

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1937

CHANGES in bank statements last month were partly seasonal. Needs of certain member banks for additional funds for early crop marketing and other agricultural loans raised discounts at the Federal Reserve Bank of Richmond between June 15 and July 15. Circulation of Federal Reserve notes declined slightly, and member bank reserve deposits were also reduced as banks in rural sections found seasonal employment for additional funds. Reporting member banks in the chief cities of the district reduced outstanding loans last month, and their demand deposits decreased correspondingly. Investments in securities also declined, and the reporting banks reduced their aggregate reserve at the Reserve Bank, while their cash in vaults rose moderately. Debits to individual accounts figures in 24 cities rose by 7.9 per cent in June over debits in May, and exceeded those of June 1936 by 9.6 per cent.

Business in June and early July showed evidence of the usual midsummer dullness, and this year the recession was greater than last year because trade in June and July 1936 was artificially stimulated by the payment of the Bonus on June 15. The registration of new passenger automobiles, for example, declined 3.3 per cent in the Fifth district in June in comparison with registrations in June last year. On the other hand, a higher percentage of the cars sold this year were above the price level of the three most popular makes. City construction permits, largely reflecting residential building, showed a decline of 11.2 per cent in value in June 1937 under the amount of work provided for in June 1936, but contract award figures, which include rural as well as urban projects and also Government undertakings, showed a rise last month of 81.7 per cent, chiefly due to a few large contracts awarded in the District of Columbia. Employment changed little last month, but some local strikes were settled and no new ones of importance developed. Opening of tobacco markets in South Carolina next month will give employment to a few hundred workers in warehouses. Commercial failures in the Fifth Reserve district in June this year were less numerous than in June 1936, but liabilities involved in the bankruptcies were 66 per cent larger in the 1937 month. Bituminous coal produc-

tion in the United States was 8 per cent greater last month than in June a year ago. Cotton textile mills in the Fifth district slightly increased cotton consumption in June in comparison with May, and used 17 per cent more cotton than in June last year. Cotton prices showed practically no net change between the middle of June and the middle of July. The first cotton report of the year, issued by the Department of Agriculture on July 8, showed a 10.4 per cent acreage increase this year over last year, but the increase was less than the trade had expected and had already been discounted in cotton prices. The carry-over of cotton into the new crop year beginning August 1 will be materially smaller than the carry-over a year ago. Tobacco manufacturing in June exceeded production in May in all lines, and cigarettes and cigars were made in larger numbers than in June 1936, while snuff and smoking tobacco output declined this year. Retail trade in the Fifth district in June, as reflected in department store sales, averaged between 5 and 6 per cent above the dollar volume of trade in June last year, but outside of Washington the average was higher. Wholesale trade was better last month in all five lines for which data are available than in June 1936.

From a production standpoint, agricultural conditions in the Fifth district are good, except for tobacco in the middle and upper sections of the district. Blue mold in plant beds and the flea beetle in the fields seriously damaged tobacco prospects and held down acreage. Nearly all crops show increased acreage figures this year over 1936, and weather conditions have been so favorable that crop condition figures are distinctly higher than at this time last year.

There follows a statistical summary of conditions described above:

	June 1937	June 1936	% Change
Debits to individual accounts (24 Cities)	\$1,358,798,000	\$1,239,333,000	+ 9.6
No. of business failures, 5th district	37	40	- 7.5
Liabilities in failures, 5th district... \$	442,000	266,000	+66.2
Sales, 52 dept. stores, 5th district... \$	9,829,289	9,323,116	+ 5.4
Sales, 56 wholesale firms in 5 lines... \$	4,563,383	3,980,264	+14.7
Registrations, new passenger autos.	26,283	27,187	- 3.3
Value bldg. permits (31 cities)..... \$	7,602,196	8,558,629	-11.2
Value of contracts awarded, 5th dist. \$	40,321,000	22,187,100	+81.7
Soft coal mined, U. S. (Tons).....	31,560,000	29,217,000	+ 8.0
Cotton consumption, 5th dist. (Bales)	314,599	268,978	+17.0

BANKING CONDITIONS

RESERVE BANK STATEMENT: Discounts continued to increase moderately at the Federal Reserve Bank of Richmond during the past month, and for one day, July 14, totaled more than \$1,000,000 for the first time in several years. Member bank reserve deposits declined between June 15 and July 15, and the cash reserves of the Reserve Bank also decreased.

ITEMS	000 omitted		
	July 15 1937	June 15 1937	July 15 1936
Discounts held	\$ 869	\$ 703	\$ 66
Open market paper	146	149	120
Industrial advance	2,566	2,603	3,556
Government securities	133,035	133,035	128,011
Total earning assets	136,616	136,490	131,753
Circulation of Fed. Res. notes	191,320	191,564	188,577
Members' reserve deposits	211,189	216,530	188,135
Cash reserves	290,579	309,709	282,031
Reserve ratio	69.09	70.39	69.47

STATEMENT OF 41 REPORTING MEMBER BANKS: Loans and discounts at reporting member banks declined by \$4,932,000 and investments in securities dropped by \$9,486,000 between June 16 and July 14, and the same banks reduced their reserve balances by \$5,728,000. Deposits also decreased, demand deposits falling \$8,678,000 and time deposits by \$232,000. In comparison with figures on July 15, 1936, those for July 14 this year show increases of \$35,759,000 in loans, \$31,161,000 in demand deposits and \$2,783,000 in time deposits, while investments in securities declined by \$29,958,000.

	000 omitted		
	July 14 1937	June 16 1937	July 15 1936
Loans & discounts	\$236,404	\$241,336	\$200,645
Investments in securities	394,123	403,609	424,081
Reserve bal. with F. R. Bank	126,786	132,514	121,706
Cash in vaults	18,747	16,847	16,927
Demand deposits	457,823	466,501	426,662
Time deposits	199,056	199,288	196,273
Money borrowed	1,500	0	0

MUTUAL SAVINGS BANK DEPOSITS: Ten mutual savings banks in Baltimore had deposits totaling \$217,192,727 on June 30, 1937, an increase of 4/10ths of 1 per cent over \$216,298,343 on May 31, 1937, and a rise of 3.7 per cent above \$209,362,668 on June 30, 1936. The deposits figure for June 30 this year was the highest on record in the 10 mutual savings banks.

DEBITS TO INDIVIDUAL ACCOUNTS: Debits to individual, firm and corporation accounts in member and nonmember banks in 24 Fifth district cities increased \$99,729,000, or 7.9 per cent, in June 1937 in comparison with debits in May this year, and were \$119,465,000, or 9.6 per cent, above aggregate debits in June 1936. Nineteen of the 24 cities reported higher figures for June 1937 than for May 1937, and all but one reported higher figures than in June 1936. Washington with a gain of 19.6 per cent showed the largest gain over May 1937 figures, while Columbia with an increase of 37.6 per cent led in gain over June 1936 debits.

CITIES	000 omitted			% of Change	
	June 1937	May 1937	June 1936	Month	Year
Maryland					
Baltimore	\$ 379,827	\$ 354,792	\$ 360,523	+ 7.1	+ 5.4
Cumberland	10,700	9,200	9,896	+16.3	+ 8.1
Hagerstown	9,215	8,692	8,816	+ 6.0	+ 4.5
Dist. of Col.					
Washington ...	317,445	265,533	282,132	+19.6	+12.5
Virginia					
Danville	8,666	8,712	6,811	- .5	+27.2
Lynchburg	15,826	15,616	15,071	+ 1.3	+ 5.0
Newport News ..	9,511	9,430	9,053	+ .9	+ 5.1
Norfolk	52,314	49,293	47,135	+ 6.1	+11.0
Portsmouth	4,567	4,139	4,287	+10.3	+ 6.5
Richmond	147,108	144,669	140,359	+ 1.7	+ 4.8
Roanoke	32,318	33,107	28,048	- 2.4	+15.2
West Virginia					
Charleston	59,820	59,127	54,495	+ 1.2	+ 9.8
Huntington	20,682	20,549	17,256	+ .6	+19.9
North Carolina					
Asheville	13,882	13,121	10,806	+ 5.8	+28.5
Charlotte	58,681	59,721	54,154	- 1.7	+ 8.4
Durham	26,121	24,383	24,099	+ 7.1	+ 8.4
Greensboro	18,978	18,404	15,824	+ 3.1	+19.9
Raleigh	37,883	34,422	34,394	+10.1	+10.1
Wilmington	11,346	10,436	10,278	+ 8.7	+10.4
Winston-Salem ..	43,211	39,355	38,663	+ 9.8	+11.8
South Carolina					
Charleston	20,837	18,755	16,447	+11.1	+26.7
Columbia	31,910	27,297	23,194	+16.9	+37.6
Greenville	19,153	20,633	19,933	- 7.2	- 3.9
Spartanburg	8,797	9,683	7,659	- 9.2	+14.9
District, 24 Cities	\$1,358,798	\$1,259,069	\$1,239,333	+ 7.9	+ 9.6

BUSINESS CONDITIONS

EMPLOYMENT: Some of the scattered strikes in the Fifth Federal Reserve district were settled last month, while no new ones developed. For the time being, therefore, the labor situation is better than it was a month ago, although the adverse influence of strikes in other sections of the country has not lessened. There was no increase in the demand for workers in the Fifth district in June and early July and there does not appear to be any material rise in employment in prospect in the near future, although tobacco markets will open in South Carolina in August and will give work to several hundred warehouse employees.

The following figures, compiled for the most part by the Bureau of Labor Statistics from reports submitted by a large number of identical industries, show the trends of employment and payrolls in the Fifth district from April to May 1937, the latest available figures:

STATES	Percentage change from April to May 1937	
	In number on payroll	In amount of payroll
Maryland	+ 1.2	+ .4
D. of Columbia	+ .9	+ 1.3
Virginia	+ 1.2	+ .7
West Virginia	+ 1.0	+10.6
North Carolina	- 1.5	- 2.7
South Carolina	- 1.5	- .4

COMMERCIAL FAILURES: The Fifth Reserve district showed a decrease of 7.5 per cent in the number of business failures in June in comparison with June last year, but aggregate liabilities involved, while relatively small, were 66.2 per cent above liabilities in the 1936 month. Failures in the United States as a whole declined 13.3 per cent in number and 10.7 per cent in liabilities in June 1937 in comparison with June 1936 figures. The following figures were reported by *Dun & Bradstreet*:

PERIOD	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1937.....	37	670	\$ 442,000	\$ 8,191,000
May 1937.....	42	834	310,000	8,364,000
June 1936.....	40	773	266,000	9,177,000
6 Months, 1937.....	273	4,642	\$2,384,000	\$54,815,000
6 Months, 1936.....	258	5,314	4,644,000	87,173,000

AUTOMOBILE NEW CAR REGISTRATIONS: New passenger car sales in June in the Fifth district did not hold the gains made in the first quarter of the year, partly due to the difficulty of securing prompt deliveries on some makes and models. Many customers are buying somewhat higher priced cars than a year ago. The following figures collected by *R. L. Polk & Company* of Detroit show that the number of new cars registered in the Fifth district in June 1937 numbered 3.3 per cent less than the number registered in June 1936, and analysis of detailed figures shows that 63.4 per cent of the cars sold in June this year were the three most popular makes, while in June 1936 sales of the three made up 71.1 per cent of all sales.

Registration of New Passenger Cars

STATES	June		% Change	6 Months		% Change
	1937	1936		1937	1936	
Maryland	5,175	5,291	- 2.2	25,984	22,979	+13.1
D. of Col.	3,304	4,014	-17.6	16,719	18,382	- 9.0
Virginia	5,175	5,469	- 5.4	28,276	25,879	+ 9.3
West Va.	5,242	5,790	- 9.5	20,876	20,162	+ 3.5
No. Carolina ..	4,716	4,286	+10.0	28,709	22,031	+30.3
So. Carolina	2,671	2,337	+14.3	15,249	11,719	+30.1
District	26,283	27,187	- 3.3	135,813	121,152	+12.1

CONSTRUCTION: Permits issued by building inspectors in 31 Fifth district cities totaled \$7,602,196 in estimated value in June 1937, a decrease of 11.2 per cent under the June 1936 valuation of \$8,558,629. Last month was the first since January 1934 which showed a lower valuation total than the corresponding month of the preceding year. Only 14 of the 31 cities reported higher figures for June 1937 than for June 1936.

Contract award figures for May, now available by States in *F. W. Dodge Corporation* reports, show an increase in the Fifth district of only 3.4 per cent over awards in May 1936, but the district percentage was reduced abnormally by a decrease of 37 per cent in the District of Columbia, accounted for by a decline in Government projects in Washington.

Construction Contracts Awarded

STATES	May		% Change
	1937	1936	
Maryland	\$ 5,448,100	\$ 4,370,100	+24.7
D. of Columbia	5,563,700	8,841,800	-37.1
Virginia	4,355,900	4,433,800	- 1.8
West Virginia	2,115,100	1,080,700	+95.7
North Carolina	3,669,300	2,711,100	+35.3
South Carolina	3,154,000	2,074,800	+52.0
District	\$24,306,100	\$23,512,300	+ 3.4

COAL MINING: Bituminous coal production in the United States in June 1937 totaled 31,560,000 net tons, an increase of 8 per cent over 29,217,000 tons mined in June 1936. The Fifth district dug 32.1 per cent of June 1937 output and 32.9 per cent of June 1936 production. Figures for June production in tons this year and last were approximately as follows, according to reports of the *National Bituminous Coal Commission*:

STATES	Production		Percentage Change
	June 1937	June 1936	
West Virginia	8,967,000	8,719,000	+ 2.8
Virginia	1,063,000	777,000	+36.8
Maryland	98,000	116,000	-15.5
5th District	10,128,000	9,612,000	+ 5.4
United States	31,560,000	29,217,000	+ 8.0

COTTON TEXTILES: Operations at textile mills in both the Fifth district and the United States increased slightly in June in comparison with May and continued about 20 per cent ahead of last year. Cotton consumption in the Fifth District in June 1937 was 17 per cent above June 1936, and consumption in the United States rose by 22.7 per cent. Consumption of cotton by States in the district in June 1937, May 1937, and June 1936, in bales, is shown below.

MONTHS	No. Carolina	So. Carolina	Virginia	District
June 1937.....	164,919	133,672	16,008	314,599
May 1937.....	168,744	125,731	15,303	309,778
June 1936.....	144,788	109,888	14,302	268,978
6 Months, 1937.....	1,061,892	789,686	89,784	1,941,362
6 Months, 1936.....	861,812	652,295	83,025	1,597,132

In its June 19 report, the Bureau of the Census gave certain data pertaining to spindle activity by States in May. On May 31, 1937, there were 26,986,187 spindles in place in the United States, of which 24,659,296 spindles, or 91.4 per cent, were active during the month. Fifth district states had 12,370,673 spindles in place, of which 11,899,478 spindles, or 96.6 per cent, were active. Actual spindle hours of operation in the United States in May totaled 8,547,976,501 hours, of which Fifth district mills contributed 4,312,883,750 hours, or 50.5 per cent. South Carolina led all states with 378 hours of operation per spindle in place, North Carolina with 324 hours ranked seventh, and Virginia with 317 hours ranked eighth. The National average was 317 hours per spindle in place.

COTTON: Spot cotton prices fluctuated through a range of half-a-cent per pound last month, but made little net change. On June 18 the average price on ten Southern spot markets was 12.35 cents per pound for middling grade cotton, and on July 16 the average was 12.33 cents. On July 8 the first cotton report of the year was issued by the Department of Agriculture, and showed an acreage this year of 34,192,000 acres, a 10.4 per cent increase over 30,960,000 acres in cotton in 1936. In the Fifth district, Virginia with 65,000 acres showed a 20 per cent increase, South Carolina with 1,643,000 acres showed a 16 per cent increase, and North Carolina with 1,080,000 acres showed an 11 per cent increase. Every cotton state reported increased acreage this year.

Cotton Consumed and On Hand

	(Bales)			
	June 1937	June 1936	Aug. 1 to June 30 This Year	Aug. 1 to June 30 Last Year
Fifth district states:				
Cotton consumed	314,599	268,978	3,427,419	2,757,536
Cotton growing states:				
Cotton consumed	568,169	468,198	6,137,558	4,828,221
Cotton on hand June 30 in				
Consuming establishments ..	1,232,341	806,545
Storage & compresses	2,990,387	4,462,378
United States:				
Cotton consumed	681,394	555,449	7,361,737	5,744,104
Cotton on hand June 30 in				
Consuming establishments ..	1,550,540	989,426
Storage & compresses	3,091,797	4,524,371
Exports of cotton	229,639	297,500	5,315,732	5,816,304

Cotton seed received at United States mills between August 1, 1936, and June 30, 1937, totaled 4,484,972 tons, compared with 3,727,770 tons received in the eleven months ended June 30, 1936. Of the receipts mentioned, North Carolina mills took 232,880 tons this year and 223,577 tons last year, and South Carolina mills took

221,387 tons and 208,030 tons in the two periods, respectively.

TOBACCO MANUFACTURING: The Bureau of Internal Revenue reports tobacco products manufactured in June 1937 and 1936 as follows:

	June 1937	June 1936	% Change
Smoking & Chewing Tobacco, Pounds	25,769,044	26,480,682	-2.7
Cigarettes, Number	14,258,876,347	14,008,714,350	+1.8
Cigars, Number	472,403,533	452,311,740	+4.4
Snuff, Pounds	2,961,423	2,993,334	-1.1

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales June 1937 comp. with June 1936	Net Sales Jan. 1 to date comp. with same period last year	Stocks June 30 1937 compared with June 30 May 31 1936 1937	Ratio June collections to accounts outstanding June 1
Baltimore (7) ..	+ 7.9	+ 8.7	+ 6.3 - 5.7	31.3
Washington (7) ..	+ .3	+ 2.6	+16.6 - 6.0	28.2
Other Cities (14) ..	+12.6	+ 9.7	+11.3 - 6.4	30.7
District (28) ..	+ 5.0	+ 6.0	+11.5 - 6.0	29.6
Same stores by States, with 24 stores added:				
Virginia (11)...	+13.2	+ 9.7		
West Va. (9)...	+13.7	+16.1		
No. Carolina (7) ..	+12.2	+13.9		
So. Carolina (10) ..	+ 6.9	+13.2		
District (52) ..	+ 5.4	+ 6.8		

WHOLESALE TRADE, 56 FIRMS:

	Net Sales June 1937 comp. with June 1936	Net Sales Jan. 1 to date comp. with same period last year	Stocks June 30, 1937 compared with June 30 May 31 1936 1937	Ratio June Collections to accounts outstanding June 1
Groceries (21) ..	+12.3 + 4.5	+14.6	+19.2 - .6	119.6
Dry Goods (7) ..	+10.7 - 8.7	+ 7.7	+57.6 - 6.2	42.6
Shoes (6)	+ 9.8 - 34.0	+16.9	+26.7 + 6.5	64.0
Hardware (11) ..	+30.5 - 8.4	+26.5	+ 8.3 - 1.2	50.6
Drugs (11)....	+14.1 + 1.3	+15.8	+21.3 + 1.5	75.0

Note: All figures in Retail and Wholesale tables represent percentage changes except the collection ratios. Number of reporting firms shown in parentheses.

AGRICULTURAL CONDITIONS

CROP CONDITION AND ESTIMATES: Weather conditions during the planting season were unusually good in most of the Fifth Federal Reserve district, and continued favorable for growth after crops germinated. As a result, all crops except tobacco show higher condition figures than a year ago, and many are above the five-year average. Early forecasts of production are materially higher than last year, partly due to increased acreage planted to most crops. Tobacco beds were very seriously damaged by blue mold, and in many sections of North Carolina, Virginia and Maryland scarcity of plants held down the intended acreage. The plants which were set out were

in many instances weak, and much replanting had to be done. The stands are quite uneven, but favorable weather in July and early August may bring the weak and undersized plants to maturity. The soil throughout the district contains a good supply of moisture, and with only moderately favorable weather until harvest excellent yields of practically all crops should be gathered.

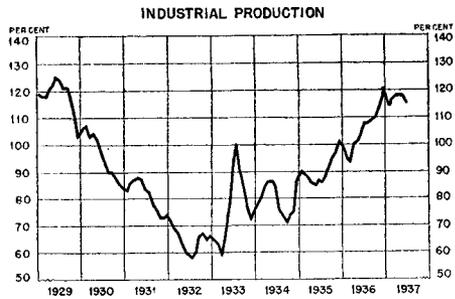
The following figures show forecasts of production based on July 1 condition figures, compared with yields in 1936 and in the five-year period 1928-1932:

	Wheat (Bushels)		
Maryland	9,120,000	8,980,000	8,630,000
Virginia	9,900,000	7,862,000	9,260,000
West Virginia	2,574,000	2,025,000	1,747,000
North Carolina	6,228,000	5,194,000	3,790,000
South Carolina	1,560,000	1,472,000	704,000
	Corn (Bushels)		
Maryland	18,576,000	18,396,000	14,431,000
Virginia	36,603,000	30,014,000	30,388,000
West Virginia	15,048,000	11,569,000	11,054,000
North Carolina	44,194,000	43,475,000	38,415,000
South Carolina	23,403,000	23,635,000	20,240,000
	Oats (Bushels)		
Maryland	980,000	1,131,000	1,560,000
Virginia	1,720,000	1,287,000	2,837,000
West Virginia	1,407,000	1,206,000	2,883,000
North Carolina	4,660,000	3,430,000	3,572,000
South Carolina	9,966,000	8,473,000	8,076,000
	Hay (Tons)		
Maryland	520,000	327,000	448,000
Virginia	1,130,000	605,000	868,000
West Virginia	719,000	508,000	639,000
North Carolina	750,000	680,000	571,000
South Carolina	416,000	442,000	255,000
	Irish Potatoes (Bushels)		
Maryland	3,500,000	2,940,000	3,339,000
Virginia	12,596,000	7,380,000	14,328,000
West Virginia	2,720,000	1,920,000	3,445,000
North Carolina	9,200,000	5,986,000	7,540,000
South Carolina	2,553,000	1,656,000	2,748,000
	Sweet Potatoes (Bushels)		
Maryland	1,520,000	1,200,000	1,299,000
Virginia	4,680,000	4,366,000	4,270,000
North Carolina	8,925,000	7,560,000	7,141,000
South Carolina	4,590,000	4,845,000	4,648,000
	Tobacco (Pounds)		
Maryland	23,075,000	29,600,000	24,318,000
Virginia	96,050,000	96,734,000	98,409,000
West Virginia	2,380,000	1,282,000	4,224,000
North Carolina	541,620,000	457,375,000	469,135,000
South Carolina	98,000,000	73,350,000	75,918,000
	Apples (Bushels)		
Maryland	2,808,000	2,014,000	2,067,000
Virginia	18,000,000	8,500,000	13,116,000
West Virginia	9,150,000	4,395,000	6,837,000
North Carolina	4,240,000	1,890,000	3,199,000
	Pasture Condition, July 1		
Maryland	86	56	74
Virginia	92	41	77
West Virginia	89	45	79
North Carolina	82	47	81
South Carolina	72	51	75

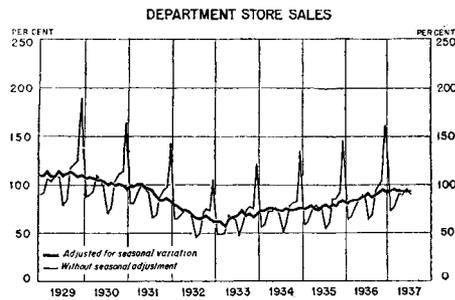
(Compiled July 21, 1937)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

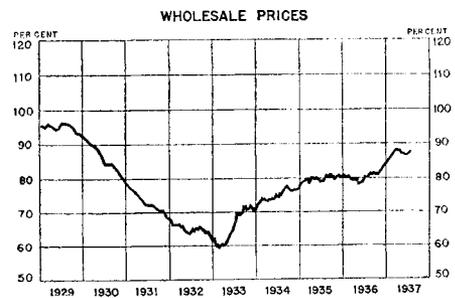
(Compiled by the Board of Governors of the Federal Reserve System)



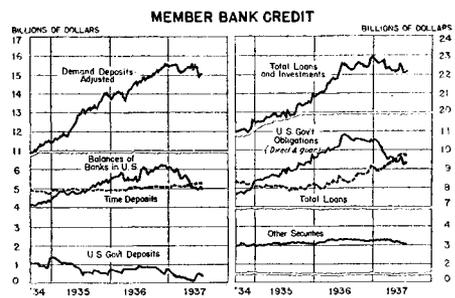
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January, 1929 to June 1937.



Indexes of value of sales, 1923-1925 average=100. By months, January 1929 to June 1937.



Index compiled by the United States Bureau of Labor Statistics, 1926=100. By months, 1929 to 1931; by weeks, 1932 to date. Latest figure is for week ending July 17, 1937.



Wednesday figures for reporting member banks in 101 leading cities. September 5, 1934, to July 21, 1937.

Activity in most manufacturing industries and at mines continued in June at the May level, with allowance for seasonal influences, but the total output was decreased by labor difficulties in steel mills. In July, production at these mills increased.

PRODUCTION AND EMPLOYMENT

Volume of industrial output, as measured by the Board's seasonally adjusted index, was 115 per cent of the 1923-1925 average in June as compared with 118 per cent maintained in the preceding three months. The decrease was largely accounted for by the decline in steel production. Automobile production declined seasonally and lumber output showed little change. There was considerable reduction in activity at shoe factories and at sugar refineries, while textile production was close to the level of other recent months. At mines output continued in about the same volume as in May.

Value of construction contracts awarded, which had declined in May, increased considerably in June, according to figures of the F. W. Dodge Corporation. There was a marked rise in contracts for public projects, and awards for private building increased somewhat, reflecting chiefly a larger volume of contracts for factories and for apartments.

Factory employment and payrolls declined more than seasonally from the middle of May to the middle of June, largely as a result of strikes in the iron and steel industry. In most other manufacturing industries and also in non-manufacturing lines changes in employment were chiefly of a seasonal nature.

AGRICULTURE

The July 1 cotton report of the Department of Agriculture showed an acreage of 34,192,000, which is larger than in any year since 1933, but considerably smaller than the average of 41,424,000 acres for the five-years 1928-1932. Reports on other major crops indicate larger production than last season and about equal to the average for 1928-1932.

DISTRIBUTION

Distribution of commodities to consumers was maintained in June at the level of other recent months, with allowance for seasonal influences. Department store sales showed a seasonal decline and there was little change in mail order business. Sales at variety stores increased somewhat. Department store trade in the midwestern industrial area in June and in the first half of the year showed larger increases over a year ago than did sales in other parts of the country. Freight-car loadings declined somewhat further in June, reflecting largely a decrease in shipments of miscellaneous freight.

WHOLESALE COMMODITY PRICES

The general level of wholesale commodity prices, which had declined gradually from the beginning of April to the middle of June, advanced somewhat after that time. Prices of hogs and pork rose considerably and grain prices advanced during most of the period. Steel scrap prices increased sharply and prices of tin, zinc and hides also advanced, while cotton goods and rubber continued downward. In the past week prices for grains declined and cotton prices also moved lower.

BANK CREDIT

In the four-week period ending July 21 the volume of excess reserves of member banks increased from \$810,000,000 to \$870,000,000, owing principally to a decline in the amount of required reserves resulting from a decrease in deposits at member banks in leading cities.

Commercial loans of reporting member banks continued to increase both in New York City and in other leading cities during the five weeks ending July 21. There was a substantial decline in adjusted demand deposits, mostly at New York City banks. This decline corresponded to decreases in holdings of United States Government obligations, following increases at the time of new Treasury note issues at the middle of June, and holdings of other securities. Loans to brokers and dealers in securities, which increased in June, declined during the first three weeks of July.

MONEY RATES

Open market rates on Treasury bills and yields on Treasury notes and bonds declined in July to the lowest levels since March.