

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

September 30, 1940

### Summary of August Business Conditions

THE stimulating influence of the preparedness program is beginning to be widely felt in the Fifth Reserve district, and many Government contracts have been awarded to industries in the district for articles needed for the expanded Army and Navy. These direct activities are also bringing indirect results, such as the pressing need for additional housing developed in the Newport News area by the great shipbuilding program under way there. Increased industrial activity necessitates additional plant capacity in a number of instances, and plans are in the making for further construction in the near future. Very large additions to shipbuilding facilities, airplane plants and powder manufacturers will presently be made in the Fifth district.

In addition to new business flowing from the preparedness program, ordinary commercial business was up to or above seasonal level in August and early September. Distribution of goods continued in greater volume than a year ago, and some seasonal advances over July were registered. Sales in department stores in August rose 27 per cent above July sales, and were 20 per cent larger than sales in August 1939. Retail furniture sales were also larger last month than in either the preceding month this year or the corresponding month last year, and wholesale sales in August exceeded those in either of the two earlier periods mentioned. Sales of new automobiles declined from the July level, but this was a seasonal development, and August sales were above those of August 1939.

Industrial activity held up well last month, although gains over the level of operations a year ago were smaller than gains made over the same period by retail distribution. Textile mills in the Fifth district found business slow in early August, but during the latter part of the month demand picked up materially and cotton consumption was approximately the same as in August 1939. Rayon shipments again exceeded capacity production, and reserve stocks of yarn declined further. Coal mined increased to a level 12 per cent above that of August last year. Tobacco manufacturing declined in August from the high level of August 1939. Building permits issued and contracts awarded both decreased from July figures, but continued in relatively large volume and both were above permits and awards in August 1939.

The agricultural outlook improved during August for most crops, in spite of serious damage from floods during the month in many sections of the Fifth district. The leading cash crop, tobacco, declined in prospective yield, but cotton, the second most important crop from an income standpoint, improved substantially. Increased yields over those forecast on August 1 were predicted on September 1 for cotton, corn, oats, hay and sweet potatoes, while lower yields were forecast for tobacco, apples and peanuts. Pasture conditions improved in August in all Fifth district states except West Virginia, and all were above the 10-year average.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	August 1940	July 1940	August 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,307,118,000	\$1,408,226,000	\$1,228,451,000	— 7	+ 6
Sales, 30 department stores, 5th district.....	\$ 8,958,091	\$ 7,074,213	\$ 7,439,682	+ 27	+ 20
Sales, 37 furniture stores, 5th district.....	\$ 1,476,379	\$ 972,989	\$ 1,288,618	+ 52	+ 15
Sales, 196 wholesale firms, 5th district.....	\$ 12,529,000	\$ 11,229,000	\$ 11,860,000	+ 12	+ 6
Registrations, new autos, 5th district.....	17,242	24,724	15,840	— 30	+ 9
Tobacco sold in 5th district (Pounds).....	52,687,557	.....	219,923,342	.....	— 76
Average price of tobacco, per 100 lbs.....	\$ 18.36	.....	\$ 16.02	.....	+ 15
Growers' receipts from tobacco, 5th district.....	\$ 9,671,070	.....	\$ 35,233,572	.....	— 73
Number of business failures, 5th district.....	42	51	39	— 18	+ 8
Liabilities in failures, 5th district.....	\$ 713,000	\$ 756,000	249,000	— 6	+186
Value of building permits, 31 cities.....	\$ 10,033,108	\$ 14,127,489	\$ 8,498,125	— 29	+ 18
Value of contracts awarded, 5th district.....	\$ 47,363,000	\$ 57,234,000	\$ 32,213,000	— 17	+ 47
Cotton consumption, 5th district (Bales).....	298,696	285,912	299,195	+ 4	— 0
Cotton price, ¢ per lb., end of month.....	9.62	10.23	8.76	— 6	+ 10
Print cloths, 39 in. 80x80s, end of month.....	6.50	6.50	.....	0	.....
Rayon yarn shipments, U. S. (Pounds).....	35,400,000	32,700,000	32,500,000	+ 8	+ 9
Rayon yarn stocks, U. S. (Pounds).....	9,300,000	11,200,000	19,300,000	— 17	— 52
Bituminous coal mined, U. S. (Tons).....	39,240,000	36,080,000	35,016,000	+ 9	+ 12

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Sept. 15 1940	Aug. 15 1940	Sept. 15 1939
Discounts held .....	\$ 250	\$ 140	\$ 200
Foreign loans on gold .....	13	0	87
Open market paper .....	0	0	23
Industrial advances .....	849	790	1,043
Government securities .....	121,994	122,470	151,912
Total earning assets .....	123,106	123,400	153,265
Circulation of Fed. Res. notes .....	242,825	231,824	210,496
Members' reserve deposits .....	323,639	304,162	273,187
Cash reserves .....	520,860	493,514	398,943
Reserve ratio .....	81.51	80.85	72.48

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Sept. 11 1940	Aug. 14 1940	Sept. 13 1939
Loans & discounts .....	\$280,966	\$274,662	\$248,637
Investments in securities .....	435,123	442,623	433,539
Reserve bal. with F. R. bank .....	213,120	195,192	183,969
Cash in vaults .....	24,374	23,084	23,043
Demand deposits .....	590,725	577,754	521,368
Time deposits .....	202,935	202,774	200,024
Money borrowed .....	0	0	0

## MUTUAL SAVINGS BANK DEPOSITS

	10 Baltimore Banks		
	Aug. 31 1940	July 31 1940	Aug. 31 1939
Total deposits .....	\$222,488,398	\$222,693,076	\$219,426,239

## DEBITS TO INDIVIDUAL ACCOUNTS

Dist. of Col.	Fifth District			% of Change Month Year
	Aug. 1940	July 1940	Aug. 1939	
Washington .....	\$ 268,453	\$ 299,105	\$ 246,187	-10 + 9
<b>Maryland</b>				
Baltimore .....	365,968	415,299	325,562	-12 +12
Cumberland .....	9,042	9,608	7,546	- 6 +20
Hagerstown .....	9,092	10,190	8,030	-11 +13
<b>North Carolina</b>				
Asheville .....	14,752	13,284	12,499	+11 +18
Charlotte .....	60,299	63,979	61,310	- 6 - 2
Durham .....	38,815	30,647	41,281	+27 + 8
Greensboro .....	19,448	19,776	18,095	- 2 + 8
Raleigh .....	37,033	50,205	40,266	-26 - 8
Wilmington .....	11,561	11,992	11,111	- 4 + 4
Winston-Salem ..	41,891	40,162	40,681	+ 4 + 3
<b>South Carolina</b>				
Charleston .....	19,112	20,046	15,487	- 5 +23
Columbia .....	28,420	30,529	27,256	- 7 + 4
Greenville .....	18,935	19,301	17,710	- 2 + 7
Spartanburg .....	11,114	9,793	9,812	+14 +13
<b>Virginia</b>				
Danville .....	7,311	6,948	9,170	+ 5 -20
Lynchburg .....	13,065	15,426	13,405	-15 - 3
Newport News ..	18,931	18,640	9,602	+ 2 +45
Norfolk .....	50,357	58,013	43,747	-13 +15
Portsmouth .....	5,839	4,906	3,913	+19 +49
Richmond .....	155,626	155,127	169,458	+ 0 - 8
Roanoke .....	23,729	23,051	24,621	+ 2 +17
<b>West Virginia</b>				
Charleston .....	50,415	54,179	46,420	- 7 + 9
Huntington .....	17,684	17,422	15,673	+ 2 +13
Parkersburg .....	10,226	10,598	9,607	- 4 + 7
<b>District Totals</b> ..	<b>\$1,307,118</b>	<b>\$1,408,226</b>	<b>\$1,228,451</b>	<b>- 7 + 6</b>

+0 indicates increase of less than 1/2 of 1%.

## COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
August 1940 .....	42	1,128	\$ 713,000	\$ 12,997,000
July 1940 .....	51	1,175	756,000	16,213,000
August 1939 .....	39	1,126	249,000	12,637,000
8 Months, 1940 .....	387	9,422	4,885,000	112,691,000
8 Months, 1939 .....	405	10,154	4,400,000	128,067,000

Source: Dun & Bradstreet

## EMPLOYMENT SHOWS FURTHER IMPROVEMENT

Employment in the aggregate increased substantially in the Fifth district in recent weeks, principally in the ranks of skilled workers fitting into the defense program. Many industrial plants have obtained contracts for Army and Navy supplies, and have increased rates of operations accordingly. Shipyards and airplane plants are employing all available skilled men, and in fact are reported to be having difficulty in finding sufficient labor of desired quality. Construction is active and is giving work to nearly all building tradesmen. Coal mines are running at a relatively high rate, and harvesting of tobacco, cotton, apples and other crops is providing seasonal employment for agricultural workers. 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 July to August:

STATES	Percentage change from July 1940 to Aug. 1940	
	In number on payroll	In amount of payroll
Maryland .....	+ 2.2	+ 2.9
Dist. of Columbia .....	- 0.4	- 0.2
Virginia .....	+ 1.4	+ 2.9
West Virginia .....	+ 1.3	+ 7.8
North Carolina .....	+ 1.6	+ 3.4
South Carolina .....	0.0	+ 1.1

## AUTO SALES AT SEASONAL LEVEL

Retail sales of new automobiles in the Fifth district declined seasonally in August from the July figures, but exceeded August 1939 sales by 9 per cent. Last month's decrease was due to a tendency to wait for 1941 models, and also to incomplete stocks from which to choose on many dealers' floors. Dealers were quite successful in clearing out stocks of 1940 cars before the new models began to appear in September, and used cars also moved from dealers' lots and showrooms in large numbers. As the 1941 model year opens, agencies have few new last year's models on hand, and used car stocks of popular makes have been reduced to relatively low levels. Manufacturers report that the reception given the 1941 models exceeds expectations, and increased sales over those for last fall are confidently expected. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	% Change			8 Months 1940	8 Months 1939	% Change
	Aug. 1940	Aug. 1939	% Change			
Maryland .....	2,971	2,935	+ 1	34,724	26,911	+29
Dist. of Col. ...	1,580	1,681	- 6	19,379	17,851	+ 9
Virginia .....	4,568	3,636	+ 26	39,158	29,489	+33
West Virginia ..	2,069	1,716	+ 21	22,556	15,655	+44
No. Carolina ...	4,064	3,805	+ 7	36,135	31,152	+16
So. Carolina ...	1,990	2,067	- 4	19,728	17,397	+13
<b>Fifth District.</b>	<b>17,242</b>	<b>15,840</b>	<b>+ 9</b>	<b>171,680</b>	<b>138,455</b>	<b>+24</b>

## CONSTRUCTION CONTINUES RELATIVELY ACTIVE

Building permit and contract award figures in the Fifth district were both lower in August than in July, but nevertheless were in relatively large amounts and exceeded the figures for August last year. Permits issued in 31 cities totaled \$10,033,108 in August, a decrease of 29 per cent from \$14,127,489 in July 1940 but 18 per cent above \$8,498,125 in August 1939. Washington reported \$3,853,805 last month (Government work not included) to top the district, followed in order by Balti-

more with \$1,681,806, Charleston, W. Va., with \$598,854, Norfolk with \$514,637, and Spartanburg with \$436,535.

Contracts awarded in the district in August 1940 totaling \$47,363,000 were 17 per cent below the July 1940 figures but exceeded August 1939 figures by 47 per cent. The decline last month was chiefly in publicly financed projects. Figures collected by the *F. W. Dodge Corporation* by states for August 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Aug. 1940	Aug. 1939	% Change
Maryland .....	\$1,103,000	\$ 8,568,000	+ 18
Dist. of Col. ....	3,114,000	10,035,000	- 69
Virginia .....	11,635,000	6,760,000	+ 73
West Virginia .....	2,392,000	2,050,000	+ 17
North Carolina .....	15,733,000	3,271,000	+381
South Carolina .....	4,326,000	1,529,000	+183
Fifth District .....	\$47,363,000	\$32,213,000	+ 47

### COAL MINING INCREASES FURTHER

Production of bituminous coal rose further in the United States in August, totaling 39,240,000 net tons, an increase of 9 per cent over 36,080,000 tons mined in July 1940 and 12 per cent above 35,016,000 tons mined in August 1939. Total output of coal this calendar year to September 14 amounting to 312,686,000 tons exceeds 1939 production to the same date of 245,750,000 tons by 27 per cent, but is 15 per cent below the 1929 total of 366,218,000 tons. Shipments of coal through Hampton Roads to September 14 were 16,065,403 tons in 1940 and 12,997,538 tons in 1939, an increase of 24 per cent this year, caused chiefly by a rise of 305 per cent in loadings of foreign cargo coal in 1940. In the Fifth district, production of bituminous coal in August 1940, July 1940 and August 1939, was as follows:

SOFT COAL PRODUCTION IN TONS			
REGIONS	Aug. 1940	July 1940	Aug. 1939
West Virginia .....	11,751,000	11,097,000	10,635,000
Virginia .....	1,341,000	1,165,000	1,331,000
Maryland .....	113,000	98,000	111,000
5th District .....	13,205,000	12,360,000	12,077,000
United States .....	39,240,000	36,080,000	35,016,000
% in District .....	33.7	34.3	34.5

### COTTON TEXTILE MILLS INCREASE ACTIVITY

Domestic mill activity, which had been only fairly well maintained in the first half of August, picked up substantially in late August and early September, and sales, especially of unfinished goods, exceeded mill output. The volume of business was reported exceptionally large in print cloths, but sheetings, twills, ducks and wide industrial fabrics also sold freely. Reports from finishers indicate a temporary shortage of grey sheetings. Many mills are bidding on Government work in connection with the preparedness program, and mills making textiles suitable for Army or Navy needs expect to operate at capacity for some time to come. Prices for most constructions were about unchanged during August. Mill margins averaged 11.23 cents in August this year, against 11.00 cents for July 1940 and 11.41 cents in August 1939. Consumption of cotton in August in the Fifth district is shown below, in comparison with figures for July this year and August last year:

### COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
August 1940 .....	159,631	127,934	11,131	298,696
July 1940 .....	158,028	120,829	7,055	285,912
August 1939 .....	163,494	121,535	14,166	299,195
8 Months, 1940 .....	1,322,253	1,032,116	96,650	2,451,019
8 Months, 1939 .....	1,229,760	927,332	92,956	2,250,048

### RAYON SHIPMENTS AGAIN EXCEED PRODUCTION

Shipments of rayon filament yarn to domestic mills in August amounted to 35,400,000 pounds, of which 33,500,000 pounds came from current production and 1,900,000 pounds were withdrawn from already low reserve stocks, according to data in *Rayon Organon*. Last month's shipments of 35,400,000 pounds compared with 32,700,000 pounds shipped in July and 32,500,000 pounds in August last year. Total shipments in the 8 elapsed months of 1940 amounted to 254,200,000 pounds as compared with 228,100,000 pounds in the first 8 months of 1939, an increase of 11 per cent. The 1939 shipments exceeded production in the 8 months by 20,000,000 pounds, but output has been stepped up and this year production has exceeded production in the same period last year by 23 per cent. The amount of yarn manufactured in August and early September was cut something like 2,500,000 pounds in southern mills by flooded streams. Reserve stocks of filament yarn totaled 9,300,000 pounds on August 31, against 11,200,000 pounds on July 31, 1940, and 19,300,000 pounds on August 31, 1939.

### COTTON STATISTICS

The average price of spot cotton on 10 southern markets, based on Friday quotations for middling grade, 15/16 in. staple, has fallen every week since the middle of June, and on September 13 was 9.42 cents per pound against 10.68 cents on June 14, 1940, and 9.18 cents on September 15 last year.

The second forecast of the 1940 cotton crop, issued on September 9 by the Department of Agriculture, raised the estimate materially, from 11,429,000 bales as of August 1 to 12,772,000 bales on September 1. The crop is now expected to exceed the 1939 yield of 11,817,000 bales by 8 per cent. Figures for production in Fifth district states are shown on page 4.

### COTTON CONSUMED AND ON HAND

	(Bales)	
	August 1940	August 1939
<b>Fifth district states:</b>		
Cotton consumed .....	298,696	299,195
<b>Cotton growing states:</b>		
Cotton consumed .....	563,820	533,898
Cotton on hand August 31 in		
Consuming establishments .....	538,362	494,475
Storage & compresses .....	9,009,139	11,801,848
<b>United States:</b>		
Cotton consumed .....	654,503	630,667
Cotton on hand August 31 in		
Consuming establishments .....	737,962	653,087
Storage & compresses .....	9,120,291	11,829,439
Exports of cotton .....	64,743	214,541
Spindles active in month .....	22,078,162	22,009,882

### TOBACCO MARKETS OPEN

Auction tobacco markets opened in the Border belt on August 20. This belt includes all South Carolina and 7 North Carolina markets. Prices on the opening were about 12 per cent above last year's figures. The pound-

age sold in the Fifth district in August 1940 was far below the August 1939 figure, but last year the Border markets opened early in the month and in addition Western North Carolina Bright Belt markets were open 10 days in August but did not open until September this year. Sales in August, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Hundred	
	August 1940	August 1939	1940	1939
So. Carolina .....	25,346,105	76,832,115	\$17.78	\$15.97
No. Carolina .....	27,341,452	143,091,227	18.89	16.05
Total .....	52,687,557	219,923,342	\$18.36	\$16.02

### TOBACCO MANUFACTURING DECLINES

Bureau of Internal Revenue receipts for August show production of tobacco products as follows in the United States:

	August 1940	July 1940	August 1939
Smoking & chewing tobacco, pounds .....	25,931,262	26,241,167	29,839,260
Cigarettes, number .....	15,839,874,477	15,912,640,803	16,571,041,957
Cigars, number .....	487,641,197	460,522,504	500,807,236
Snuff, pounds .....	2,917,649	3,091,422	3,451,554

### RETAIL AND WHOLESALE TRADE

#### DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Aug. collections to accounts outstanding Aug. 1
	Aug. 1940 comp. with 1939	Jan. 1 to date last year	Aug. 31, 1940 comp. with 1939	July 1940 comp. with 1939	
Richmond (3) ..	+14.1	+ 6.5	+ 9.4	+ 8.7	30.9
Baltimore (8) ..	+25.7	+ 9.5	+ 3.4	+ 9.0	30.4
Washington (6) ..	+19.5	+ 8.0	+ 0.8	+ 5.9	26.9
Other Cities (13) ..	+16.7	+ 9.4	+ 1.5	+10.3	26.5
District (30) ..	+20.4	+ 8.4	+ 2.6	+ 7.8	28.4
Same stores by states, with 25 stores added:					
Virginia (12) ..	+14.7	+ 6.3	...	...	...
West Va. (10) ..	+11.2	+12.5	...	...	...
No. Carolina (9) ..	+14.5	+ 9.7	...	...	...
So. Carolina (10) ..	+13.1	+11.1	...	...	...

#### RETAIL FURNITURE SALES

STATES	% Change in Sales, August and 8 Months in 1940	
	Compared with Aug. 1939	Compared with 8 Months 1939
Maryland, 9 stores .....	+21	+18
Dist. of Col., 7 stores .....	+20	+10
Virginia, 10 stores .....	+1	+5
North Carolina, 4 stores .....	+2	+12
South Carolina, 7 stores .....	+9	+15
District, 37 stores .....	+15	+12
Individual cities:		
Baltimore, 9 stores .....	+21	+18
Richmond, 5 stores .....	+1	+1
Washington, 7 stores .....	+20	+10

#### WHOLESALE TRADE, 196 FIRMS

LINES	Net Sales		Stocks		Ratio Aug. collections to accounts outstanding August 1
	Aug. 1940 compared with 1939	July 1940	Aug. 31, 1940 compared with 1939	July 31, 1940	
Auto supplies (9) .....	+15	+13	+8	-2	66
Shoes (4) .....	-2	+112	-6	-5	35
Drugs (14) .....	+6	+7	+4	+1	84
Dry Goods (7) .....	+0	+80	+15	-3	44
Electrical goods (14) ..	+17	-13	+10	+11	75
Groceries (62) .....	+3	+0	+6	-1	89
Hardware (16) .....	-0	+10	+13	+3	38
Industrial supplies (9) ..	+26	+12	+28	-1	60
Plumbing & heating (5) ..	+22	-2	..	..	61
Paper & products (8) ..	+8	-4	+13	+8	76
Tobacco & products (6) ..	-14	-10	..	..	79
Miscellaneous (42) .....	+9	+9	-0	-1	67
Dist. Average (196) ..	+6	+12	+6	+1	65

Source: Bureau of the Census.

### CROP FORECASTS

In spite of severe damage by flood waters in August to crops on bottom land in many sections of the Fifth district, prospects on the whole improved during the month. The weather was favorable for late growth and for harvesting work, and tobacco was the only major crop which lost ground. The following figures show forecasts of production made by the Department of Agriculture on the basis of September 1 conditions. Yield figures marked (+) were raised between August 1 and September 1, and those marked (-) were lowered.

	Cotton (Bales)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Virginia .....	-6	21,000+	13,000	37,000
North Carolina .....	+9	630,000+	457,000	653,000
South Carolina .....	+1	903,000+	871,000	820,000
Fifth District .....	+4	1,554,000+	1,341,000	1,515,000

	Corn (Bushels)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	+1	16,863,000	18,216,000	15,923,000
Virginia .....	-2	35,114,000	36,530,000	32,255,000
West Virginia .....	-1	12,636,000-	13,994,000	12,448,000
North Carolina .....	-1	45,158,000+	48,087,000	42,517,000
South Carolina .....	+2	24,152,000	25,433,000	23,306,000
Fifth District .....	-0	133,923,000+	142,260,000	125,449,000

	Oats (Bushels)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	+15	1,085,000+	1,123,000	1,344,000
Virginia .....	+5	1,932,000	1,600,000	2,197,000
West Virginia .....	-10	1,386,000	1,460,000	2,086,000
North Carolina .....	-1	6,000,000	5,692,000	4,228,000
South Carolina .....	-1	10,670,000	11,515,000	8,910,000
Fifth District .....	-2	21,073,000+	21,395,000	18,765,000

	Hay (Tons)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	+2	557,000-	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	1,012,000+	991,000	696,000
South Carolina .....	+5	518,000+	541,000	362,000
Fifth District .....	+4	4,085,000+	3,751,000	3,089,000

	Irish Potatoes (Bushels)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	+4	2,782,000	2,375,000	3,098,000
Virginia .....	0	10,452,000	6,786,000	11,507,000
West Virginia .....	0	3,200,000	3,040,000	2,925,000
North Carolina .....	-1	8,748,000	8,200,000	7,976,000
South Carolina .....	0	3,192,000	3,108,000	2,424,000
Fifth District .....	0	28,374,000	23,509,000	27,930,000

	Sweet Potatoes (Bushels)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	+11	1,450,000+	1,440,000	1,090,000
Virginia .....	-3	3,720,000-	4,128,000	4,156,000
North Carolina .....	-5	7,446,000+	8,624,000	8,163,000
South Carolina .....	-1	5,610,000+	6,834,000	5,220,000
Fifth District .....	-3	18,226,000+	21,026,000	18,629,000

	Tobacco (Pounds)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	-1	27,405,000+	29,796,000	26,096,000
Virginia .....	-33	86,193,000-	143,847,000	97,395,000
West Virginia .....	-6	2,465,000-	2,736,000	3,262,000
North Carolina .....	-41	428,470,000-	811,675,000	496,101,000
South Carolina .....	-40	77,400,000+	133,200,000	81,068,000
Fifth District .....	-38	621,933,000-	1,121,254,000	703,922,000

	Apples, Commercial (Bushels)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	..	2,015,000-	2,362,000	1,922,000
Virginia .....	..	10,150,000	10,800,000	10,279,000
West Virginia .....	..	4,469,000+	5,670,000	4,622,000
North Carolina .....	..	910,000	1,120,600	935,000
Fifth District .....	..	17,544,000-	19,952,000	17,758,000

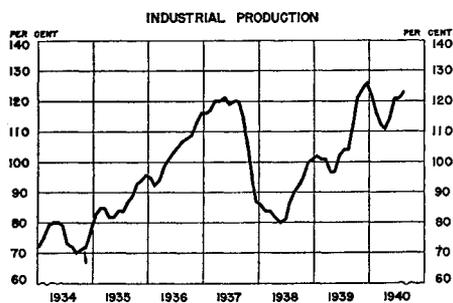
	Peanuts (Pounds)			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Virginia .....	+5	173,225,000-	189,175,000	146,706,000
North Carolina .....	+5	291,500,000-	290,700,000	242,658,000
South Carolina .....	+15	14,400,000+	11,840,000	8,607,000
Fifth District .....	+5	479,125,000-	491,715,000	397,971,000

	Pasture Condition, September 1			
	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1935
Maryland .....	..	76+	72	65
Virginia .....	..	97+	91	75
West Virginia .....	..	79-	81	74
North Carolina .....	..	85+	89	80
South Carolina .....	..	72+	81	69

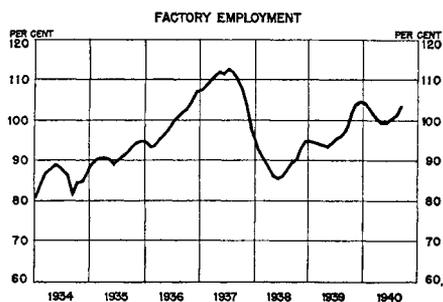
(Compiled September 21, 1940)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

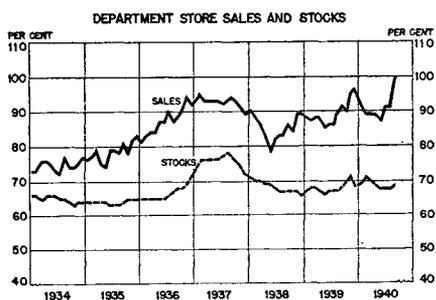
(Compiled by the Board of Governors of the Federal Reserve System)



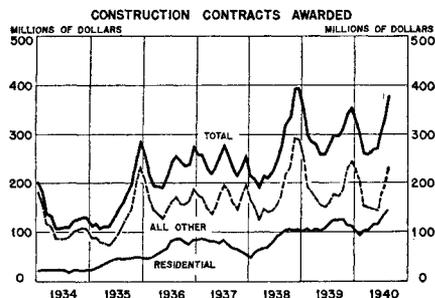
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average =100. By months, January 1934 to August 1940.



Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1934 to August 1940.



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



Three-month moving averages of F. W. Dodge Corporation data for value of contracts awarded in 37 Eastern States, adjusted for seasonal variation. Latest figures based on data for July and August and estimate for September.

Production and employment in August showed a further rise from the level maintained in June and July and distribution to consumers also increased. Prices of industrial materials were somewhat higher in the middle of September than a month earlier.

### INDUSTRIAL PRODUCTION

The Federal Reserve index of industrial production is estimated at 123 in August as compared with 121 in June and July and 111, the low point for the year, in April. This rise has reflected chiefly the direct and indirect effects of the defense program on industries producing durable goods and textiles. Steel production rose further in August as new orders for steel continued in large volume, and for the month as a whole mills operated at 90 per cent of capacity. Following a temporary decline over the Labor Day week, the rate of output advanced to 93 per cent of capacity in the third week of September. In most branches of the machinery industries activity showed a continued expansion in August and there were further sharp increases in shipbuilding and the goods, consumption of nonferrous metals advanced to the highest levels since manufacture of aircraft. With the growth in production of finished durable last winter.

Output of automobiles was in small volume in August owing to the seasonal change-over to 1941 model cars. The low point in production was reached early in August; there was a gradual rise later in that month followed by a sharp advance in the first two weeks of September as most companies began volume production on new models. Lumber production, which had declined in July, rose considerably in August.

Textile mill activity continued to increase in August and was at the highest level since last January. Cotton consumption advanced considerably further and silk deliveries rose from the small volume of recent months. Activity at wool textile mills increased seasonally, following a sharp rise in July, while at rayon mills activity showed a less than seasonal increase but continued at a high level.

Mining of bituminous coal in August was maintained in large volume for the season, while production of anthracite declined. Output of crude petroleum declined somewhat further.

Value of new construction work undertaken in August was at about the same level as in July, according to reports of the F. W. Dodge Corporation and the Federal Reserve Bank of San Francisco. The volume of contracts for public projects continued unusually large and the amount of new private work started was larger than in July. Residential building was at the highest level in recent years, on a seasonally adjusted basis, reflecting further increases in both private and public contracts.

### DISTRIBUTION

Distribution of commodities to consumers increased considerably from July to August. Sales at department stores and by mail order houses showed a sharp rise and there was a less than seasonal decline in variety store sales. In the early part of September department store sales continued to increase.

Freight-car loadings advanced from July to August when little change is usual. Shipments of coal and miscellaneous freight increased while loadings of grain showed more than a seasonal decline.

### COMMODITY PRICES

Prices of several industrial materials, including copper, zinc, steel scrap, lumber, hides, and print cloth, advanced somewhat from the middle of August to the middle of September and, owing partly to seasonal developments, prices of foodstuffs were also higher. Prices of most other commodities showed little change in this period, although some paper items were reduced and several new models of automobiles were announced at advanced prices.

### AGRICULTURE

Production prospects for most major crops increased during August, according to the Department of Agriculture. On the basis of September 1 conditions the cotton crop was estimated at 12,772,000 bales, about 1,340,000 bales more than was indicated at the beginning of August. Preliminary estimates by the Department indicate that cash farm income, including Government payments, will be about \$8,900,000,000 for the calendar year 1940 as compared with \$8,540,000,000 last year.

### BANK CREDIT

Commercial loans increased somewhat at banks in New York City and in 100 other leading cities during the four weeks ending September 11, while their holdings of investments showed little change.

### UNITED STATES GOVERNMENT SECURITY PRICES

United States Government security prices increased in the last half of August and the first week in September and were steady in the second week in September.