

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RÉSERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1940

### Summary of June Business Conditions

TRADE and industry in the Fifth Federal Reserve district normally decline during the summer months, and this year is no exception, but in most instances the decreases have been less than was to be expected. Either direct or indirect influences of European conditions and of the preparedness program at home have probably held several indicators at higher than seasonal levels.

Employment appears to be better than at any time in many months, and there is an active demand for skilled mechanics and building tradesmen for work in shipyards, aircraft plants, and several other types of construction. Coal miners are more nearly employed full time than is usual at midsummer, textile operations continue at a high rate, and tobacco factories are running fully up to June and July average. Unskilled workers, while less in demand than trained men, are moderately employed in construction and road work.

Distribution of goods to consumers continues above the corresponding period last year. Department store sales in the Fifth district in June averaged 7 per cent above sales in June 1939, and sales in retail furniture stores totaled 8 per cent more than sales last year. Wholesale firms in several lines sold 4 per cent more than in June last year. Registrations of new passenger automobiles were substantially above registrations in June 1939, and sales of used cars were also reported quite satisfactory. Debits to individual accounts, reflecting transactions pass-

ing through the banks of the district, were 5 per cent larger in June 1940 than in June 1939.

Fifth district industries operated in June and the first half of July at least up to seasonal levels, and recent orders assure a continuation of operations at or above present levels. Increased activity in coal consuming industries this summer and larger than normal exports of coal enable West Virginia mines to hold output substantially above normal for this season. Shipyards in the Norfolk and Baltimore areas are working at capacity on sufficient orders to keep them busy for several years, and aircraft plants have all the business they can handle with present facilities. Smaller industries are also receiving orders for work in connection with the preparedness program, such as orders recently received by one firm for target shells for the Navy and by another firm for 500 steel railroad cars. Textile plants expect to secure orders for cloth and yarn to be used by the Army or by industrial establishments working on Government orders.

In agriculture, not much change in crop yields is in prospect this year in comparison with 1939 except in tobacco, in which an acreage reduction of nearly 40 per cent has been made, in agreement with Government control programs. This reduction may result in lower consumer purchasing power in tobacco growing areas next fall, although a considerable part of the prospective decrease in tobacco receipts will be made up by Government payments.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	June 1940	May 1940	June 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,367,716,000	\$1,362,938,000	\$1,300,495,000	+ 0	+ 5
Sales, 31 department stores, 5th district.....	\$ 9,770,327	\$ 10,474,004	\$ 9,167,490	- 7	+ 7
Sales, 36 furniture stores, 5th district.....	\$ 1,054,893	\$ 1,137,135	\$ 975,081	- 7	+ 8
Sales, 211 wholesale firms, 5th district.....	\$ 11,439,000	\$ 12,347,000	\$ 11,052,000	- 7	+ 4
Registrations, new autos, 5th district.....	24,135	23,623	18,177	+ 2	+ 33
Number of business failures, 5th district.....	47	51	36	- 8	+ 31
Liabilities in failures, 5th district.....	\$ 801,000	\$ 604,000	\$ 714,000	+ 33	+ 12
Value of building permits, 31 cities.....	\$ 10,719,466	\$ 12,665,284	\$ 11,843,892	- 15	- 9
Value of contracts awarded, 5th district.....	\$ 29,161,000	\$ 39,339,000	\$ 46,154,000	- 26	- 37
Cotton consumption, 5th district (Bales).....	271,127	313,962	274,367	- 14	- 1
Cotton price, ¢ per lb., end of month.....	10.64	10.11	9.33	+ 5	+ 14
Print cloths, 39 in., 80x80s, end of month.....	6.50	6.38	.....	+ 2	.....
Rayon shipments, U. S. (Pounds).....	31,100,000	31,900,000	33,000,000	- 3	- 6
Rayon Stocks, U. S. (Pounds).....	13,200,000	12,500,000	33,300,000	+ 6	- 60
Bituminous coal mined, U. S. (Tons).....	32,640,000	35,468,000	27,959,000	- 8	+ 17

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

ITEMS	000 omitted		
	July 15 1940	June 15 1940	July 15 1939
Discounts held .....	\$ 158	\$ 110	\$ 525
Foreign loans on gold .....	0	0	87
Open market paper .....	0	0	24
Industrial advances .....	871	896	1,153
Government securities .....	122,624	126,217	140,527
Total earning assets .....	123,653	127,223	142,316
Circulation of Fed. Res. Notes .....	230,463	224,457	196,706
Members' reserve deposits .....	319,933	298,881	243,945
Cash reserves .....	481,759	432,154	364,138
Reserve ratio .....	80.13	77.62	72.16

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	000 omitted		
	July 10 1940	June 12 1940	July 12 1939
Loans and discounts .....	\$271,117	\$270,648	\$241,625
Investments in securities .....	407,515	429,072	427,173
Reserve bal. with F. R. Bank .....	218,375	200,885	156,071
Cash in vaults .....	23,103	23,241	21,631
Demand deposits .....	574,902	569,955	488,948
Time deposits .....	202,182	201,662	200,133
Money borrowed .....	0	0	0

## MUTUAL SAVINGS BANK DEPOSITS

## 10 Baltimore Banks

	June 30		June 30
	1940	May 31 1940	1939
Total deposits .....	\$223,515,446	\$223,616,485	\$220,303,545

## DEBITS TO INDIVIDUAL ACCOUNTS

## Fifth District

CITIES	000 omitted			% of Change	
	June 1940	May 1940	June 1939	Month	Year
<b>Dist. of Col.</b>					
Washington .....	\$ 297,719	\$ 292,486	\$ 294,531	+ 2	+ 1
<b>Maryland</b>					
Baltimore .....	389,042	390,437	368,367	- 0	+ 6
Cumberland .....	9,253	8,625	8,837	+ 7	+ 5
Hagerstown .....	9,802	8,946	9,223	+10	+ 6
<b>North Carolina</b>					
Asheville .....	12,901	12,711	12,106	+ 1	+ 7
Charlotte .....	64,637	63,876	60,558	+ 1	+ 7
Durham .....	31,607	29,277	32,033	+ 8	- 1
Greensboro .....	21,113	20,847	19,612	+ 1	+ 8
Raleigh .....	47,932	39,966	40,438	+20	+19
Wilmington .....	11,419	11,231	11,386	+ 2	+ 0
Winston-Salem ..	42,824	40,563	39,689	+ 6	+ 8
<b>South Carolina</b>					
Charleston .....	21,642	20,972	17,987	+ 3	+20
Columbia .....	27,673	34,175	25,322	-19	+ 9
Greenville .....	17,946	20,381	17,718	-12	+ 1
Spartanburg .....	10,386	11,444	9,238	- 9	+12
<b>Virginia</b>					
Danville .....	8,289	8,044	7,525	+ 3	+10
Lynchburg .....	14,598	14,438	13,823	+ 1	+ 6
Newport News ..	12,338	12,204	9,794	+ 1	+26
Norfolk .....	53,127	52,924	50,629	+ 0	+ 5
Portsmouth .....	4,815	4,665	4,671	+ 3	+ 3
Richmond .....	149,636	154,112	148,304	- 3	+ 1
Roanoke .....	28,608	28,933	26,784	- 1	+ 7
<b>West Virginia</b>					
Charleston .....	51,572	52,062	46,403	- 1	+11
Huntington .....	18,136	17,696	15,761	+ 2	+15
Parkersburg .....	10,701	10,479	9,756	+ 2	+10
<b>District Totals ..</b>	<b>\$1,367,716</b>	<b>\$1,361,494</b>	<b>\$1,300,495</b>	<b>+ 0</b>	<b>+ 5</b>

+0 or -0 indicates change of less than 1/2 of 1%.

## COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1940 .....	47	1,114	\$ 801,000	\$ 13,734,600
May 1940 .....	51	1,238	604,000	13,068,000
June 1939 .....	36	1,119	714,000	12,581,000
6 Months, 1940 .....	294	7,119	\$3,416,000	\$ 83,481,000
6 Months, 1939 .....	331	7,875	3,665,000	100,431,000

Source: Dun &amp; Bradstreet.

## EMPLOYMENT HOLDS UP

The number of industrial workers in the Fifth district changed little during the second half of June and the first half of July, increases and decreases about offsetting each other. In coal fields and in the cotton textile industry work declined moderately in June from the May level, but labor experienced reductions in payrolls rather than in the number of employees. On the other hand, the demand continues for skilled craftsmen in shipyards, aircraft factories, and construction work, but practically all available men in these trades are employed and there is some difficulty in securing trained men. Miscellaneous industries are busier than for several years, and employment in them is consequently up. There appears to be very little unemployment among able bodied men with any sort of mechanical training, although there is insufficient work to absorb all unskilled laborers and white collar workers. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from May to June:

STATES	Percentage change from May 1940 to June 1940	
	In number on payroll	In amount of payroll
Maryland .....	+ 1.2	+ 2.4
Dist. of Columbia .....	+ 0.5	+ 1.5
Virginia .....	+ 2.9	+ 3.1
West Virginia .....	+ 1.0	+ 0.3
North Carolina .....	- 1.1	- 1.3
South Carolina .....	- 1.7	- 3.7

## AUTOMOBILE SALES CONTINUE LARGE

Registration figures for new passenger automobiles in the Fifth district in June showed an increase over May figures, due to substantial gains in Virginia and West Virginia, and exceeded June 1939 registrations by 33 per cent. However, the increase over June last year does not present a true picture, since June 1939 figures for West Virginia were incomplete. All states reported higher registrations last month than for June last year. Total registrations in the first half of 1940 exceeded listings in the first half of 1939 by 26 per cent, and except for 1937 were higher than registrations in the first half of any year since 1929. Trade reports indicate that manufacture of automobiles continued to decline seasonally in June, and consequently continued large retail sales reduced stocks of cars in dealers' showrooms from recent high levels. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	June		% Change	6 Months		% Change
	1940	June 1939		1940	1939	
Maryland .....	5,015	3,523	+ 42	26,844	20,646	+30
Dist. of Col. ...	2,996	2,520	+ 19	15,104	14,075	+ 7
Virginia .....	5,507	4,321	+ 27	28,605	22,056	+30
West Virginia ...	4,391	1,968*	+123	17,310	10,545	+64
No. Carolina ...	3,907	3,591	+ 9	26,656	22,419	+19
So. Carolina ...	2,319	2,254	+ 3	15,195	12,911	+18
<b>District .....</b>	<b>24,135</b>	<b>18,177</b>	<b>+ 33</b>	<b>129,714</b>	<b>102,653</b>	<b>+26</b>

\* W. Va. figure for June 1939 incomplete.

## CONSTRUCTION CONTINUES ACTIVE

Construction provided for in building permits issued and contracts awarded in June in the Fifth district was in large volume, although both permit and contract valuations were lower than in June 1939. However, June 1939 figures were unusually high and it was to be expected that June 1940 figures would be lower.

Permits issued in 31 cities last month totaled \$10,719,466, a decrease of 15 per cent from \$12,665,284 in May 1940 and 9 per cent less than \$11,843,892 in June 1939. Total valuation for permits issued in 6 months this year was \$57,600,095, a decrease of 6 percent from a valuation of \$61,336,958 in the first 6 months of 1939. The leading cities in June permits were Baltimore with \$3,641,238, Washington \$3,043,270, Richmond \$600,592, Charleston, W. Va., \$597,298, and Norfolk \$406,810. Contract awards for the first half of 1940 totaling \$183,288,000 were 10 per cent below \$203,393,000 in the first half of 1939, but exceeded any other half-yearly figures since 1930. Figures collected by the *F. W. Dodge Corporation* by states for June 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

**CONSTRUCTION CONTRACTS AWARDED**

STATES	June 1940	June 1939	% Change
Maryland .....	\$ 9,606,000	\$ 9,556,000	+ 1
Dist. of Col. ....	3,304,000	18,858,000	- 82
Virginia .....	6,419,000	6,632,000	- 3
West Virginia .....	3,751,000	2,994,000	+ 25
North Carolina .....	4,172,000	6,303,000	- 34
South Carolina .....	1,909,000	1,811,000	+ 5
Fifth District .....	\$29,161,000	\$46,154,000	- 37

**COAL PRODUCTION HIGH**

Production of bituminous coal in the United States in June declined less than seasonally from May output, and was 17 per cent above June 1939 tonnage. Coal mined last month totaled 32,640,000 net tons, against 35,468,000 tons in May this year and 27,959,000 tons in June last year. Increased consumption by industry, and large exports to Canada chiefly account for the unusual production figures for the past several months. Total output of United States mines this year to July 6 reached 227,696,000 tons, 36 per cent above production of 167,181,000 tons to the same date in 1939. Lake loadings rose from 9,540,689 tons before July 6, 1939, to 20,485,255 tons before July 6, 1940, much of the increased tonnage going to Canada. Shipments of coal through Hampton Roads to July 6 amounted to 12,267,980 tons this year and 9,268,879 tons last year. In the Fifth district, bituminous coal mined in June 1940, May 1940, and June 1939, was as follows:

**SOFT COAL PRODUCTION IN TONS**

REGIONS	June 1940	May 1940	June 1939
West Virginia .....	10,241,000	10,988,000	9,301,000
Virginia .....	1,260,000	1,278,000	1,148,000
Maryland .....	99,000	104,000	110,000
5th District .....	11,600,000	12,370,000	10,559,000
United States .....	32,640,000	35,468,000	27,959,000
% in District .....	35.5	34.9	37.8

**TEXTILE MILLS REDUCE OPERATIONS**

Cotton textile mills apparently reduced operating time in June, and less cotton was consumed in the district than in either May 1940 or June 1939. Production of textiles exceeded sales during most of June and the first half of July, but not sufficiently to build up burdensome stocks. Prices held up well during the past month, and actual or prospective sales of cloth and yarn for use in defense and WPA projects helped to increase mill sales and to strengthen prices. Yarn prices firmed especially in the first week in July as manufacturers made purchases against army orders and industrial users covered future requirements. Mill margins narrowed in June, averaging 10.7 cents against 11.4 cents in May and 9.8 cents in June

1939. Consumption of cotton by states in the Fifth district in June 1940, May 1940, and June 1939, in bales, is shown below:

**COTTON CONSUMPTION—FIFTH DISTRICT**

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
June 1940 .....	144,439	116,248	10,440	271,127
May 1940 .....	165,046	135,288	13,628	313,962
June 1939 .....	147,640	117,442	9,285	274,367
6 Months, 1940 .....	1,004,594	783,353	78,464	1,866,411
6 Months, 1939 .....	923,000	705,040	67,549	1,695,589

**SEASONAL DECLINE IN RAYON PRODUCTION**

Shipments of rayon filament yarn to domestic consumers in June totaled 31,100,000 pounds, compared with 31,900,000 pounds in May and 33,000,000 pounds in June last year. Cumulative shipments for the first half of this year amounting to 184,000,000 pounds rose 13 per cent above 162,700,000 pounds shipped in the corresponding period in 1939, and set a new record for shipments in any January-June period. In spite of large shipments, however, production has been somewhat higher than consumption for several months, and a small amount of yarn has been available to add to reserve stocks each month since January. On June 30, 1939, reserve stocks totaled 33,300,000 pounds of yarn, about a month's supply, but by the end of the year the reserve of yarn had declined to 6,400,000 pounds, somewhat less than a week's supply. Production in January and each month thereafter exceeded shipments, and manufacturers were able to build stocks up to 13,200,000 pounds by June 30, 1940, about a two-weeks supply. *Rayon Organon* states that the rayon yarn producing industry has been operating essentially at capacity based on the present deniers of yarn being spun, but that the industry has now entered the period when vacations and machine repairs will reduce operating schedules. It is expected that the sum of these reductions in operations will be equivalent to approximately 10 days.

**COTTON ACREAGE INCREASES**

Spot cotton prices on Southern markets were higher in June than in May, but held only part of the rise during the first two weeks in July. The average price quoted for middling grade 15/16-inch staple, which on May 17 was 9.58 cents, by June 14 had risen to 10.68 cents. From that date, however, there was a small decline each week to 10.42 cents on July 12. On July 14, 1939, the average price was 9.41 cents.

**COTTON CONSUMPTION AND ON HAND—BALES**

	June 1940	June 1939	Aug. 1 to June 30 This Year	Aug. 1 to June 30 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	271,127	274,367	3,432,886	3,044,208
<b>Cotton growing states:</b>				
Cotton consumed .....	480,069	489,135	6,099,797	5,367,737
Cotton on hand June 30 in				
Consuming establishments ..	903,100	825,949	.....	.....
Storage & compresses .....	9,511,625	11,910,928	.....	.....
<b>United States:</b>				
Cotton consumed .....	556,529	578,436	7,147,724	6,337,073
Cotton on hand June 30 in				
Consuming establishments ..	1,160,025	1,020,609	.....	.....
Storage & compresses .....	9,572,142	11,948,792	.....	.....
Exports of cotton .....	133,530	113,634	6,054,961	3,220,309
Spindles active .....	21,942,748	21,771,310	.....	.....

On July 8, the Department of Agriculture reported the 1940 cotton acreage at 25,077,000 acres, 101.6 per cent of the area in cultivation on July 1 last year. In the

Fifth district, Virginia's 31,000 acres this year is only 94 per cent of last year's acreage, but North Carolina's 829,000 acres is 110 per cent and South Carolina's 1,273,000 acres is 102 per cent of the 1939 acreage. No official data on the condition of the crop will be available until August, but unofficial reports show that the crop is distinctly backward and at the moment prospects are below average for this season of the year.

### CIGARETTE PRODUCTION SETS NEW RECORD

All tobacco products except cigarettes manufactured in the United States in June 1940 were in smaller amounts than in either May this year or June last year, but cigarette production set a new all-time record for a single month. Bureau of Internal Revenue figures show production figures as follows:

	June 1940	May 1940	June 1939
Smoking & chewing tobacco, pounds ..	24,763,334	26,457,385	26,823,793
Cigarettes, number ....	17,565,041,013	16,274,867,793	16,594,511,013
Cigars, number .....	435,029,473	469,313,069	486,721,353
Snuff, pounds .....	2,896,537	3,466,676	3,282,977

### RETAIL AND WHOLESALE TRADE

#### DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio June collections to accounts outstanding June 1
	June 1940 comp. with June 1939	Jan. 1 to date comp. with same period last year	June 30, 1940 comp. with June 1939	May 1940	
Richmond (3) .....	+ 4.5	+ 4.9	+ 6.0	- 8.2	32.1
Baltimore (8) .....	+ 10.2	+ 6.9	+ 1.8	- 8.5	32.2
Washington (6) .....	+ 5.2	+ 5.3	+ 1.7	- 9.0	28.5
Other Cities (14) ..	+ 3.1	+ 7.3	+ 0.5	- 5.6	28.9
District (31) .....	+ 6.6	+ 6.0	+ 2.1	- 8.3	30.1

Same stores by states, with 25 stores added:

Virginia (12) .....	+ 3.5	+ 4.4	..	..	..
West Virginia (10) ..	+ 8.7	+ 12.3	..	..	..
North Carolina (8) ..	+ 5.1	+ 8.1	..	..	..
South Carolina (11) ..	+ 8.3	+ 11.1	..	..	..

#### RETAIL FURNITURE SALES

STATES	% Change in Sales, June and 6 Months in 1940	
	Compared with June 1939	Compared with 6 Months 1939
Maryland, 9 stores .....	+ 12	+ 20
Dist. of Col., 7 stores .....	+ 6	+ 7
Virginia, 9 stores .....	+ 6	+ 6
North Carolina, 4 stores .....	+ 6	+ 11
South Carolina, 7 stores .....	+ 10	+ 17
District, 36 stores .....	+ 8	+ 13
Individual cities:		
Baltimore, 9 stores .....	+ 12	+ 20
Richmond, 4 stores .....	+ 4	+ 1
Washington, 7 stores .....	+ 6	+ 7

#### WHOLESALE TRADE, 211 FIRMS

LINES	Net Sales		Stocks		Ratio June collections to accounts outstanding June 1
	June 1940 compared with June 1939	May 1940	June 30, 1940 compared with June 30, 1939	May 31, 1940	
Auto supplies (8) .....	+ 6	+ 0	+ 10	- 2	65
Shoes (5) .....	- 14	- 36	+ 1	+ 7	52
Drugs (10) .....	+ 4	- 8	+ 7	+ 1	88
Dry goods (8) .....	- 9	- 20	+ 24	- 6	41
Electrical goods (16) ..	+ 4	- 7	+ 11	+ 3	66
Groceries (58) .....	+ 3	- 4	+ 11	+ 3	87
Hardware (18) .....	+ 3	- 5	+ 11	+ 1	45
Industrial supplies (11) ..	+ 24	+ 8	+ 14	- 0	74
Plumbing & heating (5) ..	+ 11	+ 10	..	..	60
Paper & products (10) ..	+ 9	- 11	+ 11	+ 10	64
Tobacco & products (8) ..	+ 6	+ 0	+ 5	+ 7	82
Miscellaneous (54) .....	+ 4	- 9	+ 5	- 6	65
District Average (211) ..	+ 4	- 7	+ 9	+ 1	63

### CROP FORECASTS

The following figures, issued by the Department of Agriculture, show forecasts of production based on July 1 conditions, compared with yields in 1939 and in the 10-year period 1929-1938, and percentage changes in acreage this year over or under 1939:

Wheat (Bushels)				
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	+ 4	7,448,000	7,352,000	8,518,000
Virginia .....	+ 4	8,354,000	7,511,000	8,735,000
West Virginia .....	- 6	1,986,000	2,102,000	2,080,000
North Carolina .....	+ 5	5,798,000	5,100,000	4,661,000
South Carolina .....	0	2,623,000	2,415,000	1,175,000

Corn (Bushels)				
Maryland .....	+ 1	17,374,000	18,216,000	15,923,000
Virginia .....	- 2	34,425,000	36,530,000	32,255,000
West Virginia .....	- 1	13,122,000	13,994,000	12,448,000
North Carolina .....	- 1	48,820,000	48,087,000	42,517,000
South Carolina .....	+ 2	25,940,000	25,433,000	22,306,000

Oats (Bushels)				
Maryland .....	+ 15	1,015,000	1,128,000	1,344,000
Virginia .....	+ 5	1,806,000	1,600,000	2,197,000
West Virginia .....	- 10	1,388,000	1,460,000	2,086,000
North Carolina .....	- 1	5,250,000	5,692,000	4,228,000
South Carolina .....	- 1	10,670,000	11,515,000	8,910,000

Hay (Tons)				
Maryland .....	+ 2	591,000	518,000	464,000
Virginia .....	+ 3	1,178,000	983,000	923,000
West Virginia .....	+ 1	820,000	718,000	644,000
North Carolina .....	+ 7	1,035,000	991,000	696,000
South Carolina .....	+ 5	518,000	541,000	362,000

Irish Potatoes (Bushels)				
Maryland .....	+ 4	2,834,000	2,375,000	3,038,000
Virginia .....	0	9,438,000	6,786,000	11,507,000
West Virginia .....	0	3,200,000	3,040,000	2,925,000
North Carolina .....	- 1	8,829,000	8,200,000	7,976,000
South Carolina .....	0	3,192,000	3,108,000	2,424,000

Sweet Potatoes (Bushels)				
Maryland .....	+ 11	1,350,000	1,440,000	1,090,060
Virginia .....	- 3	3,720,000	4,128,000	4,156,000
North Carolina .....	- 5	7,592,000	8,624,000	8,163,000
South Carolina .....	- 1	5,940,000	6,834,000	5,220,000

Tobacco (Pounds)				
Maryland .....	- 1	24,192,000	29,796,000	26,096,000
Virginia .....	- 33	90,684,000	143,847,000	97,395,000
West Virginia .....	- 6	2,635,000	2,736,000	3,262,000
North Carolina .....	- 41	465,650,000	811,675,000	496,101,000
South Carolina .....	- 40	77,400,000	133,200,000	81,068,000

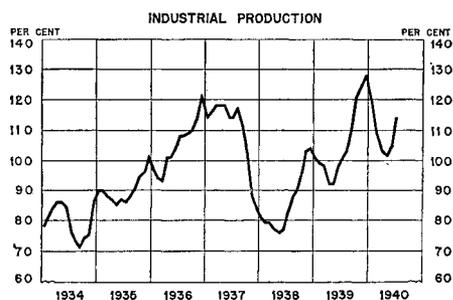
Peanut Condition, July 1				
Virginia .....	+ 5	86	79	80
North Carolina .....	+ 5	81	79	75
South Carolina .....	+ 15	80	78	67

Pasture Condition, July 1				
Maryland .....		80	77	76
Virginia .....		90	72	78
West Virginia .....		89	76	74
North Carolina .....		82	79	75
South Carolina .....		75	68	67

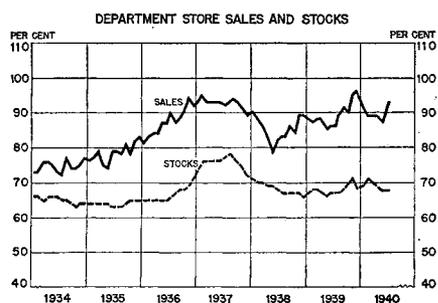
(Compiled July 20, 1940)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

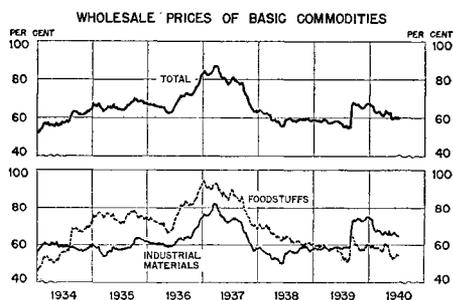
(Compiled by the Board of Governors of the Federal Reserve System)



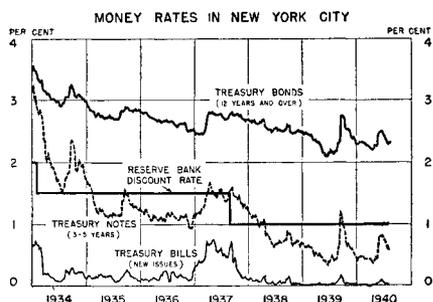
Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to June 1940.



Indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to June 1940.



Federal Reserve groupings of Bureau of Labor Statistics' data. Thursday figures, January 4, 1934 to July 11, 1940.



For weeks ending January 6, 1934, to July 13, 1940.

Volume of industrial production increased rapidly during June and rose somewhat further in the first half of July. Distribution of commodities through retail and wholesale markets and by rail continued active.

## PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 106 in May to 114 in June. In that month, as in May, increases in activity were most marked in the iron and steel and textile industries where declines earlier in the year had been greatest.

Steel ingot production rose from 60 per cent of capacity at the beginning of May to 87 per cent in the latter part of June and was maintained at about that level in the first three weeks of July. Production of coke and pig iron showed similar sharp increases and iron ore shipments down the Lakes were at near-capacity levels. Demand for steel was general as most domestic steel-consuming industries were operating at high rates. Exports of steel, which had declined in April, rose to earlier high levels in May and June, amounting to about 10 percent of steel-producing capacity.

Automobile production, which had begun to decline in May, continued to decrease in June and the first half of July reflecting in large part seasonal influences. Retail sales of automobiles were in large volume and dealers' stocks of new and used cars declined from the high levels prevailing earlier.

In the textile industry there was a further sharp advance in activity at woolen mills, and at cotton mills output was reduced less than seasonally. Rayon production was maintained at earlier high levels while at silk mills activity remained near the unusually low rate reached in May.

Coal production continued in large volume during June, but output of crude petroleum declined in the latter part of the month, owing to reduced production in Texas fields.

Value of construction contract awards showed little change from May to June, according to F. W. Dodge Corporation figures for 37 eastern States. Awards for private residential building decreased more than seasonally, following a sharp rise in May, and contracts for private non-residential building also declined. Contracts for public construction increased further in June, owing in part to expansion in the construction of Army and Navy air bases.

## DISTRIBUTION

Department store sales in June were maintained at the May level, although usually there is a considerable decline, and the Board's seasonally adjusted index advanced to 93 as compared with 87 in May and a level of about 89 earlier in the year. Sales at variety stores showed little change from May to June, continuing at the advanced level that has prevailed since the beginning of the year. In the early part of July department store sales declined seasonally from the June level.

Freight-car loadings increased further in June. Shipments of coal and miscellaneous merchandise continued to expand and loadings of coke, which usually decline at this season, showed a substantial rise.

## COMMODITY PRICES

Prices of a number of industrial materials, particularly steel scrap, copper, rubber, and silk, declined from the middle of June to the middle of July. Wheat prices also showed decreases in this period, while prices of livestock and products advanced owing partly to seasonal influences.

## AGRICULTURE

Production of major crops this season, according to the July 1 report of the Department of Agriculture, may be slightly lower than last season. Tobacco production will be sharply reduced from last year, when the crop was unusually large. Domestic supplies of wheat and other field crops as well as of vegetables and fruit are expected to show little change from last season. Indicated hog production this year will be about 10 percent smaller than last year.

## BANK CREDIT

Total loans and investments at reporting member banks in 101 leading cities increased during the five weeks ending July 10, chiefly as a result of increases in holdings of short-term United States Government obligations and in commercial loans. Holdings of United States Government bonds and loans to security brokers and dealers declined.

The monetary gold stock increased by \$885,000,000 in this five week period, the largest gold acquisition for any corresponding period on record. This inflow of gold was reflected in a growth of \$310,000,000 in foreign bank balances with the Federal Reserve Banks and in increased deposits and reserves of member banks. On July 10, excess reserves of member banks amounted to \$6,833,000,000.

## GOVERNMENT SECURITY MARKET

Prices of Government securities, which had advanced sharply in June, showed further increases after July 8 when the Treasury announced a new bond issue for cash subscription. Between June 10 and July 15 the price of the 1960-65 bonds rose about 3 points, and the yield on this issue declined from 2.52 per cent to 2.34 per cent as compared with 2.26 per cent at the year's peak in prices on April 2.