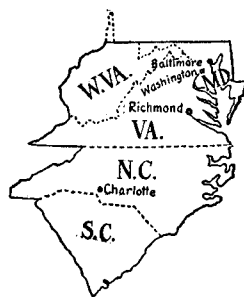


MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1939

Summary of September Business Conditions

INDUSTRIAL activity in the Fifth Reserve district expanded more than normally in September, coal mining leading the increase chiefly as a result of greater demand from domestic users but also because of a substantial increase in exports as a result of the European war. Cotton textile mills increased their operations on a daily basis, and rayon yarn mills shipped more yarn than they could produce, cutting further into their small reserve stocks. Tobacco manufacturing declined from August figures, but continued ahead of 1938.

EMPLOYMENT INCREASES SHARPLY

Construction tends to decline in the fall, and work provided for in September permits dropped 9 per cent below the August figure, but contract awards were practically equal to those in the preceding month. This relatively large volume of building, together with substantial gains in some industrial activity and in coal mining, materially increased demand for labor and claims for unemployment compensation at State agencies are said to have declined sharply.

DISTRIBUTION OF GOODS HIGHER

Consumer buying was well above seasonal expectations in September. Department store sales exceeded August sales by 39 per cent, and were 7 per cent above September 1938 sales, while representative furniture stores sold 9 per cent more than in August and 19 per cent more than in September last year. Wholesale trade in most lines also went substantially ahead of sales in either August 1939 or September 1938. Sales of new automobiles declined from the August level while prospective buyers awaited new models, but were 60 per cent ahead of sales in September last year.

TOBACCO MARKETS REOPEN

Auction tobacco markets, which closed on September 13 after export buyers retired, opened again on October 10 with the buyers for foreign concerns back on the markets, but operating as agents for the Commodity Credit Corporation. The Department of Agriculture, through the Commodity Credit Corporation, arranged to have certain buyers act as agents for the Corporation, the tobacco to be paid for and held by the C. C. C. under an option arrangement. This arrangement prevented price demoralization and is enabling growers to market their crop in an orderly manner. Meanwhile growers have voted for a return to a marketing quota system in 1940, to insure against over production next season.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	September 1939	August 1939	September 1938	% Change	
				Month	Year
Debits to individual accounts (24 cities).....	\$1,293,601,000	\$1,218,844,000	\$1,184,526,000	+ 6	+ 9
Sales, 30 department stores, 5th district.....	\$ 10,326,177	\$ 7,409,362	\$ 9,657,064	+39	+ 7
Sales, 36 furniture stores, 5th district.....	\$ 1,424,579	\$ 1,304,352	\$ 1,202,169	+ 9	+19
Sales, 199 wholesale firms, 5th district.....	\$ 15,879,000	\$ 14,395,000	\$ 13,822,000	+10	+15
Registrations, new autos, 5th district.....	10,988	15,840	6,874	-31	+60
Tobacco sold in 5th district (Pounds).....	111,366,137	219,924,342	208,795,475	-49	-47
Growers' receipts from tobacco, 5th district.....	\$ 14,160,093	\$ 35,233,572	\$ 44,207,248	-60	-68
Average price of tobacco, per 100 pounds.....	\$ 12.71	\$ 16.02	\$ 21.17	-21	-40
Number of business failures, 5th district.....	31	35	43	-11	-28
Liabilities in failures, 5th district.....	\$ 381,000	\$ 246,000	\$ 455,000	+55	-16
Value of building permits, 31 cities.....	\$ 7,765,960	\$ 8,498,125	\$ 10,030,113	- 9	-23
Value of contracts awarded, 5th district.....	\$ 32,058,000	\$ 32,213,000	\$ 27,955,000	0	+15
Cotton consumption, 5th district (Bales).....	297,816	299,195	260,260	0	+14
Cotton price, c per lb., end of month.....	9.08	8.76	8.25	+ 4	+10
Print cloths, 38½ in., 64x60s, end of month.....	5.50	4.63	4.38	+19	+26
Rayon yarn shipments, U. S. (pounds).....	32,800,000	31,300,000	33,100,000	+ 5	- 1
Rayon yarn stocks, U. S. (pounds).....	13,000,000	18,900,000	34,600,000	-31	-62
Bituminous coal mined, U. S. (Tons).....	37,695,000	34,688,000	32,286,000	+ 9	+17

NOTE CIRCULATION INCREASES SEASONALLY

Government security holdings of the Federal Reserve Bank of Richmond declined between September 15 and October 15 as a result of a reallocation of System holdings on October 1. The volume of Federal Reserve notes in circulation showed further seasonal increase as crop marketing spread and fall trade expanded. Discounts for member banks rose slightly, but at the same time member bank reserve deposits also increased. Cash reserves of the bank rose during the month, chiefly due to receipts from the shift of securities to other Reserve banks.

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Oct. 15 1939	Sept. 15 1939	Oct. 15 1938
Discounts held	\$ 360	\$ 200	\$ 324
Foreign loans on gold	142	87	0
Open market paper	24	23	23
Industrial advances	1,023	1,043	1,461
Government securities	139,408	151,912	120,321
Total earning assets	\$140,957	\$153,265	\$122,129
Circulation of Fed. Res. notes	215,245	210,496	208,740
Members' reserve deposits	233,686	273,187	224,898
Cash reserves	413,613	398,943	389,278
Reserve ratio	74.75	72.48	76.99

LOANS, INVESTMENTS AND DEPOSITS RISE

Loans and discounts continued to increase moderately in 41 reporting member banks between September 13 and October 11, and deposits also rose by more than the increase in loans. All figures in the skeleton statement show substantial increases over figures for October 12, 1938.

SELECTED ITEMS—41 REPORTING BANKS
Fifth District

ITEMS	000 omitted		
	Oct. 11 1939	Sept. 13 1939	Oct. 12 1938
Loans & discounts	\$255,652	\$248,637	\$237,763
Investments in securities	446,514	433,539	422,107
Reserve bal. with F. R. bank	180,616	183,969	146,965
Cash in vaults	23,413	23,043	19,908
Demand deposits	530,923	521,368	471,987
Time deposits	200,504	200,024	198,800
Money borrowed	0	0	0

MUTUAL SAVINGS TURN UPWARD

Deposits in 10 mutual savings banks in Baltimore, after declining in July and August on account of vacation withdrawals, turned upward again in September by about the usual amount. Total deposits on September 30, 1939, of \$219,921,027 compared with \$219,426,239 on August 31 this year and \$217,903,802 on September 30 last year.

COMMERCIAL FAILURES DECREASE

Commercial failures in the Fifth district and the United States were reported by *Dun & Bradstreet* as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1939	31	758	\$ 381,000	\$ 9,402,000
August 1939	35	859	246,000	11,259,000
September 1938	43	866	455,000	14,341,000
9 Months, 1939	432	9,097	\$4,778,000	\$128,494,000
9 Months, 1938	489	9,980	6,356,000	184,456,000

EMPLOYMENT AND PAYROLLS RISE

Employment broadened in September and the first half of October, and unemployment compensation payments declined as employment agencies found work for many applicants and industrial plants called workers back. In-

dustrial activity in nearly all lines has increased since September 1, and the weather was so favorable for outdoor work that no recession occurred in that field. Tobacco markets which closed at the middle of September reopened on October 10, with additional openings in Virginia, giving employment to many handlers, graders, etc. One large industry in the district has announced wage increases to be made in the near future averaging approximately 10 per cent, and it is estimated that the increase in base pay under the Fair Labor Standards Act made on October 24 will further increase wages of many thousands of Fifth district workers, chiefly in tobacco handling concerns, saw mills, fertilizer plants and textile mills. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from August to September:

STATES	Percentage change from Aug. 1939 to Sept. 1939	
	in number on payroll	in amount of payroll
Maryland	+ 9.5	+ 8.6
Dist. of Columbia	+ 5.6	+ 3.2
Virginia	+ 3.5	+ 4.0
West Virginia	+ 1.7	+ 2.4
North Carolina	+ 2.4	+ 4.3
South Carolina	- 0.8	+ 2.7

DEBITS RISE SHARPLY

Debits to individual accounts in 24 Fifth district cities rose 6 per cent in September over August debits, and also gained 9 per cent in comparison with debits in September 1938. An increase in September over August is seasonal, and every reporting city except three showed higher figures for the later month. The declines in Danville and Durham were due to tobacco markets being closed this year during the last half of September, and the decrease in Columbia resulted from an unusually high August figure.

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			% of Change	
	Sept. 1939	Aug. 1939	Sept. 1938	Month	Year
Maryland					
Baltimore	\$ 355,028	\$ 325,562	\$ 306,963	+ 9	+ 16
Cumberland	7,833	7,546	7,472	+ 4	+ 5
Hagerstown	10,115	8,030	8,410	+ 26	+ 20
Dist. of Col.					
Washington	263,294	246,187	231,490	+ 7	+ 14
Virginia					
Danville	9,114	9,170	10,399	- 1	- 12
Lynchburg	14,661	13,405	14,599	+ 9	0
Newport News ..	11,247	9,602	7,630	+ 17	+ 47
Norfolk	49,575	43,747	43,779	+ 13	+ 13
Portsmouth	4,398	3,913	3,982	+ 12	+ 10
Richmond	170,576	169,458	184,248	+ 1	- 7
Roanoke	25,886	24,621	23,825	+ 5	+ 9
West Virginia					
Charleston	47,526	46,420	41,110	+ 2	+ 16
Huntington	17,514	15,673	14,285	+ 12	+ 23
Parkersburg	9,522*	9,607*	.....	- 1	..
North Carolina					
Asheville	12,898	12,499	12,234	+ 3	+ 5
Charlotte	64,911	61,310	55,547	+ 6	+ 17
Durham	35,558	41,281	44,326	- 14	- 20
Greensboro	20,241	18,095	17,557	+ 12	+ 15
Raleigh	42,162	40,266	39,612	+ 5	+ 6
Wilmington	11,617	11,111	11,582	+ 5	0
Winston-Salem ..	42,067	40,681	39,914	+ 3	+ 5
South Carolina					
Charleston	18,017	15,489	14,821	+ 16	+ 22
Columbia	26,698	27,256	24,795	- 2	+ 8
Greenville	21,101	17,710	17,512	+ 19	+ 20
Spartanburg	11,564	9,812	8,434	+ 18	+ 37
District Totals ..	\$1,293,601	\$1,218,844	\$1,184,526	+ 6	+ 9

* Not included in Totals.

AUTO SALES DECLINE SEASONALLY

New models of automobiles, for which buyers began waiting toward the end of August, did not come out until late September or early October, and sales of new cars last month in the Fifth district were materially lower than in August but exceeded September 1938 sales by 60 per cent. Many dealers had only a few cars on their floors during September. Stocks of used cars are reported moderate, and dealers apparently occupy a favorable position for fall business. The following registration figures for new cars were furnished by *R. L. Polk & Co.*:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Sept. 1939	Sept. 1938	% Change	9 Months 1939	9 Months 1938	% Change
Maryland	2,585	1,169	+121	29,496	18,836	+57
Dist. of Col.	1,340	712	+88	19,191	12,613	+52
Virginia	2,190	1,709	+28	31,679	22,879	+38
West Virginia	1,260	764	+65	16,915	12,059	+40
No. Carolina	2,388	1,680	+42	33,540	22,469	+49
So. Carolina	1,225	840	+46	18,622	10,710	+74
District	10,988	6,874	+60	149,443	99,566	+50

CONSTRUCTION SLACKENS

As is usually the case in September, construction work provided for in building permits issued and contracts actually awarded last month declined from the summer volume. Estimated valuation of permits issued in 31 Fifth district cities totaled \$7,765,960 in September, compared with \$8,498,125 in August and \$10,030,113 in September 1938. Washington led in permit valuation last month with \$2,874,570, followed by Baltimore with \$1,097,394, Charlotte with \$586,854, Charleston, S. C., with \$486,968, and Charleston, W. Va., with \$385,005. Eighteen of the 31 cities reported higher figures for September 1939 than for September 1938, but a decrease of nearly \$2,500,000 in Washington brought the district total down by 23 per cent last month. Permits issued in the first 9 months of 1939 totaling \$91,236,608 exceeded the 1938 figure of \$65,109,426 for the corresponding period by 40 per cent.

Contracts awarded in September for all types of construction in the Fifth district totaled \$32,058,000, a very small decline from \$32,213,000 for August but 15 per cent above \$27,955,000 in September 1938. Total contracts awarded from January through September amounted to \$302,781,000 this year and \$216,358,000 last year, a gain of 40 per cent in 1939. Figures collected by the *F. W. Dodge Corporation* by states for September 1939 and 1938 on construction contracts awarded are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Sept. 1939	Sept. 1938	% Change
Maryland	\$ 6,698,000	\$ 6,351,000	+ 5
Dist. of Col.	3,172,000	4,068,000	- 22
Virginia	5,811,000	6,565,000	- 11
West Virginia	3,229,000*	1,770,000*	+ 82
North Carolina	5,926,000	5,943,000	0
South Carolina	7,641,000	3,505,000	+118
Fifth District	\$32,472,000	\$28,202,000	+ 15

* Includes some contracts outside 5th district.

DEMAND FOR COAL RISES SHARPLY

Bituminous coal production, which had increased steadily since the April-May shutdown, took a sharp jump further upward immediately after the beginning of war in Europe, and foreign cargo loadings at Hampton Roads increased several-fold. A rise in industrial activity also

raised fuel requirements of domestic consumers. Car loadings of coal were reported at an all-time high by one leading carrier during the week ended September 29. Advances in coal prices have so far been unimportant. Tonnage of bituminous coal mined in the United States in September totaling 37,695,000 net tons was 9 per cent above 34,688,000 tons mined in August 1939 and 17 per cent above 32,286,000 tons in September 1938. Shipments of coal through Hampton Roads this calendar year to October 7 totaled 14,459,734 tons, compared with 12,391,038 tons shipped to the same date in 1938. The demand for foreign cargo coal is expected to continue far above recent figures as long as Europe remains at war.

TEXTILE ORDERS LEVEL OFF

In the first half of September cotton textile mills received orders materially ahead of production, but in late September and early October operations were increased while orders declined, bringing about an approximate balance. Cloth and yarn prices were well maintained at higher levels attained in September. With orders on hand to insure full time operations for the fall, many mills are not seeking additional commitments at current prices.

Consumption of cotton by states in the Fifth district in September 1939, August 1939, and September 1938, in bales, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
September 1939	166,640	118,362	12,814	297,816
August 1939	163,494	121,535	14,166	299,195
September 1938	138,826	110,280	11,154	260,260
9 Months, 1939	1,396,400	1,045,694	105,770	2,547,864
9 Months, 1938	1,102,986	855,271	102,665	2,060,922

RAYON SHIPMENTS EXCEED PRODUCTION

Data from *Rayon Organon* for October indicate that rayon filament yarn consumption has reached a point above the industry's capacity to produce yarn at present deniers spun, and it is therefore apparent that with less than two weeks' supply of yarn on hand producers cannot ship as much during the next quarter as they did last quarter, when 97,000,000 pounds were shipped by reducing reserve stocks from 32,600,000 pounds at the end of June to 13,000,000 pounds at the end of September. Shipments of yarn last month totaled 32,800,000 pounds, of which 5,900,000 pounds came from reserve stocks. The rayon industry has reduced the advance booking period from a maximum of 90 days to 60 days.

COTTON CROP ESTIMATE IS REDUCED

Spot cotton prices fluctuated around 9 cents per pound from the middle of September to the middle of October. On September 15 the average price for middling grade cotton on 10 Southern markets was 9.18 cents, but dropped to 8.96 cents on September 22. After advancing again to 9.08 cents on September 29, the price declined to 8.97 cents on October 6 and held the same average to October 13.

The Department of Agriculture reduced its estimate of 1939 cotton production in its October report, placing the figure at 11,928,000 bales against the September estimate of 12,380,000 bales, a decline of 3.7 per cent. In contrast

with this National decline, the aggregate production forecast for Fifth district cotton states was raised from 1,312,000 bales to 1,397,000 bales, an improvement of 6.5 per cent during September.

COTTON CONSUMPTION AND ON HAND

	(Bales)			
	Sept. 1939	Sept. 1938	Aug. 1 to Sept. 30 This Year	Sept. 30 Last Year
Fifth district states:				
Cotton consumed	297,816	260,260	597,011	583,611
Cotton growing states:				
Cotton consumed	534,735	456,701	1,066,367	927,132
Cotton on hand Sept. 30 in				
Consuming establishments ..	727,333	930,577	.....	.....
Storage & compresses	14,154,340	12,974,699	.....	.....
United States:				
Cotton consumed	624,902	533,399	1,253,350	1,092,808
Cotton on hand Sept. 30 in				
Consuming establishments ..	870,862	1,107,351	.....	.....
Storage & compresses	14,175,815	13,033,511	.....	.....
Exports of cotton	649,057	388,658	867,849	589,501
Spindles active, U. S.	22,231,976	22,183,972	.....	.....

TOBACCO MARKETS RESUME SALES

Auction tobacco markets, which closed on September 13 to prevent demoralization of prices, opened again on October 10. Prices on the reopening were slightly better than those paid just prior to the shut-down, averaging about 15 cents per pound. Export buyers returned to the markets as agents for the Commodity Credit Corporation of the Department of Agriculture, under an arrangement by which the exporters have an option to buy the tobacco from the C. C. C. at a later date. Exporters normally buy about a third of the flue-cured tobacco crop. Sales of tobacco in the Fifth district in September prior to the closing of the markets were as follows, compared with a full month's sales in September 1938:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	September 1939	September 1938	1939	1938
So. Carolina	19,407,860	26,729,841	\$12.50	\$19.01
No. Carolina	91,958,277	182,065,634	12.76	21.49
Total	111,366,137	208,795,475	12.71	21.17
Season through ...	331,289,479	350,567,402	14.91	22.27

TOBACCO MANUFACTURING DECLINES

Tobacco products manufactured in September declined from August levels, but exceeded September 1938 figures in all lines except snuff. The Bureau of Internal Revenue reports as follows on September manufacturing:

TOBACCO PRODUCTS MANUFACTURED

	Sept. 1939	Sept. 1938	% Change
Smoking & chewing tobacco, Pounds	27,411,852	27,056,195	+ 1
Cigarettes, number	14,789,904,810	14,710,977,947	+ 1
Cigars, number	486,864,568	486,481,938	0
Snuff, pounds	2,949,488	3,520,488	-16

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	Sept. 1939 comp. with September 1938	Net Sales Jan. 1 to date comp. with same period last year	Sept. 30, 1939 comp. with Sept. 1938	Aug. 1939	
Richmond (3) ...	+ 7.2	+ 3.0	+ 6.9	+12.4	30.9
Baltimore (8) ...	+ 5.6	+ 1.7	+ 2.1	+13.0	31.2
Washington (6) ...	+ 7.6	+ 5.0	+ 3.2	+11.5	26.6
Other Cities (13) ...	+ 8.1	+ 4.6	+ 2.2	+ 1.5	26.9
District (30) ..	+ 6.9	+ 3.6	+ 3.1	+11.0	28.5
Same stores by states, with 28 stores added:					
Virginia (13) ..	+ 7.7	+ 3.6	.....	.....	.....
West Va. (10) ..	+ 7.3	+ 2.9	.....	.....	.....
No. Carolina (8) ..	+ 8.2	+ 1.9	.....	.....	.....
So. Carolina (13) ..	+14.6	+15.5	.....	.....	.....

RETAIL FURNITURE SALES

STATES	% Change in Sales, Sept. and 9 Months 1939	
	Compared with Sept. 1938	Compared with 9 Months 1938
Maryland, 10 stores	+24	+ 6
Dist. of Col., 7 stores	+10	+ 6
Virginia, 9 stores	+ 6	+ 9
North Carolina, 4 stores	+32	+12
South Carolina, 5 stores	+61	+30
District, 36 stores*	+19	+ 8
Individual Cities:		
Baltimore, 10 stores	+24	+ 6
Richmond, 4 stores	- 2	+ 2
Washington, 7 stores	+10	+ 6

* Includes one W. Va. store.

WHOLESALE TRADE, 199 FIRMS

	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	September 1939 compared with Sept. 1938	Aug. 1939	Sept. 30, 1939 compared with Sept. 30, 1938	Aug. 31, 1939	
Auto supplies (7)	+23	+42	- 3	+ 2	70
Shoes (5)	- 1	- 9	+ 9	-17	48
Drugs (13)	+ 4	+ 8	+ 3	+ 5	78
Dry goods (9)	+13	+34	- 9	- 8	40
Electrical goods (17) ..	+59	+ 6	+32	- 4	72
Groceries (63)	+16	+16	+ 8	+ 7	87
Hardware (19)	+19	+20	+ 5	- 1	42
Indus. supplies (11) ...	+32	+19	+10	+ 4	63
Plumbing & heating (6) ..	+ 3	+ 4	+ 5	- 2	55
Paper & products (8) ...	+13	+20	-11	- 5	61
Tobacco & products (7) ..	+10	0	.....	.....	79
Miscellaneous (34)	+11	+ 8	+ 7	+ 1	73
Totals (199)	+15	+10	+ 7	- 2	64

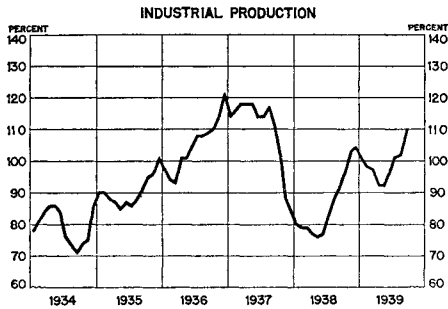
CROP FORECASTS

The following figures show forecasts of production based on October 1 conditions, compared with yields in 1938 and in the 10-year period 1928-1937, and percentage changes in acreage this year over or under 1938. Production figures marked (+) were raised between September 1 and October 1, and those marked (-) were lowered.

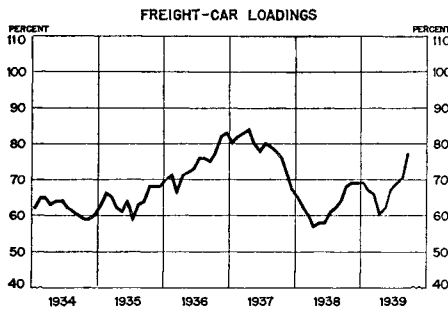
STATES	Cotton (Bales)		Yield 1938	Yield 1928-1937
	% Change Acreage	Yield 1939		
Virginia	-15	12,000-	12,000	40,000
North Carolina	-11	475,000	388,000	702,000
South Carolina	0	910,000	648,000	827,000
	Tobacco (Pounds)			
Maryland	+ 1	29,562,000+	29,250,000	25,217,000
Virginia	+16	126,563,000+	98,906,000	98,075,000
West Virginia	- 6	2,175,000-	2,208,000	3,400,000
North Carolina	+21	692,120,000-	516,850,000	493,927,000
South Carolina	+20	118,750,000	98,800,000	79,624,000
	Corn (Bushels)			
Maryland	+ 1	17,710,000	18,537,000	15,617,000
Virginia	0	36,136,000	34,775,000	32,225,000
West Virginia	+ 1	13,737,000-	12,640,000	12,384,000
North Carolina	- 1	47,151,000	46,398,000	41,355,000
South Carolina	- 5	25,433,000	26,767,000	21,335,000
	Oats (Bushels)			
Maryland	+ 5	1,182,000-	1,312,000	1,364,000
Virginia	+10	2,020,000	1,978,000	2,287,000
West Virginia	-15	1,387,000-	1,806,000	2,218,000
North Carolina	+ 4	5,786,000	5,566,000	3,906,000
South Carolina	+ 7	11,750,000	10,648,000	8,488,000
	Hay (Tons)			
Maryland	+ 1	491,000-	543,000	464,000
Virginia	+ 1	1,010,000	1,138,000	916,000
West Virginia	+ 1	709,000+	802,000	645,000
North Carolina	- 1	829,000+	863,000	654,000
South Carolina	+ 1	475,000	431,000	338,000
	Irish Potatoes (Bushels)			
Maryland	- 4	2,250,000+	2,990,000	3,257,000
Virginia	0	6,952,000-	10,349,000	12,352,000
West Virginia	- 3	2,852,000+	2,720,000	3,109,000
North Carolina	+10	8,091,000	8,620,000	8,028,000
South Carolina	+17	3,108,000	2,784,000	2,476,000
	Sweet Potatoes (Bushels)			
Maryland	0	1,200,000-	1,040,000	1,156,000
Virginia	0	4,114,000+	3,570,000	4,285,000
North Carolina	0	8,667,000+	8,748,000	7,896,000
South Carolina	+ 5	6,900,000	6,468,000	4,965,000
	Commercial Apples (Bushels)			
Maryland .....	..	1,700,000	1,419,000	1,331,000
Virginia .....	..	7,700,000-	7,268,000	8,153,000
West Virginia .....	..	4,000,000-	3,227,000	3,576,000
North Carolina .....	..	560,000-	480,000	657,000
	Peanuts (Pounds)			
Virginia	+ 5	184,800,000+	146,010,000	148,630,000
North Carolina	+ 5	285,200,000+	249,975,000	238,750,000
South Carolina	+ 6	12,000,000+	9,100,000	8,517,000

SUMMARY OF NATIONAL BUSINESS CONDITIONS

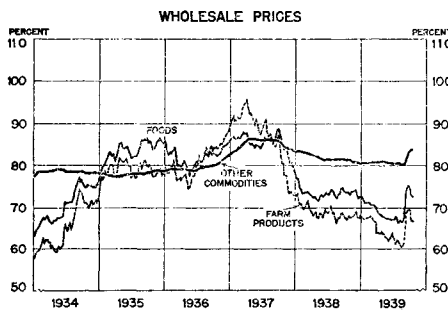
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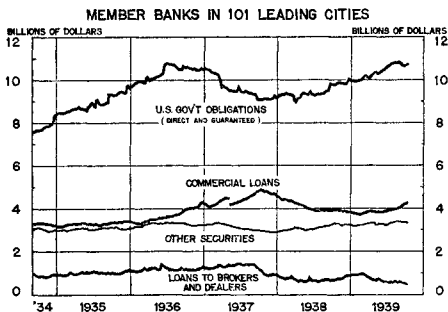
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average =100. By months, January 1934 to September 1939.



Index of total loadings of revenue freight, adjusted for seasonal variation, 1923-1924 average =100. By months, January 1934 to September 1939.



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending October 14, 1939.



Wednesday figures for reporting member banks in 101 leading cities, September 5, 1934, to October 11, 1939. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937, so-called "Other Loans" as then reported.

Volume of industrial production, which had turned up sharply last summer, advanced still more rapidly in the six weeks after the outbreak of war. Employment also increased but at a less rapid rate. Consumption of goods by industry and by individuals has not expanded so rapidly as production and orders. Buying of basic commodities, after a burst of activity in early September, has slackened considerably, but orders for many semi-finished goods and for finished products, particularly machinery and railroad equipment, have continued in large volume. Most orders have come from domestic sources. Prices of basic commodities advanced sharply in the early part of September, but in recent weeks prices of foodstuffs have declined while prices of industrial materials in most instances have been maintained. Prices of finished goods have shown a much smaller advance.

PRODUCTION

In September the Board's seasonally adjusted index of industrial production advanced to 110 per cent of the 1923-1925 average as compared with 103 in August and 92 last spring. Increases in output of iron and steel, flour, sugar, meat products, and petroleum were particularly marked in September. In the steel industry ingot production rose from an average rate of 61 per cent of capacity in August to 71 in September. In the first three weeks of October the rate advanced further to 90 per cent and actual volume of output was at the highest level on record. Flour production rose to near record levels and at meat-packing establishments activity was at the highest rate reached in several years. The sharp increase in output of crude petroleum followed a considerable reduction in the previous month and currently production is at about the high rate prevailing before wells were closed in the latter half of August.

In other industries increases in activity, though quite general, were not so marked. Automobile production showed a sharp seasonal rise as volume production of new model cars was begun at most plants, and in related lines, such as plate glass, activity also increased. Textile production increased somewhat further from the high level reached earlier. Shoe production, however, which had been in large volume in the first eight months of the year, decreased in September. Mineral production advanced generally and iron ore shipment schedules were expanded to build up stocks at lower lake ports before the close of the shipping season.

Value of construction contracts, as reported by the F. W. Dodge Corporation, rose further in September, reflecting a contraseasonal increase in private residential building. Other private construction showed little change and there was some reduction in the volume of new public projects, both residential and nonresidential.

DISTRIBUTION

In September and the early part of October department store sales increased considerably. Freight-car loadings also advanced sharply, with the most marked increases reported in shipments of coal and of miscellaneous freight, which includes most manufactured products.

COMMODITY PRICES

Wholesale prices of foodstuffs declined after the middle of September, following sharp advances earlier in the month. Prices of industrial commodities, which rose considerably until the third week in September, subsequently were generally maintained, although prices of some materials, such as steel scrap, hides, and rubber, declined from earlier peak levels.

BANK CREDIT

Following reductions during the early part of September, Government security holdings by member banks in 101 leading cities increased somewhat during the three weeks ending October 11, reflecting largely the purchase of Treasury bills. Commercial loans continued to increase, but at a less rapid rate than in late August and early September. The volume of demand deposits at city banks also increased further.

Excess reserves, which had increased sharply at member banks during the first half of September, showed further moderate increases during the four weeks ending October 11.

MONEY RATES AND BOND YIELDS

Prices of United States Government securities increased in the latter part of September and the first half of October, following sharp declines early in September. Average yields on long-term Treasury bonds declined from 2.79 per cent on September 21 to 2.62 per cent on October 16. Yields on Treasury notes declined to 0.78 per cent from 1.30 per cent early in September.