

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

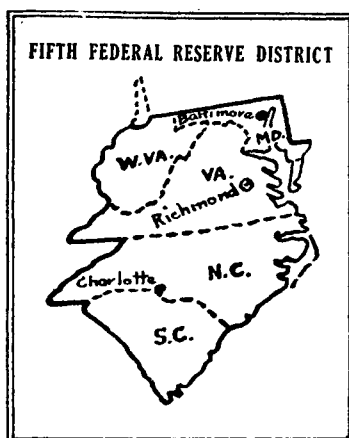


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RICHMOND, VIRGINIA

JULY 31, 1936

JUNE witnessed a considerably larger volume of business in the Fifth Federal reserve district than occurred in June last year, and in most lines trade was above seasonal levels in comparison with business in other recent months. Part of the activity last month may have been due to the payment of the Bonus, but there is no way to measure the extent of the influence exerted by this special development. Discounts at the Federal Reserve Bank of Richmond declined last month, and so did industrial advances for working capital, while the Bank's holdings of Government securities rose sufficiently to bring about a net increase of about 9 per cent in total earning assets. Federal reserve notes in actual circulation advanced sharply, due chiefly to needs for additional currency in handling the Bonus, and member bank reserve deposits rose further during the month. Reporting member banks reduced loans moderately between the middle of June and the middle of July, but they materially increased their investments in securities and both their demand and time deposits rose. Debits to individual accounts during five weeks ended July 15 were 15.8 per cent larger than debits in the preceding five weeks, ended June 10, 1936, and were 17.7 per cent larger than debits during five weeks ended July 10, 1935. The increase in debits during the past five weeks was chiefly seasonal, although the rise was larger than in most years, but the increase over debits last year reflects an increase in business in the latter of two comparable periods of time. Aggregate debits in the first half of 1936 exceeded debits in the first half of 1935 by 13.2 per cent. Employment conditions did not change materially last month, but at the middle of July people in nearly all industries and trades were better employed than at the same time last year. Coal production in June was fully up to seasonal level, although slightly below June production last year when strike threats caused commercial users and railroads to stock up



heavily. Fifth district textile mills continued to operate approximately full time during June, and used more cotton than in either May this year or June last year. Spot cotton prices advanced sharply in the first half of July, due to a relatively small acreage and unfavorable weather conditions in the cotton belt. Building permits issued in leading cities in the Fifth district in June were nearly 80 per cent in estimated valuation above permits issued in June 1935. Retail trade in department stores in June averaged 10.3 per cent above the volume of business done in June 1935, and sales in the first six months of this year were 9.9 per cent

larger than sales in the first half of 1935. Wholesale trade in June in five lines for which data are available was in larger volume than trade in June last year, although three lines, dry goods, shoes and hardware, showed seasonal recessions in sales in comparison with sales in May this year. The poor condition of Fifth district crops is the only outstanding unfavorable factor in the present situation, but it is yet too early in the season to determine just how serious this may turn out. Crops on the whole are very late, and condition figures on July 1 were therefore low, but favorable weather during the balance of the season could easily overcome a considerable part of the disadvantage under which crops started, and could produce materially better yields than those indicated by present condition percentages.

## Reserve Bank Statement

The accompanying table shows the principal items on the Federal Reserve Bank of Richmond's statement of condition as of July 15, 1936, in comparison with corresponding figures a month and a year earlier. During the past month, rediscounts for member banks declined by \$57,000, and industrial loans for working capital decreased \$568,000, but holdings of Government secu-

| ITEMS                              | 000 omitted     |                 |                 |
|------------------------------------|-----------------|-----------------|-----------------|
|                                    | July 15<br>1936 | June 15<br>1936 | July 15<br>1935 |
| Discounts held .....               | \$ 66           | \$ 123          | \$ 111          |
| Open market paper.....             | 120             | 120             | 174             |
| Industrial advances .....          | 3,556           | 4,124           | 4,519           |
| Government securities .....        | 128,011         | 116,716         | 116,716         |
| Total earning assets.....          | 131,753         | 121,083         | 121,520         |
| Fed. Res. notes in circulation.... | 188,577         | 173,502         | 149,502         |
| Members' reserve deposits.....     | 188,135         | 156,467         | 152,511         |
| Cash reserves .....                | 282,031         | 281,707         | 202,995         |
| Reserve ratio .....                | 69.47           | 71.56           | 64.29           |

rities rose by \$11,295,000, the several changes resulting in a net gain of \$10,670,000 during the month in total earning assets. Federal reserve notes in actual circulation increased by \$15,075,000 between the middle of June and the middle of July, a movement contrary to seasonal trend caused chiefly by demands for extra currency in handling the Bonus payments. Member bank reserve deposits rose materially during the month, increasing by \$31,668,000. The changes enumerated in the statement, with others of less importance, raised the cash reserves of the Bank by \$324,000, but the ratio of cash reserves to note and deposit liabilities combined declined by 2.09 points.

The figures in the table show considerable changes between July 15 last year and this. Discounts, which were very small in 1935, declined further, falling \$45,000, and the portfolio of open market paper decreased by \$54,000. Industrial loans also declined by \$963,000 during the year. On the other hand, Government security holdings by the Bank rose by \$11,295,000 between July 15, 1935, and July 15 this year. The total earning assets rose by \$10,233,000 during the past year. On July 15 this year the circulation of Federal reserve notes exceeded circulation a year earlier by \$39,075,000, part of the increase being due to the replacement of National bank notes with Federal reserve notes in the currency of the Nation. Member bank reserve deposits rose by \$35,624,000 between the middle of July last year and this. Cash reserves of the Federal Reserve Bank of Richmond increased by \$79,036,000 between July 15, 1935, and July 15, 1936, and the ratio of cash reserves to note and deposit liabilities combined rose 5.18 points.

### Statement of 41 Member Banks

The principal items of condition reported by forty-one regularly reporting member banks in leading Fifth district cities are shown in the table for three dates, July 15 and June 10, 1936, and July 17, 1935, thus affording opportunity for comparison of the changes during the past month and the past year. The figures reflect conditions on the report dates only, and are not

| ITEMS  | 000 omitted     |                 |                 |
|--|-----------------|-----------------|-----------------|
|  | July 15<br>1936 | June 10<br>1936 | July 17<br>1935 |
| Loans on stocks and bonds (in-<br>cluding Governments) ..... | \$ 68,025       | \$ 68,593       | \$ 65,285       |
| All other loans.....   | 132,620         | 137,453         | 126,300         |
| Total loans and discounts.....                               | 200,645         | 206,046         | 191,585         |
| Investments in securities.....                               | 424,081         | 387,100         | 374,863         |
| Reserve bal. with F. R. Bank..                               | 121,706         | 112,103         | 91,665          |
| Cash in vaults.....  | 16,927          | 17,685          | 15,372          |
| Demand deposits .....  | 426,662         | 417,850         | 384,141         |
| Time deposits .....  | 196,273         | 193,303         | 193,340         |
| Money borrowed .....   | 0               | 0               | 0               |

necessarily the highest or lowest figures which occurred during the periods under review.

Loans and discounts at the reporting banks declined \$5,401,000 during the past month, loans on securities falling \$568,000 and all other loans decreasing \$4,833,000. On the other hand, investments in stocks and bonds rose by \$36,981,000, and the forty-one banks raised their reserve deposits at the Federal Reserve bank by \$9,603,000 during the month. Cash in vaults declined \$758,000 since June 10. Both demand and time deposits increased last month, demand deposits rising by \$8,812,000 and time deposits by \$2,970,000.

Between July 17, 1935, and July 15, 1936, the forty-one member banks increased loans on securities by \$2,740,000 and all other loans, which are largely agricultural or commercial, rose by \$6,320,000, a total rise in loans and discounts amounting to \$9,060,000. Investments in bonds and stocks rose by \$49,218,000 during the year under review, chiefly in short time Government obligations on which return is low. The aggregate reserve balance of the reporting banks at the Federal Reserve bank rose by \$30,041,000 during the past year, and on July 15, 1936, cash in vaults totaled \$1,555,000 more than on July 17, 1935. Deposits increased materially between July last year and this, demand deposits rising by \$42,521,000 and time deposits gaining \$2,933,000. Nearly all increase in deposits in the past three years has been in demand deposits. None of the forty-one reporting banks was borrowing at the reserve bank at any time between July 1935 and July this year.

### Time and Savings Deposits

Time deposits in forty-one regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$406,520,345 at the end of June 1936, a higher figure than either \$401,278,841 in time and savings deposits at the end of May this year or \$395,505,846 at the end of June last year. Both the reporting member banks and the mutual savings banks gained deposits during the past month and the past year.

## DEBITS TO INDIVIDUAL ACCOUNTS

| CITIES                   | TOTAL DEBITS, FIVE WEEKS ENDED |                 |                 | SEMI-ANNUAL TOTALS |                 |
|--------------------------|--------------------------------|-----------------|-----------------|--------------------|-----------------|
|                          | July 15, 1936                  | June 10, 1936   | July 10, 1935   | 1936               | 1935            |
| Asheville, N. C.....     | \$ 13,187,000                  | \$ 12,332,000   | \$ 11,171,000   | \$ 62,991,000      | \$ 54,945,000   |
| Baltimore, Md.....       | 410,358,000                    | 349,452,000     | 341,144,000     | 1,893,587,000      | 1,650,719,000   |
| Charleston, S. C.....    | 18,626,000                     | 17,119,000      | 17,331,000      | 89,752,000         | 79,519,000      |
| Charleston, W. Va.....   | 67,831,000                     | 50,075,000      | 61,560,000      | 265,481,000        | 271,802,000     |
| Charlotte, N. C.....     | 61,733,000                     | 57,379,000      | 54,302,000      | 303,110,000        | 294,581,000     |
| Columbia, S. C.....      | 28,629,000                     | 27,665,000      | 32,184,000      | 149,657,000        | 150,176,000     |
| Cumberland, Md.....      | 11,704,000                     | 9,476,000       | 10,211,000      | 48,168,000         | 40,713,000      |
| Danville, Va.....        | 8,559,000                      | 7,219,000       | 7,152,000       | 44,667,000         | 36,216,000      |
| Durham, N. C.....        | 28,544,000                     | 23,706,000      | 27,730,000      | 135,259,000        | 129,511,000     |
| Greensboro, N. C.....    | 19,417,000                     | 23,997,000      | 15,839,000      | 95,062,000         | 77,969,000      |
| Greenville, S. C.....    | 24,403,000                     | 19,389,000      | 15,825,000      | 104,962,000        | 85,661,000      |
| Hagerstown, Md.....      | 11,084,000                     | 8,960,000       | 9,288,000       | 45,265,000         | 40,614,000      |
| Huntington, W. Va.....   | 19,220,000                     | 21,053,000      | 14,441,000      | 93,211,000         | 74,287,000      |
| Lynchburg, Va.....       | 18,991,000                     | 15,530,000      | 16,226,000      | 86,194,000         | 78,978,000      |
| Newport News, Va.....    | 10,649,000                     | 9,806,000       | 8,782,000       | 50,258,000         | 42,022,000      |
| Norfolk, Va.....         | 55,434,000                     | 50,358,000      | 53,206,000      | 265,570,000        | 269,319,000     |
| Portsmouth, Va.....      | 4,864,000                      | 4,705,000       | 4,425,000       | 21,958,000         | 21,608,000      |
| Raleigh, N. C.....       | 44,530,000                     | 32,466,000      | 35,908,000      | 179,449,000        | 152,708,000     |
| Richmond, Va.....        | 166,962,000                    | 146,965,000     | 146,966,000     | 781,519,000        | 718,685,000     |
| Roanoke, Va.....         | 33,115,000                     | 32,000,000      | 23,656,000      | 150,986,000        | 116,050,000     |
| Spartanburg, S. C.*..... | 9,090,000                      | 8,390,000       | .....           | 45,534,000         | .....           |
| Washington, D. C.....    | 320,220,000                    | 272,963,000     | 266,598,000     | 1,437,626,000      | 1,193,654,000   |
| Wilmington, N. C.....    | 11,928,000                     | 11,317,000      | 10,604,000      | 56,076,000         | 52,788,000      |
| Winston-Salem, N. C..... | 48,457,000                     | 38,312,000      | 37,514,000      | 214,484,000        | 177,497,000     |
| District Totals .....    | \$1,438,445,000                | \$1,242,244,000 | \$1,222,063,000 | \$6,575,292,000    | \$5,810,022,000 |

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

The accompanying table of debits to individual accounts shows aggregate figures for all checks drawn against depositors' accounts in the banks of twenty-three cities of the Fifth reserve district during three equal periods of five weeks, ended July 15, 1936, June 10, 1936, and July 10, 1935. In addition, the table shows figures for the half-year ended June 30, 1936, with comparative figures for the first half of 1935.

Aggregate debits in the five weeks ended July 15 show an increase of \$196,201,000, or 15.8 per cent, over debits in the preceding five weeks, ended June 10. The increase was due chiefly to quarterly and semi-annual payments around July 1, but may have been increased to some extent by transactions arising out of the payment of the Bonus. Twenty-one of the twenty-three cities reported higher figures for the later period, Greensboro and Huntington being the only cities not registering gains.

A comparison of the figures for the five weeks ended July 15, 1936, with corresponding figures for five weeks ended July 10, 1935, shows an increase of \$216,382,000, or 17.7 per cent, a somewhat higher percentage rise than was reported in other recent months. Twenty-two of the twenty-three cities reported increased figures for the 1936 period, Columbia being the only city which failed to show higher figures in the 1936 period.

Total debits in the first half of 1936 amounted to \$6,575,292,000 in the reporting cities in the Fifth district, compared with debits aggregating \$5,810,022,000 in the first half of 1935, an increase this year of \$765,270,000, or 13.2 per cent. Every city except Charleston, W. Va., Columbia and Norfolk reported higher figures for the 1936 half-year. The increase this year reflects in the main a larger volume of business than in the first half of 1935.

## Commercial Failures

The commercial failure records in June in both the United States and the Fifth Federal reserve district were better than the records for either June 1935 or June 1934. The number of failures in the Nation and in the district for several periods are shown in the accompanying table.

| Period              | Number of Failures |       | Total Liabilities |               |
|---------------------|--------------------|-------|-------------------|---------------|
|                     | District           | U. S. | District          | U. S.         |
| June 1936 .....     | 40                 | 773   | \$ 266,000        | \$ 9,177,000  |
| June 1935 .....     | 43                 | 944   | 272,000           | 12,918,000    |
| June 1934 .....     | 45                 | 992   | 565,000           | 20,591,000    |
| 6 Months, 1936..... | 258                | 5,314 | \$4,544,000       | \$ 87,173,000 |
| 6 Months, 1935..... | 271                | 6,073 | 3,349,000         | 84,764,000    |
| 6 Months, 1934..... | 379                | 6,577 | 6,438,000         | 151,794,000   |

The district showed a decrease of 6.0 per cent in number of bankruptcies in June 1936 in comparison with June 1935, and liabilities last month were 2.2 per cent below June 1935 liabilities, while the National totals showed a decrease of 18.1 per cent in number of failures and a drop of 29.0 per cent in aggregate liabilities involved.

## Employment

Employment conditions in the Fifth Federal reserve district are relatively good and workers in practically all lines are better employed than at any other time in several years, but ravages of the drought are beginning to increase the need for work to care for agricultural workers whose crops have been severely damaged or ruined. Most of these new needy persons are unskilled laborers but they can be cared for on highway

construction and other similar projects. Fifth district industries are operating full time and employing their usual quotas of workers, while construction work under way in the district is in larger volume than in any other recent summer.

### Coal Production

Bituminous coal production in June was in less volume than production in June last year, but in June 1935 a strike was threatened in the industry and commercial users and railroads stocked up heavily. Production of soft coal in June 1936 totaled 29,415,000 net tons, an increase over 28,541,000 tons mined in May this year but approximately 2 per cent less than 30,117,000 tons mined in June last year. Total production of bituminous coal during the present calendar year to July 1 amounted to 200,212,000 net tons, an increase of nearly 6 per cent in comparison with 189,223,000 tons mined in 1935 prior to July. Tidewater shipments of coal through Hampton Roads totaled approximately 9,600,000 tons during the first half of this year, compared with 9,466,000 tons shipped in the corresponding period in 1935.

In its July 3 report the Bureau of Mines showed monthly production figures by states for May 1936 in comparison with some earlier months. West Virginia led all states in May this year with 8,620,000 tons dug, while Pennsylvania ranked second with 7,786,000 tons. In May 1935 West Virginia produced 7,540,000 tons and Pennsylvania 6,918,000 tons. The coal producing states of the Fifth district, Maryland, Virginia and West Virginia, dug 9,516,000 tons of bituminous coal in May 1936, compared with 8,356,000 tons dug in May 1935.

### Textiles

Textile mills in the Fifth district increased operating time in June over May operations, and cotton consumed in June exceeded June 1935 consumption by 52 per cent. The industry was in a chaotic condition in June last year, because of uncertainty as to the status of processing taxes and benefits to be paid to cotton growers. In June this year Fifth district mills used 268,978 bales of cotton, compared with 254,707 bales used in May this year and only 176,694 bales consumed in June last year. Last month North Carolina mills used 144,788 bales, South Carolina mills used 109,888 bales, and Virginia mills used 14,302 bales, all higher figures than those for either May 1936 or June 1935. June consumption in the Carolinas and Virginia was 48.35 per cent of National consumption, a higher figure than either 47.99 per cent of National consumption in May this year or 46.02 per cent in June 1935.

The Bureau of the Census issued a report on June 20 on activity in the cotton spinning industry for May. On May 31 there were 28,484,352 spindles in place in the United States, of which 22,828,888, or 80.1 per cent, were active a total of 6,893,604,077 spindle hours during the month, an average of 242 hours per spindle in place. In the Fifth reserve district there were 12,499,912 spindles in place on May 31, of which 11,220,492, or 89.8 per cent, operated a total of 3,527,805,593

hours in May, an average of 282 hours per spindle in place. South Carolina regained the lead in operating time per spindle with 305 hours per spindle in place, Virginia with 272 hours ranked fifth, and North Carolina with 262 hours ranked sixth, all well above the National average of 242 hours. With 43.9 per cent of all spindles in place in the United States located in the Fifth reserve district, the district mills operated 51.2 per cent of total spindle hours in the United States during May.

### Cotton Statistics

*Spot cotton prices* on ten Southern markets rose about \$8 a bale between June 12 and July 10, due partly to a smaller acreage report on July 8 than the trade had expected and partly to exceedingly unfavorable weather conditions over much of the cotton growing belt. The average price for middling grade upland cotton on June 10 was 11.78 cents per pound, from which the price rose each week to 12.37 cents on July 3. After the Department of Agriculture's 1936 acreage report was issued on July 8, the average price on Southern markets jumped to 13.42 cents on July 10. On July 17, the latest date for which official figures are available, the average price was 12.94 cents per pound. On July 19, 1935, the average price on the same markets was 12.19 cents per pound.

*Consumption of cotton* in the United States in June 1936 totaled 556,323 bales, compared with 530,799 bales used in May this year and 383,982 bales in June 1935. Total consumption in the eleven months of the present cotton year—August 1 to June 30—amounted to 5,736,643 bales, compared with 4,970,155 bales consumed in the corresponding period of the 1934-1935 season. Manufacturing establishments held 987,112 bales on June 30, compared with 1,090,077 bales held on May 31 and 884,600 bales on June 30, 1935. Public warehouses and compresses held 4,525,711 bales in storage at the end of June this year, compared with 5,237,082 bales so held a month earlier and 6,068,852 bales on June 30 last year. June exports totaled 287,336 bales, compared with 351,734 bales sent abroad in May 1936 and 344,955 bales exported in June 1935. Exports during the eleven months of this cotton year totaled 5,806,140 bales, compared with only 4,518,717 bales shipped over seas during the corresponding eleven months ended June 30, 1935. Exports to the United Kingdom increased 641,547 bales, or about 91 per cent, during the past eleven months, and exports to Germany rose by 421,215 bales, or 132 per cent. Spindles active at some time during June numbered 22,957,322, compared with 22,828,888 spindles active in May this year and 22,703,836 in June 1935. June 1936 was the first month since September 1935 in which spindles active exceeded the number of spindles active in the corresponding month of the preceding year, and the September 1935 excess was due to a general strike in the textile industry in September 1934 and not to a real expansion in cotton manufacturing.

*Cotton growing states consumed* 469,617 bales of cotton in June, compared with 447,936 bales used in May and 311,569 bales in June 1935. Last month's

consumption in the cotton growing states amounted to 84.41 per cent of National consumption, a higher figure than either 84.39 per cent in May this year or 81.14 per cent in June 1935. Of the 469,617 bales of cotton consumed in the cotton growing states in June, Fifth district mills used 268,978 bales, or 57.28 per cent, a higher percentage than 56.71 per cent of Southern consumption attained by Fifth district mills in June last year.

On July 8, the Department of Agriculture issued its first cotton acreage report of the season, and estimated the area in cultivation as 30,621,000 acres, an increase of 9.8 per cent over 27,888,000 acres in cultivation on July 1, 1935. All major producing states increased acreage this year, the largest increases occurring west of the Mississippi River. In the Fifth reserve district Virginia increased acreage 5 per cent, South Carolina increased 4 per cent, and North Carolina 3 per cent, an average for the district of about 3.6 per cent. Other leading cotton states increased acreages this year as follows: Arkansas 14%; Texas 12%; Louisiana and Mississippi 9%; Georgia 7%; Tennessee 5%; and Alabama 4%. No official information is yet available on the condition of this year's cotton crop, the first report of the season being due on August 8, but unofficial reports indicate that the development of the crop is exceedingly backward, the stands in the rows are quite irregular, and the fields are so dry over much of the cotton belt that proper cultivation of the crop is impossible.

### Tobacco Manufacturing

On July 21 the Commissioner of Internal Revenue issued a report on tobacco manufacturing taxes collected during June. Production of all forms of tobacco increased materially over output in June last year. June 1936 production of cigarettes in the United States numbered 14,008,714,350, compared with 12,119,688,167 cigarettes manufactured in June 1935. The number of cigars made last month rose from 402,272,246 in June 1935 to 452,311,740 in June 1936. Production of smoking and chewing tobacco rose from 25,416,402 pounds in June last year to 26,480,682 pounds in June this year, and snuff production rose from 2,462,808 pounds to 2,993,334 pounds in the same period. In actual amount of taxes paid in June 1936, cigarettes led with \$42,028,066, compared with \$36,360,241 paid in June 1935; taxes paid on smoking and chewing tobacco totaled \$4,766,654 in June 1936 and \$4,576,446 in June 1935; cigar taxes yielded \$1,103,512 last month and \$1,007,425 in June last year; and snuff taxes amounted to \$538,800 and \$443,305 in June 1936 and 1935, respectively. Total taxes paid to the Federal Treasury on tobacco manufactured products in June 1936 amounted to \$48,437,032, an increase of 14.3 per cent over taxes totaling \$42,387,417 paid in June 1935.

### Agricultural Notes

Prospects for agricultural production in the Fifth reserve district this year are the poorest since 1934, and

in the Carolinas conditions are worse than in the earlier year. Spring weather was cold and wet, and in April when rains ceased the ground quickly became too hard and dry for cultivation and for germination of seed. Small grain crops were fairly well matured before the drought became serious, but other crops were very late in being planted and many of them either did not sprout or came up to thin stands. In most sections of the district the severity of the drought was broken by rains in the second half of June and in July, and late planted crops have made considerable progress since July 1, but much permanent damage has been done and all forecasts of production for this year are relatively low.

*Maryland* crops apparently suffered less from the drought than those of Virginia and West Virginia. The estimated production of wheat totaling 7,788,000 bushels may turn out slightly higher, since threshing returns are somewhat better than was indicated before harvest. Last year wheat yielded 8,744,000 bushels and the 5-year average production is 8,630,000 bushels. Corn acreage was reduced 4 per cent this year, and the low condition of the crop on July first indicated a yield of about 14,850,000 bushels in 1936, compared with 17,554,000 bushels in 1935 and a 5-year average production of 14,431,000 bushels. An oats crop of only 943,000 bushels is indicated by the July 1 condition, compared with 1,288,000 bushels in 1935 and an average of 1,560,000 bushels in 1928-1932. The condition of hay was very low on July 1, and a cut of only 374,000 tons is forecast, compared with a yield of 532,000 tons last year and a 5-year average of 454,000 tons. Pastures are furnishing less than the usual amount of feed, the condition of 56 per cent of normal on July 1 comparing with 81 a year ago and 74 the 5-year average condition. White potato production is expected to be about 20 per cent shorter than in 1935 and 25 per cent below the average. A yield of 2,520,000 bushels this year compares with 3,135,000 bushels last year and a 5-year average crop of 3,339,000 bushels. Sweet potato prospects, on the other hand, were slightly better on July 1 than a year earlier, and a yield this year of 1,120,000 bushels compares favorably with 1935 production of 1,024,000 bushels, but is below average production in 1928-1932 of 1,299,000 bushels. *Maryland's* tobacco acreage is the same as in 1935, but the condition of the crop this year is much lower and production of 21,600,000 pounds this year compares unfavorably with 26,820,000 pounds grown last year and the 5-year average crop of 24,318,000 pounds. Apple prospects are poor, and a probable yield of 1,598,000 bushels this year compares with 2,412,000 bushels gathered in 1935 and a 5-year average crop of 2,053,000 bushels.

*West Virginia* forecasts of production for this year are very low except for wheat and corn, both of which exceed the 5-year average figures. Wheat production this year is estimated at 1,875,000 bushels, compared with 2,384,000 bushels in 1935 and a 5-year average of 1,747,000 bushels. The 1936 corn yield of 12,627,000 bushels is less than 14,872,000 bushels gathered in 1935 but is larger than the 1928-1932 average yield of 11,054,000 bushels. Oats yield this year is indicated to be 1,155,000 bushels, a smaller figure than

either 1,414,000 bushels in 1935 or 2,883,000 bushels the 5-year average. The condition of the hay crop is very low, and indicated production of 427,000 tons this year is far below both 750,000 tons cured last year and the 5-year average cut of 631,000 tons. The condition of pastures on July 1, 1936, was only 45 per cent of normal, in contrast with 91 per cent on July 1 last year and the average July 1 condition of 79 per cent. A white potato crop of 1,881,000 bushels is forecast this year, compared with 3,145,000 bushels dug last year and a 5-year average yield of 3,445,000 bushels. West Virginia's tobacco crop could not be set out at the proper time, and the July 1 condition indicates a yield of only 945,000 pounds this year, compared with the 1935 crop of 1,596,000 pounds and a 5-year average yield of 4,224,000 pounds. Apple prospects are so poor that the 1936 yield is estimated at only 3,520,000 bushels, against 5,610,000 bushels gathered last year and a 5-year average crop of 6,947,000 bushels.

Virginia farmers managed to plant nearly average acreages by putting forth unusual efforts to overcome unfavorable weather conditions, 1936 acreage totaling nearly 95 per cent of the 1935 acreage. The greatest acreage reductions were in corn, hay and early potatoes. A large percentage of cotton, corn, tobacco and peanuts was planted after the June rains. Condition figures on July 1 were very low, and oats, hay and pastures showed the lowest conditions on record. The Southwestern section of Virginia has been hurt worse than any other section by the drought. Corn was planted late for the most part, and that which was planted in June came up to a good stand but the plants are very small. As July and August weather will largely determine the outturn of the crop it is too early to estimate probable production accurately, but prospects on July 1 indicated a yield of 29,946,000 bushels compared with 36,774,000 bushels gathered in 1935 and a 5-year average of 30,388,000 bushels. Early threshing returns indicate that wheat will turn out about as expected, with total production of 7,476,000 bushels against 8,177,000 bushels last year and a 5-year average yield of 9,260,000 bushels. The early hay crop was very light, and only about 25 per cent of the usual quantity was harvested during May and June, but favorable seasons during the rest of the season could produce average yields of late hay. The July 1 forecast of all hay yield this year in Virginia was 583,000 tons, compared with last year's cut of 1,056,000 tons and a 5-year average of 849,000 tons. Pastures on July 1 showed a condition of 41 per cent of normal, the lowest ever recorded in the State, and in the Southwest district the average condition was only 26 per cent. The acreage planted to oats was smaller than usual because unfavorable weather prevented preparation of the land, and in many fields straw was so small that the crop was cut for hay. Indicated production this year of 924,000 bushels compares with 1,640,000 bushels in 1935 and a 5-year average of 2,837,000 bushels. Peanut acreage in Virginia is the same as last year, but most of the crop is very late and a larger percentage than usual of the total acreage was planted to the Spanish type nuts instead of the Virginia type. No production forecast of peanut yield is

made so early in the season. A small acreage was planted in early white potatoes, but there was a slight increase in late acreage. Total production of both early and late potatoes is forecast at 7,790,000 bushels, compared with 11,340,000 bushels in 1935 and a 5-year average yield of 14,328,000 bushels. A sweet potato crop of 4,100,000 bushels is forecast this year, compared with 4,180,000 bushels last year and an average production of 4,270,000 bushels. Dry weather early in the season appears not to be unfavorable to sweet potatoes. The Virginia tobacco acreage this year is about 8 per cent larger than the 1935 acreage, but plants were set out much later than usual and some farmers did not secure good stands. The forecast of production as of July 1 totaling 90,363,000 pounds therefore is less than 104,765,000 pounds grown in 1935, but favorable or unfavorable weather during the balance of the summer will determine whether the final yield will be materially above or below the July 1 estimate. The July 1 forecast of probable apple production this year was 8,416,000 bushels, compared with 16,695,000 bushels gathered last year and the 5-year average yield of 13,160,000 bushels. The Winchester and Patrick areas will yield about the same crop as in 1935, but production in all other sections will be much smaller. Apples are clean and trees are in good condition on the whole, but the fruit is small in the Southwest area.

North Carolina acreage totals do not vary materially this year from those of 1935, in spite of unfavorable conditions at planting time. Throughout most of the State the drought was broken in June and in the East rainfall was excessive. Wheat turned out a yield of 5,092,000 bushels this year, compared with 5,876,000 bushels last year and a 5-year average of 3,790,000 bushels raised on a much smaller acreage. The 1936 oats yield of 3,600,000 bushels is much less than the 1935 yield of 5,160,000 bushels, but is larger than the average 1928-1932 crop of 3,572,000 bushels. Corn production of 43,704,000 bushels compares with 47,082,000 bushels last year and a 5-year average of 38,415,000 bushels. North Carolina tobacco is forecast at 452,000,000 pounds in 1936, in contrast with 577,435,000 pounds in 1935 and 469,000,000 pounds in 1928-1932. Hay turned out surprisingly well in view of the drought, this year's crop of 584,000 tons comparing with 694,000 tons cut in 1935 and a 5-year average cut of 565,000 tons. The white potato crop is definitely short this year, a yield of 5,904,000 bushels comparing with 9,095,000 bushels dug in 1935 and a 5-year average yield of 7,540,000 bushels. Sweet potato prospects are better than those for white potatoes, the July 1 forecast of 7,920,000 bushels comparing with 9,300,000 bushels last year and an average yield of 7,141,000 bushels. Fruit prospects in North Carolina are poor, chiefly due to severe weather last winter and late spring freezes. An apple crop of 2,702,000 bushels is indicated this year, compared with 3,975,000 bushels in 1935 and a 5-year average yield of 3,411,000 bushels, and this year's yield of peaches totaling 1,728,000 bushels is lower than last year's crop of 2,400,000 bushels and a 5-year average of 1,980,000 bushels. North

Carolina crops showed marked improvement during the latter part of June, and if the weather is favorable the balance of the season final yield figures may materially exceed those of July 1 except for grain crops.

South Carolina crop prospects on July 1 were the most unfavorable in recent years, and the upper half of the State was very severely damaged by the drought. Planting operations were so upset by dry weather, and stands on many fields are so poor, that it is difficult to estimate just how much acreage will be harvested in the fall. Wheat yield is estimated at 1,472,000 bushels this year, compared with 1,750,000 bushels last year and an average production of 704,000 bushels on a very much smaller acreage. Wheat acreage has practically doubled in recent years. Corn prospects on July 1 indicated a yield of 19,170,000 bushels, against 23,150,000 bushels last year and 20,240,000 bushels the 5-year average. This year's oats crop of 7,807,000 bushels

compares with 10,552,000 bushels threshed in 1935 and 8,076,000 bushels in 1928-1932. The South Carolina white potato yield of 1,672,000 bushels compares with 1,890,000 bushels last year and an average crop of 2,748,000 bushels, and sweet potatoes this year totaling 4,080,000 bushels compare with 6,120,000 bushels in 1935 and an average in 1928-1932 of 4,548,000 bushels. Tobacco prospects on July 1 indicated a yield of 68,250,000 pounds this year, compared with 89,760,000 pounds last year and a 5-year average of 75,918,000 pounds. The hay crop this year is the only one in the State which promises a larger yield than in 1935, this year's probable cut of 223,000 tons exceeding the 1935 yield of 221,000 tons and also the 5-year average yield of 179,000 tons. Peaches yielded 1,125,000 bushels in 1936, compared with 1,781,000 bushels in 1935 and 1,205,000 bushels the average for 1928-1932. Pasture condition figures on July 1 were the lowest on record for that date except for 1934.

## Construction

### Building Permits Issued in June 1936 and 1935

| ITEMS                  | Permits Issued |       | Total Valuation |             |
|------------------------|----------------|-------|-----------------|-------------|
|                        | 1936           | 1935  | 1936            | 1935        |
| Baltimore, Md.....     | 814            | 790   | \$1,661,400     | \$ 837,840  |
| Cumberland, Md.....    | 20             | 13    | 81,705          | 45,000      |
| Frederick, Md.....     | 13             | 3     | 14,690          | 2,125       |
| Hagerstown, Md.....    | 18             | 26    | 14,415          | 22,010      |
| Salisbury, Md.....     | 15             | 14    | 133,525         | 10,775      |
| Danville, Va.....      | .....          | ..... | 38,065          | 42,164      |
| Lynchburg, Va.....     | 53             | 34    | 79,655          | 53,971      |
| Norfolk, Va.....       | 118            | 129   | 130,757         | 93,435      |
| Petersburg, Va.....    | 2              | 3     | 6,500           | 260         |
| Portsmouth, Va.....    | 44             | 30    | 36,750          | 14,895      |
| Richmond, Va.....      | 137            | 110   | 270,184         | 177,176     |
| Roanoke, Va.....       | 38             | 50    | 101,401         | 66,618      |
| Bluefield, W. Va.....  | 17             | 12    | 47,405          | 15,490      |
| Charleston, W. Va..... | 110            | 104   | 260,203         | 131,252     |
| Huntington, W. Va..... | 41             | 13    | 59,690          | 11,000      |
| Asheville, N. C.....   | 67             | 19    | 68,472          | 11,470      |
| Charlotte, N. C.....   | 114            | 69    | 247,774         | 238,347     |
| Durham, N. C.....      | 50             | 23    | 114,800         | 54,673      |
| Greensboro, N. C.....  | 75             | 49    | 209,105         | 268,815     |
| High Point, N. C.....  | 44             | 47    | 43,743          | 36,980      |
| Raleigh, N. C.....     | 27             | 11    | 61,080          | 56,875      |
| Rocky Mount, N. C...   | 17             | 5     | 70,275          | 1,335       |
| Salisbury, N. C.....   | 5              | 5     | 44,000          | 2,530       |
| Winston-Salem, N. C.   | 88             | 65    | 97,474          | 79,546      |
| Charleston, S. C.....  | 51             | 60    | 54,828          | 34,480      |
| Columbia, S. C.....    | 70             | 56    | 470,975         | 123,946     |
| Greenville, S. C.....  | 58             | 37    | 96,642          | 30,775      |
| Rock Hill, S. C.....   | 21             | 17    | 25,344          | 31,885      |
| Spartanburg, S. C..... | 26             | 16    | 18,140          | 35,695      |
| Washington, D. C.....  | 658            | 588   | 3,945,625       | 2,206,045   |
| District Totals.....   | 2,811          | 2,398 | \$8,504,622     | \$4,737,408 |

Building permits issued in June in thirty leading cities of the Fifth reserve district numbered 2,811, compared with 2,398 permits issued in June 1935, an increase of 17.2 per cent, and estimated valuation figures for last month totaled \$8,504,622, an increase of 79.5 per cent over valuation of \$4,737,408 in June 1935. Twenty-five of the thirty reporting cities showed higher valuation figures for June 1936, the five cities which failed to increase being Hagerstown, Danville, Greens-

boro, Rock Hill and Spartanburg. Figures could not be obtained from Clarksburg, W. Va., which is usually carried in the table, and the number of permits issued was not reported from Danville, Va.

## Retail Trade, 30 Department Stores

|   | Richmond | Baltimore | Washington | Other Cities | District |
|---|----------|-----------|------------|--------------|----------|
| June 1936 sales, compared with sales in June 1935:            | + 3.5    | + 8.6     | +13.0      | +13.3        | +10.3    |
| Jan.-June 1936 sales, compared with sales in Jan.-June 1935:  | + 9.0    | + 6.4     | +12.6      | +11.5        | + 9.9    |
| June 30, 1936, stocks, compared with stocks on June 30, 1935: | + 9.5    | + 1.8     | + 8.0      | - 2.5        | + 4.6    |
| June 30, 1936, stocks, compared with stocks on May 31, 1936:  | - 8.1    | - 5.4     | - 7.5      | - 4.7        | - 6.5    |
| Number of times stock was turned in June 1936:                | .322     | .353      | .422       | .321         | .374     |
| Number of times stock was turned since January 1, 1936:       | 1.899    | 1.903     | 2.254      | 1.897        | 2.047    |
| Percentage of June 1, 1936, receivables collected in June:    | 32.1     | 31.2      | 30.0       | 30.1         | 30.6     |

Note: Sales and stock changes are percentages.

## Wholesale Trade, 57 Firms

|   | 21<br>Groceries | 7<br>Dry Goods | 6<br>Shoes | 12<br>Hardware | 11<br>Drugs |
|---|-----------------|----------------|------------|----------------|-------------|
| June 1936 sales, compared with sales in June 1935:                | +12.9           | +32.8          | +35.2      | +16.9          | + 8.6       |
| June 1936 sales, compared with sales in May 1936:                 | + 5.8           | -19.1          | -40.6      | -15.8          | + 5.8       |
| Total sales first half of 1936, compared with first half of 1935: | + 6.3           | +12.7          | + 4.6      | + 6.9          | + 5.0       |
| June 30, 1936, stocks, compared with June 30, 1935, stocks:       | + .4(8*)        | -16.9(3*)      | + 8.5(4*)  | + 3.0(7*)      | .....       |
| June 30, 1936, stocks, compared with May 31, 1936, stocks:        | + 3.9(*8)       | - 7.2(3*)      | + 9.7(4*)  | - 2.9(7*)      | .....       |
| Percentage of June collections to receivables on June 1:          | 110.5(12*)      | 41.5(4*)       | 64.8(5*)   | 47.3(11*)      | 70.2(7*)    |

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

(Compiled July 21, 1936)



**BUSINESS CONDITIONS IN THE UNITED STATES**

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

Volume of production, employment, and trade was sustained in June at the May level, although usually there is a decline at this season. Wholesale prices of commodities advanced between the middle of May and the third week of July, reflecting in part the effects of the drought.

**Production and Employment**

The Board's seasonally adjusted index of industrial production increased from 101 percent of the 1923-25 average in May to 103 percent in June. Steel production continued at about 70 percent of capacity in June and the first three weeks of July, although a considerable decline is usual at this season. Output of automobiles declined seasonally. The cut of lumber showed a seasonal rise in June following a substantial increase in the preceding month. Production increased at woolen mills and was sustained at cotton mills where a decline is usual in June. Output of foods increased.

Factory employment and payrolls showed a slight increase between the middle of May and the middle of June, contrary to seasonal tendency. Steel mills and plants producing machinery employed more workers, and at automobile factories there was less than the seasonal decline. At textile mills employment was unchanged, although a decline is usual in June, while the clothing industries reported a decrease in the number employed.

Total value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased somewhat from May to June and continued to be substantially larger than a year ago. There was a further increase in residential building.

**Agriculture**

Crop estimates by the Department of Agriculture on the basis of July 1 conditions indicated little change from last year for wheat and corn and considerable declines for oats, hay, potatoes, and tobacco. Since July 1 prospects have been reduced by extreme drought over wide areas. Cotton area in cultivation on July 1 was estimated by the Department of Agriculture at 30,600,000 acres compared with 27,900,000 acres last year

and an average of 41,400,000 acres in the years 1928-1932.

**Distribution**

Freight-car loadings increased seasonally in June, and the distribution of commodities to consumers was maintained at the May level. In recent months retail trade as measured by sales of automobiles and by the volume of business of department, variety, and mail order stores has expanded considerably.

**Commodity Prices**

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced by about 3 percent between the middle of May and the third week of July, following a decline of about the same amount earlier in the year. Prices of wheat, flour, feed grains, and dairy products advanced sharply, owing primarily to the drought, and there were increases also in the prices of hogs and pork, cotton and cotton textiles, silk, rubber, copper, and finished steel.

**Bank Credit**

Gold imports, which had been in large volume in May and June, declined in July. Funds held by the Treasury as cash and on deposit with Federal Reserve banks declined, as the result of disbursements in connection with the cashing of veterans' service bonds. Consequently reserve balances of member banks, which had declined in June, rose once more to their previous level.

Total loans and investments of reporting member banks in leading cities, after increasing sharply at the end of May and the early part of June, declined somewhat in the four weeks ending July 15, reflecting largely a reduction in loans to security brokers and dealers in New York City. Balances held for domestic banks increased by \$800,000,000 during the period, as a consequence of redeposit with reporting banks of a considerable part of funds acquired by banks through Treasury disbursements.