

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1940

### Summary of September Business Conditions

AS the defense program develops, its influence on trade and industry in the Fifth Reserve district is broadening and increased activity is noted at additional points. Two or three camps in the district are now being greatly expanded to provide quarters for drafted men, and in the Hampton Roads area a substantial housing program is being rushed, these projects requiring large amounts of lumber, paints and other building materials, and several thousand building tradesmen. Plant expansion continues, especially at shipyards and aircraft factories, and plans previously announced for additional facilities to manufacture munitions and chemicals are being pushed. Textile mills are working on Army and Navy orders for such materials as ducks, drills, denims, sheetings and blankets. At least one shoe factory is making service footwear. An overall plant is turning out denim work garments, and another plant is making up articles of canvas such as wagon and truck covers, mattress covers, and airplane tarpaulins. A shell case order is being handled by a Virginia plant, and another is making steel drums for liquid storage. An order for trunk lockers is being filled by a leading luggage manufacturer. All of these developments, picked at random, are in addition to the vast orders for ships and aircraft awarded in the Hampton Roads and Baltimore areas.

Normal commercial business in September was up to or above seasonal levels in most lines. Retail trade in department stores rose 25 per cent above the August volume, and was 9 per cent greater than in September 1939. Furniture sales also increased over a year ago, but declined seasonally from August sales. New automobile registrations were lower in September than in September last year, but most of this was due to a difference in dates for introduction of new models.

Textile mills increased activity in September over August, coal output was greater on a daily basis, and building permit valuations rose sharply. Contracts actually awarded, however, declined last month from the unusually high August figure. Tobacco markets in September sold 92 per cent more tobacco for 130 per cent more money than in September 1939, when the markets were closed most of the month after foreign buyers withdrew.

In agriculture, late crops improved in September, and prospective yields were raised for the district in cotton, tobacco, sweet potatoes, apples and peanuts. Slight declines were reported last month in corn, hay, Irish potatoes and pastures.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	September 1940	August 1940	September 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,309,689,000	\$1,306,979,000	\$1,303,123,000	+ 0	+ 1
Sales, 30 department stores, 5th district.....	\$ 11,222,650	\$ 8,958,091	\$ 10,305,012	+ 25	+ 9
Sales, 40 furniture stores, 5th district.....	\$ 1,462,792	.....	\$ 1,407,542	.....	+ 4
Sales, 199 wholesale firms, 5th district.....	\$ 11,704,000	\$ 11,014,000	\$ 11,975,000	+ 6	+ 2
Registrations, new autos, 5th district.....	10,463	17,242	10,988	- 39	- 5
Tobacco sold in 5th district (Pounds).....	222,042,386	52,687,557	115,842,563	+321	+ 92
Average price of tobacco, per 100 lbs.....	\$ 15.24	\$ 18.36	\$ 12.69	- 17	+ 20
Growers' receipts from tobacco, 5th district.....	\$ 33,839,262	\$ 9,671,070	\$ 14,700,426	+250	+130
Number of business failures, 5th district.....	37	42	36	- 12	+ 3
Liabilities in failures, 5th district.....	\$ 348,000	\$ 713,000	\$ 386,000	- 51	- 10
Value of building permits, 31 cities.....	\$ 12,265,224	\$ 10,033,108	\$ 7,765,960	+ 22	+ 58
Value of contracts awarded, 5th district.....	\$ 35,017,000	\$ 47,363,000	\$ 32,058,000	- 26	+ 9
Cotton consumption, 5th district (Bales).....	302,833	298,696	297,816	+ 1	+ 2
Cotton price, ¢ per lb., end of month.....	9.42	9.62	9.08	- 2	+ 4
Print cloths, 39 in., 80x80s, end of month.....	7.00	6.50	.....	+ 8	.....
Rayon yarn shipments, U. S. (Pounds).....	30,800,000	35,400,000	34,300,000	- 13	- 10
Rayon yarn stocks, U. S. (Pounds).....	8,400,000	10,000,000	13,100,000	- 16	- 36
Bituminous coal mined, U. S. (Tons).....	38,413,000	39,240,000	38,465,000	- 2	- 0

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Oct. 15 1940	000 omitted Sept. 15 1940	Oct. 15 1939
Discounts held .....	\$ 40	\$ 250	\$ 360
Foreign loans on gold.....	22	13	142
Open market paper .....	0	0	24
Industrial advances .....	821	849	1,023
Government securities .....	123,938	121,994	139,408
Total earning assets .....	124,821	123,106	140,957
Circulation of Fed. Res. notes.....	256,825	242,825	215,245
Members' reserve deposits .....	340,160	323,639	283,686
Cash reserves .....	541,669	520,860	413,613
Reserve ratio .....	82.08	81.51	74.75

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Oct. 9 1940	000 omitted Sept. 11 1940	Oct. 11 1939
Loans & discounts .....	\$284,523	\$280,966	\$255,652
Investments in securities .....	449,043	435,123	446,514
Reserve bal. with F. R. bank.....	218,641	213,120	180,616
Cash in vaults .....	24,046	24,374	23,413
Demand deposits .....	601,065	590,725	530,923
Time deposits .....	203,715	202,935	200,504
Money borrowed .....	0	0	0

## MUTUAL SAVINGS BANK DEPOSITS

	10 Baltimore Banks		
	Sept. 30 1940	Aug. 31 1940	Sept. 30 1939
Total deposits .....	\$222,792,230	\$222,488,398	\$219,921,027

## DEBITS TO INDIVIDUAL ACCOUNTS

Dist. of Col.	Fifth District			%	
	Sept. 1940	000 omitted Aug. 1940	Sept. 1939	Month	Year
Washington ...	\$ 263,524	\$ 268,453	\$ 263,294	- 2	+ 0
<b>Maryland</b>					
Baltimore .....	353,270	365,963	355,023	- 2	+ 1
Cumberland .....	7,967	9,042	7,833	-12	+ 2
Hagerstown .....	9,044	9,092	10,115	- 1	-11
<b>North Carolina</b>					
Asheville .....	13,624	14,752	12,898	- 8	+ 6
Charlotte .....	63,278	60,299	64,911	+ 5	- 3
Durham .....	42,771	38,815	35,558	+10	+20
Greensboro .....	19,406	19,448	20,241	- 0	- 4
Raleigh .....	38,464	37,033	42,162	+ 4	- 9
Wilmington .....	12,213	11,561	11,617	+ 6	+ 5
Winston-Salem ..	41,430	41,891	42,067	- 1	- 2
<b>South Carolina</b>					
Charleston .....	18,487	19,112	18,017	- 3	+ 3
Columbia .....	28,092	28,420	26,698	- 1	+ 5
Greenville .....	19,348	18,935	21,101	+ 2	- 8
Spartanburg .....	10,255	11,114	11,564	- 8	-11
<b>Virginia</b>					
Danville .....	10,361	7,311	9,114	+42	+14
Lynchburg .....	14,599	13,065	14,661	+12	- 0
Newport News ..	13,515	13,931	11,247	- 3	+20
Norfolk .....	53,521	50,357	49,575	+ 6	+ 8
Portsmouth .....	4,766	5,839	4,398	-18	+ 8
Richmond .....	164,069	155,626	170,576	+ 5	- 4
Roanoke .....	28,184	28,729	25,886	- 2	+ 9
<b>West Virginia</b>					
Charleston .....	46,947	50,415	47,526	- 7	- 1
Huntington .....	17,236	17,684	17,514	- 3	- 2
Parkersburg .....	10,318	10,087	9,522	+ 2	+ 8
<b>District Totals ..</b>	<b>\$1,309,689</b>	<b>\$1,306,979</b>	<b>\$1,303,123</b>	<b>+ 0</b>	<b>+ 1</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.
September 1940 .....	37	976	\$ 348,000	\$ 11,397,000
August 1940 .....	42	1,128	713,000	12,997,000
September 1939 .....	36	1,043	386,000	10,545,000
9 months, 1940 .....	424	10,398	5,238,000	124,088,000
9 months, 1939 .....	441	11,197	4,786,000	138,612,000

Source: Dun & Bradstreet

## EMPLOYMENT CONTINUES UPWARD

With ordinary commercial work up to seasonal levels in most industries, and additional orders on hand as a result of the defense program, labor in nearly all lines is actively in demand and few skilled workers are unemployed. There has been relatively little increase in the demand for office help and white collar workers, but entrance of many persons between 21 and 36 into the Army and Navy during the next few months will make openings for a considerable number of temporary employees, many of whom will probably become permanent workers. No labor troubles of a serious nature are visible at present, although there are or have recently been a few scattered strikes in the district involving relatively few 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 August to September:

STATES	Percentage change from Aug. 1940 to Sept. 1940	
	in number on payroll	in amount of payroll
Maryland .....	+ 1.9	+ 4.9
Dist. of Columbia .....	+ 4.2	+ 3.7
Virginia .....	+ 3.7	+ 6.5
West Virginia .....	+ 0.6	- 1.8
North Carolina .....	+ 1.8	+ 5.4
South Carolina .....	+ 1.9	+ 4.2

## AUTO SALES DECLINE SEASONALLY

Sales of new passenger automobiles declined seasonally in the Fifth district in September from the August number, and also were fewer than September 1939 sales. This was the first decline from the corresponding month of the preceding year since October 1939, and was due in part to a delay in the appearance of 1941 models until late September and in part to hesitation to buy cars on the part of men in the draft age limits. Used cars sold well during the retooling period, and dealers' lots are carrying fewer second hand cars than in any other recent fall. New car prices are slightly higher this year than last, but the cars are nearly all larger and have been otherwise improved. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Sept. 1940	Sept. 1939	%	9 Months		%
				1940	1939	
Maryland .....	1,945	2,585	- 25	36,669	29,496	+24
Dist. of Col. ...	1,146	1,340	- 14	20,525	19,191	+ 7
Virginia .....	2,611	2,190	+ 19	41,769	31,679	+32
West Virginia ..	1,232	1,260	- 2	23,788	16,915	+41
No. Carolina ...	2,447	2,388	+ 2	38,582	33,540	+15
So. Carolina ...	1,082	1,225	- 12	20,810	18,622	+12
<b>Fifth District.</b>	<b>10,463</b>	<b>10,988</b>	<b>- 5</b>	<b>182,143</b>	<b>149,443</b>	<b>+22</b>

## CONSTRUCTION EXPANDS FURTHER

Both building permits issued and contracts awarded in September in the Fifth district exceeded September 1939 permits and awards. Building permits issued in 31 cities last month totaled \$12,265,224, an increase of 58 per cent over \$7,765,960 for September 1939 and a gain of 22 per cent over \$10,033,108 for August 1940. Permits issued in the first 9 months of this year totaling \$94,025,916 are ahead of permits totaling \$91,236,608 issued in the first 9 months of 1939. In September this year Baltimore led

in permit valuation with \$3,819,875, Washington was second with \$3,296,530 (Exclusive of U. S. Government work), Portsmouth, Va., third with \$926,899, Greensboro fourth with \$476,165, Charlotte fifth with \$451,471, and Norfolk sixth with \$434,213. Federally aided housing projects play an important part in some of these figures, although private residential construction is quite active.

Contracts awarded in the district in September 1940 totaling \$35,017,000 were 9 per cent above September 1939 figures but were 26 per cent below the August 1940 total. The August figure was exceptionally high, however, chiefly due to large contracts awarded in connection with the defense program. Figures collected by the *F. W. Dodge Corporation* by states for September 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Sept. 1940	Sept. 1939	% Change
Maryland .....	\$ 7,453,000	\$ 6,693,000	+11
Dist. of Col. ....	5,381,000	3,172,000	+70
Virginia .....	7,664,000	5,811,000	+32
West Virginia .....	5,155,000	2,815,000	+83
North Carolina .....	7,129,000	5,926,000	+20
South Carolina .....	2,235,000	7,641,000	-71
Fifth District .....	\$35,017,000	\$32,058,000	+ 9

#### COAL MINING CONTINUES TO INCREASE

Bituminous coal mined in the United States in September totaling 38,413,000 net tons was less than production in either August 1940 or September 1939, but September this year had only 24 working days in comparison with 27 in August and 25 in September last year. On a daily basis, therefore, output of 1,601,000 tons last month was 10 per cent above August 1940 and 4 per cent above September 1939. Total production this calendar year to October 12 totaled 348,226,000 net tons, an increase of 22 per cent over 286,479,000 tons mined to the same date in 1939. Shipments of coal through Hampton Roads ports totaled 17,617,255 tons between January 1 and October 12, 1940, an increase of 18 per cent over shipments in the corresponding period last year. In the Fifth district, production of bituminous coal in September 1940, August 1940 and September 1939, was as follows:

SOFT COAL PRODUCTION IN TONS			
REGIONS	Sept. 1940	Aug. 1940	Sept. 1939
West Virginia .....	11,027,000	11,751,000	11,461,000
Virginia .....	1,285,000	1,341,000	1,438,000
Maryland .....	102,000	113,000	132,000
5th District .....	12,414,000	13,205,000	13,031,000
United States .....	38,413,000	39,240,000	38,465,000
% in District .....	32.3	33.7	33.9

#### COTTON TEXTILES INCREASE ACTIVITY

Business in cotton textiles was very active in September and reports indicate that most mills booked sufficient orders to assure peak production for the rest of the year. Demand for military supplies removed large quantities of goods from the market, and the volume of commercial business was about the largest for any month this year. Prices in most constructions rose substantially during the month, although advances were uneven. Indicative of the improvement in prices were the changes listed in standard eighty square print cloths. Opening the month at 6½¢ the price moved up to 6¾¢ and closed strong at

7c. Similar advances were made on sheetings, carded broadcloth, and others. Sales of print cloths in September were more than double the output, and sheetings business was especially heavy. Ducks continued in an extremely strong position as a result of heavy Army purchases. Many observers think September marked an upward turning point in textiles. Consumption of cotton last month was as follows in Fifth district states:

#### COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
September 1940 .....	164,788	124,872	13,173	302,833
August 1940 .....	159,631	127,934	11,131	298,696
September 1939 .....	166,640	118,362	12,814	297,816
9 Months, 1940 .....	1,487,041	1,156,988	109,823	2,753,852
9 Months, 1939 .....	1,396,400	1,045,694	105,770	2,547,864

#### RAYON SHIPMENTS CONTINUE ABOVE PRODUCTION

Production of rayon filament yarn in the United States declined in September, chiefly because the largest acetate yarn plant was closed about two weeks by a strike. Shipments to domestic consumers in September totaled 30,800,000 pounds of yarn, according to *Rayon Organon*, compared with 35,400,000 pounds shipped in August 1940 and 34,300,000 pounds in September 1939. Of last month's shipments, 1,600,000 pounds were drawn from reserve stocks, which declined from 10,000,000 pounds on August 31 to 8,400,000 pounds on September 30. Production loss from the September strike and from floods in August and September is estimated at approximately 5,500,000 pounds. Since consumption of rayon yarn was up to capacity production before these losses occurred, and has continued undiminished, withdrawals from reserves were necessary in each of the past three months.

#### COTTON STATISTICS

Spot cotton prices moved through a narrow range between the middle of September and the middle of October, the trend being downward. Ten Southern spot markets reported 9.42 cents per pound as the average price for middling grade, 15/16-inch staple on September 13. The average rose to 9.46 cents on October 4, but then dropped to 9.33 cents on October 11 and October 18.

The third forecast of the 1940 cotton crop, issued by the Department of Agriculture on October 8, lowered the estimate from 12,772,000 bales as of September 1 to 12,741,000 bales on October 1. The expected yield is still 8 per cent above the 1939 crop of 11,817,000 bales. In the Fifth district, the estimates were raised, the district total rising by 63,000 bales during the month. Prospective yield figures for the Fifth district states are on page 4.

#### COTTON CONSUMPTION AND ON HAND—BALES

	Sept. 1940	Sept. 1939	Aug. 1 to Sept. 30 This Year	Aug. 1 to Sept. 30 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	302,833	297,816	601,529	597,011
<b>Cotton growing states:</b>				
Cotton consumed .....	549,989	534,390	1,113,809	1,068,288
Cotton held Sept. 30 in				
Consuming establishments ..	611,123	724,253	.....	.....
Storage & compresses .....	10,617,839	14,184,868	.....	.....
<b>United States:</b>				
Cotton consumed .....	639,252	624,183	1,293,755	1,254,850
Cotton held Sept. 30 in				
Consuming establishments ..	788,669	868,150	.....	.....
Storage & compresses .....	10,733,787	14,206,343	.....	.....
Exports of cotton, U. S. ....	90,555	644,328	155,980	858,869
Spindles active, U. S. ....	22,278,204	22,231,496	.....	.....

## ADDITIONAL TOBACCO MARKETS OPEN

Additional tobacco markets opened in the Fifth district in September, and total sales were nearly double the sales in September last year, when markets were closed most of the month pending arrangements to take care of the tobacco usually sold to exporters. Prices this year are slightly higher than last year, but the total crop will be about 40 per cent smaller this year, due almost entirely to voluntary crop reduction by acreage cuts. Sales in September, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	September 1940	September 1939	1940	1939
So. Carolina .....	41,193,905	19,407,860	\$13.08	\$12.50
No. Carolina .....	173,195,095	96,434,703	16.33	12.73
Virginia .....	7,653,386	0	20.59	0
District Total .....	222,042,386	115,842,563	\$15.24	\$12.69
Season through .....	274,729,943	335,755,905	15.84	14.88

## TOBACCO MANUFACTURING DECLINES SEASONALLY

Tobacco products manufactured in September, based on Bureau of Internal Revenue receipts, declined from the figures for the longer month of August 1940, and were also slightly below the levels of September 1939, which had one more business day than September this year.

	Sept. 1940	Aug. 1940	Sept. 1939
Smoking & chewing tobacco, pounds .....	25,879,985	25,931,262	27,411,852
Cigarettes, number .....	14,889,814,717	15,839,874,477	14,789,904,810
Cigars, number .....	475,725,260	487,641,197	486,864,568
Snuff, pounds .....	2,848,874	2,917,649	2,949,488

## RETAIL AND WHOLESALE TRADE

## DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	Sept. 1940 comp. with Sept. 1938	Jan. 1 to date comp. with same period last year	Sept. 30, 1940 comp. with Sept. 1939	Aug. 1940 comp. with Sept. 1939	
Richmond (3) ....	+ 5.8	+ 6.4	+ 9.7	+ 12.8	29.9
Baltimore (8) ....	+ 10.2	+ 9.6	+ 4.4	+ 14.1	29.5
Washington (6) ..	+ 8.7	+ 8.1	+ 3.4	+ 14.4	27.7
Other Cities (13) ..	+ 9.9	+ 9.5	+ 2.9	+ 12.0	26.0
District (30) ...	+ 8.9	+ 8.5	+ 4.5	+ 13.8	28.3
Same stores by states, with 24 stores added:					
Virginia (11) ....	+ 6.9	+ 6.4			
West Va. (10) ....	+ 5.4	+ 11.5			
No. Carolina (9) ..	+ 8.6	+ 9.5			
So. Carolina (10) ..	+ 7.7	+ 10.7			

## RETAIL FURNITURE SALES

% Change in Sales, Sept. and 9 Months in 1940 Compared with Sept. 1939 and 9 Months 1939

STATES	% Change in Sales, Sept. and 9 Months in 1940 Compared with Sept. 1939 and 9 Months 1939	
	Sept. 1939	9 Months 1939
Maryland (9) .....	+ 2	+ 16
Dist. of Col. (7) .....	+ 9	+ 10
Virginia (13) .....	+ 7	+ 6
North Carolina (4) .....	+ 2	+ 11
South Carolina (7) .....	- 14	+ 10
District (40) .....	+ 4	+ 11
Individual Cities:		
Baltimore (9) .....	+ 2	+ 16
Richmond (5) .....	+ 8	+ 2
Washington (7) .....	+ 9	+ 10

## WHOLESALE TRADE, 199 FIRMS

LINES	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	September 1940 compared with Sept. 1939	Aug. 1940	Sept. 30, 1940 compared with Sept. 1939	Aug. 31 1940	
Auto supplies (7) .....	+ 0	+ 19			68
Shoes (3) .....	- 13	- 14			45
Drugs (15) .....	+ 4	+ 6	+ 7	+ 5	75
Dry goods (8) .....	- 5	+ 26	+ 15	- 9	42
Electrical goods (15) ..	+ 21	+ 13	+ 7	+ 5	70
Groceries (57) .....	- 11	0	+ 3	+ 4	109
Hardware (17) .....	- 2	+ 19	+ 5	- 5	43
Industrial supplies (11) ..	- 7	- 12	+ 22	0	64
Plumbing & heating (4) ..	+ 13	0			58
Paper & products (9) ..	+ 1	+ 11	- 2	- 10	62
Tobacco & products (8) ..	+ 1	- 4			81
Miscellaneous (45) .....	- 6	+ 4	- 12	- 2	62
District Average (199) ..	- 2	+ 6	+ 3	- 1	62

Source: Bureau of the Census.

## CROP FORECASTS

Weather in September and early October was excellent for harvesting, and for late developments of most crops which had not matured, but was too dry for hay and pastures. District forecasts of production rose during September for cotton, sweet potatoes, tobacco, apples and peanuts, but declined for corn, hay, Irish potatoes and pastures. The following figures show forecasts of production made by the Department of Agriculture on the basis of October 1 conditions. Yield figures marked (+) were raised between September 1 and October 1, and those marked (-) were lowered.

## Cotton (Bales)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Virginia .....	- 6	22,000+	13,000	37,000
North Carolina .....	+ 9	670,000+	457,000	658,000
South Carolina .....	+ 1	925,000+	871,000	820,000
Fifth District .....	+ 4	1,617,000+	1,341,000	1,515,000

## Corn (Bushels)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
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	43,938,000-	48,087,000	42,517,000
South Carolina .....	+ 2	24,152,000	25,433,000	22,306,000
Fifth District .....	0	132,703,000-	142,260,000	125,449,000

## Hay (Tons)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	+ 2	553,000-	518,000	464,000
Virginia .....	+ 3	1,189,000+	983,000	923,000
West Virginia .....	+ 1	813,000-	718,000	644,000
North Carolina .....	+ 7	1,012,000	991,000	696,000
South Carolina .....	+ 5	504,000-	541,000	362,000
Fifth District .....	+ 4	4,071,000-	3,751,000	3,089,000

## Irish Potatoes (Bushels)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	+ 4	2,756,000-	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	3,192,100	3,108,000	2,424,000
Fifth District .....	0	28,348,000-	23,509,000	27,930,000

## Sweet Potatoes (Bushels)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	+ 11	1,450,000	1,440,000	1,090,000
Virginia .....	- 3	4,030,000+	4,128,000	4,156,000
North Carolina .....	- 5	7,592,000+	8,624,000	8,163,000
South Carolina .....	- 1	5,610,000	6,834,000	5,220,000
Fifth District .....	- 3	18,682,000+	21,026,000	18,629,000

## Tobacco (Pounds)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	- 1	30,240,000+	29,796,000	26,096,000
Virginia .....	- 33	89,048,000+	143,847,000	97,395,000
West Virginia .....	- 6	2,465,000	2,736,000	3,262,000
North Carolina .....	- 41	441,483,000+	811,675,000	496,101,000
South Carolina .....	- 40	81,700,000+	133,200,000	81,068,000
Fifth District .....	- 38	644,936,000+	1,121,254,000	703,922,000

## Apples, Commercial (Bushels)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Maryland .....	..	2,077,000+	2,362,000	1,922,000
Virginia .....	..	10,150,000	10,800,000	10,279,000
West Virginia .....	..	4,948,000+	5,670,000	4,622,000
North Carolina .....	..	1,032,000	1,120,000	935,000
District .....	..	18,207,000+	19,952,000	17,758,000

## Peanuts (Pounds)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Virginia .....	+ 5	185,900,000+	189,175,000	146,706,000
North Carolina .....	+ 5	298,125,000+	290,700,000	242,658,000
South Carolina .....	+ 15	15,000,000+	11,840,000	8,697,000
Fifth District .....	+ 5	499,025,000+	491,715,000	397,971,000

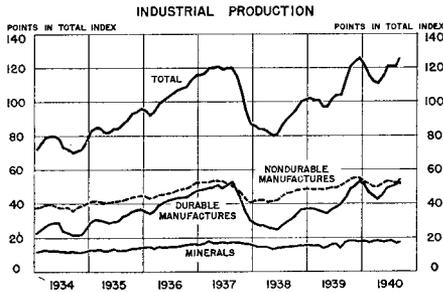
## Pasture Condition, October 1

	Condition	1940	1939	1929-1938
Maryland .....	..	82+	73	69
Virginia .....	..	88-	68	71
West Virginia .....	..	77-	56	68
North Carolina .....	..	74-	74	76
South Carolina .....	..	59-	66	64

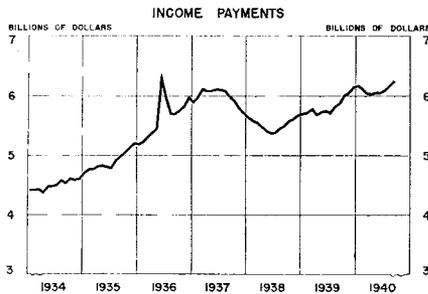
(Compiled October 21, 1940)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

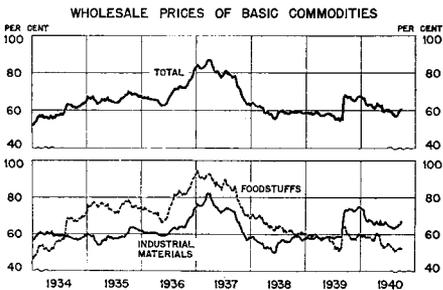
(Compiled by the Board of Governors of the Federal Reserve System)



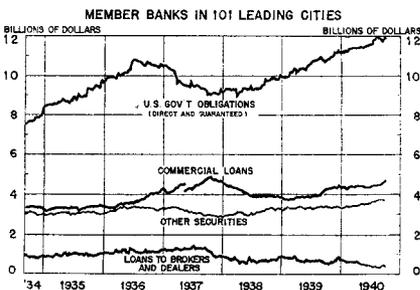
Index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. Durable manufactures, nondurable manufactures, and minerals expressed in terms of points in the total index. By months, January 1934 to September 1940.



U. S. Department of Commerce estimates of the amount of income payments to individuals, adjusted for seasonal variation. By months, January 1934 to September 1940.



Indexes compiled by the U. S. Bureau of Labor Statistics, 1926=100. By weeks, 1934 to week ending October 10, 1940.



Wednesday figures, September 5, 1934, to October 9, 1940. Commercial loans based on new classification beginning May 19, 1937.

Volume of industrial production increased sharply in September, owing mainly to a continued rise in output of durable manufactured products, and this month a further increase is indicated. Prices of basic industrial materials advanced in September and the first half of October.

### PRODUCTION

The Board's seasonally adjusted index of industrial production, which for three months had been at a level of 121 per cent of the 1935-39 average, advanced to about 125 per cent in September. In the durable goods industries increases in output were general. Steel production rose to 93 per cent of capacity, and in the first half of October the rate was slightly higher as new orders continued in large volume both from domestic and foreign sources. Steel exports amounted to about 20 per cent of ingot-producing capacity in August, the latest month for which data are available, with nearly three quarters of these shipments going to the United Kingdom and Canada. Activity in the machinery, aircraft, and shipbuilding industries advanced further in September following considerable increases in August, and automobile output increased sharply as volume production of new model cars was rapidly attained. Plants producing railroad cars and locomotives also showed an expansion in activity. Lumber production continued to rise under the impetus of a growing volume of demand for defense program purposes.

Changes in output of nondurable manufactured goods and minerals in September were mixed. At wool textile mills activity advanced sharply further to near the peak reached last autumn, reflecting in part expanding production on Government orders. At cotton mills, however, activity showed less than the usual seasonal rise, following a sharp increase in August, and rayon deliveries declined somewhat owing partly to a strike at plants of one large producer. Shoe production also declined in September. Paper production remained in reduced volume following a high rate of output during the early summer accompanying some inventory accumulation at that time. Output of most metals continued large during September. Crude petroleum production, which had been curtailed sharply during the summer, rose considerably, but coal production, which for several months had been maintained at high levels, showed a smaller increase than is usual at this season.

Value of new construction work started in September was lower than in July and August, according to reports of the F. W. Dodge Corporation and the San Francisco Federal Reserve Bank. The decline occurred chiefly in contracts for defense projects which had been large in the previous two months. Awards for private residential building showed little change from recent high levels. Awards for other private work declined somewhat but continued considerably above the level of a year ago.

### DISTRIBUTION

In September and the early part of October department store sales showed somewhat less than the usual seasonal increase from the exceptionally high level reached in August.

Freight-car loadings rose somewhat more than seasonally in September, reflecting to a large extent increased shipments of miscellaneous freight. Loadings of coal, which have been large in recent months, showed less than the usual seasonal rise.

### COMMODITY PRICES

Prices of most industrial materials, particularly lumber, steel scrap, non-ferrous metals, hides, and wool, continued to advance from the middle of September to the middle of October, and there were also increases in some manufactured products, notably cotton and woolen goods. Wheat prices were higher while prices of most other foodstuffs showed little change.

### BANK CREDIT

Commercial loans at reporting member banks in New York and 100 other leading cities continued to increase during the four weeks ending October 9, reflecting in part seasonal demands. Holdings of United States Government obligations decreased further with the result that total loans and investments of these banks showed little change.

Prices of United States Government securities advanced in the second half of September and the first week in October, rising close to the high level of the year reached early last April.