

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

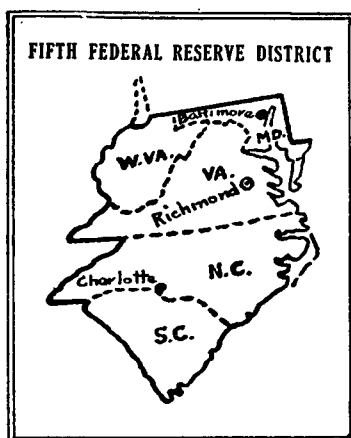


FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

OCTOBER 31, 1936

BUSINESS in the Fifth Federal Reserve district in September and early October continued to run well ahead of business at the same time last year, and also showed gains fully up to seasonal levels over trade in recent months this year. September normally witnesses a sharp upturn in many industrial and commercial activities as Fall trade begins, and this year expansion in business was up to or above expectations. In banking, discounts at the Federal Reserve Bank of Richmond increased slightly between the middle of September and the middle of October, but on the latter date were still below the small volume of discounts held a year earlier. Industrial advances for working capital and ownership of Government securities at the reserve bank declined last month, but there was a seasonal rise in Federal reserve notes in actual circulation to meet needs for tobacco and cotton marketing, and member bank reserve deposits also increased further. Regularly reporting member banks increased outstanding loans between September 9 and October 14, and their investments in securities also rose considerably. Both demand and time deposits registered gains during the month, most of the increase being in demand deposits. Debits to individual accounts, reflecting transactions passing through the banks of leading cities in the Fifth district, increased seasonally during the five weeks ended October 14 in comparison with the preceding five weeks, ended September 9, and also exceeded debits in five weeks ended October 16, 1935, by 15 per cent. The commercial failure record of the district last month compares unfavorably with the National record, but this is more apparent than real, the district having made an exceptionally favorable comparison in September last year, and if this is allowed for the September 1936 showing by the district is excellent. Employment conditions continue notably better than those of a year ago, and there was some further improvement during September and early Octo-



ber. Coal production in September not only showed a seasonal increase over August production, but far exceeded September 1935 production. Cotton textile mills increased operations in September, and cotton consumption set a new record for that month, but, in spite of the large output, unfilled orders at the mills increased early in October. Spot cotton prices showed a rising tendency during the past month as a result of strong demand for cotton to meet immediate requirements. Condition figures on this year's cotton crop as of October 1 indicated a yield of 11,609,000 bales, an increase of 488,000 bales from September 1 figures and 971,000 bales more than the 1935 yield. Prospective yield rose 80,000 bales in the Fifth district during September and on October 1 was 24,000 bales above 1935 production, nearly all of the increase being in South Carolina. Forecasts of tobacco yields in Maryland, Virginia and South Carolina increased last month, while North Carolina prospects declined slightly and West Virginia reported no change. This year's tobacco crop is materially smaller than the 1935 crop, but this is compensated for in part by higher prices. Construction work shows continued improvement over the volume of work under way a year ago, and valuation figures for building permits issued in September were 21 per cent more than September 1935 figures, while contracts actually awarded in September exceeded contracts in the same month last year by 38 per cent. All forms of tobacco manufacturing last month exceeded September 1935 production figures, and total taxes paid to the Treasury were 29 per cent above taxes paid in the same period last year. Retail trade as reflected in department store sales was better in September than in the same month last year, increasing 6.7 per cent, and wholesale trade in all lines for which data are available compared still more favorably with September 1935 trade. The agricultural outlook in the Fifth district improved materially last month. Not only were cotton

and tobacco production forecasts raised by the Department of Agriculture, but prices for these two leading cash crops also inclined upward. Other crops which were harvested in the Fall turned out somewhat above earlier estimates in most instances, and favorable weather for development of late crops and for harvesting overcame much of the handicap from a late start in the Spring and lack of sufficient rain in the Summer.

Reserve Bank Statement

ITEMS	000 omitted		
	Oct. 15 1936	Sept. 15 1936	Oct. 15 1935
Discounts held.....	\$ 167	\$ 127	\$ 207
Open market paper.....	121	121	173
Industrial advances.....	3,418	4,133	4,506
Foreign loans on gold.....	18	13	0
Government securities.....	125,510	128,011	116,716
Total earning assets.....	\$129,234	\$132,405	\$121,602
Circulation of Fed. Res. notes....	201,480	190,136	173,262
Members' reserve deposits.....	210,150	202,444	158,861
Cash reserves.....	303,788	294,891	228,446
Reserve ratio.....	70.98	70.06	66.97

Total earning assets of the Federal Reserve Bank of Richmond declined by \$3,171,000 between the middle of September and the middle of October, decreases of \$2,501,000 in government security holdings and \$715,000 in industrial advances contrasting with small increases of \$40,000 in discounts held and \$5,000 in foreign loans on gold. Federal reserve notes in actual circulation rose seasonally by \$11,344,000 between September 15 and October 15, the rise being accounted for principally by marketing of tobacco and cotton. Member bank reserve deposits at the Federal Reserve Bank of Richmond rose by \$7,706,000 during the month under review. The several changes in the statement previously mentioned, with others of less importance, raised the cash reserves of the Richmond bank by \$8,897,000, and the ratio of cash reserves to note and deposit liabilities combined by 92/100ths of 1 point.

In addition to the comparison with figures a month ago, the table also shows the contrast of October 15, 1936, figures with those of October 15, 1935. Discounts held by the Richmond bank declined by \$40,000 during the year, the portfolio of open market paper dropped \$52,000, and advances made direct to industry for working capital decreased \$1,088,000, but foreign loans on gold made by the Reserve System were participated in to the amount of \$18,000 on the 1936 date and ownership of government securities rose by \$8,794,000 during the year. These changes resulted in a net increase of \$7,632,000 in total earning assets between October 15 last year and this. The actual circulation of Federal Reserve notes on the 1936 date showed an increase of \$28,218,000 over circulation at the middle of October last year, the increase being due in part to substitution of Federal Reserve notes for National bank notes in the circulating media of the country, and in part to increased business activity in nearly all lines this year. Member bank reserve deposits at the Richmond bank rose by \$51,289,000 during

the past year. Cash reserves of the Federal Reserve Bank of Richmond rose by \$75,342,000 between October 15, 1935, and October 15, 1936, and the ratio of cash reserves to note and deposit liabilities combined rose by 4.01 points.

Statement of 41 Member Banks

ITEMS	000 omitted		
	Oct. 14 1936	Sept. 9 1936	Oct. 16 1935
Loans on stocks and bonds (including Governments).....	\$ 70,407	\$ 70,307	\$ 68,183
All other loans.....	142,860	137,900	129,870
Total loans and discounts.....	\$213,267	\$208,207	\$198,053
Investments in securities.....	448,054	429,621	380,849
Reserve bal. with F. R. Bank....	138,366	144,192	109,312
Cash in Vaults.....	19,403	18,481	15,394
Demand deposits.....	452,492	435,496	387,485
Time deposits.....	197,587	196,230	192,191
Money borrowed.....	0	0	0

Forty-one member banks in twelve selected cities make weekly condition reports in skeleton form to the Federal Reserve Bank of Richmond, and the accompanying table shows total figures for some important items on three dates, thus affording opportunity for comparison of the latest available figures with those a month and a year earlier.

On October 14, 1936, all items except one in the table showed higher figures than on September 9. Aggregate reserve balance of the reporting banks at the reserve bank declined by \$5,826,000 during the month. On the other hand, total loans rose \$5,060,000, loans on stocks and bonds increasing by \$100,000 and all other loans, which are chiefly commercial or industrial at this season, gaining \$4,960,000. The reporting banks increased their investments in securities by \$18,433,000 between September 9 and October 14, and cash in vaults rose by \$922,000 during the same period. Aggregate deposits in the forty-one institutions rose \$18,353,000 in the four weeks under review, demand deposits rising by \$16,996,000 and time deposits increasing by \$1,357,000.

Between October 16, 1935, and October 14, 1936, all items in the table increased materially. Total loans and discounts rose by \$15,214,000 during the year, of which \$2,224,000 was in loans on securities and \$12,990,000 was in all other loans. Investments in securities rose by \$67,205,000, and aggregate reserve balance with the reserve bank increased by \$29,054,000. Cash in vaults on the 1936 date was \$4,009,000 above cash on October 16 last year. Deposits rose \$70,403,000 in the period under review, demand deposits rising by \$65,007,000 and time deposits increasing by \$5,396,000. None of the reporting banks borrowed from the reserve bank at any time during the past year.

Time and Savings Deposits

Time deposits in forty-one reporting member banks in the Fifth district and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$408,669,297

at the end of September 1936, a higher figure than either \$406,881,796 reported at the end of August this year or \$394,655,958 at the end of September 1935. Both the member banks and the savings banks reported higher figures for September 30, 1936, than for either of the earlier dates.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Oct. 14 1936	Sept. 9 1936	Oct. 16 1935
Asheville, N. C.....	\$ 14,275	\$ 13,882	\$ 11,690
Baltimore, Md.....	413,058	349,343	353,159
Charleston, S. C.....	23,236	15,607	19,102
Charleston, W. Va.....	51,789	47,047	44,339
Charlotte, N. C.....	65,312	59,956	62,498
Columbia, S. C.....	32,527	25,304	28,563
Cumberland, Md.....	10,708	9,833	9,113
Danville, Va.....	11,321	7,326	11,987
Durham, N. C.....	49,623	38,216	44,320
Greensboro, N. C.....	19,482	17,564	16,083
Greenville, S. C.....	25,741	21,440	19,470
Hagerstown, Md.....	10,150	8,968	9,132
Huntington, W. Va.....	21,512	18,093	14,317
Lynchburg, Va.....	17,943	15,051	16,930
Newport News, Va.....	10,541	10,558	8,467
Norfolk, Va.....	51,892	46,926	49,016
Portsmouth, Va.....	4,505	4,069	3,814
Raleigh, N. C.....	36,447	32,179	25,831
Richmond, Va.....	212,073	168,561	186,148
Roanoke, Va.....	32,338	28,417	23,262
Spartanburg, S. C.....	9,929	9,020	9,785
Washington, D. C.....	275,510	253,354	245,550
Wilmington, N. C.....	13,573	10,714	11,366
Winston-Salem, N. C.....	47,266	37,987	45,757
District Totals.....	\$1,460,751	\$1,249,415	\$1,269,699

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in the leading cities of the Fifth Federal reserve district for three equal periods of five weeks each, ended October 14 and September 9, 1936, and October 16, 1935. These figures reflect the volume of business passing through the banks of the reporting cities.

During the five weeks ended October 14, 1936, aggregate debits to individual accounts showed a seasonal increase of \$211,336,000, or 16.9 per cent, over debits during the preceding like period this year, ended September 9, the increase being due in part to quarterly settlements on October 1 and in part to the opening of early Fall trade during the later period. All of the twenty-four reporting cities except one showed higher figures for the more recent period, Newport News with a small decrease of 16/100th of 1 per cent being the exception.

In comparison with figures reported for five weeks last year, ended October 16, 1935, corresponding figures for the five weeks ended October 14, 1936, show an increase of \$191,052,000, or 15.0 per cent. All of the twenty-four cities except Danville reported higher figures for the 1936 period, the decrease in Danville probably being due to smaller tobacco sales this year.

Commercial Failures

The commercial failure record of the Fifth reserve district in September was good, but compared unfavorably

with the record for the United States as a whole. The district showed a decline of 6.7 per cent in the number of failures in comparison with those for September 1935, but the United States showed a decline of 25.5 per cent. In aggregate liabilities involved in September insolvencies, the district registered an increase of 1.8 per cent for the 1936 month, while the National record showed a decrease of 42.2 per cent. Most of the National decrease in liabilities occurred in the New York, Philadelphia and Atlanta reserve districts, but smaller declines also occurred in the Boston, Cleveland, St. Louis, Minneapolis, Kansas City and Dallas districts. In addition to the Richmond district, increased liabilities were reported in September for the Chicago and San Francisco districts. All reserve districts reported fewer failures this year. Statistics for the district and the United States for several periods are shown in the accompanying table.

Period	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1936	28	586	\$ 289,000	\$ 9,819,000
September 1935	30	787	284,000	17,002,000
September 1934	26	771	420,000	15,552,000
9 Months, 1936	364	7,194	\$5,830,000	\$114,167,000
9 Months, 1935	369	8,646	5,195,000	131,555,000
9 Months, 1934	514	9,090	7,292,000	199,604,000

Employment

Employment conditions continue much better than those a year ago, and practically no seasonal reduction in work out of doors has yet occurred. The Virginia Highway Commission has announced that it will not carry on road work in unfavorable weather during the coming winter, it being no longer necessary to work in wet or freezing weather in order to give employment for relief. Industries of the district are using more workers than at this time last year, retailers have begun taking on additional help for Fall trade, and construction work is sufficiently active to cause shortages of labor in some skilled lines. Opening of tobacco markets in September and October gave employment to several hundred handlers, and coal production on a daily basis in September rose sharply, giving miners longer hours and increased pay envelopes.

Coal Production

Bituminous coal production in the United States totaled 36,772,000 net tons in September 1936 in comparison with 33,240,000 tons mined in August this year and 25,038,000 tons in September 1935. On a daily basis September production of 1,471,000 tons showed a seasonal increase of 15 per cent over production of 1,278,000 tons per day in August, and was 41 per cent above daily production of 1,043,000 tons in September 1935. Total production of soft coal in the current calendar year to October totaled 302,163,000 net tons, compared with 262,764,000 tons mined in the first nine months last year, and coal shipped through Hampton Roads this year through October 10 totaled 14,602,190

tons against 13,867,566 tons shipped through the same ports in the corresponding period last year.

In its October 3 report, the Bureau of Mines of the Department of the Interior gave bituminous coal production figures by states for the month of August, and West Virginia with 9,602,000 tons ranked first, while Pennsylvania with 8,901,000 tons was second and Kentucky with 3,652,000 tons was third. Total production in the Fifth district in August 1936 was 10,691,000 tons, or 32.2 per cent of National production, compared with 8,558,000 tons, or 32.7 per cent of National production, mined in the Fifth district states in August 1935.

Textiles

The cotton textile industry increased operations in September over August, and there was a strong demand for cotton cloth. The sales of finished goods in early October in wholesale and retail markets exceeded sales a year ago, and trade reports noted shortages of most kinds of unfinished goods for immediate delivery. Unfilled orders increased in the first half of October, and prices of textiles continued firm to slightly higher. In the Fifth reserve district, mills in the two Carolinas and Virginia consumed 297,042 bales of cotton in September, compared with 271,480 bales used in August and 220,714 bales consumed in September 1935. Last month North Carolina mills used 163,498 bales, South Carolina mills used 119,014 bales, and Virginia mills 14,530 bales, all materially higher figures than those for September 1935. Consumption of cotton in the Fifth district in September amounted to 47.2 per cent of National consumption, compared with 47.3 per cent of National consumption used in the district in August this year and 49.0 per cent used in September 1935.

On September 21 the Department of Commerce issued a report on spindles in place, spindles active in August, total spindle hours of operation in August, and average hours of operation per spindle in place in August. On August 31, 1936, there were 28,065,518 spindles in place in the United States, North Carolina leading with 6,037,876, or 21.5 per cent of the total, South Carolina ranking second with 5,765,370 spindles, or 20.5 per cent, and Massachusetts third with 4,360,876 spindles, or 15.5 per cent. The Fifth district as a whole had 44.4 per cent of total spindles in place in the United States at the end of August 1936. In actual spindle hours of operation, South Carolina led all states for August with 1,927,019,416 hours, or 25.4 per cent of the National total of 7,573,009,997 hours, and North Carolina ranked second with 1,723,072,731 hours, or 22.8 per cent. In actual hours of operation per spindle in place in August, South Carolina with an average of 334 hours was in second place, Tennessee ranking first with 335 hours. North Carolina ranked fifth with 285 hours and Virginia was sixth with 277 hours. The average for the United States was 270 hours per spindle in place.

Cotton Statistics

Spot cotton prices fluctuated through a range of about a quarter of a cent per pound between September 18 and October 16. The average price paid for middling grade cotton on ten Southern markets on September 18 was 12.12 cents per pound, from which there was a decline to 11.94 cents per pound on September 25. On October 2 the price had risen to 12.23 cents, but a decline to 12.03 cents followed on October 9. On October 16, the latest date for which official figures are available, the average price was 12.21 cents. On October 18, 1935, the price on the same markets was 10.97 cents per pound.

On October 8 the Department of Agriculture issued its third condition report on the 1936 cotton crop, and estimated probable production at 11,609,000 bales. This is an increase of 488,000 bales from the forecast as of September 1, and compares with 10,638,000 bales in 1935 and a 5-year average yield of 14,667,000 bales. The Department's report says in part, "During the month of September, prospects declined in Texas, but this loss was more than offset by improvement elsewhere. The drought which had affected the crop in all States from Mississippi west was broken in September. The rains came too late to materially help cotton in Texas and Oklahoma, but in the States adjoining the Mississippi River the crop was greatly improved. In these States the rains stopped premature opening of bolls, with resulting increases in prospective yields. Due to favorable weather, continued improvements have been made in the eastern part of the belt since September 1. The plants have made rapid progress in fruiting, offsetting to a large extent their late start. In the Carolinas and North Georgia, however, the crop is still subject to damage by early frosts. The crop has opened rapidly and at present a larger than usual amount of open cotton is exposed to possible loss from storms". In the Fifth district cotton growing states, South Carolina's prospective yield on October 1 was 763,000 bales, an increase of 58,000 bales over the September 1 forecast of 705,000 bales and 19,000 bales above the 1935 production. North Carolina's forecast also rose last month, from 556,000 bales on September 1 to 576,000 bales on October 1, and the October estimate was 4,000 bales above last year's crop. Virginia prospects rose to 31,000 bales on October 1, an increase of 2,000 bales in the past month and 1,000 bales above 1935 production. Total production in the Fifth district this year is forecast at 1,370,000 bales, an increase of 80,000 bales over the September 1 estimate and 24,000 bales more than last year's crop. The Census Bureau reports that 6,030,940 bales were ginned from the 1936 crop prior to October 1, compared with 4,232,068 bales ginned before the corresponding date last year.

Cotton consumption in the United States in September 1936 showed increased figures in comparison with other recent months and with September 1935; in fact, daily consumption of cotton during September was the highest on record for that month. The number of bales

used totaled 629,727, compared with 574,289 bales used in August this year and 450,647 bales in September 1935. Total consumption this cotton year—August 1 through September—amounted to 1,204,016 bales, against 858,972 bales consumed in the corresponding two months of last season. Manufacturing establishments held 848,734 bales on September 30, compared with 752,219 bales held on August 31 and 723,427 bales on September 30, 1935. Public warehouses and compresses held 6,805,999 bales in storage at the end of September this year, compared with 4,336,724 bales so held a month earlier and 7,142,778 bales on September 30 last year. September exports totaled 569,624 bales, compared with 182,487 bales exported in August and 486,764 bales sent abroad in September 1935. Total exports during the two months of the present cotton year—August and September—totaled 752,111 bales, an increase over 728,248 bales shipped over seas during the corresponding two months last year. Spindles active at some time during September numbered 23,514,270, compared with 23,433,658 in August this year and 22,681,776 in September 1935.

Cotton growing states consumed 527,158 bales in September, compared with 480,546 bales in August and 379,850 bales in September 1935. Last month's consumption in the cotton growing states amounted to 83.7 per cent of National consumption, compared with 83.7 per cent in August this year and 84.3 per cent in September 1935. Of the 527,158 bales of cotton consumed in the cotton growing states in September, Fifth district mills used 297,042 bales, or 56.3 per cent, a lower figure than 58.1 per cent of Southern consumption attained by Fifth district mills in September last year.

Tobacco Marketing and Yields

South Carolina auction tobacco warehouses sold 37,412,147 pounds of growers' tobacco in September, at an average price of \$20.28 per hundred pounds, compared with 38,366,970 pounds sold in September 1935 for \$16.88 per hundred. Season sales this year to October totaled 57,488,477 pounds for \$12,158,715, compared with sales in August and September last year totaling 77,698,568 pounds for \$14,799,563. Mullins led all markets in September sales with 16,853,522 pounds, Lake City ranking second with 8,636,510 pounds. Prospects for tobacco improved in September, and the October forecast of 70,525,000 pounds was 2,275,000 pounds above the September 1 estimate, but was materially less than either 1935 production of 89,760,000 pounds or the 5-year average crop of 75,918,000 pounds.

North Carolina warehouses sold 129,986,626 pounds of tobacco for producers in September, at an average price of \$21.93 per hundred pounds, compared with 159,898,861 pounds sold in September 1935 for \$18.87. Wilson led North Carolina markets in sales last month with 17,272,334 pounds, Kinston being second with 15,360,894 pounds, both in the New Bright belt, but prices averaged considerably higher in the Old Bright belt and Carthage led in price with \$26.10 per hundred pounds, Fuquay Springs ranking second with \$25.78

per hundred. The estimate of tobacco production in North Carolina was lowered slightly on October 1 from the September 1 figure, the crop weighing out lighter than was expected and irregular growth involving problems of maturity and curing. The October forecast of 463,420,000 pounds this year compares with an estimate of 463,812,000 pounds a month earlier, a yield of 577,435,000 pounds in 1935, and the 5-year average crop of 469,135,000 pounds.

Virginia auction tobacco markets did not open until October, but sales have been large and prices around 5 cents a pound higher than 1935 prices. Weather in September and early October was favorable for curing tobacco, and the October estimate of production totaling 94,398,000 pounds shows an increase of 535,000 pounds in September, but is materially less than the 1935 crop of 104,765,000 pounds and also below the 5-year average yield of 98,409,000 pounds.

Maryland tobacco prospects improved in September, and the October 1 estimate of 27,900,000 pounds not only shows a rise of 900,000 pounds during the past month but exceeds both the 1935 crop of 26,820,000 pounds and the 5-year average production of 24,318,000 pounds.

West Virginia's October 1 forecast of 1,080,000 pounds of tobacco this year was the same as the prediction a month earlier, but was less than 1,596,000 pounds cured last year and a 5-year average yield of 4,224,000 pounds.

Tobacco Manufacturing

The Commissioner of Internal Revenue issued a report on October 21 showing taxes collected in September 1936 on manufactured tobacco products. September production of cigarettes in the United States numbered 14,341,883,483, compared with 10,774,083,390 cigarettes manufactured in September 1935. Smoking and chewing tobacco production increased from 26,178,774 pounds in September last year to 26,862,561 pounds in September this year. Cigars manufactured rose from 430,958,624 in September 1935 to 489,293,034 in September 1936. Snuff production increased from 2,804,755 pounds to 3,233,843 pounds during the year. In the month of September 1936, taxes on cigarettes collected by the Federal Treasury totaled \$43,033,816, compared with \$32,325,401 collected in the corresponding month last year. Taxes on smoking and chewing tobacco rose during the same period from \$4,712,857 to \$4,835,632, and cigar taxes rose from \$1,080,618 to \$1,221,780. Total receipts on tobacco products rose from \$38,623,732 in September 1935 to \$49,673,320 in September 1936.

Construction

Building permits issued by building inspectors in thirty-one cities in the Fifth reserve district in September 1936 totaled 2,803, with estimated valuation amounting to \$6,857,223, an increase of 8.0 per cent in number of permits in comparison with 2,596 permits issued in September 1935, and a gain of 21.3 per

Building Permits Issued in September 1936 and 1935

CITIES	Permits Issued		Total Valuation	
	1936	1935	1936	1935
Baltimore, Md.....	733	710	\$1,412,880	\$ 684,720
Cumberland, Md.....	21	17	41,396	22,304
Frederick, Md.....	11	10	20,395	3,390
Hagerstown, Md.....	31	39	18,110	12,720
Salisbury, Md.....	17	23	12,675	21,200
Danville, Va.....	23	18	161,012	28,570
Lynchburg, Va.....	42	46	37,793	51,237
Norfolk, Va.....	111	94	85,905	136,505
Petersburg, Va.....	4	3	6,100	850
Portsmouth, Va.....	28	29	36,250	6,850
Richmond, Va.....	125	114	161,896	102,783
Roanoke, Va.....	51	57	88,336	33,965
Bluefield, W. Va.....	14	8	10,545	29,150
Charleston, W. Va.....	120	123	151,925	153,643
Clarksburg, W. Va.....	90	50	110,000	32,171
Huntington, W. Va.....	*37	—	95,545	95,770
Asheville, N. C.....	75	24	78,620	8,060
Charlotte, N. C.....	101	108	330,320	167,016
Durham, N. C.....	47	30	110,190	96,290
Greensboro, N. C.....	85	56	132,804	54,203
High Point, N. C.....	52	60	37,486	86,815
Raleigh, N. C.....	35	28	101,885	279,676
Rocky Mount, N. C.....	12	7	21,340	4,900
Salisbury, N. C.....	7	9	17,390	135,945
Winston Salem, N. C.....	144	59	107,355	42,970
Charleston, S. C.....	47	46	41,590	22,324
Columbia, S. C.....	46	67	136,280	127,203
Greenville, S. C.....	53	56	608,025	109,425
Rock Hill, S. C.....	23	31	41,080	39,140
Spartanburg, S. C.....	33	28	28,920	19,731
Washington, D. C.....	622	646	2,613,175	3,045,265
Totals.....	2,803	2,596	\$6,857,223	\$5,654,791

cent over September 1935 valuation figures totaling \$5,654,791. Twenty-one of the thirty-one cities reported higher valuation figures for the 1936 month, but of the five largest cities only Baltimore, Richmond and Charlotte gained. Washington and Norfolk reported lower totals for September 1936 than for September 1935.

Contracts awarded in September for construction work in the Fifth district, including both rural and urban projects, totaled \$20,309,600, compared with \$14,692,303 awarded in September 1935, according to figures collected by the F. W. Dodge Corporation. Of the awards in September this year, \$6,867,980, or 33.8 per cent, was for residential work, while last year residential contracts totaled \$5,588,008, or 38.0 per cent of all awards in September.

Agricultural Notes

Weather in September was favorable for late crop development and for harvesting, and combined per acre yield figures for 33 important crops rose in all Fifth district states except West Virginia between September 1 and October 1. In West Virginia conditions remained unchanged. On October 1 the several states showed the following percentages of average yields during the ten-year period 1921-1930: South Carolina 122 per cent, North Carolina 105 per cent, Maryland 100 per cent, Virginia 90 per cent, and West Virginia 79 per cent. The National average figure was 84.5 per cent. In the Fifth district crops are far enough advanced to make reasonably accurate forecasts of production possible, and October figures are tabulated below, in comparison with production figures for 1935 and for the 5-year base period 1928-1932.

	1936	1935	5-yr. Average
Maryland			
Corn, bus.....	16,582,000	17,544,000	14,431,000
Hay, tons.....	347,000	532,000	454,000
Potatoes, bus.....	3,080,000	3,135,000	3,339,000
S. Potatoes, bus.....	1,320,000	1,024,000	1,299,000
Tobacco, lbs.....	27,900,000	26,820,000	24,318,000
Apples, All, bus.....	1,633,000	2,412,000	2,053,000
Apples, Com., bus.....	1,072,000	1,300,000	1,286,000
Virginia			
Corn, bus.....	30,659,000	36,744,000	30,388,000
Hay, tons.....	575,000	1,056,000	849,000
Potatoes, bus.....	7,298,000	11,340,000	14,328,000
S. Potatoes, bus.....	4,551,000	4,180,000	4,270,000
Tobacco, lbs.....	94,398,000	104,765,000	98,409,000
Cotton, bales.....	31,000	30,000	
Peanuts, lbs.....	152,000,000	159,600,000	145,681,000
Apples, All, bus.....	7,500,000	16,695,000	13,160,000
Apples, Com., bus.....	5,325,000	10,710,000	8,228,000
West Virginia			
Corn, bus.....	12,627,000	14,872,000	11,054,000
Hay, tons.....	493,000	750,000	631,000
Potatoes, bus.....	2,046,000	3,145,000	3,445,000
Tobacco, lbs.....	1,080,000	1,596,000	4,224,000
Apples, All, bus.....	3,850,000	5,610,000	6,947,000
Apples, Com., bus.....	2,520,000	3,060,000	3,690,000
North Carolina			
Corn, bus.....	44,918,000	47,082,000	38,415,000
Hay, tons.....	622,000	694,000	565,000
Potatoes, bus.....	6,068,000	9,095,000	7,540,000
S. Potatoes, bus.....	8,360,000	9,300,000	7,141,000
Tobacco, lbs.....	463,420,000	577,435,000	469,135,000
Cotton, bales.....	576,000	572,000	
Peanuts, lbs.....	260,150,000	264,500,000	246,206,000
South Carolina			
Corn, bus.....	21,671,000	23,150,000	20,240,000
Hay, tons.....	232,000	221,000	179,000
Potatoes, bus.....	1,748,000	1,890,000	2,748,000
S. Potatoes, bus.....	5,100,000	6,120,000	4,648,000
Tobacco, lbs.....	70,525,000	89,760,000	75,918,000
Cotton, bales.....	763,000	744,000	
Peanuts, lbs.....	8,905,000	11,200,000	8,398,000

Retail Trade, 30 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
September 1936 sales, compared with sales in September 1935:	+10.8	+ 5.6	+ 5.1	+13.7	+ 6.7
Total sales Jan.-Sept. 1936, compared with Jan.-Sept. 1935:	+ 9.7	+ 6.1	+10.1	+13.0	+ 8.9
Sept. 30, 1936, stocks, compared with stocks on Sept. 30, 1935:	+13.8	+ 6.4	+10.3	+ 6.2	+ 8.8
Sept. 30, 1936, stocks, compared with stocks on Aug. 31, 1936:	+ 9.2	+10.9	+14.7	+11.7	+12.4
Number of times stock was turned in September 1936:	.347	.315	.401	.342	.357
Number of times stock was turned since January 1, 1936:	2.817	2.741	3.279	2.842	2.981
Percentage of Sept. 1, 1936, receivables collected in September:	29.9	27.0	26.8	25.1	27.0

Note: Sales and stock changes are percentages.

Wholesale Trade, 57 Firms

	21 Groceries	7 Dry Goods	6 Shoes	12 Hardware	11 Drugs
September 1936 sales, compared with sales in September 1935:	+15.8	+16.6	+28.6	+10.2	+17.7
September 1936 sales, compared with sales in August 1936:	+ 7.9	+19.7	- 1.6	+11.7	+11.4
Total sales 9 mos. of 1936, compared with 9 mos. of 1935:	+ 8.9	+17.1	+ 9.9	+ 9.7	+ 7.8
Sept. 30, 1936, stocks, compared with Sept. 30, 1935, stocks:	- 4.6(8*)	+ 6.3(3*)	+ 1.2(4*)	+ 4.6(7*)
Sept. 30, 1936, stocks, compared with Aug. 31, 1936, stocks:	+ 1.5(8*)	-11.5(3*)	-15.5(4*)	- 2.8(7*)
Percentage of collections in Sept. to receivables on Sept. 1:	115.1(12*)	37.1(4*)	52.8(5*)	46.1(11*)	71.8(7*)

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

(Compiled October 21, 1936)

BUSINESS CONDITIONS IN THE UNITED STATES

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

Volume of industrial production was maintained in September and employment at factories increased seasonally. Distribution of commodities to consumers increased. Commercial loans of city banks showed further growth.

Production and Employment

Industrial output in September, as measured by the Board's seasonally adjusted index, was 109 percent of the 1923-1925 average, approximately the level of the two preceding months. Output of steel was about the same as in August and in the first three weeks of October the rate of activity rose to a higher level than at any time since 1930. Automobile production showed a sharp seasonal decline in September and a considerable seasonal advance in the first three weeks of October. Production of lumber and cement showed a further rise and increases in activity were also reported at meat-packing establishments and at cotton and silk textile factories. At woolen mills there was little change in production although an increase is usual in September. Output of coal increased more than seasonally, and crude petroleum production continued in large volume.

Factory employment increased seasonally in September and payrolls were maintained at the August level. The number employed in most industries producing durable goods continued to increase, while at automobile factories there was a seasonal decline. Employment decreased at woolen mills and showed a smaller increase than is usual at this season at cotton mills and at establishments producing women's clothing.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined somewhat further in September from the relatively high level reached in the middle of the year. There was a decrease in awards for residential building, reflecting chiefly a smaller volume of contracts for apartment construction which in August had included several large publicly-financed projects. Awards for non-residential work declined, partly as a result of a reduction in contracts for public works and utilities which have been in large volume during recent months.

Agriculture

Crop conditions improved somewhat from September 1 to October 1, according to the Department of Agriculture, but estimates for corn and many other crops are still considerably below the harvests of last year. The cotton crop is estimated

at 11,600,000 bales, an increase of 500,000 bales from the estimate made a month earlier and of 1,000,000 bales from the 1935 crop. Total cash farm income, including all Government payments, is estimated by the Department of Agriculture at \$7,850,000,000 for the calendar year 1936 as compared with \$7,090,000,000 in 1935.

Distribution

Distribution of commodities to consumers increased by more than the usual amount in September, following a less than seasonal rise between July and August. Sales at department and variety stores and by mail order houses serving rural areas were in larger volume in September.

Volume of freight carried by railroads increased, reflecting larger shipments of coal, ore, and miscellaneous freight and a decline in loadings of grain.

Commodity Prices

The general level of wholesale commodity prices has shown little change in the last two months. From the middle of September to the third week in October sugar and butter prices declined, and there were decreases also in prices of hogs and pork, as is usual at this season. Price advances were reported for leather and coke and higher prices for some finished and semifinished steel products became effective on October 1.

Bank Credit

Loans of reporting member banks in leading cities, other than loans on securities, continued to increase in September and the first half of October. On October 14 the volume of these loans was more than \$400,000,000 larger than on July 29. About half of this increase was at New York City banks and the remainder principally at banks in Western and Southern cities. Holdings of United States Government obligations have declined in recent weeks at New York City banks and have increased somewhat at other banks. Deposits of reporting banks have continued to increase.

Excess reserves of member banks increased by \$410,000,000 in the five weeks ending October 21, reflecting a reduction of \$300,000,000 in Treasury holdings of cash and balances at the Reserve banks and an increase of \$250,000,000 in monetary gold stock, the effects of which were partially offset by a seasonal increase in money in circulation and a further growth in required reserves.