

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



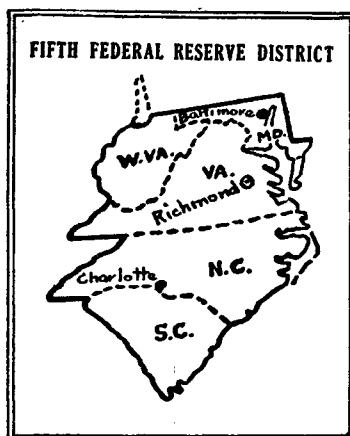
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

JANUARY 31, 1937

ANNUAL SUMMARY	1936	1935	1929
Debits to Individual Accounts (23 Cities).....	\$14,137,056,000	\$12,211,838,000	\$16,673,842,000
Number of Commercial Failures, 5th District.....	458	496	1,420
Liabilities Involved in Failures, 5th District.....	\$ 7,975,000	\$ 7,940,557	24,705,654
Cotton Consumption, 5th District Mills (Bales).....	3,368,329	2,629,282	3,039,884
Cotton Grown in Fifth District (Bales).....	1,466,000	1,346,000	1,625,000
Tobacco Grown in Fifth District (Pounds).....	671,004,000	801,491,000	725,109,000
Building Permits for All Work (31 Cities).....	31,861	27,208	42,122
Value of Permits for All Work (31 Cities).....	\$ 81,353,598	\$ 52,983,058	\$ 131,888,967
Value of Contracts Awarded, 5th District.....	\$ 254,217,344	\$ 203,195,274	\$ 385,963,047
Total Sales, 28 Department Stores, 5th District.....	\$ 104,914,288	\$ 95,821,361	\$ 104,931,961
Total Sales, 55 Wholesale Firms in 5 Lines.....	\$ 58,517,344	\$ 52,701,732	\$ 63,287,820
Bituminous Coal Production, U. S. (Tons).....	431,950,000	369,324,000	534,898,000

THE accompanying table shows some indicators of the volume of trade, industry and agriculture in the Fifth Federal Reserve district for 1936 and 1935, and figures for the pre-depression year 1929 are included for comparison. An examination of the figures indicates that business went far along the road to pre-depression activity, but still is well below the 1929 level. Debits to individual accounts figures, reflecting transactions through the banks of the district, increased 15.8 per cent in 1936 over 1935, but lacked 15.2 per cent of equaling 1929 figures. The number of commercial failures in the district and aggregate liabilities involved showed about the same figures in comparison with figures for the preceding year, but both the number of insolvencies and the amount of liabilities in 1936 were materially less than in 1929. Cotton consumption in Fifth district textile mills reached the highest level on record in 1936, exceeding consumption in 1935 by 28.1 per cent and 1929 consumption by 10.8 per cent. Building permits were issued in 1936 for 54 per cent more work than in 1935, but fell short of 1929 permit valuation



figures by 38.3 per cent. Contracts actually awarded in the district for all types of construction, including rural as well as urban projects, totaled 25.1 per cent more than 1935 awards, but the 1936 total was 34.1 per cent below the awards in 1929. Department store sales in 1936 exceeded 1935 sales by 9.5 per cent, and lacked only 2/10ths of 1 per cent of equaling 1929 sales. Wholesale sales last year by 55 firms in five lines totaled 11 per cent above 1935 sales, but did not quite equal sales in 1929. Bituminous coal production in the United States, of which nearly a third came from the Fifth district, increased 17 per cent over 1935 output, but was 19.3 per cent below the tonnage dug in 1929. Last year was a relatively good one for agriculture. All crops except cotton yielded less than in 1935, but unit prices were higher for all farm products, and the total money value of corn, cotton, Irish potatoes, sweet potatoes, wheat and peanuts exceeded the 1935 value. The increased values of the above named crops more than offset lower values of other crops. Developments in trade and industry in the Fifth district in December and early January were up to

or above seasonal levels in practically all lines. In banking, discounts at the Federal Reserve Bank of Richmond rose slightly and ownership of Government securities increased, while there was a seasonal decrease in the circulation of Federal Reserve notes. Reporting member banks increased loans and discounts moderately, and substantially raised their investments in securities. Demand deposits declined while time deposits rose. Debits to individual accounts in five weeks ended January 13 showed a seasonal increase over debits in five weeks ended December 9, due chiefly to annual payments on January 1. Employment in the first half of January declined somewhat, due to release of employees hired for temporary work prior to the holidays and to very inclement weather for outside work in January. Coal production in December was greater than in either November 1936 or December 1935. Textile mills in the Fifth district used more cotton last month than in any other month for several years, and spot cotton prices registered an advance. Tobacco auction markets were closed for the holidays most of the past month, but burley markets opened in December and prices paid for that type of tobacco were very high. Department store sales in the district in December exceeded sales in the corresponding month of 1935 by 10.4 per cent, and sales in four of five wholesale lines for which data are available also exceeded sales in December 1935.

Reserve Bank Statement

ITEMS	000 omitted		
	Jan. 15 1937	Dec. 15 1936	Jan. 15 1936
Discounts held.....	\$ 169	\$ 24	\$ 58
Open market paper.....	121	121	175
Industrial advances.....	3,079	3,223	4,111
Government securities.....	133,491	125,833	116,716
Total earning assets.....	136,860	129,201	121,060
Circulation of Fed. Res. notes.....	200,989	209,667	174,130
Members' reserve deposits.....	211,376	212,412	166,674
Cash reserves.....	301,626	311,564	236,062
Reserve ratio.....	69.60	71.78	67.05

Total earning assets of the Federal Reserve Bank of Richmond increased by \$7,659,000 between December 15, 1936, and January 15, 1937, due entirely to an advance of \$7,658,000 in ownership of Government securities. Discounts held for member banks rose by \$145,000 during the month, but this was offset by a decline of \$144,000 in advances to industry for working capital made under authority of Section 13-B of the Federal Reserve Act, as amended. Between the middle of December and the middle of January there was a seasonal decrease in the volume of Federal Reserve notes in actual circulation amounting to \$8,678,000, notes always beginning to return to the Reserve bank immediately after Christmas. Member bank reserve deposits declined by \$1,036,000 during the past month, and the cash reserves of the Federal Reserve Bank of Richmond dropped by \$9,938,000 during the same period. The several changes mentioned, with others of less importance, resulted in a decline of 2.18 points in the ratio of cash reserves to note and deposit liabilities combined.

Between January 15 last year and January 15 this year, the portfolio of open market paper held by the Richmond Reserve bank declined by \$54,000 and industrial loans dropped by \$1,032,000, but all other items in the statement shown herewith were higher on the 1937 date. Discounts held rose by \$111,000 during the year, and Government security holdings increased by \$16,775,000. Total earning assets showed a gain of \$15,800,000 over the 1936 figure. Federal Reserve notes in actual circulation rose by \$26,859,000 during the past year, due chiefly to a larger demand for currency to carry on increased trade this year, although the rise in circulation was also influenced by retirement of some National bank notes and replacement with Federal Reserve notes. Member bank reserve deposits increased by \$44,702,000 between the middle of January last year and this. Cash reserves of the Federal Reserve Bank of Richmond rose by \$65,564,000 during the year under review, and the ratio of cash reserves to note and deposit liabilities combined gained 2.55 points.

Statement of 41 Member Banks

ITEMS	000 omitted		
	Jan. 13 1937	Dec. 9 1936	Jan. 15 1936
Loans on stocks and bonds (including Governments).....	\$ 73,593	\$ 75,190	\$ 70,436
All other loans.....	155,457	151,931	133,590
Total loans and discounts.....	229,050	227,121	204,026
Investments in securities.....	437,904	398,983	407,098
Reserve bal. with F. R. bank.....	139,001	140,967	109,291
Cash in vaults.....	19,848	19,682	15,191
Demand deposits.....	464,261	471,598	401,302
Time deposits.....	195,338	192,801	190,214
Money borrowed.....	0	0	0

The accompanying table contains figures for some of the most important items on the composite statement of condition of forty-one regularly reporting member banks in twelve Fifth district cities for three dates, January 13, 1937, December 9, 1936, and January 15, 1936, thus affording opportunity for comparison of the latest figures with those on the corresponding dates a month and a year earlier. It should be understood that the figures in the table are not necessarily the highest or lowest which occurred during the periods covered, but represent the condition of the banks on the report dates only.

Between December 9, 1936, and January 13, 1937, loans on stocks and bonds declined by \$1,597,000, but "All other loans", which are largely commercial or industrial in character, rose by \$3,526,000. The net change in total loans and discounts showed an increase of \$1,929,000 during the five weeks. The reporting banks increased their investments in securities during the same period by \$38,921,000, and cash in vaults rose by \$166,000, but their aggregate reserve balance at the Federal Reserve bank declined by \$1,966,000. Total deposits declined between December 9 and January 13, a decrease of \$7,337,000 in demand deposits more than offsetting an increase of \$2,537,000 in time deposits.

In comparison with figures reported for January 15, 1936, the figures for January 13, 1937, all show in-

creases. Total loans and discounts rose by \$25,024,000 during the year, of which \$21,867,000 was in "All other loans" and only \$3,157,000 was in loans on securities. Investments in securities increased by \$30,806,000, and the forty-one banks raised their reserve deposits at the Federal Reserve bank by \$29,710,000. Cash in vaults increased by \$4,657,000 during the year. Aggregate deposits rose by \$68,083,000 between the middle of January last year and this, demand deposits rising by \$62,959,000 and time deposits by \$5,124,000. None of the reporting banks borrowed at the Federal Reserve bank or elsewhere 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 ten mutual savings banks in Baltimore totaled \$408,516,946 at the end of December 1936, a higher figure than either \$404,607,375 reported at the end of November 1936 or \$393,765,074 reported at the end of December 1935. Both member banks and mutual savings banks registered gains in time and savings deposits during the past month and the past year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Total Debits During the Five Weeks Ended			Annual Totals	
	Jan. 13, 1937	Dec. 9, 1936	Jan. 15, 1936	1936	1935
Asheville, N. C.....	\$ 16,328,000	\$ 14,016,000	\$ 12,970,000	\$ 138,333,000	\$ 115,962,000
Baltimore, Md.....	478,013,000	437,446,000	361,815,000	4,049,013,000	3,427,439,000
Charleston, S. C.....	21,898,000	20,435,000	16,215,000	190,051,000	161,630,000
Charleston, W. Va.....	73,199,000	58,779,000	59,087,000	563,751,000	541,606,000
Charlotte, N. C.....	76,225,000	74,381,000	66,528,000	655,224,000	612,777,000
Columbia, S. C.....	36,152,000	40,552,000	33,970,000	317,801,000	296,029,000
Cumberland, Md.....	10,331,000	9,749,000	9,026,000	102,089,000	87,473,000
Danville, Va.....	14,255,000	17,691,000	11,758,000	111,015,000	97,298,000
Durham, N. C.....	34,721,000	42,856,000	27,178,000	350,549,000	323,145,000
Greensboro, N. C.....	23,829,000	20,431,000	16,944,000	200,951,000	160,725,000
Greenville, S. C.....	30,455,000	28,099,000	21,390,000	239,943,000	179,931,000
Hagerstown, Md.....	10,453,000	9,653,000	9,720,000	96,681,000	85,772,000
Huntington, W. Va.....	24,731,000	22,003,000	17,529,000	203,192,000	153,414,000
Lynchburg, Va.....	21,059,000	20,095,000	17,626,000	182,996,000	164,057,000
Newport News, Va.....	12,603,000	11,874,000	10,118,000	109,107,000	89,269,000
Norfolk, Va.....	63,609,000	58,516,000	54,983,000	553,541,000	539,670,000
Portsmouth, Va.....	5,979,000	5,460,000	4,657,000	47,136,000	43,580,000
Raleigh, N. C.....	55,601,000	38,490,000	39,264,000	390,173,000	317,411,000
Richmond, Va.....	220,776,000	206,796,000	165,146,000	1,799,514,000	1,614,347,000
Roanoke, Va.....	38,231,000	37,810,000	26,502,000	327,261,000	238,852,000
Spartanburg, S. C.....	12,993,000	12,661,000	9,349,000	*101,678,000	.....
Washington, D. C.....	308,946,000	302,922,000	267,247,000	2,929,187,000	2,458,594,000
Wilmington, N. C.....	12,906,000	12,260,000	10,696,000	120,571,000	109,383,000
Winston-Salem, N. C.....	53,606,000	49,605,000	42,040,000	458,977,000	393,474,000
District Totals.....	\$1,656,899,000	\$1,552,580,000	\$1,311,758,000	\$14,137,056,000	\$12,211,838,000

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

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in twenty-four trade centers of the Fifth Federal Reserve district during three equal periods of five weeks. In addition, total debits are shown by cities and the district for the calendar years 1936 and 1935. Debits to individual, firm and corporation accounts form one of the best indicators of the volume of business done in the reporting cities, reflecting all transactions through the banks except shifts of funds between banks, which are excluded from the figures.

Debits figures in five weeks ended January 13, 1937, amounting to \$1,656,899,000 showed a seasonal increase of \$104,319,000, or 6.7 per cent, over debits in the preceding five weeks, ended December 9, due in part to holiday buying and still more to annual payments of interest, dividends, bonuses, etc., on January 1. Of the twenty-four reporting cities, all but three reported higher figures for the more recent period, and of the three which failed to increase, Danville and Durham showed decreases because tobacco markets were closed two or three weeks for the Christmas holidays.

Debits in the period ended January 13 this year show an increase of \$345,141,000, or 26.3 per cent, over debits in the corresponding five weeks ended January 15, 1936. All of the twenty-four cities reported larger figures for the more recent period.

Total debits in twenty-three cities for the calendar year 1936 showed an increase of \$1,925,218,000, or 15.8 per cent, in comparison with aggregate debits in 1935. Debits in all cities were higher than in 1935, and the district total for 1936 was higher than for any other year since 1930. Eleven of the twenty-three cities actually showed higher figures last year than those for 1930.

Commercial Failures

Commercial failures in the Fifth Reserve district in December 1936 totaled 23, with aggregate liabilities amounting to \$250,000, a decrease of 46.5 per cent under 43 failures in December 1935 but an increase of 6.4 per cent over \$242,000 liabilities a year earlier. In the United States 692 failures last month were 24 per

cent fewer than failures in December 1935, and liabilities totaling \$12,288,000 in December 1936 showed a decrease of 21.7 per cent in comparison with liabilities in December 1935.

Insolvencies in the year 1936 numbered 458 in the Fifth district and 9,185 in the United States, and liabilities totaled \$7,975,000 in the district and \$146,253,000 in the Nation. These figures compare with failures numbering 496 in the district and 11,744 in the United States in 1935, with liabilities for that year totaling \$7,940,557 in the district and \$178,810,000 in the Nation.

Employment

At this time of year employment is materially affected by weather conditions. During December conditions favored outside work and little seasonal unemployment developed, but almost steady rains stopped much work in the first three weeks of January and building tradesmen, road workers, and unskilled laborers were able to put in less time than in any other recent month. Persons hired for temporary work prior to the Christmas holidays were released at the end of December. Industries continued operations at the high levels of earlier fall and winter months, coal mines increased output seasonally last month, and building continued to increase until January. On the whole, it appears that employment at mid-January is not quite as good as in several immediately preceding months, but the decline appears to be due largely to exceptionally unfavorable weather, and is therefore probably temporary.

Coal Production

Bituminous coal dug in the United States in December 1936 totaled 44,487,000 net tons, not only showing a seasonal increase over 41,588,000 tons mined in November but exceeding 35,388,000 tons mined in December 1935. Total production in 1936 amounted to 431,950,000 net tons, an increase of 17 per cent over 369,324,000 tons mined in 1935. Coal shipments through Hampton Roads ports in December totaled approximately 2,210,000 tons, and total shipments through the same ports from January 1, 1936, through December totaled 19,776,000 tons.

The December 31, 1936, report of the Bureau of Mines, department of the Interior, gave bituminous coal production by states for the month of November. West Virginia led all states with 10,740,000 net tons, Pennsylvania ranking second with 10,368,000 tons. Fifth district states of West Virginia, Virginia and Maryland dug 11,982,000 tons of bituminous coal in November, 28.8 per cent of total production of 41,588,000 tons in the United States.

Cotton Textiles

Cotton mills in the Fifth reserve district did not follow the seasonal trend in December. In every year since 1926 cotton consumption in the mills of the district was less in December than in November, but in

1936 December consumption of 318,430 bales showed an increase of 8.1 per cent over 294,686 bales used in November, and was 35.7 per cent above 234,608 bales consumed in December 1935. Of the December 1936 consumption, North Carolina mills accounted for 173,972 bales, South Carolina mills for 130,689 bales, and Virginia mills for 13,769 bales, all materially higher figures than the corresponding ones for December 1935. Total cotton consumption in the Fifth district in 1936 amounting to 3,368,329 bales set a new record, exceeding 1935 consumption of 2,629,282 bales by 28.1 per cent and the previous record of 3,129,433 bales used in 1927 by 7.6 per cent. Cotton spun in the district last year amounted to 2.3 times the number of bales grown in the district. Fifth district cotton consumption in December 1936 totaled 46 per cent of National consumption, compared with 47 per cent in both November 1936 and December 1935, and consumption in the district during the calendar year 1936 totaled 47.5 per cent of National consumption against 46.7 per cent in 1935.

On December 19, the Department of Commerce issued a report on spindles in place, spindles active in November, total spindle hours of operation in November, and average hours of operation per spindle in place in November. On November 30, 1936, there were 27,757,828 spindles in place in the United States, North Carolina leading with 6,073,232, or 21.9 per cent of the total, South Carolina ranking second with 5,733,560 spindles, or 20.7 per cent, and Massachusetts third with 4,233,932 spindles, or 15.3 per cent. The Fifth district as a whole had 44.9 per cent of total spindles in place in the United States at the end of November. In actual hours of operation, South Carolina led all states for November with 2,025,479,518 hours, or 25.3 per cent of the National total of 7,997,374,464 hours, and North Carolina ranked second with 1,883,280,204 hours, or 23.5 per cent. Massachusetts, with 15.3 per cent of spindles in place, showed only 10.7 per cent of total hours of operation in November. The Fifth district, with 44.9 per cent of total spindles in place in the United States in November, showed 51.1 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 353 hours per spindle was in the lead, while North Carolina ranked sixth with 310 hours and Virginia ninth with 273 hours. The average hours of operation for the United States was 288 per spindle in place.

Cotton Statistics

Spot cotton prices were firm during the past month, with a slight upward tendency. Between December 11 and January 15, the average price paid for middling grade upland cotton on ten Southern spot markets rose from 12.64 cents to 12.80 cents per pound. A year earlier, January 17, 1936, the average price on the same markets was 11.72 cents per pound, this year's January price being \$5.40 per bale higher than the January 1936 price.

Cotton consumption in American mills in December 1936 totaled 692,921 bales, according to the report of

the Bureau of the Census made public on January 14. This figure shows an unseasonal rise over 626,695 bales used in November, and is 10.6 per cent above 499,773 bales consumed in December 1935. Total consumption during the five months of the present cotton year amounted to 3,170,131 bales, compared with 2,423,897 bales consumed during the five months ended December 31, 1935, and total consumption in the calendar year 1936 equalled 7,094,089 bales, compared with 5,631,912 bales used in the year 1935. Cotton on hand at manufacturing establishments on December 31, 1936, totaled 2,001,378 bales, compared with 1,792,250 bales held on November 30, 1936, and 1,431,249 bales on December 31, 1935. Bales in public storage and compresses numbered 7,788,326 at the end of December against 8,418,408 bales at the end of November and 8,389,086 bales on December 31, 1935. Exports of cotton totaled 593,860 bales in December, compared with 689,815 bales sent abroad in November 1936 and 886,035 bales in December 1935, and exports in the five months ended December 31 totaled 2,896,802 bales against 3,460,821 bales shipped over seas in the corresponding five months ended December 31, 1935. Imports last month totaled 15,909 bales, compared with 12,738 bales brought in in December 1935. Consumption of cotton in the cotton growing states totaled 576,736 bales in December, compared with 528,513 bales used in November and 416,939 bales in December 1935. Last month's consumption of cotton in the cotton growing states amounted to 83.2 per cent of National consumption, compared with 83.4 per cent of National consumption used in the cotton growing states in December a year ago. Of the 576,736 bales consumed in the cotton growing states in December, Fifth district states used 318,430 bales, or 55.2 per cent, compared with 56.3 per cent of Southern consumption attained by Fifth district mills in December 1935. Spindles active in the United States at some time during December 1936 numbered 24,090,204, compared with 23,805,520 in November 1936 and 23,399,344 in December 1935.

Tobacco Marketing

The outstanding feature of tobacco sales in December was the great demand for burley type. The average December price paid at Asheville, N. C., for 1,705,468 pounds was \$37.43 per hundred against \$21.24 paid in December 1935, and at Abingdon, Va., 3,599,356 pounds brought \$33.00 per hundred against \$19.31 paid on the same market in December a year ago.

North Carolina auction tobacco markets handled 27,398,022 pounds of producers' tobacco in December, compared with 27,948,431 pounds sold in December 1935, and total sales this season through December totaled 422,505,834 pounds against 522,646,845 pounds sold in the corresponding period a year earlier. The average price paid in December was \$19.32 per hundred pounds, compared with an average of \$17.29 per hundred paid in December 1935. The average price for the season to January 1 was \$22.65 per hundred pounds in 1936 and \$20.72 in 1935. About 91 per cent of the North Carolina crop for 1936 was sold by the end of the year. Among individual markets, Winston-

Salem led in December sales with 8,395,824 pounds, but in season sales Wilson led with 48,156,616 pounds. The highest average price in December was paid for burley tobacco at Asheville, \$37.43 per hundred pounds, but among flue-cured tobacco markets Durham led in price with \$22.93 per hundred.

Virginia sales of tobacco during December amounted to 24,303,671 pounds, at an average price of \$20.10 per hundred, compared with 20,291,746 pounds sold for \$16.50 per hundred in December 1935. Total sales to January 1 this year amounted to 86,437,551 pounds in comparison with 96,070,663 pounds sold to the corresponding date a year earlier. The average season price of \$22.58 per hundred pounds this year compares with \$20.78 in 1935. Danville with December sales totaling 8,462,814 pounds and season sales to January totaling 38,723,827 pounds led all Virginia markets in both the month and the season to date. Warehousemen estimated December grades as 24 per cent good, 35 per cent medium, and 41 per cent common, compared with 24 per cent good, 36 per cent medium, and 40 per cent common in December 1935.

Construction

Building Permits Issued in December 1936 and 1935

CITIES	Permits Issued		Total Valuation	
	1936	1935	1936	1935
Baltimore, Md.....	655	472	\$ 872,160	\$1,113,240
Cumberland, Md.....	6	5	3,350	15,450
Frederick, Md.....	1	10	250	4,894
Hagerstown, Md.....	17	23	50,875	16,675
Salisbury, Md.....	16	3	9,310	8,425
Danville, Va.....	12	18	27,935	68,990
Lynchburg, Va.....	23	26	56,305	14,450
Norfolk, Va.....	88	83	296,769	142,437
Petersburg, Va.....	2	0	4,800	0
Portsmouth, Va.....	26	11	31,984	5,335
Richmond, Va.....	112	80	275,565	129,583
Roanoke, Va.....	43	36	44,093	65,950
Bluefield, W. Va.....	5	3	6,645	650
Charleston, W. Va.....	73	115	207,250	100,375
Clarksburg, W. Va.....	.....	*11	.....	*1,093
Huntington, W. Va.....	*21	.....	36,175	6,700
Asheville, N. C.....	41	16	43,915	9,098
Charlotte, N. C.....	45	62	163,680	160,338
Durham, N. C.....	15	16	33,766	31,100
Greensboro, N. C.....	71	40	182,903	126,542
High Point, N. C.....	34	20	25,607	12,688
Raleigh, N. C.....	12	8	55,100	21,607
Rocky Mount, N. C.....	4	6	22,100	1,660
Salisbury, N. C.....	3	1	2,050	590
Winston-Salem, N. C.....	72	47	106,842	376,624
Charleston, S. C.....	41	33	25,156	35,275
Columbia, S. C.....	38	23	105,047	284,230
Greenville, S. C.....	43	14	130,780	18,620
Rock Hill, S. C.....	24	20	41,900	19,385
Spartanburg, S. C.....	23	24	21,099	32,368
Washington, D. C.....	390	435	2,455,335	1,476,135
Totals	1,935	1,650	\$5,338,746	\$4,299,414

* Not included in totals.

Building permits issued for work within the corporate limits of thirty Fifth district cities numbered 1,935, with estimated valuation figures totaling \$5,338,746, compared with 1,650 permits issued in December 1935, for a valuation total of \$4,299,414. Last month the

number of permits increased 17 per cent and valuation figures rose 24 per cent in comparison with the figures reported for December 1935. Twenty-one of the thirty cities reported higher valuation figures for December than for the corresponding month of the preceding year, but several of the increases were due to small 1935 figures rather than to large amounts of work planned last month. Of the five largest cities, Washington, Richmond, Norfolk and Charlotte reported higher figures for December 1936 than for December 1935, but Baltimore valuation figures declined. During the entire year 1936, estimated valuation figures for permits issued in the reporting cities totaled \$81,353,598, exceeding the total estimated valuation for 1935 of \$52,983,058 by 54 per cent.

Contracts awarded in December for construction work in the Fifth district, including both rural and urban projects, totaled \$19,798,200, compared with \$29,284,683 awarded in December 1935, according to figures collected by the F. W. Dodge Corporation. Of the awards in December 1936, \$6,191,500, or 31.3 per cent, was for residential work, compared with \$6,953,028, or 23.7 per cent, for this type of work in December 1935. Annual figures for 1936 on contracts awarded in the Fifth district total \$254,217,344, an increase of 25.1 per cent in comparison with contracts totaling \$203,195,274 awarded in 1935. A considerable part of the contracts awarded in both years was financed by grants or loans from public funds, but residential construction financed privately made up a materially larger part of the 1936 total of awards.

Retail Trade, 28 Department Stores

<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
December 1936 sales, compared with sales in December 1935:			
+10.8	+ 8.2	+16.1	+10.4
Total sales during 1936, compared with sales in 1935:			
+ 8.3	+ 9.6	+11.9	+ 9.5
Dec. 31, 1936, stocks, compared with stocks on Dec. 31, 1935:			
+ 6.1	+12.7	+ 4.0	+ 8.5
Dec. 31, 1936, stocks, compared with stocks on Nov. 30, 1936:			
-18.6	-21.7	-25.3	-21.1
Number of times stocks were turned in December 1936:			
.605	.687	.627	.645
Number of times stocks were turned during the year 1936:			
4.178	4.903	4.038	4.467
Percentage of Dec. 1, 1936, receivables collected in December:			
32.1	27.8	35.0	30.3

In addition to the 28 stores which reported on sales, stocks, receivables and collections, sales figures alone were received from 31 other stores representing for the most part smaller cities and towns. The sales in these stores have been combined with sales in the stores in the above table, and percentages of change calculated on a state basis, as follows:

<i>Va.</i>	<i>W. Va.</i>	<i>N. C.</i>	<i>S. C.</i>	<i>District</i>
12*	11*	8*	12*	59*
December 1936 sales, compared with sales in December 1935:				
+15.3	+22.9	+15.9	+21.1	+11.4
Total sales during 1936, compared with sales in 1935:				
+10.3	+14.4	+13.1	+11.8	+ 9.8

* Number of stores.

Wholesale Trade, 55 Firms

21	7	6	11	10
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
December 1936 sales, compared with sales in December 1935:				
+18.1	+22.4	- 6.2	+22.6	+20.4
December 1936 sales, compared with sales in November 1936:				
+ 2.7	-31.1	-50.4	- 5.1	+ 6.4
Total sales in 1936, compared with sales in 1935:				
+ 9.5	+16.8	+10.1	+10.6	+ 9.3
Dec. 31, 1936, stocks, compared with stocks on Dec. 31, 1935:				
+ 7.0(8*)	+11.5(3*)	+32.3(4*)	+ 4.2(6*)	.....
Dec. 31, 1936, stocks, compared with stocks on Nov. 30, 1936:				
-11.1(8*)	+ .4(3*)	+27.5(4*)	- 2.9(6*)	.....
Percentage of collections in December to receivables Dec. 1:				
125.6(12*)	45.4(4*)	68.6(5*)	49.6(10*)	64.1(6*)

* Number of reporting firms.

Agricultural Notes

Production of all important crops except cotton was lower in the Fifth district in 1936 than in 1935, but unit prices were higher for every agricultural product and gross money returns from all 1936 crops combined were higher than returns from 1935 crops. The accompanying table of production figures for principal crops covering two years and the five-year average shows the figures by states in detail. *Corn* production declined 9 per cent from 1935 production, but the farm value of the crop rose 12 per cent. *Cotton* production was 9 per cent larger than in 1935, and the aggregate value of cotton raised rose 22 per cent. *Tobacco* yield was 16 per cent less than in 1935, but the 1936 price per pound was better and the aggregate value of the crop

declined only 7 per cent. *Irish potatoes* declined in production 30 per cent in 1936, but the value of the potatoes rose 77 per cent. The *sweet potato* yield dropped 13 per cent, but the crop value rose 10 per cent. The *oats* crop declined 23 per cent, but the aggregate value of oats dropped only 6 per cent. *Wheat* production in the Fifth district was 5 per cent lower in 1936 than in 1935, but last year's crop was worth 15 per cent more than the preceding crop. *Hay tonnage* declined 28 per cent in 1936, while the value of the hay dropped 5 per cent. *Peanut* production fell 5 per cent last year, but the value of the nuts rose 13 per cent. The total *apple* crop declined 45 per cent, while the value fell 20 per cent. The *commercial apple* yield declined 40 per cent in 1936, but the aggregate value of the crop was only 13 per cent less than in 1935.

<i>Crops</i>	<i>Yrs.</i>	<i>Maryland</i>	<i>Virginia</i>	<i>W. Va.</i>	<i>N. Carolina</i>	<i>S. Carolina</i>	<i>District</i>	<i>Farm Value</i>
Corn (bus.)	1936	18,396,000	30,014,000	11,569,000	43,475,000	23,635,000	127,089,000	\$119,839,000
	1935	17,544,000	36,774,000	14,872,000	47,082,000	23,150,000	139,422,000	106,741,000
	Av. 1928-1932	14,431,000	30,388,000	11,054,000	38,415,000	20,240,000	114,528,000	.....
Cotton (bales)	1936	.....	34,000	.....	612,000	820,000	1,466,000	\$ 93,416,000
	1935	.....	30,000	.....	572,000	744,000	1,346,000	76,628,000
	Av. 1928-1932	.....	45,000	.....	752,000	856,000	1,653,000	.....
Tobacco (lbs.)	1936	29,600,000	101,517,000	1,282,000	464,895,000	73,710,000	671,004,000	\$147,029,000
	1935	27,935,000	104,765,000	1,596,000	577,435,000	89,760,000	801,491,000	158,943,000
	Av. 1928-1932	24,318,000	98,409,000	4,224,000	469,135,000	75,918,000	672,004,000	.....
Irish Potatoes (bus.)	1936	2,940,000	7,380,000	1,920,000	5,986,000	1,656,000	19,882,000	\$ 28,589,000
	1935	3,135,000	11,340,000	3,145,000	9,095,000	1,890,000	28,605,000	16,174,000
	Av. 1928-1932	3,339,000	14,328,000	3,445,000	7,540,000	2,748,000	31,400,000	.....
Sweet Potatoes (bus.)	1936	1,200,000	4,366,000	.....	7,560,000	4,845,000	17,971,000	\$ 15,359,000
	1935	1,024,000	4,180,000	.....	9,300,000	6,120,000	20,624,000	13,941,000
	Av. 1928-1932	1,299,000	4,270,000	.....	7,141,000	4,648,000	17,358,000	.....
Oats (bus.)	1936	1,131,000	1,287,000	1,206,000	3,430,000	8,473,000	15,527,000	\$ 9,651,000
	1935	1,288,000	1,640,000	1,414,000	5,160,000	10,552,000	20,054,000	10,227,000
	Av. 1928-1932	1,560,000	2,837,000	2,883,000	3,572,000	8,076,000	18,928,000	.....
Wheat (bus.)	1936	8,980,000	7,862,000	2,025,000	5,194,000	1,472,000	25,533,000	\$ 27,189,000
	1935	8,774,000	8,177,000	2,384,000	5,876,000	1,750,000	26,961,000	23,689,000
	Av. 1928-1932	8,630,000	9,260,000	1,747,000	3,790,000	704,000	24,131,000	.....
Hay (tons)	1936	327,000	605,000	508,000	680,000	442,000	2,562,000	\$ 40,892,000
	1935	520,000	1,092,000	779,000	751,000	439,000	3,581,000	43,090,000
	Av. 1928-1932	448,000	868,000	639,000	571,000	255,000	2,781,000	.....
Peanuts (lbs.)	1936	.....	151,200,000	.....	243,960,000	8,160,000	403,320,000	\$ 15,359,000
	1935	.....	154,350,000	.....	258,750,000	9,520,000	422,620,000	13,647,000
	Av. 1928-1932	.....	148,324,000	.....	223,450,000	8,760,000	380,534,000	.....
Apples (bus.)	1936	1,810,000	7,750,000	3,520,000	2,590,000	220,000	15,890,000	\$ 16,292,000
	1935	2,412,000	16,695,000	5,610,000	3,975,000	276,000	28,968,000	20,427,000
	Av. 1928-1932	2,053,000	13,160,000	6,947,000	3,411,000	251,000	25,822,000	.....
Apples, Commercial (bus.)	1936	1,188,000	5,502,000	2,304,000	514,000	.....	9,508,000	\$ 9,611,000
	1935	1,300,000	10,710,000	3,060,000	779,000	.....	15,849,000	11,047,000
	Av. 1928-1932	1,286,000	8,228,000	3,690,000	641,000	.....	13,845,000	.....
Sorghum Syrup (gals.)	1936	.....	174,000	.....	1,260,000	336,000	1,770,000	\$ 1,197,000
	1935	.....	280,000	.....	1,500,000	480,000	2,260,000	1,411,000
	Av. 1928-1932	.....	161,000	.....	1,376,000	404,000	1,941,000	.....

(Compiled January 21, 1937)

BUSINESS CONDITIONS IN THE UNITED STATES

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

The Board's index of industrial production showed a sharp advance in December after allowance is made for the usual seasonal changes. There was a marked expansion in employment and payrolls and retail trade continued at high levels.

Production and Employment

Actual volume of industrial production showed little change from November to December, at a time when a sharp seasonal decline is usual, and the Board's adjusted index advanced from 114 to 121 per cent of the 1923-1925 average. There was a further rise in activity at textile mills to the highest level on record and output of other nondurable manufactures was maintained. Declines in production of steel and lumber were smaller in December than are usual in that month. At automobile factories there was a marked increase in output. In the first three weeks of January activity at steel mills increased somewhat, but there was a decline in assemblies of automobiles as a result of shutdowns occasioned by strikes. Coal production declined seasonally from November to December, while output of crude petroleum increased, contrary to seasonal tendency.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, showed a seasonal decrease in December.

Factory employment expanded further between the middle of November and the middle of December, contrary to the usual seasonal movement. Increases were general among the durable goods industries, with the largest advances at plants producing automobiles and machinery. In the nondurable goods industries there were marked increases in the number employed at textile mills and at shoe factories. Reflecting principally the higher level of employment and advances in wage rates, factory payrolls increased sharply in December, particularly at steel mills and in the textile industries. In retail trade, employment rose more than seasonally and in most other non-agricultural pursuits there were increases, when allowance is made for seasonal changes.

Retail sales in December increased seasonally at de-

Distribution

partment stores and by more than the usual seasonal amount at variety stores and mail order houses serving rural areas.

Freight-car loadings showed a smaller decrease than is usual in December, and the Board's seasonally adjusted index advanced further.

Commodity Prices

Wholesale prices, for both industrial and agricultural commodities, continued to advance in the second half of December and the first half of January. There were marked increases in prices of industrial raw materials, particularly nonferrous metals, lumber, hides, and wool, and prices of a number of finished goods, such as steel products, paper, and textiles, also advanced. Since the middle of January there has been a decline in prices of commodities traded in on the organized exchanges.

Bank Credit

Loans and investments of reporting member banks in leading cities declined in the first three weeks of January, as a result of reductions in commercial loans and in loans to brokers. The decrease in loans reflected in part the retirement of notes issued by the Commodity Credit Corporation last July and in part repayment of other loans, which had increased sharply in preceding weeks. Holdings of Government obligations declined further at New York City banks but increased at banks in other leading cities. Demand deposits decreased at the turn of the year, but thereafter increased somewhat, reflecting chiefly the return of currency from holiday use.

The rate on 90-day bankers' acceptances was raised $1/16$ of 1 per cent on January 13 and now stands at $1/4$ of 1 per cent. Market discount rates on Treasury bills have also increased, with bills offered in the week ending January 16 selling at a discount of over $1/3$ of 1 per cent, as compared with a rate of about $1/10$ of 1 per cent early in December.

Excess reserves of member banks increased from \$1,880,000,000 to \$2,130,000,000 in the four weeks ending January 20, reflecting largely the post-holiday return flow of currency from circulation.