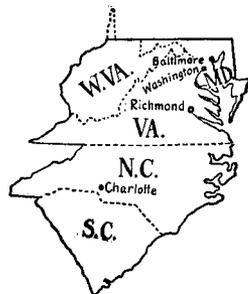


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

January 31, 1938

ALTHOUGH there was a marked recession in practically every line of business except tobacco manufacturing in the Fifth Federal Reserve district in the last quarter of 1937, with a resulting rise in unemployment and reduction in payrolls, business in the first three-quarters of the year was so much better than in 1936 that annual figures for 1937 are nearly all higher than those for the preceding year. In banking, member banks had an increase in needs for funds from industry and trade and their loans and discounts rose moderately. The Reserve bank cleared a larger number of checks through the Transit department than in any earlier year, and showed increased earnings and decreased expenses in comparison with 1936. Debits to individual accounts in twenty-four Fifth district cities, reflecting the volume of business passing through the banks by check, rose by 10.3 per cent in 1937. Mutual savings bank deposits in Baltimore were at the highest level on record at the end of 1937, and deposits were also higher in reporting member banks than a year earlier. Employment increased in the district during the first half of 1937, but in the last three months there was a rapid rise in unemployment or in shortened hours of work. Sales of automobiles fell off much more than seasonally in November and December, but total sales in 1937 exceeded 1936 sales by 2.3 per cent in the Fifth district. Construction work provided for in building permits issued and in contracts awarded was in larger volume in 1937 than in the preceding year, although construction declined materially in the fall and early winter. Coal production dropped in the last quarter, when industry slowed down, but total output of coal last year was slightly above 1936 output. Rayon manufacture was at capacity level during most of 1937, but in the last half of the year shipments to weavers were materially below output and inventories rose from practically nothing in June to 2.5 month's supply at the end of the year. Cotton textile mills curtailed production in the last quarter of 1937, but during the year Fifth district mills set a new record for cotton consumption. Tobacco manufacturing in 1937 exceeded that of 1936, and did not experience any material decline when the

recession came in the fall. Retail trade as reflected in department store sales was about 3 per cent ahead of trade in 1936 in the Fifth district, and wholesale trade in four of five reporting lines was also in larger volume, although wholesale trade declined greatly in the last three months of 1937. In agriculture, all Fifth district crops exceeded those of 1936 in yield, but the price situation for farm products was less favorable and cash returns to farmers were less than might have been expected from crop yields.

Reviewing developments in December and early January, discounts declined at the Reserve bank and there was a seasonal drop in Federal Reserve notes in actual circulation. Reporting member banks showed small decreases in both loans and investments, while their reserve balances rose. Debits to individual accounts in December rose seasonally over November debits, but were lower than December 1936 figures. Employment continued to decline, but apparently did not fall as rapidly as in October and November. Automobile sales were lower in every Fifth district state in December than in December 1936, averaging a drop of 36.3 per cent. Construction as reflected in building permits issued last month declined 30 per cent from the December 1936 valuation, but contracts awarded in the district last month totaled only 2.6 per cent less than contracts awarded in December 1936. Coal production in December was much lower than in the corresponding month in 1936. Retail trade in department stores was in slightly larger volume in December 1937 than in December 1936, but wholesale trade was in materially smaller volume.

There follows a statistical summary of developments in December:

	December 1937	December 1936	% Change
Debits to individual accounts (24 cities).....	\$1,417,256,000	\$1,478,087,000	- 4.1
No. of business failures, 5th district	43	23	+87.0
Liabilities in failures, 5th district...	\$ 357,000	\$ 250,000	+48.8
Sales, 52 dept. stores, 5th district...	\$ 19,441,708	\$ 19,179,152	+ 1.4
Sales, 56 wholesale firms in 5 lines.	\$ 3,959,131	\$ 4,408,770	-10.2
Registrations, new passenger autos.	14,715	23,084	-36.3
Value bldg. permits (31 cities).....	\$ 3,743,090	\$ 5,356,943	-30.1
Value of contracts awarded, 5th dist.	\$ 19,372,100	\$ 19,880,500	- 2.6
Cotton consumption, 5th dist. (bales)	208,695	318,430	-34.5
Soft Coal mined, U. S. (tons).....	36,226,000	45,756,000	-20.8

BANKING CONDITIONS

RESERVE BANK STATEMENT: Earning assets at the Federal Reserve Bank of Richmond rose by \$1,721,000 between December 15 and January 15, holdings of Government securities increasing \$1,901,000 while discounts declined \$156,000 and industrial advances dropped \$24,000. A seasonal decline amounting to \$10,256,000 occurred during the month in Federal Reserve notes in actual circulation. Notes begin to flow back to the Reserve bank as soon as the holiday buying period passes, and in about the same volume noted this year. Member bank reserve deposits rose by \$3,092,000 between the middle of December and the middle of January, but cash reserves of the Reserve bank declined \$30,020,000 during the same period and the ratio of cash reserves to note and deposit liabilities combined dropped to 2.22 points.

Between January 15 last year and January 15 this year, net changes in the Richmond Reserve bank's statement were small. Certain items varied considerably from time to time during the year, but figures on January 15 in both 1937 and 1938 were little different. Increases during the year occurred in discounts held, Government securities owned, note circulation, member bank reserve deposits and cash reserves, while there were declines in the portfolio of open market paper and in industrial advances.

ITEMS	000 omitted		
	Jan. 15 1938	Dec. 15 1937	Jan. 15 1937
Discounts held	\$ 559	\$ 715	\$ 169
Open market paper	23	23	25
Industrial advances	1,759	1,783	2,581
Government securities	136,297	134,396	133,491
Total earning assets	138,638	136,917	136,266
Circulation of Fed. Res. notes	202,954	213,210	200,989
Members' reserve deposits	218,213	215,121	211,376
Cash reserves	306,337	386,357	301,626
Reserve ratio	69.68	71.90	69.60

STATEMENT OF 41 REPORTING MEMBER BANKS: Between December 15 and January 12, loans and discounts in 41 regularly reporting member banks in 12 Fifth district cities declined \$3,007,000, and investments in securities also dropped by \$4,751,000, but aggregate reserve balances of the 41 banks at the Reserve bank rose by \$8,347,000 and cash in vaults increased by \$432,000. Deposits rose by \$3,175,000 during the month, of which \$3,114,000 was in time deposits and \$61,000 in demand deposits.

A comparison of current figures with those a year earlier shows several material changes. During the year loans and discounts rose by \$22,231,000, but investments in securities declined by \$48,528,000. Aggregate reserve balances of the reporting banks dropped by \$1,705,000 during the year, and cash in vaults declined by \$842,000. Deposits declined by \$16,281,000 between January 13, 1937, and January 12, 1938, nearly all of which was in demand deposits. None of the reporting banks was borrowing in January last year or this, but during the year one or two of the 41 institutions borrowed temporarily outside the Reserve System.

ITEMS	000 omitted		
	Jan. 12 1938	Dec. 15 1937	Jan. 13 1937
Loans & discounts	\$251,281	\$254,288	\$229,050
Investments in securities	389,379	394,130	437,904
Reserve bal. with F. R. Bank	137,296	128,949	139,001
Cash in vaults	19,006	18,574	19,848
Demand deposits	448,616	448,555	464,261
Time deposits	194,702	191,588	195,338
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: After declining seasonally in November, deposits in ten mutual savings banks in Baltimore rose at the end of December 1937 to \$218,947,860, the highest figure on record. At the end of November 1937 the same banks had deposits totaling \$218,047,433, and on December 31, 1936, deposits totaled \$213,178,946.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	December		November		December		Annual Totals 1937	Annual Totals 1936	% Change
	1937	1937	1937	1936	% Change Month	% Change Year			
Maryland									
Baltimore	\$ 402,105,000	\$ 347,279,000	\$ 425,820,000	+15.8	-5.6	\$ 4,417,408,000	\$ 4,049,013,000	+9.1	
Cumberland	9,117,000	8,443,000	8,858,000	+8.0	+2.9	111,717,000	102,089,000	+9.4	
Hagerstown	8,682,000	7,827,000	9,249,000	+10.9	-6.1	106,830,000	96,681,000	+10.5	
Dist. of Col.									
Washington	283,615,000	250,647,000	286,842,000	+13.1	-1.1	3,164,659,000	2,929,187,000	+8.0	
Virginia									
Danville	12,442,000	15,986,000	14,933,000	-22.1	-16.7	130,105,000	111,015,000	+17.2	
Lynchburg	16,162,000	15,061,000	19,096,000	+7.3	-15.4	187,743,000	182,996,000	+2.6	
Newport News	10,443,000	8,450,000	11,848,000	+23.6	-11.9	113,538,000	109,107,000	+4.1	
Norfolk	56,604,000	48,444,000	57,381,000	+16.8	-1.4	615,937,000	553,541,000	+11.3	
Portsmouth	4,693,000	4,032,000	5,658,000	+16.5	-17.0	49,621,000	47,136,000	+5.3	
Richmond	176,927,000	169,243,000	191,466,000	+4.5	-7.6	1,982,410,000	1,799,514,000	+10.2	
Roanoke	30,695,000	27,343,000	33,942,000	+12.3	-9.6	355,835,000	327,261,000	+8.7	
West Virginia									
Charleston	71,157,000	56,879,000	63,997,000	-25.1	+11.2	673,248,000	563,751,000	+19.4	
Huntington	20,064,000	18,710,000	22,934,000	-7.2	-12.5	227,201,000	203,192,000	+11.8	
North Carolina									
Asheville	18,992,000	12,597,000	14,354,000	-11.1	-2.5	160,819,000	138,333,000	+16.3	
Charlotte	62,151,000	58,678,000	69,039,000	-5.9	-10.0	728,359,000	655,224,000	+11.2	
Durham	33,443,000	42,827,000	31,767,000	-21.9	+5.3	400,209,000	350,549,000	+14.2	
Greensboro	19,543,000	18,856,000	20,012,000	+3.6	-2.3	225,861,000	200,951,000	+12.4	
Raleigh	48,742,000	38,407,000	41,425,000	+26.9	+17.7	473,741,000	390,173,000	+21.4	
Wilmington	11,620,000	10,180,000	11,088,000	+14.1	+4.8	137,112,000	120,571,000	+13.7	
Winston-Salem	45,534,000	40,027,000	48,841,000	+13.8	-6.8	504,611,000	458,977,000	+9.9	
South Carolina									
Charleston	17,909,000	15,983,000	18,534,000	+12.1	-3.4	225,967,000	190,051,000	+18.9	
Columbia	31,228,000	28,235,000	32,479,000	+10.6	-3.9	351,083,000	317,801,000	+10.5	
Greenville	19,707,000	18,121,000	26,832,000	+8.8	-26.6	248,400,000	239,943,000	+3.5	
Spartanburg	10,676,000	9,682,000	11,692,000	+10.3	-8.7	118,483,000	101,678,000	+16.5	
District Totals	\$1,417,256,000	\$1,271,937,000	\$1,478,087,000	+11.4	-4.1	\$15,710,892,000	\$14,238,734,000	+10.3	

DEBITS TO INDIVIDUAL ACCOUNTS: Checks cashed against accounts of individuals, firms and corporations in the banks in 24 Fifth district cities in December 1937 showed a seasonal increase of \$145,319,000, or 11.4 per cent, over aggregate debits in November 1937, but totaled \$60,831,000, or 4.1 per cent, less than debits reported for December 1937. Last month was the first since December 1933 in which debits in the 24 cities were less than debits in the corresponding month of the preceding year.

During the calendar year 1937, aggregate debits in the 24 cities totaling \$15,710,892,000 exceeded debits totaling \$14,238,734,000 in 1936 by 10.3 per cent, every reporting city showing higher figures for the later year. Monthly debits figures in March exceeded those of the corresponding month in 1936 by 25.0 per cent, the largest percentage increase shown for any month in 1937, but from that time there was a steady decline to an increase of 6.9 per cent in August. The decline was checked temporarily in September, which gained 8.6 per cent in comparison with debits in September 1936, but the last three months witnessed further decreases to the 4.1 per cent decline in December.

BUSINESS CONDITIONS

EMPLOYMENT: The number of persons gainfully employed in Fifth district states appears to have declined by somewhat more than seasonal average since the middle of December, but the drop was less marked than in October and November. A number of industries further cut operating time during the month under review, and workers in many plants were put on shorter hours. Coal mines produced less coal on a daily basis in December than in either November 1937 or December 1936. Shops of railroads reduced their employees in December, and textile mills and rayon manufacturing plants limited their output in an effort to lower inventories. Construction work declined in December probably more than is accounted for by seasonal trend. Reviewing 1937 as a whole, employment tended to become progressively better during the first part of the year, but leveled off in the summer and declined materially during the fall and early winter when construction costs rose too rapidly and industry found itself faced by large inventories and declining orders.

The following figures, compiled by the Bureau of Labor Statistics from records submitted by a large number of identical industries, show the trends of employment and payrolls in the Fifth district from November to December:

STATES	Percentage change from Nov. to Dec. 1937	
	In number on payroll	In amount of payroll
Maryland	- 3.8	- 3.3
D. of Columbia	+ 6.9	+ 6.2
Virginia	- 0.1	- 1.2
West Virginia	- 3.9	- 5.7
North Carolina	- 3.5	- 3.0
South Carolina	- 2.7	- 7.5

COMMERCIAL FAILURES: Data on commercial failures, compiled by *Dun & Bradstreet*, show more insolvencies and increased liabilities in both the Fifth district and the United States in December 1937 than in December 1936. Failures in the district increased 87.0 per cent in comparison with 34.7 per cent in the United States, and the

district increase of 48.8 per cent in liabilities involved also made a worse comparison than the National increase of only 8.2 per cent.

PERIODS	Number of failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1937.....	43	932	\$ 357,000	\$ 13,291,000
November 1937.....	52	785	660,000	10,078,000
December 1936.....	23	692	250,000	12,288,000
Year 1937.....	489	9,017	\$4,673,000	\$115,594,000
Year 1936.....	458	9,185	7,975,000	147,253,000

AUTOMOBILE NEW CAR REGISTRATIONS: Sales of new passenger automobiles in the Fifth district dropped further in December, and were 36.3 per cent below aggregate sales in December 1936. Total sales in 1937 exceeded sales in 1936 by 2.3 per cent, however, in spite of the large decline in November and December. Sales in eight of the twelve months of 1937 exceeded sales in the corresponding months of 1936. The following figures on monthly and annual sales were reported by *R. L. Polk & Company*, of Detroit:

STATES	Registrations of New Passenger Cars					
	Dec. 1937	Dec. 1936	% Change	12 Months 1937	12 Months 1936	% Change
Maryland	2,521	4,496	-43.9	46,371	44,228	+ 4.8
D. of Col.	1,470	2,818	-47.8	28,259	32,787	-13.8
Virginia	3,064	4,443	-31.0	50,768	50,346	+ .8
West Va.	1,441	2,996	-51.9	35,679	37,272	- 4.3
No. Carolina ...	4,982	5,897	-15.5	55,341	49,364	+12.1
So. Carolina ...	1,237	2,434	-49.2	26,959	24,020	+12.2
District	14,715	23,084	-36.3	243,377	238,017	+ 2.3

CONSTRUCTION: Building permits issued in 31 Fifth district cities totaled 1,502 in December 1937, a decrease of 23.2 per cent in comparison with 1,956 permits issued in December 1936, and last month's estimated valuation of \$3,743,090 showed a decrease of 30.1 per cent under estimated value of \$5,356,943 for permits issued in December 1936. During the year 1937, the 31 reporting cities issued permits for work totaling \$88,792,436, an increase of 9.0 per cent over permits totaling \$81,425,802 issued in 1936. Annual valuation figures for the reporting cities in 1937 and 1936 are shown in a table elsewhere in this *Review*.

Contract award figures for the Fifth district in December 1937 totaled \$19,372,100, a decrease of 2.6 per cent in comparison with awards totaling \$19,880,500 in December 1936. Annual figures for Fifth district states, as reported by the F. W. Dodge Corporation, were as follows in 1937 and 1936:

STATES	Construction Contracts Awarded		
	Year 1937	Year 1936	% Change
Maryland	\$ 70,007,900	\$ 52,113,300	+34.3
Dist. of Col.	65,444,400	55,314,500	+18.3
Virginia	68,674,100	43,448,600	+58.1
West Virginia	22,523,900	21,265,400	+ 5.9
North Carolina	55,740,600	51,789,600	+ 7.6
South Carolina	34,039,300	32,271,700	+ 5.5
District Totals	\$316,430,200	\$256,203,100	+23.5

COAL MINING: Coal production in bituminous fields decreased further in December and totaled only 36,226,000 net tons, an unseasonal decline in comparison with 36,255,000 tons mined in November 1937 and 20.8 per cent less than 45,756,000 tons dug in December 1936. Production in the calendar year 1937 amounting to 440,265,000 tons exceeded 1936 production of 434,070,000 tons by 1.4 per cent. Hampton Roads ports shipped approximately 21,470,409 tons during 1937, compared with 19,-

897,878 tons shipped through the same ports in 1936. The report of the *Bituminous Coal Commission* for January 8, 1938, listed production figures by states for November 1937 and 1936 as follows:

STATES	Soft Coal Production in Tons		Percentage Change
	Nov. 1937	Nov. 1936	
West Virginia	9,127,000	10,895,000	-16.2
Virginia	1,146,000	1,145,000	+ .1
Maryland	140,000	180,000	+ 7.7
5th District	10,413,000	12,170,000	-14.4
United States	36,255,000	41,879,000	-13.4

RAYON: Deliveries by American producers of rayon yarn declined further in December from the low deliveries of November, while stocks of yarns held by producers rose. The industry operated at approximately 75 per cent of capacity in December. Based on data gathered by the National Rayon Weavers Association, the average rate of loom operation during December was about 38 per cent of the August 1937 level, while shipments of rayon yarn to weavers totaled 35 per cent of August shipments. It is clear, therefore, that weavers are reducing yarn inventories and any increase in the demand for rayon will reflect back to manufacturers very quickly. The *Rayon Organon* index of yarn deliveries averaged 586 for 1937, based on average monthly deliveries in 1923-1925, the figure varying from a high of 720 in February to a low of 242 in December. Stocks on hand at producing plants rose from one-tenth of a month's supply in June to 2.5 month's supply in December.

COTTON TEXTILES: Fifth district cotton mills continued to restrict operating time in December and consumption of cotton in the district declined to 208,695 bales, the lowest figure reported for any month since August 1935. Consumption in November 1937 was 243,550 bales, and in December 1936 was 318,430 bales. However, total consumption for the year 1937 of 3,513,067 bales set a new record and was 4.4 per cent above the previous record of 3,368,329 bales set in 1936. Mills are still struggling with excess inventories and a limited volume of orders from distributors. Early in January sales of unfinished cloth increased and were substantially above the curtailed mill output, and finished goods sales also increased moderately. Retail prices of textiles apparently declined considerably in December, reductions being especially marked for piece goods and for home furnishings, including sheets and pillow cases. Consumption of cotton by states in the Fifth district in December 1937, November 1937, and December 1936, in bales, is shown below:

MONTHS	No. Carolina So. Carolina Virginia District			
	No. Carolina	So. Carolina	Virginia	District
December 1937	104,593	93,865	10,237	208,695
November 1937	122,039	108,487	13,024	243,550
December 1936	173,972	130,689	13,769	318,430
12 Months, 1937	1,865,104	1,473,417	174,546	3,513,067
12 Months, 1936	1,829,724	1,372,688	165,917	3,368,329

A report on spindle activity in November, released by the Bureau of the Census on December 21, shows South Carolina leading all states with an average of 342 hours of operation per spindle in place, Virginia averaging 289 hours, and North Carolina 248 hours, all above the National average of 243 hours. South Carolina also led in total spindle hours of operation in November with 1,948,055,807 hours, while North Carolina was second

with 1,497,044,672 hours, the two states accounting for 53 per cent of the United States total of 6,482,657,746 hours of operation.

COTTON: Spot cotton prices on ten Southern markets slowly advanced during the past month, rising from an average of 8.22 cents per pound for middling grade upland cotton on December 17 to 8.56 cents on January 14. The strength of the market appeared to be due to several factors, including favorable reports from clearance sales of cotton goods in the first half of January, a disposition on the part of the growers to hold and pledge cotton on Government loans, and inclusion of cotton in the Government's curtailment program for 1938. World cotton production estimates for the 1937-1938 season have also been reduced, due to a revision downward in the Chinese crop. The Commodity Credit Corporation reported that 4,558,000 bales of the 1937 crop had been pledged on Government loans through January 13. The destination of cotton exports from the United States changed radically since last year. Japan took 780,745 bales between August 1 and December 31, 1936, but took only 119,921 bales in the corresponding period ended December 31, 1937. On the other hand, exports to the United Kingdom rose from 618,771 bales to 988,236 bales in the same periods, respectively, and exports to France, Italy, Germany and Belgium also rose materially.

	Cotton Consumed and On Hand (Bales)			
	Dec. 1937	Dec. 1936	Aug. 1 to Dec. 31 This Year Last Year	
Fifth district states:				
Cotton consumed	208,695	318,430	1,295,290	1,486,057
Cotton growing states:				
Cotton consumed	373,298	578,327	2,258,777	2,658,255
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,449,365	1,723,155		
Storage & Compresses	11,791,287	7,705,309		
United States:				
Cotton consumed	433,058	694,841	2,650,558	3,176,502
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,718,352	2,005,556		
Storage & compresses	11,867,457	7,786,860		
Exports of cotton	751,001	593,860	3,184,766	2,896,802

TOBACCO MARKETING: Auction tobacco markets were closed in North Carolina and Virginia about ten days around Christmas, and most of the tobacco sold was of lower grade than that sold earlier in the season. Prices consequently dropped below those of November, and were also below December 1936 prices, but season average prices through December continued higher than a year earlier. Sales last month were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price Per Hundred	
	Dec. 1937	Dec. 1936	1937	1936
North Carolina	24,098,973	27,458,988	\$17.79	\$19.32
N. C. Season to 12/31	554,727,722	422,628,418	24.81	22.73
Virginia (Flue-cured)	11,694,740	15,745,031	16.89	19.80
(Fire-cured)	3,684,778	4,330,729	9.89	11.62
(Burley)	4,406,238	3,599,356	23.64	33.00
(Sun-cured)	351,663	656,359	8.89	12.54
Virginia, Total	20,137,419	24,331,475	16.94	20.10
Va. season to 12/31	88,739,562	86,542,057	24.38	22.58
South Carolina, season	101,352,469	69,841,461	20.83	19.89

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

	Dec. 1937	Dec. 1936	% Change
Smoking and Chewing Tobacco, Pounds	21,300,061	23,356,275	- 8.8
Cigarettes, Number	12,610,618,153	13,245,526,043	- 4.8
Cigars, Number	336,161,499	371,231,298	- 9.4
Snuff, Pounds	3,899,738	2,945,278	+15.4

Total production of tobacco products in 1937 and 1936 was as follows:

	1937	1936	% Change
Smoking & Chewing Tobacco, Pounds	300,924,240	309,589,530	- 2.8
Cigarettes, Number	162,625,515,468	153,166,336,093	+ 6.2
Cigars, Number	5,317,440,360	5,182,898,751	+ 2.6
Snuff, Pounds	36,934,140	38,099,956	- 3.1

VALUATION OF BUILDING PERMITS ISSUED:

CITIES	1937	1936
Maryland		
Baltimore	\$18,194,512	\$17,683,944
Cumberland	508,040	501,288
Frederick	358,111	327,260
Hagerstown	475,475	474,230
Salisbury	531,298	556,645
Virginia		
Danville	757,967	845,667
Lynchburg	1,101,032	837,339
Norfolk	2,569,875	1,785,959
Petersburg	125,833	114,630
Portsmouth	399,282	284,416
Richmond	4,175,888	3,558,468
Roanoke	2,208,743	706,166
West Virginia		
Bluefield	588,150	299,390
Charleston	2,523,198	2,153,742
Clarksburg	538,617	707,425
Huntington	1,280,706	1,500,160
North Carolina		
Asheville	744,360	678,975
Charlotte	3,513,708	2,741,170
Durham	2,296,741	1,895,226
Greensboro	2,121,214	1,843,517
High Point	745,922	592,782
Raleigh	1,678,830	749,582
Rocky Mount	450,126	369,704
Salisbury	206,310	245,263
Winston-Salem	2,117,205	1,498,993
South Carolina		
Charleston	1,152,203	1,203,095
Columbia	1,570,603	2,150,881
Greenville	1,196,649	1,804,552
Rock Hill	381,990	469,325
Spartanburg	527,483	358,163
Dist. of Col.		
Washington	33,752,365	32,487,845
District Totals	\$88,792,436	\$81,425,802

Note: Permit valuation figures for Washington do not include Federal Government building.

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales Dec. 1937 comp. with December 1936	Net Sales Jan. 1 to date compared with same period last year	Stocks Dec. 31, 1937 compared with Dec. 31 1936	Ratio Dec. collections to accounts outstanding December 1
Richmond (3) ..	+ 5.0	...	+ 7.0 -25.9	35.1
Baltimore (8) ..	+ 2.8	+ 6.2	- 3.3 -23.3	33.2
Washington (6) ..	+ .2	+ .2	- 4.3 -25.5	27.7
Other Cities (14) ..	- .9	+ 5.0	+ 6.7 -25.9	33.0
District (29) ..	+ 1.0	+ 3.1	- 2.1 -24.7	30.4
Same stores by States, with 23 stores added:				
Virginia (13) ..	+ 5.2	+ 7.1		
West Va. (8) ...	- 6.4	+ 6.4		
No. Carolina (6) ..	- 4.4	+ 4.5		
So. Carolina (10) ..	- .1	+ 8.8		
District (52) ..	+ 1.4	+ 3.7		

WHOLESALE TRADE, 56 FIRMS:

	Net Sales Dec. 1937 comp. with Dec. 1936	Net Sales Jan. 1 to date compared with same period last year	Stocks Dec. 31, 1937 compared with Dec. 31 1936	Ratio Dec. collections to accounts outstanding December 1
Groceries (21) ..	- 1.9 - 2.2	+ 7.9	- 3.4 -10.9	120.4
Dry Goods (7) ..	-23.7 -35.9	- 1.7	+ 37.3 -12.3	44.2
Shoes (6)	-30.9 -50.0	+ 3.4	+ 5.0 +16.4	67.5
Hardware (11) ..	-14.7 -17.3	+15.0	+ 4.5 - 3.0	43.9
Drugs (11) ...	- 2.2 - 1.1	+ 7.4	+ 6.8 - 1.7	92.0

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

AGRICULTURAL STATISTICS

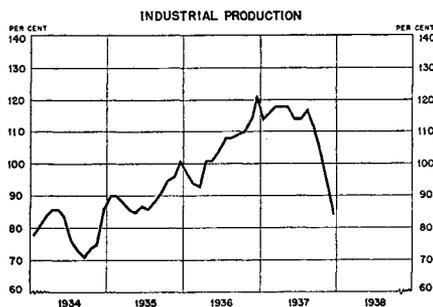
Production figures for all leading crops in the Fifth district were higher in 1937 than in 1936, and all crops except Irish potatoes produced more than the average for five base years 1928-1932. Prices, on the other hand, were lower for most crops in 1937, and cash returns to growers were not in proportion to production figures. Tobacco was the district's most profitable crop, due to increased yield and slightly better prices for the leading type. A larger cotton crop brought materially lower cash returns, and the same was true of both Irish and sweet potatoes. The apple, hay, wheat and oats crops sold for more than the 1936 crops, but peanuts returned less. For the first time, the Department of Agriculture reports cash returns instead of farm values for 1937 crops. These new figures show how much money the growers have with which to pay expenses of all kinds and to purchase nonagricultural commodities. They include Government payments as well as money received from sales, but take no account of products used on the farms.

CROPS	Yrs.	Maryland	Virginia	W. Virginia	N. Carolina	S. Carolina	District	Cash Income
Corn (bus.)	1937	18,576,000	37,740,000	14,245,000	45,357,000	24,945,000	140,863,000	\$ 10,400,000
	1936	18,396,000	30,014,000	11,560,000	43,475,000	22,005,000	125,450,000	9,650,000
	Av. 1928-1932	14,431,000	30,388,000	11,054,000	38,415,000	20,240,000	114,528,000	.....
Cotton (bales)	1937	.....	41,000	.....	775,000	1,025,000	1,841,000	\$ 39,200,000
	1936	.....	33,000	.....	597,000	816,000	1,446,000	52,580,000
	Av. 1928-1932	.....	45,000	.....	752,000	856,000	1,653,000	.....
Tobacco (lbs.)	1937	25,200,000	104,421,000	2,590,000	593,745,000	106,275,000	832,231,000	\$202,715,000
	1936	30,750,000	96,734,000	1,485,000	457,375,000	73,350,000	659,694,000	142,842,000
	Av. 1928-1932	24,318,000	98,400,000	4,224,000	469,135,000	75,918,000	671,995,000	.....
Irish Potatoes (bus.)	1937	3,480,000	10,920,000	3,264,000	9,894,000	3,120,000	30,678,000	\$ 14,600,000
	1936	2,940,000	7,380,000	1,920,000	5,772,000	1,800,000	19,812,000	27,100,000
	Av. 1928-1932	3,339,000	14,328,000	3,445,000	7,540,000	2,748,000	31,400,000	.....
Sweet Potatoes (bus.)	1937	1,000,000	5,070,000	.....	8,160,000	5,130,000	19,360,000	\$ 3,675,000
	1936	1,200,000	4,366,000	.....	7,560,000	4,845,000	17,971,000	4,475,000
	Av. 1928-1932	1,299,000	4,270,000	.....	7,141,000	4,648,000	17,358,000	.....
Oats (bus.)	1937	1,083,000	1,680,000	1,520,000	4,830,000	10,076,000	19,189,000	\$ 604,000
	1936	1,131,000	1,287,000	1,206,000	3,430,000	8,473,000	15,527,000	487,000
	Av. 1928-1932	1,560,000	2,837,000	2,883,000	3,572,000	8,076,000	18,928,000	.....
Wheat (bus.)	1937	9,044,000	9,720,000	2,736,000	5,817,000	1,416,000	28,733,000	\$ 20,450,000
	1936	8,980,000	7,862,000	2,214,000	5,194,000	1,472,000	25,722,000	14,960,000
	Av. 1928-1932	8,630,000	9,260,000	1,747,000	3,790,000	704,000	24,131,000	.....
Hay (tons)	1937	518,000	1,204,000	741,000	824,000	502,000	3,789,000	\$ 4,455,000
	1936	327,000	587,000	508,000	680,000	424,000	2,526,000	3,975,000
	Av. 1928-1932	448,000	868,000	639,000	571,000	255,000	2,781,000	.....
Peanuts (lbs.)	1937	.....	173,650,000	.....	278,460,000	7,865,000	459,975,000	\$ 13,525,000
	1936	.....	152,280,000	.....	250,800,000	8,160,000	411,240,000	14,110,000
	Av. 1928-1932	.....	148,324,000	.....	223,450,000	8,760,000	380,534,000	.....
Apples (bus.)	1937	2,847,000	18,000,000	10,004,000	4,505,000	363,000	35,719,000	\$ 16,000,000
	1936	2,014,000	8,500,000	4,395,000	1,890,000	245,000	17,044,000	13,255,000
	Av. 1928-1932	2,067,000	13,116,000	6,837,000	3,199,000	254,000	25,473,000	.....

(Compiled January 21, 1938)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

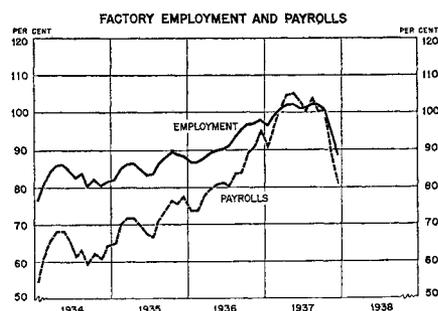


Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to December 1937.

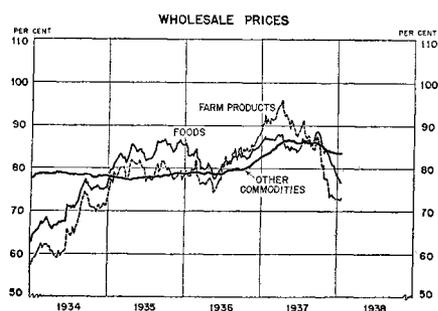
Industrial output declined further in December and, according to preliminary reports, showed little change in the first three weeks of January. Prices of raw materials, which had declined sharply in October and November, have been maintained since that time.

PRODUCTION

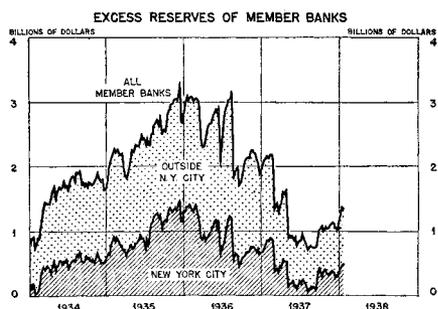
Volume of industrial production declined further in December and the Board's seasonally adjusted index was at 84 percent of the 1923-1925 average as compared with 89 in November. The decline reflected chiefly a continued sharp curtailment of activity in the durable goods industries. Steel ingot production averaged about 26 percent of capacity, output of automobiles and plate glass was reduced considerably, and production of lumber and cement also declined. Total output of nondurable goods declined seasonally. There was a sharp decrease in output at silk mills, and cotton consumption declined further. At woolen mills and shoe factories, however, output was maintained, following a considerable period of sharp decline. Activity at sugar refineries increased further. Mineral production in December, as in other recent months, was at a high level. Output of crude petroleum and bituminous coal declined seasonally, while anthracite production increased somewhat.



Indexes of number employed and payrolls, without adjustment for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1937. Indexes compiled by the U. S. Bureau of Labor Statistics.



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending January 15, 1938.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to January 19, 1938.

In the first three weeks of January output of steel and automobiles increased somewhat from the extreme low levels reached in the latter part of December.

Value of construction contracts awarded in December continued in about the same volume as in the preceding three months. During this period there was a decline in awards for privately-financed projects, reflecting in large part further reductions in residential building, while publicly-financed work increased.

EMPLOYMENT

Factory employment and payrolls showed further declines between the middle of November and the middle of December, and employment at mines, on the railroads, and in the construction industry also continued to decrease. The decline in the number employed at factories was larger than in earlier months in industries producing durable goods, and was particularly marked in the steel, machinery, and automobile industries. For the nondurable goods industries as a group, the decline in December was about the same as in each of the previous three months, after allowance for seasonable changes. There was some increase in employment at shoe factories and little change at plants producing tobacco products, while most other industries in this group showed further decreases.

DISTRIBUTION

Department store sales increased in December by about the usual seasonal amount, and the Board's adjusted index was 90 percent of the 1923-1925 average as compared with 91 percent in November and an average of 93 percent in the first ten months of the year. Mail-order business and sales at variety stores showed somewhat more than the seasonal increase, while sales of automobiles declined substantially. Preliminary reports indicate that in the first half of January sales at department stores was at about the same level as a year ago.

Railroad freight-car loadings continued to decline in December, and in that month were 18 percent lower than the average for the first half of the year, making allowance for usual seasonal change.

COMMODITY PRICES

Wholesale prices of basic commodities, after declining sharply in the autumn, showed little change in December and the first three weeks of January. Grains, cotton, print cloths, steel scrap, and bituminous coal increased somewhat, while leather, rayon, and woodpulp prices were reduced. Prices of a wide variety of finished industrial products showed further declines, and livestock products continued to decrease sharply.

BANK CREDIT

Excess reserves of member banks increased in the four weeks ending January 19 from \$1,010,000,000 to \$1,370,000,000 and were larger than at any time since May 1. The post-holiday decline in money in circulation, which accounted for this growth of excess reserves, was larger than the increase that occurred before Christmas.

The volume of loans at reporting member banks in 101 leading cities declined sharply in the five weeks ending January 19, while their holdings of investments showed little net change. Declines occurred in loans to security brokers and dealers and in commercial loans, which decreased both in New York City and in other leading cities. Interbank balances were built up during the period, while other deposits decreased somewhat, reflecting largely the repayment of bank loans, partly offset by a return flow of currency from circulation.

MONEY RATES AND BOND YIELDS

The average rate on new issues of 91-day Treasury bills continued in January at less than $\frac{1}{8}$ of 1 percent, and yields on Treasury notes and bonds declined to new low levels for recent months. Yields on the highest-grade corporate bonds also declined somewhat, while those on the lower-grade railroad issues rose.