

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

January 31, 1939

	November 1938	December 1938	December 1937	% Change	
				Mo.	Year
Debits to individual accounts (24 cities).....	\$1,224,102,000	\$1,415,177,000	\$1,417,256,000	+ 16	0
Number of business failures, 5th dist.....	51	48	44	- 6	+ 9
Liabilities in failures, 5th dist.....	\$ 320,000	\$ 934,000	\$ 532,000	+192	+ 76
Sales, 30 department stores, 5th dist.....	\$ 10,185,559	\$ 18,301,800	\$ 18,026,443	+ 80	+ 2
Sales, 168 wholesale firms, 5th dist.....	\$ 9,998,000	\$ 9,328,000	\$ 9,025,000	- 7	+ 3
Registrations, new passenger autos.....	15,638	18,853	14,715	+ 21	+ 28
Value of bldg. permits, 31 cities.....	\$ 6,729,179	\$ 8,387,203	\$ 3,743,090	+ 25	+124
Value of contracts awarded, 5th dist.....	\$ 36,928,000	\$ 38,201,000	\$ 19,291,000	+ 3	+ 98
Cotton consumption, 5th dist. (Bales).....	287,585	266,650	208,695	- 7	+ 28
Tobacco sold in district (Pounds).....	80,433,919	29,472,398	44,344,253	- 63	- 34
Cash received for tobacco, 5th dist.....	\$ 16,810,986	\$ 4,589,628	\$ 7,772,978	- 73	- 41
Coal mined, U. S. (Tons).....	36,110,000	36,230,000	37,122,000	0	- 2

THE course of trade and industry in the Fifth Federal Reserve district in 1938 formed a reverse curve from that of 1937. In the earlier year, business advanced during the first eight months, but then turned downward and continued to decline, with only a few exceptions, to mid-summer of 1938. About July improvement was noted in several lines, and conditions continued to get better through the balance of the year. On the whole, however, the increase was insufficient to make up for the relatively poor showing of the first half-year, although some lines did forge ahead of the 1937 levels. Construction made the most important improvement in comparison with the preceding year. City building permits issued in 1938 were only a fraction of 1 per cent less in estimated valuation than permits issued in 1937, while contracts awarded last year exceeded 1937 contracts by 3 per cent. The textile industry also made a moderately favorable record in 1938 in comparison with 1937. Rayon mills shipped more yarn and reduced excess inventories to a moderate level, and cotton mills consumed more cotton during the last half-year than in the same period a year earlier. Tobacco manufacturing exceeded that of 1937 in all lines except cigars. On the other hand, debits to individual accounts figures in 24 Fifth district cities were 10 per cent less in 1938 than in 1937, most of the decline occurring before August. Employment rose substantially in the fall and early winter, but probably the

average employment level for the year was lower than for 1937. Commercial failures were 27 per cent more numerous in the district last year than in 1937, although aggregate liabilities declined 16 per cent in 1938. Sales of new automobiles were 41 per cent below 1937 sales in the district, but sales in the last two months of 1938 were materially ahead of sales in the corresponding months of the preceding year. Bituminous coal production in 1938 was nearly 23 per cent less than production in 1937, most of the decline falling in the first half of the year. Retail trade as reflected in department stores declined 3.2 per cent in 1938 from the level of 1937, but probably most of this decrease was due to price changes downward in the later year. In agriculture, developments in 1938 were much less favorable than those of 1937, most crops returning smaller yields and all of them showing lower aggregate values in comparison with the figures for the earlier year. This lower purchasing power of the farm population probably explains in large part the failure of many other lines of trade to equal the level attained in 1937, especially in automobile and retail sales.

Looking specifically at developments in December 1938, further advancement is indicated in practically all lines. Debits to individual accounts increased 16 per cent over November debits, and approximately equaled those for December 1937. Commercial failures were fewer in number but higher in liabilities than in November. Regis-

trations of new automobiles were higher than in any other month since August 1937, and exceeded December 1937 registrations by 28 per cent. Building permits totaled 124 per cent more in valuation than permits issued in December 1937, and contracts awarded last month increased 98 per cent over awards a year earlier. Coal production in December was only 2.4 per cent less than in December 1937. Cotton consumption in the Fifth district textile mills was higher last month than in December a year ago. Department store sales advanced 1.5 per cent over December 1937 sales, and retail furniture sales rose 12.7 per cent. Wholesale trade last month was 3 per cent greater than in December 1937.

RESERVE BANK STATEMENT: As a result of re-allocation of System holdings of Government securities on January 1, the Federal Reserve Bank of Richmond's portfolio of Governments rose \$13,698,000 between December 15 and January 15, and cash reserves correspondingly declined \$11,465,000. Member bank reserve deposits rose sharply during the month, increasing \$24,790,000, but there was a seasonal decrease in Federal Reserve notes in actual circulation amounting to \$7,367,000.

Between January 15, 1938, and the same date in 1939, member bank reserve deposits increased \$29,953,000 and cash reserves of the Richmond bank rose \$58,438,000. Certain items fluctuated considerably during the year, but most changes were daily or seasonal variations and were without special significance.

ITEMS	000 omitted		
	Jan. 15 1939	Dec. 15 1938	Jan. 15 1938
Discounts held	\$ 337	\$ 157	\$ 559
Open market paper	24	24	23
Industrial advances	1,466	1,485	1,759
Government securities	184,019	120,321	136,297
Total earning assets	135,846	121,987	138,638
Circulation of Fed. Res. notes	201,805	209,172	202,954
Members' reserve deposits	248,166	223,376	218,213
Cash reserves	364,775	376,240	306,337
Reserve ratio	73.36	76.59	69.68

STATEMENT OF 41 REPORTING MEMBER BANKS: The accompanying statement shows the principal items of condition for 41 regularly reporting member banks in 12 cities of the Fifth Reserve district, figures as of January 11, 1939, being compared with those as of December 14, 1938, and January 12, 1938, a month and a year earlier, respectively. Changes during the month were chiefly seasonal except for a material increase in reserve balance at the Reserve bank, but during the year substantial increases occurred in investments in securities, reserves at the Reserve bank, and demand deposits, while loans declined about 5 per cent. None of the reporting banks was borrowing in January this year or last, but during the year one or two of the 41 institutions borrowed temporarily from the Reserve bank or outside the System.

ITEMS	000 omitted		
	Jan. 11 1939	Dec. 14 1938	Jan. 12 1938
Loans & discounts	\$238,628	\$242,824	\$251,281
Investments in securities	425,546	426,905	389,379
Reserve bal. with F. R. bank	166,196	149,180	137,296
Cash in vaults	20,364	21,492	19,006
Demand deposits	474,842	476,614	448,616
Time deposits	196,136	195,305	194,702
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS: Deposits in 10 mutual savings banks in Baltimore regained in December the seasonal decline shown in November, and totaled \$219,160,622 on December 31, compared with \$218,613,489 on November 30, 1938, and \$218,947,860 on December 31, 1937. Mutual savings bank deposits rose during each of the first four months of 1938, but then gradually declined until September. In September and October there were increases in deposits, but another decline occurred in November. The highest point on record for deposits in the 10 banks was reached on April 30, 1938, with \$219,926,013.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	December 1938	November 1938	December 1937	% Change		Annual Totals 1938	Annual Totals 1937	% Change
				Month	Year			
Maryland								
Baltimore	\$ 384,745,000	\$ 319,818,000	\$ 402,105,000	+20	- 4	\$ 3,926,328,000	\$ 4,417,408,000	-11
Cumberland	8,458,000	7,356,000	9,117,000	+15	- 7	88,516,000	111,717,000	-21
Hagerstown	9,360,000	8,203,000	8,682,000	+14	+ 8	97,633,000	106,830,000	- 9
Dist. of Col.								
Washington	298,121,000	257,738,000	283,615,000	+16	+ 5	2,966,804,000	3,164,659,000	- 6
Virginia								
Danville	11,792,000	15,734,000	12,442,000	-25	- 5	118,278,000	130,105,000	- 9
Lynchburg	16,439,000	14,273,000	16,162,000	+15	+ 2	170,148,000	187,743,000	- 9
Newport News	10,411,000	9,020,000	10,443,000	+15	0	97,881,000	113,533,000	-14
Norfolk	56,963,000	47,739,000	56,604,000	+19	+ 1	599,644,000	615,937,000	- 3
Portsmouth	5,414,000	4,246,000	4,698,000	+28	+15	49,246,000	49,621,000	- 1
Richmond	182,564,000	165,934,000	176,927,000	+10	+ 3	1,866,125,000	1,982,410,000	- 6
Roanoke	29,805,000	25,856,000	30,695,000	+13	- 5	290,520,000	355,835,000	-18
West Virginia								
Charleston	54,832,000	46,024,000	71,157,000	+19	-23	542,757,000	673,248,000	-19
Huntington	18,668,000	16,302,000	20,064,000	+14	- 7	191,678,000	227,201,000	-16
North Carolina								
Asheville	14,068,000	11,670,000	13,992,000	+21	+ 1	139,591,000	160,819,000	-13
Charlotte	65,642,000	55,111,000	62,151,000	+19	+ 6	637,201,000	728,359,000	-13
Durham	32,511,000	36,482,000	33,443,000	-11	- 3	390,426,000	400,209,000	- 2
Greensboro	22,092,000	18,091,000	19,543,000	+22	+13	206,528,000	225,861,000	- 9
Raleigh	49,617,000	40,951,000	48,742,000	+21	+ 2	470,873,000	473,741,000	- 1
Wilmington	11,342,000	10,258,000	11,620,000	+11	- 2	125,109,000	137,112,000	- 9
Winston-Salem	49,147,000	43,596,000	45,534,000	+13	+ 8	465,338,000	504,611,000	- 8
South Carolina								
Charleston	19,082,000	16,458,000	17,909,000	+16	+ 7	191,341,000	225,967,000	-15
Columbia	31,598,000	25,354,000	31,228,000	+25	+ 1	294,721,000	351,083,000	-16
Greenville	22,069,000	18,392,000	19,707,000	+20	+12	206,938,000	248,400,000	-17
Spartanburg	10,943,000	9,496,000	10,676,000	+15	+ 3	104,893,000	118,433,000	-11
District Totals	\$1,415,177,000	\$1,224,102,000	\$1,417,256,000	+16	0	\$14,188,517,000	\$15,710,892,000	-10

0 indicates a change of less than 1/2 of 1 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS: Debits to individual accounts, measuring checks cashed against deposit accounts of individuals, firms and corporations in 24 Fifth district cities, rose seasonally by 16 per cent in December in comparison with November, and were approximately the same as debits in December 1937. Every city except Danville and Durham increased in December over November, declines in those cities being due to smaller tobacco sales. In comparison with December 1937, debits last month rose in 15 cities and declined in nine.

During the calendar year 1938, debits ran behind those of 1937 in every month. From January through July the monthly declines were between 12 and 15 per cent, but from and including August the declines were 7 per cent or less, falling to 1/10 of 1 per cent in December. Total debits for the year 1938 were 10 per cent less than debits in 1937, Raleigh and Portsmouth with declines of 1 per cent and Cumberland with a drop of 21 per cent making the best and worst comparisons, respectively.

EMPLOYMENT: Certain seasonal influences always tend to reduce employment in the Fifth district between the middle of December and the end of the year, some of which is temporary, but the seasonal decline this year appears to have been partly offset by increases in other lines, especially in construction and industries directly affected by construction work. Retail outlets released extra employees taken on for the holiday trade as soon as Christmas passed, tobacco auction markets closed about ten days for the holidays, thereby reducing wage payments to handlers and laborers not working on salaries, coal mines produced about 5 per cent less coal on a daily basis in December than in November, and textile payrolls were lowered by holiday periods of varying lengths in different mills. On the other hand, construction work provided for by contracts actually awarded rose in December, the value of contracts awarded that month exceeding the value for any earlier month since June 1937. During 1938 as a whole, developments in labor circles reversed the trend of 1937. In the earlier year, employment gradually declined during the late summer and fall, and continued downward through the first half of 1938. Between July and August, however, employment in the Fifth district began to rise, and continued to increase to the end of the year.

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

STATES	Percentage change from Nov. 1938 to Dec. 1938	
	In number on payroll	In amount of payroll
Maryland	+ 3.7	+ 6.9
D. of Columbia	+ 10.5	+ 8.2
Virginia	+ 2.2	+ 3.9
West Virginia	+ 0.7	- 0.2
North Carolina	+ 0.7	+ 2.7
South Carolina	+ 1.0	+ 2.0

COMMERCIAL FAILURES: Data on commercial failures, compiled by *Dun & Bradstreet*, for December and the calendar year 1938 in comparison with corresponding

periods a year earlier, are as follows:

PERIODS	Number of failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1938	48	875	\$ 934,000	\$ 36,528,000
November 1938	51	984	320,000	12,302,000
December 1937	44	1,009	532,000	27,818,000
Year 1938	639	12,836	\$8,052,000	\$246,505,000
Year 1937	503	9,490	9,586,000	183,253,000

AUTOMOBILE NEW CAR REGISTRATIONS: Sales of new passenger automobiles, which turned upward in October and November after reaching the year's low point in September, increased further in December and exceeded December 1937 registrations by 28 per cent. Sales of 18,853 new cars in the Fifth district last month were the largest for any month since August 1937. Total registrations in 1938 in the district were 41 per cent below those in 1937, every month except November and December showing lower figures than the corresponding month of the earlier year. The following figures on monthly and annual registrations were reported by *R. L. Polk & Company*, of Detroit:

STATES	Registration of New Passenger Cars					
	Dec. 1938	Dec. 1937	% Change	12 Months 1938	12 Months 1937	% Change
Maryland	3,427	2,521	+36	27,331	46,371	-41
D. of Col.	2,143	1,470	+46	17,944	28,259	-37
Virginia	3,766	3,064	+23	31,204	50,768	-39
West Virginia ..	1,757	1,441	+22	16,483	35,679	-54
North Carolina ..	5,767	4,982	+16	33,922	55,341	-39
South Carolina ..	1,993	1,237	+61	15,748	26,969	-42
District	18,853	14,715	+28	142,632	243,377	-41

CONSTRUCTION: The construction industry made marked progress in the last 4 months of 1938 in the Fifth district, due in large part to Government financed or aided projects. In 31 cities, building permits issued in December 1938 totaled \$8,387,203 in estimated valuation, an increase of 124 per cent over permits totaling \$3,743,090 issued in December 1937. During the first 8 months of 1938, permits issued fell 16 per cent behind the valuation of permits issued in the first 8 months of 1937, but the increase in the last 4 months was sufficiently large to balance the earlier decrease, total permit valuation for the entire year 1938 being only 2/10 of 1 per cent below the total 1937 valuation. Figures for contracts actually awarded for all types of construction work in the district, including both rural and urban, followed the same trend as city permits. In the first 7 months of 1938, contracts totaled 22 per cent less than contracts awarded in the corresponding period in 1937, but in August contracts increased substantially and from that month to the end of the year exceeded 1937 figures by enough to bring total contracts for 1938 to \$325,692,000, an increase of 3 per cent over \$314,730,000 for 1937. Contracts awarded in December 1938 totaled \$38,201,000 in the Fifth district, an increase of 98 per cent over contracts totaling \$19,291,000 awarded in December 1937. Annual contract figures for Fifth district states, as reported by the *F. W. Dodge Corporation*, were as follows in 1938 and 1937:

STATES	Construction Contracts Awarded		
	Year 1938	Year 1937	% Change
Maryland	\$ 72,528,000	\$ 70,007,000	+ 4
Dist. of Col.	46,437,000	65,446,000	-29
Virginia	80,645,000	68,675,000	+17
West Virginia	34,619,000	24,459,000	+42
North Carolina	61,638,000	55,740,000	+11
South Carolina	34,814,000	34,041,000	+ 2
District Totals	\$330,691,000*	\$318,368,000*	+ 4

* Includes a few contracts, in W. Va., outside the 5th district.

VALUATION OF BUILDING PERMITS ISSUED:

CITIES	1938	1937
Maryland		
Baltimore	\$16,291,320	\$18,194,512
Cumberland	333,714	508,040
Frederick	349,637	358,111
Hagerstown	432,701	475,475
Salisbury	478,541	531,298
Virginia		
Danville	638,144	757,967
Lynchburg	1,037,782	1,101,032
Norfolk	4,581,111	2,569,875
Petersburg	308,108	125,833
Portsmouth	548,189	399,282
Richmond	4,524,045	4,175,888
Roanoke	1,104,865	2,208,743
West Virginia		
Bluefield	466,725	588,150
Charleston	2,956,660	2,523,198
Clarksburg	381,975	538,617
Huntington	1,362,664	1,280,706
North Carolina		
Asheville	769,748	744,360
Charlotte	2,807,592	3,513,708
Durham	2,954,914	2,296,741
Greensboro	1,866,048	2,121,214
High Point	1,074,828	745,922
Raleigh	3,848,382	1,673,830
Rocky Mount	789,203	450,126
Salisbury	495,470	206,310
Winston-Salem	2,394,364	2,117,205
South Carolina		
Charleston	2,148,495	1,152,203
Columbia	1,714,236	1,570,603
Greenville	1,019,953	1,196,649
Rock Hill	1,051,101	1,000,940
Spartanburg	705,965	527,483
Dist. of Col.		
Washington	29,177,948	33,752,365
District Totals	\$88,609,428	\$88,792,436

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

COAL MINING: Bituminous coal mined in the United States totaled 36,230,000 net tons in December 1938, a slight increase over 36,110,000 tons mined in the shorter month of November but 2.4 per cent less than 37,122,000 tons mined in December 1937. Production in the calendar year 1938 of 342,407,000 net tons showed a decline of 22.6 per cent from 442,455,000 tons mined in 1937, and was 36 per cent below 534,989,000 tons dug in 1929. Hampton Roads ports shipped approximately 17,007,212 tons in 1938, compared with 21,071,857 tons shipped in 1937. The report of the Bituminous Coal Commission for January 7, 1939, listed production figures by states for November 1938 and 1937 as follows:

STATES	Soft Coal Production in Tons		
	Nov. 1938	Nov. 1937	% Change
West Virginia	9,424,000	9,085,000	+ 3.7
Virginia	1,210,000	1,125,000	+ 7.6
Maryland	123,000	140,000	-12.1
5th District	10,757,000	10,350,000	+ 3.9
United States	36,110,000	36,428,000	-.9

RAYON: *Rayon Organon* for January says, "Preliminary reports indicate December shipments of rayon yarn to have been somewhat in excess of the November total, while year-end stocks of yarn probably will show little change from the November 30 level. During the early months of 1938, the rayon market was characterized by a period of sub-normal activity, which was followed by a record high rate of deliveries from July to September and a resumption of a more normal performance in the closing months of the year. About mid-year, an improvement in general business psychology, the fear of an increase in rayon yarn prices, and the normal seasonal increase in yarn demand resulted in a period of feverish yarn buying.

Subsequently fabricators' yarn and cloth inventories were replenished and the demand for rayon yarn became stabilized at a more normal level." Early estimates indicate that yarn shipments during 1938 slightly exceeded those for 1937, but yarn production for 1938 is estimated at about 20 per cent below the record high of 1937. The difference between shipments and production reduced excessive stocks held by rayon yarn producers at the end of 1937.

COTTON TEXTILES: Textile mills in the Fifth district closed about a week in December for the holidays, and therefore total output was less than in November but was higher on a daily basis for the number of days mills actually operated. Trade indexes indicate that in early January mill activity increased considerably more than seasonally. However, output of cloth and yarn continued to exceed sales and unfinished cloth prices sagged a little. Stocks of cotton goods in channels of distribution are reported as comparatively small, even sufficiently so to retard retail sales in some instances. On January 1 the index of retail prices of "cotton wash goods" was about 5 per cent lower than a year ago, and that for cotton bed sheets was down nearly 10 per cent. Consumption of cotton by states in the Fifth district in December 1938, November 1938, and December 1937, in bales, is shown below:

MONTHS	No. Carolina	So. Carolina	Virginia	District
December 1938	145,327	112,245	9,078	266,650
November 1938	156,212	118,756	12,617	287,585
December 1937	104,593	93,865	10,237	208,695
12 Months, 1938	1,542,706	1,196,000	137,224	2,875,930
12 Months, 1937	1,865,104	1,473,417	174,546	3,513,067

A report on spindle activity in November, released by the Bureau of the Census on December 21, shows South Carolina in second place with an average of 353 hours of operation per spindle in place, with Virginia and North Carolina averaging 299 hours, all above the National average of 291 hours. South Carolina led in total spindle hours of operation in November with 2,012,827,518 hours, while North Carolina was second with 1,789,500,189 hours, the two states accounting for 50.2 per cent of the United States total of 7,575,193,064 hours of operation.

COTTON: Spot cotton prices advanced about \$1.50 per bale between the first week in December and the end of that month, but lost part of the gain in the first half of January. The average price for middling grade upland cotton was 8.30 cents per pound on 10 Southern markets on December 9, rose to 8.60 cents on December 30, and then declined to 8.49 cents on January 13, the latest date for which official figures are available. The strength of the market in December was a reflection of the endorsement of quotas by cotton growers and downward revisions of estimates of both domestic and foreign cotton production which lowered the world supply by 400,000 bales. The indicated world supply, however, at 50,462,000 bales is still the largest in history. The Commodity Credit Corporation reports that through January 12 a total of 3,914,000 bales from the 1938 crop was pledged on Government loans, and that Government loan stocks are now about 10,900,000 bales. Exports of American cotton in the five months of the 1938-1939 cotton year between

August 1 and December 31 were 40 per cent below exports in the corresponding five months ended December 31, 1937, all important countries except Japan taking less in the later year. Exports to Great Britain declined from 988,236 bales in the 1937 period to 242,291 bales in the 1938 five months.

Cotton Consumed and On Hand
(Bales)

	Dec. 1938	Dec. 1937	Aug. 1 to Dec. 31 This Year	Dec. 31 Last Year
Fifth District States:				
Cotton consumed	266,650	208,695	1,348,619	1,295,290
Cotton growing states:				
Cotton consumed	479,708	372,817	2,372,169	2,254,840
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,478,332	1,448,729		
Storage & compresses	15,272,281	11,815,239		
United States:				
Cotton consumed	565,307	432,328	2,799,817	2,644,414
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,697,089	1,714,596		
Storage & compresses	15,331,332	11,891,409		
Exports of cotton	361,026	751,001	1,895,754	3,184,766
Spindles active, U. S.	22,444,784	22,337,254		

TOBACCO MARKETING: Sales in auction tobacco markets in December were curtailed by a holiday of about ten days around Christmas, and in addition most of the crop was marketed prior to that month. The grades of tobacco sold last month were poorer than in earlier months and average prices declined. Sales in Fifth district states last month and for the season to December 31, with average prices paid to growers, are as follows:

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	Dec. 1938	Dec. 1937	1938	1937
North Carolina	13,205,627	24,211,028	\$16.82	\$18.01
N. C. Season to 12/31	498,088,447	554,917,793	22.98	24.81
Virginia (Flue-cured)	6,847,356	11,690,546	15.90	16.89
(Fire-cured)	4,326,893	3,684,778	10.13	9.89
(Burley)	4,516,608	4,406,238	17.25	23.64
(Sun-cured)	575,914	351,663	10.92	8.89
Virginia, Total	16,266,771	20,133,225	14.56	16.95
Va. Season to 12/31	95,908,044	88,508,034	21.28	23.00
South Carolina, Season ..	86,670,522	101,352,469	22.23	20.83

TOBACCO MANUFACTURING: The Bureau of Internal Revenue reports tobacco products manufactured in December 1938 and 1937 as follows:

	Dec. 1938	Dec. 1937	% Change
Smoking & Chewing Tobacco, pounds	23,728,246	21,300,061	+11
Cigarettes, Number	12,655,993,013	12,610,618,153	0
Cigars, Number	333,981,623	386,161,499	-1
Snuff, Pounds	3,398,232	3,399,738	0

Total production of tobacco products in 1938 and 1937 was as follows:

	1938	1937	% Change
Smoking & Chewing Tobacco, Pounds	305,929,000	300,925,000	+2
Cigarettes, Number	163,658,509,000	162,625,514,000	+1
Cigars, Number	5,138,748,000	5,317,436,000	-3
Snuff, Pounds	37,333,000	36,934,000	+1

RETAIL TRADE IN DEPARTMENT STORES:

	Net Sales Dec. 1938 comp. with Dec. 1937	Net Sales Jan. 1 to date same period last year	Stocks Dec. 31, 1938 comp. with Dec. 31 1937	Ratio Dec. collections to accounts outstanding December 1
Richmond (3) ..	+ 3.4	- .3	- 3.3	-25.9
Baltimore (8) ..	- 2.1	- 5.8	- 2.7	-20.7
Washington (6) ..	+ 3.4	- .9	+ .7	-23.2
Other Cities (13) ..	+ 3.8	- 7.3	- 6.3	-25.9
District (30) ..	+ 1.5	- 3.2	- 1.6	-22.9

Same stores by States, with 20 stores added:

Virginia (11) ..	+ 3.2	- 1.1
West Va. (9) ..	+ 2.5	-11.3
No. Carolina (7) ..	+ 3.4	- 5.5
So. Carolina (8) ..	+ 1.8	- 6.9

RETAIL FURNITURE SALES: A preliminary survey of retail furniture sales in the Fifth reserve district shows sales by 17 stores in December 1938 to have been 12.7 per cent greater than sales in December 1937, but annual sales during 1938 in the same stores were 7.5 per cent less than total sales in 1937. Eleven stores sold more and six sold less in December 1938 than in December 1937. Total sales by the seventeen stores run between \$3,500,000 and \$4,000,000 annually.

WHOLESALE TRADE, 168 FIRMS:

LINES	Net Sales December 1938 comp. with Dec. 1937		Stocks Dec. 31, 1938 comp. with Dec. 31 1937		Ratio Dec. collections to accounts outstanding Dec. 1
	Dec. 1937	Nov. 1938	Dec. 31 1937	Nov. 30 1938	
Shoes (3)	+62	-33	..	..	58
Drugs (10)	+2	+11	-11	+7	108
Dry Goods (6)	+4	-29	-26	-16	47
Electrical Goods (11) ..	+22	-15	-8	-2	75
Groceries (59)	-7	-4	-15	-8	92
Hardware (20)	+4	-11	0	+2	52
Industrial Supplies (11) ..	+1	-14	-24	-1	66
Plumb'g & Heating (5) ..	-7	-14	-3	-5	54
Paper & Products (9) ..	+4	+9	-8	+16	58
Tobacco & Products (9) ..	+10	-5	+2	-14	91
Miscellaneous (25)	+6	0	-14	+10	68
All Firms (168)	+3	-7	-12	0	68

Note: Wholesale figures are supplied by the Department of Commerce.

AGRICULTURAL STATISTICS

There is included elsewhere in the *Review* a table showing production figures for leading Fifth district crops, arranged by states, in which 1938 yields are compared with those for 1937 and the average for ten years 1927-1936. Farm value figures as estimated by the Department of Agriculture are also included, but it should be noted that they do not represent receipts by farmers for their crops, since they include the value of all products consumed on the farms as well as those sold.

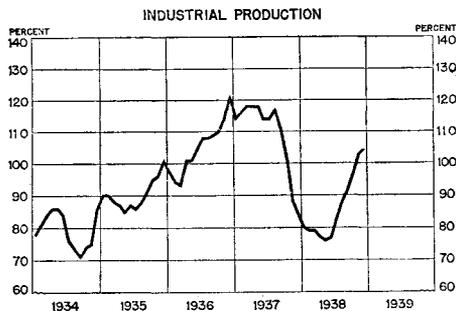
The table shows that yields of all crops except sweet potatoes and oats were smaller in 1938 than in 1937, but all except cotton, Irish potatoes and commercial apples exceeded average yields in the ten year base period. Prices in 1938 were in most instances somewhat lower than in 1937, and the farm value of every crop was less in the later year, the aggregate decline for the 10 leading crops totaling 17 per cent.

CROPS	Yrs.	Maryland	Virginia	W. Virginia	N. Carolina	S. Carolina	District	Farm Value
Corn (bus.)	1938	18,537,000	34,775,000	12,640,000	46,398,000	26,767,000	139,117,000	\$ 85,294,000
	1937	18,576,000	37,740,000	14,245,000	45,357,000	24,945,000	140,863,000	94,735,000
	Av. 1927-1936	15,477,000	32,199,000	12,104,000	40,787,000	21,161,000	121,728,000	.....
Cotton (bales)	1938	.....	15,000	.....	400,000	650,000	1,065,000	\$ 46,970,000
	1937	.....	43,000	.....	780,000	1,023,000	1,846,000	79,055,000
	Av. 1927-1936	.....	40,000	.....	710,000	798,000	1,548,000	.....
Tobacco (lbs.)	1938	29,250,000	105,459,000	3,190,000	519,230,000	98,430,000	755,559,000	\$167,794,000
	1937	23,450,000	109,769,000	3,552,000	595,530,000	108,080,000	840,381,000	191,138,000
	Av. 1927-1936	25,560,000	99,838,000	3,304,000	481,939,000	76,724,000	687,365,000	.....
Irish Potatoes (bus.)	1938	2,990,000	10,349,000	2,720,000	8,690,000	2,784,000	27,533,000	\$ 17,776,000
	1937	3,480,000	10,920,000	3,264,000	9,588,000	3,120,000	30,372,000	19,315,000
	Av. 1927-1936	3,348,000	12,998,000	3,150,000	7,729,000	2,419,000	29,644,000	.....
Sweet Potatoes (bus.)	1938	1,040,000	3,570,000	.....	8,748,000	6,468,000	19,826,000	\$ 12,812,000
	1937	1,000,000	5,070,000	.....	7,680,000	5,130,000	18,880,000	13,161,000
	Av. 1927-1936	1,205,000	4,282,000	.....	7,915,000	4,898,000	18,300,000	.....
Oats (bus.)	1938	1,312,000	1,978,000	1,806,000	5,566,000	10,648,000	21,310,000	\$ 8,711,000
	1937	1,083,000	1,680,000	1,700,000	4,830,000	10,076,000	19,369,000	10,750,000
	Av. 1927-1936	1,407,000	2,389,000	2,366,000	3,682,000	8,316,000	18,160,000	.....
Wheat (bus.)	1938	9,420,000	8,526,000	2,340,000	5,440,000	1,771,000	27,497,000	\$ 19,520,000
	1937	9,044,000	9,720,000	2,736,000	5,817,000	1,516,000	28,733,000	30,806,000
	Av. 1927-1936	8,372,000	8,598,000	1,855,000	4,275,000	974,000	24,074,000	.....
Hay (tons)	1938	543,000	1,138,000	802,000	863,000	431,000	3,777,000	\$ 44,592,000
	1937	518,000	1,206,000	741,000	824,000	501,000	3,790,000	48,456,000
	Av. 1927-1936	468,000	907,000	661,000	630,000	309,000	2,975,000	.....
Peanuts (lbs.)	1938	.....	146,010,000	.....	249,075,000	9,100,000	404,185,000	\$ 14,523,000
	1937	.....	183,465,000	.....	297,500,000	8,030,000	488,995,000	16,233,000
	Av. 1927-1936	.....	145,288,000	.....	228,960,000	8,539,000	382,787,000	.....
Apples, Commercial (bus.)	1938	1,350,000	6,800,000	3,150,000	480,000	.....	11,780,000	\$ 8,270,000
	1937	1,750,000	10,391,000	5,500,000	875,000	.....	18,516,000	10,656,000
	Av. 1927-1936	1,266,000	7,609,000	3,410,000	597,000	.....	12,882,000	.....

(Compiled January 21, 1939)

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

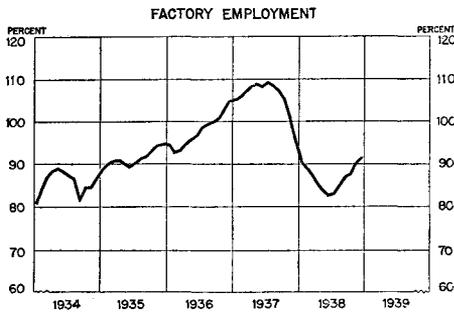


Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1938.

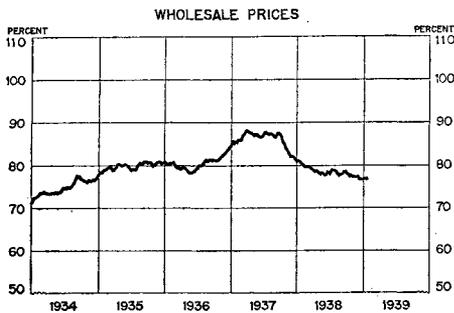
Volume of industrial production declined seasonally in December and showed little change in the first three weeks of January, when an increase is usual. Wholesale commodity prices were steady. Employment and payrolls increased further in December, and retail sales showed more than the usual seasonal rise.

PRODUCTION

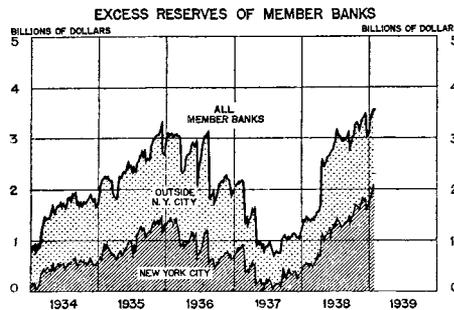
In December volume of industrial production declined by about the usual seasonal amount and the Board's adjusted index was at 104 percent of the 1923-1925 average, about the level reached in November following an exceptionally rapid advance after the middle of the year. Changes in output in most lines in December were largely seasonal. In the steel industry, however, production showed a greater than seasonal decline, and averaged 54 percent of capacity in December as compared with 61 percent in November. Lumber production showed little change from November to December, although usually there is a decline, and at textile mills and shoe factories activity declined less than seasonally. At meat-packing establishments there was a reduction in output.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to December 1938.



Index compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ended January 14, 1939.



Wednesday figures of estimated excess reserves for all member banks and for selected New York City banks, January 3, 1934, to January 18, 1939.

Automobile production increased somewhat further in December. In the fourth quarter of 1938 production and sales of the new model cars were in about the same volume as in 1937; dealers' stocks of new cars increased seasonally in this period but at the year end were much below the high level of a year earlier.

Value of construction contract awards increased considerably from November to December, according to F. W. Dodge Corporation figures for 37 Eastern States. The increase reflected principally a further rise in contracts awarded for Public Works Administration projects, which accounted for most of the sharp increase in awards that occurred in the last half of 1938. Contracts for private residential building decreased less than seasonally in December, while other private construction showed little change and remained at a low level.

EMPLOYMENT

Employment and payrolls rose further between the middle of November and the middle of December. In most manufacturing lines the number employed continued to increase, when allowance is made for the usual seasonal changes, and in the automobile and machinery industries the rise was considerable. Employment and payrolls in trade increased more than is usual in the holiday season and in the construction industry employment showed much less than the usual seasonal decline.

DISTRIBUTION

Distribution of commodities increased more than seasonally in December. Sales at department stores showed the usual sharp expansion prior to Christmas and sales at variety stores and mail order sales showed a more than seasonal rise.

Freight-car loadings declined seasonally from November to December, reflecting largely the customary decrease at this time of year in shipments of miscellaneous freight.

BANK CREDIT

As the result of the post-holiday return of money from circulation, together with Treasury disbursements from its balances with the Reserve banks, and gold imports, excess reserves of member banks increased nearly \$600,000,000 in the four weeks ending January 18 to a new high level of \$3,560,000,000. A large part of the increase occurred at New York City banks.

Total loans and investments of reporting member banks in 101 leading cities, which increased substantially in the first three weeks of December, declined in the following four weeks. There was some decline in loans and a reduction in holdings of United States Government obligations, reflecting in part distribution to the public of new securities purchased by banks in December. Deposits declined somewhat in the latter part of December but increased in January.

MONEY RATES AND BOND YIELDS

Average yields on United States Government securities declined slightly in December and the first three weeks of January. For three consecutive weeks the entire new issue of 91-day Treasury bills sold on or slightly above a no-yield basis. Commercial paper rates declined slightly in January while other open-market money rates continued unchanged.