft coal during the present calendar year to June 1 amounted to 170,934,000 net tons, compared with 159,106,000 tons mined in the same period last year, an increase this year of 7.4 per cent. Coal shipped through Hampton Roads ports during the present calendar year to June 6 totaled 8,599,718 tons compared with 8,333,568 tons shipped through the same ports prior to June 6 last year. Retail coal prices in the Fifth Reserve district are in most instances slightly higher than at this time last year, the increase being about twenty-five cents per ton.

In its May 29 report the Bureau of Mines showed monthly production figures by states for April 1936 in comparison with some earlier months. West Virginia led all states in April this year with 8,367,000 tons dug, while Pennsylvania ranked second with 7,864,000 tons. In April 1935 West Virginia produced 6,342,000 tons and Pennsylvania 5,639,000 tons. The three coal producing states of the Fifth district, Maryland, Virginia and West Virginia, dug 9,311,000 tons of bituminous coal in May 1936, compared with 7,094,000 tons dug in May 1935.

### Textiles

Cotton textile mills in the Fifth Reserve district restricted operations somewhat in May and used less cotton than in April, but continued to run well above the level of May 1935. Cotton consumption in the district last month totaling 254,707 bales was 8.0 per cent

less than consumption of 276,894 bales in April, but 20.5 per cent above consumption of 211,412 bales in May last year. North Carolina mills used 136,728 bales of cotton last month, South Carolina mills used 104,326 bales, and Virginia mills 13,653 bales, all higher figures than those for May 1935. Consumption of cotton in the Fifth district in May amounted to 48.0 per cent of National consumption, compared with 44.9 per cent of National consumption for the district in May last year.

The Bureau of the Census issued a report on May 20 on activity in the cotton spinning industry for April. On April 30 there were 28,602,580 spindles in place in the United States, of which 23,123,536, or 80.8 per cent, were active a total of 7,320,181,265 spindle hours during the month, an average of 256 hours per spindle in place. In the Fifth Reserve district there were 12,490,840 spindles in place on April 30, of which 11,356,420, or 90.9 per cent, operated a total of 3,758,911,418 spindle hours in April, an average of 301 hours per spindle in place. South Carolina with an average of 323 hours per spindle ranked second to Tennessee, Virginia with 289 hours ranked fifth, and North Carolina with 282 hours ranked sixth, all being well above the United States average of 256 hours. With 43.7 per cent of all spindles in place in the United States located in the Fifth Reserve district, the district mills operated 51.3 per cent of total spindle hours in the United States during April.

### Cotton Statistics

*Spot cotton prices* advanced slightly during the past month, the average for upland middling grade cotton on ten Southern spot markets rising from 11.65 cents per pound on May 15 to 11.78 cents per pound on June 12, the latest date for which official quotations are available. A year ago, on June 14, the average price on the same markets was 12.03 cents per pound.

*Consumption of cotton* in the United States in May 1936 totaled 530,799 bales, compared with 576,762 bales used in April this year and 470,412 bales in May 1935. Total consumption for the ten months of the present cotton season—August 1 to May 31—amounted to 5,180,320 bales, compared with 4,586,173 bales consumed in the corresponding period of the 1934-1935 season. Manufacturing establishments held 1,090,077 bales on May 31, compared with 1,190,413 bales held on April 30 and 974,754 bales on May 31, 1935. Public warehouses and compresses held 5,237,082 bales in storage at the end of May this year, compared with 6,020,526 bales so held a month earlier and 6,580,599 bales on May 31 last year. May exports totaled 351,734 bales, compared with 277,977 bales sent abroad in May 1935. Exports during the ten months of this cotton year totaled 5,518,804 bales, compared with only 4,173,762 bales shipped over seas during the corresponding ten months ended May 31, 1935, most of the increase having been in shipments to England, France, Germany and Belgium. Spindles active at some time during May numbered 22,828,888, compared with 23,123,536 in April this year and 23,040,788 in May 1935.

*Cotton growing states consumed* 477,936 bales in

May, compared with 486,749 bales used in April and 380,038 bales in May 1935. Last month's consumption of cotton in the cotton growing states amounted to 84.4 per cent of National consumption, exactly the same percentage as in April but higher than 80.8 per cent in May last year. Of the 447,936 bales of cotton consumed in the cotton growing states in May, Fifth district mills used 254,707 bales, or 56.9 per cent, compared with 55.8 per cent of Southern consumption attained in the district in May last year.

No official information is available on the condition of the 1936 cotton crop, but unofficial reports indicate that the crop is very late and in relatively poor condition for this time of the year. In the Western section of the cotton belt the weather until early in June was too wet and cool for normal development, and many fields were choked with grass. In the Eastern belt, drought conditions delayed germination of seed and growth of small plants until well into June. However, cotton can make a very rapid recovery with favorable weather, and it is too early in the season to assume that unfavorable conditions at planting and germination time will materially affect the final crop yield for the year.

### Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on June 19 showing taxes collected on the manufacture of tobacco in May. The figures show that output of cigarettes and cigars continued to run ahead of 1935 production, but production of snuff and of smoking and chewing tobacco was lower last month than in May last year. May output of cigarettes in the United States numbered 12,024,856,900, compared with 11,708,756,460 cigarettes manufactured in May 1935. The number of cigars made last month also rose from 407,731,360 in May 1935 to 419,369,234 in May 1936. Production of smoking and chewing tobacco fell from 27,417,915 pounds in May 1935 to 24,994,224 pounds in May this year, and snuff production declined from 3,184,969 pounds to 3,106,057 pounds. In actual amount of taxes paid in May, cigarettes led with \$36,076,858 this year and \$35,134,986 last year; smoking and chewing tobacco taxes totaled \$4,499,105 in May 1936 and \$4,935,691 in May 1935; cigar taxes yielded \$1,036,265 last month and \$1,016,088 in May last year; and snuff taxes amounted to \$559,090 and \$573,294 in May 1936 and 1935, respectively.

### Agricultural Notes

The weather in the Fifth Federal reserve district was on the whole unfavorable for agricultural production during the late winter and spring, with too much rain and damaging floods to about the middle of April and drought conditions from that date until near the middle of June. Wet soil early in the season delayed plowing and planting, and when the ground dried out sufficiently for planting, drought prevented germination of seed and development of small plants. Rains fell in most sections of the district around the middle of June, and at the time of writing this *Review* agricultural conditions are somewhat better than June 1 figures

indicate, but June 1 condition figures are the latest ones available for discussion.

*Maryland* crop condition figures on June 1 were below the ten-year average, according to the survey by the Maryland Crop Reporting Service. The condition of winter wheat and rye was only slightly below average, but other crops showed the lowest condition figures in many years. A backward spring followed by drought accounts for the poor prospects. May rainfall was the least since 1930 and it was the warmest May since 1918. Conditions were driest on the Eastern Shore where the strawberry crop was cut in half and the commercial early Irish potato crop was seriously threatened. A winter wheat yield of 7,752,000 bushels was indicated for Maryland on June 1, compared with a yield of 8,323,000 bushels in 1935 and a five-year average production of 8,648,000 bushels. The rye crop is estimated at 208,000 bushels this year, compared with 240,000 bushels last year and a five-year average crop of 264,000 bushels. The condition of oats on June 1 was only 60 per cent of normal, compared with 79 per cent a year earlier and a five-year average condition on June 1 of 82 per cent. Hay and pastures were very short over the entire State. Hay condition was reported as only 54 per cent of normal, compared with 81 per cent last year, and the June 1 condition of pastures at 59 per cent compared with 84 per cent on June 1, 1935. Apples averaged 49 per cent of normal on June 1, compared with 67 per cent last year and a ten-year average of 64 per cent. Apple blooms were heavy in most areas but the set of fruit was light. The June 1 condition of peaches indicated a production of 311,000 bushels, compared with 382,000 bushels gathered in 1935 and a five-year average yield of 509,000 bushels. Progress of the corn crop varies all the way from planting to 6 inches high. Corn that is up indicates an average stand or better and the color is good, but in some sections soil moisture on June 1 was not sufficient to germinate late planted corn. Early Irish potatoes were blooming on June 1 at a height of only 6 to 8 inches.

*Virginia* crop prospects on June 1 were unusually poor as a result of the long drought, and the condition of many crops was the lowest ever recorded for that date. Local showers in the first week in June broke the drought in most sections and many crops improved immediately. The drought not only seriously damaged the crops but prevented farmers from preparing land and planting full acreages of such crops as corn, tobacco, cotton, peanuts and sweet potatoes. Since the June rains considerable planting of these crops has been done, but very favorable weather during the remainder of the season will be necessary to make average yields after such late planting. The most serious damage from the dry weather was to truck crops such as strawberries, green peas, cabbage, beets and early Irish potatoes, and to such general crops as spring oats, early hay and pastures. While the dry weather during May had little effect on the fruit crop, the set of fruit is much lighter than last year and production of all fruits will be considerably below the ten-year average. Farm gardens throughout the State were seriously damaged by the drought, but there has been rapid improvement since the June rains. Rainfall during May averaged 1.3

inches, the lowest on record for May except in 1911, when the average was only 1.03 inches. In the Tidewater section average rainfall in May was only .66 of an inch, the lowest figure for the month on record. The condition of wheat declined in May but the yield was not materially reduced, dry, cool weather in May being favorable for wheat and the June rains coming in time to benefit the crop in the northern half of the State. The straw is thin and short, but the heads are fairly well filled except on the light, sandy soils in the central and southern districts. Wheat production is forecast at 8,262,000 bushels, compared with 8,714,000 bushels harvested last year and 9,220,000 bushels the average for the five years 1928-1932. Other small grains also declined during May but the yields of rye and barley will probably be better than the small growth of straw indicates. The yield of oats, however, will be exceedingly low and a large percentage of the spring sown crop is so short that it will be cut for hay. The condition of hay crops on June 1 was the lowest on record for that date. Throughout the State the condition of pastures on June 1 was reported at 47 per cent, compared with 90 per cent last year and 80 per cent the ten-year average. The June condition was the lowest on record. In most sections of the State farmers have been feeding livestock as pastures were too poor to supply the necessary feed. Fruit prospects in Virginia are considerably poorer than last year. Apples on June 1 indicated prospects for only 35 per cent of a full crop this year, as compared with 60 per cent last year, and a prospective yield of 703,000 bushels of peaches compares with 774,000 bushels in 1935. Production of berries of all kinds will be very much less than last year, due chiefly to the dry weather in April and May.

*West Virginia* drought conditions developed somewhat later than in the other sections of the Fifth district, but in May dry weather made itself felt and all crops declined materially. Corn planting was delayed and where the crop was up on June 1 stands were uneven in many sections and some replanting was necessary. Growth in May was slow, but favorable weather during the balance of the season could make up much of the poor June condition. Winter wheat headed out unevenly and the stand was somewhat thinner than had been thought earlier in the spring. The condition of 74 per cent indicated a probable yield of 2,025,000 bushels this year, compared with 2,538,000 bushels in 1935 and a five-year average of 1,643,000 bushels. Rye also declined in May, and the June 1 forecast of production of 90,000 bushels is much less than 150,000 bushels harvested last year. The condition of oats on June 1 was only 61 per cent of normal, compared with 80 per cent for both last year and the five-year average. The season has been unfavorable for growth of hay and pastures, and on June 1 the condition of all hay was only 56 per cent compared with the five-year average of 75 per cent. Pastures showed a condition of 63 per cent, compared with 80 per cent the five-year average. Apple and peach prospects in West Virginia were very poor on June 1, the apple crop at 36 per cent of a full crop comparing with 66 per cent a year ago, and a peach condition of only 9 per cent comparing with 22

per cent on June 1 last year. Peaches are expected to yield 80,000 bushels this year, compared with 300,000 bushels gathered last year a five-year average yield of 492,000 bushels. The poor fruit prospects are due to severe winter weather and unfavorable conditions in the spring rather than to the drought in May.

*North Carolina* drought conditions continued through May, but since June 1 rains have fallen in the eastern half of the State. The Piedmont section was still dry on the report date. Small grains were low in growth, with somewhat light heads, although stands were fairly good. Cash crops like cotton, tobacco and truck generally had poor stands and growth, and the same applied to corn. The June 1 condition of wheat indicated a probable yield of 4,140,000 bushels, compared with 5,198,000 bushels last year and a five-year average of 3,653,000 bushels on a smaller acreage. The oats crop showed a condition of 54 per cent on June 1, compared with 84 per cent last year and a five-year average on June 1 of 77 per cent. The stands of oats are fairly good, although many fields are barely high enough to be cut for hay. Hay and pasture conditions are very low, hay averaging 51 per cent on June 1 compared with a five-year average of 80 per cent and pastures averaging 46 per cent compared with a five-year average of 80 per cent. The North Carolina peach crop of 1,440,000 bushels was much less than the 1935 yield of 2,400,000 bushels and also smaller than the five-year average of 1,980,000 bushels. Commercial truck crops in the Eastern part of the State were seriously damaged by drought, which followed delay in planting on account of severe winter and spring conditions.

*South Carolina* experienced a record drought, extending from April 11 to June, and as a result all spring planted seed germinated slowly, stands were poor on June 1, and grain yields were light. Wheat prospects dropped about 100,000 bushels during May, and on June 1 a yield of only 808,000 bushels was forecast, compared with 980,000 bushels last year. The rye crop for this year was about up to average, indicated production of 68,000 bushels comparing with 72,000 bushels in 1935 and a five-year average production of 67,000 bushels. No estimate of oats yield has been made yet, but the condition on June 1 of 60 per cent compared unfavorably with 84 per cent on June 1 last year and a five-year average of 75 per cent. April frosts and May drought caused a below average peach crop, and this year's yield of 1,000,000 bushels is less than last year's crop of 1,781,000 bushels and the five-year average production of 1,205,000 bushels. In the Piedmont section much of the cotton shows a ragged stand and many seed had not sprouted by June 1 because of dry weather and hard ground. There was also a heavy loss of tobacco plants after setting out and it was rather late to replant after rains fell. Planting

of late crops, including soy beans, cowpeas and sweet potatoes, was seriously delayed.

## Construction

### Building Permits Issued in May 1936 and 1935

ITEMS	Permits Issued		Total Valuation	
	1936	1935	1936	1935
Baltimore, Md. ....	1,062	930	\$1,273,800	\$ 979,680
Cumberland, Md. ....	28	10	140,355	625,083
Frederick, Md. ....	14	16	24,175	13,045
Hagerstown, Md. ....	35	30	26,105	40,307
Salisbury, Md. ....	25	12	32,900	16,175
Danville, Va. ....	37	29	45,735	71,623
Lynchburg, Va. ....	41	42	81,788	34,747
Norfolk, Va. ....	115	122	155,775	94,450
Petersburg, Va. ....	2	3	14,100	1,965
Portsmouth, Va. ....	45	24	31,484	23,920
Richmond, Va. ....	146	130	294,544	174,942
Roanoke, Va. ....	72	46	102,245	37,009
Bluefield, W. Va. ....	11	8	13,586	12,625
Charleston, W. Va. ....	95	120	168,760	71,767
Clarksburg, W. Va. ....	80	40	189,953	44,593
Huntington, W. Va. ....	33	27	49,470	24,000
Asheville, N. C. ....	55	42	154,839	87,750
Charlotte, N. C. ....	112	74	190,707	79,923
Durham, N. C. ....	36	56	123,550	201,963
Greensboro, N. C. ....	96	53	137,767	120,346
High Point, N. C. ....	60	30	60,190	45,269
Raleigh, N. C. ....	25	19	84,120	30,770
Rocky Mount, N. C. ....	4	15	10,650	39,005
Salisbury, N. C. ....	6	6	4,025	4,332
Winston-Salem, N. C. ....	125	75	123,251	67,387
Charleston, S. C. ....	58	71	28,320	67,170
Columbia, S. C. ....	60	51	113,188	123,049
Greenville, S. C. ....	54	39	152,635	25,230
Rock Hill, S. C. ....	27	24	40,635	65,508
Spartanburg, S. C. ....	32	47	23,370	16,639
Washington, D. C. ....	651	701	2,570,110	2,611,585
District Totals.....	3,242	2,892	\$6,462,132	\$5,851,857

Building permits issued in thirty-one leading Fifth district cities in May 1936 numbered 3,242, compared with 2,892 permits issued in May 1935, an increase of 12.1 per cent. Estimated valuation figures for all classes of permits issued last month totaled \$6,462,132, compared with \$5,851,857 valuation for permits issued in May 1935, an increase this year of 10.4 per cent. Twenty-one of the thirty-one cities showed higher valuation figures for May 1936 than for May 1935. In addition to the work provided for in permits issued by municipal authorities, there is greater activity in suburban construction of residences than at any other time in six or seven years.

Contracts awarded for construction work in the Fifth Reserve district in May this year totaled \$23,417,657, including both rural and urban construction, compared with \$13,041,000 in contracts awarded in May 1935, according to figures collected by the F. W. Dodge Corporation. Of the May 1936 contracts, \$9,419,087 was for residential structures, approximately 40 per cent of all contract awards.

**Retail Trade, 30 Department Stores**

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
May 1936 sales, compared with sales in May 1935:	+16.0	+ 7.6	+13.2	+20.3	+12.2
Jan.-May 1936 sales, compared with sales in Jan.-May 1935:	+10.2	+ 5.9	+12.5	+11.2	+ 9.8
May 31, 1936, stocks, compared with stocks on May 31, 1935:	+ 9.3	+ 1.1	+ 6.7	- 2.8	+ 3.9
May 31, 1936, stocks, compared with stocks on April 30, 1936:	+ 3.5	- 1.7	- 3.9	- 3.3	- 2.2
Number of times stock was turned in May 1936:	.354	.335	.417	.372	.375
Number of times stock was turned since January 1, 1936:	1.562	1.54	1.819	1.568	1.661
Percentage of May 1, 1936, receivables collected in May:	33.8	29.0	26.6	29.7	28.3

Note: Sales and stock changes are percentages.

**Wholesale Trade, 57 Firms**

	21 <i>Groceries</i>	7 <i>Dry Goods</i>	6 <i>Shoes</i>	12 <i>Hardware</i>	11 <i>Drugs</i>
May 1936 sales, compared with sales in May 1935:	+ 2.1	+23.1	+14.6	+ 7.4	+ 2.0
May 1936 sales, compared with sales in April 1936:	- 2.6	+ .9	-14.6	+ .4	+ .2
Jan.-May 1936 sales, compared with sales in Jan.-May 1935:	+ 5.0	+10.0	+ 2.2	+ 5.3	+ 4.3
May 31, 1936, stocks, compared with stocks on May 31, 1935:	- 2.8(8*)	-17.6(3*)	+18.8(4*)	+ 5.8(7*)	.....
May 31, 1936, stocks, compared with stocks on April 30, 1936:	- 4.8(8*)	- 9.1(3*)	- 2.4(4*)	- 4.7(7*)	.....
Percentage of May collections to receivables on May 1:	106.9(12*)	42.6(4*)	66.1(5*)	48.9(11*)	68.9(7*)

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

(Compiled June 20, 1936)

**BUSINESS CONDITIONS IN THE UNITED STATES**

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

Volume of industrial production, which had increased sharply in April, was maintained in May, and there was an increase in distribution of commodities to consumers.

**Production and Employment**

The Board's seasonally adjusted index of industrial production in May was 101 per cent of the 1923-1925 average, as compared with 100 per cent in April. Production of durable manufactures increased further, reflecting larger output of steel and lumber, partly offset in the total by a reduction in the output of automobiles from the high level of April. At steel mills the rate of activity in May was higher than at any other time since the spring of 1930. This level has been maintained in June, reflecting in part some accumulation of steel by fabricators in advance of the effective date of recently announced price increases. Declines in production were reported for many nondurable manufactures; at woolen mills, however, activity increased. Output of bituminous coal declined from April to May, while output of crude petroleum continued in large volume.

Factory employment increased slightly between the middle of April and the middle of May, contrary to the usual seasonal tendency. Increases were reported at plants producing iron and steel products, machinery, and most durable manufactures. Changes in employment in industries producing nondurable manufactures were largely of a seasonal nature. Factory payrolls were somewhat larger in the middle of May than a month earlier.

Total value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, declined slightly from April to May. Awards for residential building continued to increase and in May, as in other months this year, were substantially larger than a year ago when residential building was first beginning to increase from the extreme low level of the depression.

**Distribution**

Department store sales, which usually decline at this season, increased from April to May and there was also a rise in sales at variety stores and mail order houses. Freight-car loadings increased by slightly more than the usual seasonal amount.

**Commodity Prices**

Wholesale prices of commodities, which had declined from the middle of April to the middle of May, have advanced somewhat since that time and in the week ending June 20 were 78.7 per cent of the 1926 average, according to the index of the Bureau of Labor Statistics. In recent weeks prices of livestock and livestock products, grains and flour, and textile raw materials and finished products have advanced. For many steel products price increases have been announced to take effect early in the third quarter.

**Bank Credit**

Excess reserves of member banks, after a slow increase in May and the early part of June, declined by \$900,000,000 in the week ending June 17. The reduction in excess reserves was due principally to an increase in the deposits maintained at the Reserve banks by the Treasury, which received large payments for new securities issued, as well as quarterly tax installments. At that time the Treasury began to distribute checks and adjusted service bonds to veterans and there was an increase in the demand for currency in connection with the cashing of these bonds and checks.

United States Government obligations held by reporting member banks in leading cities, which had increased somewhat in May and early June, showed a further sharp increase in the week ending June 17 in connection with the new issue of Government securities. Bank loans also increased.