

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

August 31, 1941

### Summary of July Business Conditions

SEASONAL recessions in trade and industry in July in the Fifth Federal Reserve district were much less noticeable than in most years, and in a few instances actual increases in volume occurred. In comparison with business a year ago, last month showed marked improvement in nearly every line.

Distribution of goods to consumers usually is in substantially smaller amount in July than in June, but this year decreases were relatively small. Department store sales in 79 stores declined 15 per cent from June to July, but in the latter month were 29 per cent higher than July 1940 sales. Furniture stores sold slightly more in July than in the preceding month, and exceeded sales in July 1940 by 47 per cent. Wholesale trade as reflected in 201 firms rose 5 per cent last month over June trade, and was 43 per cent above July 1940 business. New passenger automobiles continued in great demand, and sales in July were 36 per cent ahead of July sales last year. Fear of inability to obtain articles later has helped to stimulate retail buying in recent weeks, especially of durable goods such as automobiles, radios, stoves, refrigerators, and other household appliances. The rush to buy silk hosiery early in August was an exaggerated example of what has been quietly occurring in many other lines.

In industry, no outstanding development occurred in July in the Fifth district. Textile mills continued capacity operations, and consumed 46 per cent more cotton than in the corresponding month last year, and rayon yarn mills

for the fourth consecutive month shipped more yarn than they could make and were compelled to draw further on already small reserve stocks. Bituminous coal mined in July exceeded July 1940 production by 21 per cent, and, contrary to seasonal trend, also exceeded June output. Shipyards, airplane plants, and all other industries engaged on defense work continued at capacity levels last month.

Construction provided for in building permits and contracts awarded was in smaller volume than in June, but continued far above normal volume. Some trouble is beginning to develop in construction, however, on account of priorities, and it appears likely that non-defense building will have to be curtailed appreciably in the near future.

Agricultural prospects for most Fifth district crops improved during July, and about half of the crops promise increased yields over those for 1940. However, the leading cash crops, tobacco and cotton, show materially reduced yields this year, and Irish potatoes and peanuts also show declines. Fruit prospects, on the other hand, are much better than a year ago, with both apples and peaches exceeding both 1940 and 10-year average yields. Grains turned out well, and larger crops of wheat, oats and corn are forecast for 1941 than for 1940. The price outlook for farm products is quite favorable, both because of a stronger consumer demand and higher Government payments to farmers in the form of loans on crops and soil conservation payments.

#### BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	July 1941	June 1941	July 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,779,790,000	\$1,807,218,000	\$1,408,226,000	— 2	+ 26
Sales, 79 department stores, 5th district.....	\$ 12,339,671	\$ 14,464,943	\$ 9,534,538	— 15	+ 29
Sales, 41 furniture stores, 5th district.....	\$ 1,519,543	\$ 1,498,545	\$ 1,034,843	+ 1	+ 47
Sales, 201 wholesale firms, 5th district.....	\$ 15,796,000	\$ 15,054,000	\$ 11,011,000	+ 5	+ 43
Registrations, new autos, 5th district.....	33,740	35,804	24,724	— 6	+ 36
Number of business failures, 5th district.....	16	27	51	— 41	— 69
Liabilities in failures, 5th district.....	\$ 198,000	\$ 152,000	\$ 756,000	+ 30	— 74
Value of building permits, 29 cities.....	\$ 11,584,377	\$ 13,533,100	\$ 14,056,879	— 14	— 18
Value of contracts awarded, 5th district.....	\$ 64,333,000	\$ 92,503,000	\$ 57,234,000	— 30	+ 12
Cotton consumption, 5th district (Bales).....	418,620	391,979	285,912	+ 7	+ 46
Cotton price, cents per lb., end of month.....	15.94	14.82	10.23	+ 8	+ 56
Print cloths, 39 in., 80x80s, end of month.....	10.75*	11.25	6.50	— 4	+ 65
Rayon yarn shipments, U. S. (Pounds).....	39,400,000	38,300,000	32,100,000	+ 3	+ 23
Rayon yarn stocks, U. S. (Pounds).....	3,600,000	4,600,000	11,100,000	— 22	— 68
Bituminous coal mined, U. S. (Tons).....	43,300,000	42,774,000	35,890,000	+ 1	+ 21

\* Ceiling price set by OPACS.

## BANKING STATISTICS

## RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Aug. 15 1941	000 omitted July 15 1941	Aug. 15 1940
Discounts held .....	\$ 175	\$ 0	\$ 140
Industrial advances .....	788	818	790
Government securities .....	119,663	119,663	122,470
Total earning assets .....	\$120,626	\$120,481	\$123,400
Circulation of Fed. Res. notes .....	334,910	321,434	231,824
Members' reserve deposits .....	417,214	414,644	304,162
Cash reserves .....	718,165	713,046	493,514
Reserve ratio .....	85.18	85.60	80.35

## SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Aug. 13 1941	000 omitted July 9 1941	Aug. 14 1940
Loans to business & agriculture .....	\$149,700	\$144,502	\$120,600
All other loans .....	168,808	167,030	154,062
Investments in securities .....	475,612	453,076	442,623
Reserve bal. with F. R. bank .....	290,896	288,614	195,192
Cash in vaults .....	27,467	27,877	23,084
Demand deposits .....	722,107	703,305	577,754
Time deposits .....	209,543	208,558	202,774
Money borrowed .....	0	0	0

## MUTUAL SAVINGS BANK DEPOSITS

## 9 Baltimore Banks

	July 31 1941	June 30 1941	July 31 1940
Total deposits .....	\$228,993,945	\$224,593,340	\$222,693,076

## DEBITS TO INDIVIDUAL ACCOUNTS

## Fifth District

CITIES	000 omitted			% of Change	
	July 1941	June 1941	July 1940	Month	Year
Dist. of Col.					
Washington .....	\$ 351,981	\$ 359,738	\$ 299,105	- 2	+18
Maryland					
Baltimore .....	536,045	559,072	415,299	- 4	+29
Cumberland .....	11,348	11,035	9,608	+ 3	+18
Hagerstown .....	12,238	11,821	10,190	+ 4	+20
North Carolina					
Asheville .....	17,926	17,169	13,284	+ 4	+35
Charlotte .....	90,957	96,782	63,970	- 7	+41
Durham .....	33,625	37,862	30,647	-11	+10
Greensboro .....	24,327	26,877	19,776	- 9	+23
Raleigh .....	61,704	60,094	50,205	+ 3	+23
Wilmington .....	19,198	19,369	11,992	- 1	+60
Winston-Salem ..	48,765	48,783	40,162	- 0	+21
South Carolina					
Charleston .....	29,721	30,603	20,046	- 3	+48
Columbia .....	38,303	39,748	30,529	- 4	+25
Greenville .....	27,082	26,890	19,301	+ 1	+40
Spartanburg .....	15,470	14,654	9,793	+ 6	+58
Virginia					
Danville .....	10,088	10,093	6,948	- 0	+45
Lynchburg .....	18,405	17,493	15,426	+ 5	+19
Newport News ..	14,827	15,364	13,640	- 3	+ 9
Norfolk .....	78,287	73,862	58,013	+ 6	+35
Portsmouth .....	7,039	6,848	4,906	+ 3	+43
Richmond .....	196,369	193,695	155,127	+ 1	+27
Roanoke .....	34,243	34,966	28,051	- 2	+22
West Virginia					
Charleston .....	67,059	62,293	54,179	+ 8	+24
Huntington .....	21,959	20,465	17,422	+ 7	+26
Parkersburg .....	13,724	11,692	10,598	+17	+29
District Totals ..	\$1,779,790	\$1,807,218	\$1,408,226	- 2	+26

## COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
July 1941.....	16	908	\$ 198,000	\$ 13,422,000
June 1941.....	27	970	152,000	9,449,000
July 1940.....	51	1,175	756,000	16,213,000
7 Months, 1941.....	250	7,610	2,731,000	85,578,000
7 Months, 1940.....	345	8,294	4,172,000	99,694,000

Source: Dun &amp; Bradstreet

## EMPLOYMENT

Employment in the Fifth district continued at a very high level in July and early August, but a considerable amount of unemployment is expected to occur in the near future as a result of non-defense industries having to restrict or stop operations because of shortages of raw materials. Unless substitutes for silk can be found, many workers in silk hosiery mills may be laid off, and workers in cotton textile converting and printing mills may be affected as mills continue to concentrate on production of textiles suitable for defense uses. Priorities on iron and steel will affect both skilled and unskilled workers, many of whom cannot follow the jobs to defense areas. On the other hand, many defense projects and industries handling defense orders need additional workers but cannot house any more people near the jobs. On the whole there is work for practically all able bodied people, but not all labor is mobile and workers with families and property which tie them to a restricted area may not be able to obtain work when priorities get fully under way. 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 June to July:

STATES	Percentage change from June 1941 to July 1941	
	In number on payroll	In amount of payroll
Maryland .....	+ 1.2	+ 1.5
Dist. of Columbia .....	+ 0.6	+ 2.2
Virginia .....	+ 1.9	+ 0.4
West Virginia .....	+ 1.1	- 4.8
North Carolina .....	+ 0.8	+ 2.0
South Carolina .....	+ 0.7	+ 4.9
District Average .....	+ 1.1	+ 0.3

## AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles in July declined moderately from sales in June, but continued far ahead of 1940 sales in the corresponding month. Dealers' stocks are lower than in most years when manufacturers stop production preparatory to a shift over to new models, and some dealers cannot supply all body types. Used cars have shared in high sales, and stocks on used car lots are only sufficient to meet current needs. Gasoline restrictions are expected to have some effect on the new and used car markets, but with substantial cuts in the new car supply in prospect when 1942 models appear, a moderate decrease in demand for cars would not be entirely unwelcome.

The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

## REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	July	July	% Change	7 Months	7 Months	% Change
	1941	1940		1941	1940	
Maryland .....	5,979	4,909	+ 22	43,127	31,753	+36
Dist. of Col. ....	3,407	2,695	+ 26	23,669	17,799	+33
Virginia .....	9,627	5,985	+ 61	53,004	34,590	+53
West Virginia ..	4,306	3,177	+ 36	26,073	20,487	+27
No. Carolina ...	6,927	5,415	+ 28	48,790	32,071	+52
So. Carolina ...	3,494	2,543	+ 37	26,448	17,738	+49
District .....	33,740	24,724	+ 36	221,111	154,438	+43

## BUILDING PERMITS AND CONSTRUCTION CONTRACTS

Activity in construction fields continues at a very high level, although there was a decrease in work provided for in July permits and contracts in comparison with the June volume. Building permits issued in 29 Fifth district cities in July totaled \$11,584,377, in comparison with \$13,533,-

100 in June 1941 and \$14,056,879 in July 1940. Washington led in July valuations with permits totaling \$4,334,150, Baltimore was second with \$2,948,502, Norfolk third with \$625,805, Richmond fourth with \$341,886, and Charleston, S. C., fifth with \$252,275. Permits in the 29 cities in the first seven months of 1941 totaling \$85,373,524 exceeded 1940 valuation of \$71,059,188 in the corresponding period.

Contracts actually awarded for construction work in the Fifth district in July 1941 totaled \$64,333,000, including rural as well as urban projects. This amount contrasts with \$92,503,000 in June 1941 awards, and with \$57,234,000 in July 1940. Many contracts awarded during the past year were for defense work, but figures on privately financed work were also relatively high.

Figures on contract awards by states for June 1941, which were not available when the July 31 *Review* went to press, were reported by the F. W. Dodge Corporation as follows:

## CONSTRUCTION CONTRACTS AWARDED

STATES	June 1941	June 1940	% Change
Maryland .....	\$29,018,000	\$ 9,606,000	+202
Dist. of Col. ....	12,068,000	3,304,000	+265
Virginia .....	19,950,000	6,419,000	+211
West Virginia .....	3,751,000	3,751,000	0
North Carolina .....	22,185,000	4,172,000	+432
South Carolina .....	5,531,000	1,909,000	+190
Fifth District .....	\$92,503,000	\$29,161,000	+217

## BITUMINOUS COAL MINING

Bituminous coal production in July was substantially above seasonal level, due to demand from industry and a continuation of replenishment of reserves which were depleted during the April shut-down. Output in July of 43,300,000 net tons exceeded June production of 42,774,000 tons, and was 21 per cent above 35,890,000 tons mined in July 1941. Total production in the seven elapsed months of 1941 reached 268,702,000 net tons, an increase of 5 per cent over 255,473,000 tons in the corresponding period last year, in spite of the fact that production of coal in April 1941 was merely nominal. Shipments of coal through Hampton Roads this year to August 9 totaled 13,186,519 tons, compared with 14,160,904 tons shipped to the same date in 1940. Most of the decrease was in foreign cargo and foreign bunker coal. In the Fifth district production of coal in July 1941, June 1941, and July 1940, was as follows:

## SOFT COAL PRODUCTION IN TONS

REGIONS	July 1941	June 1941	July 1940
West Virginia .....	12,517,000	13,035,000	11,074,000
Virginia .....	1,675,000	1,642,000	1,265,000
Maryland .....	148,000	155,000	98,000
5th District .....	14,340,000	14,832,000	12,437,000
United States .....	43,300,000	42,774,000	35,890,000
% in district .....	33	35	35

## COTTON TEXTILES

The cotton cloth market in July was sluggish, with very little trading as the market awaited a revision of ceiling prices originally imposed in June. Most mills are sold up months ahead, and therefore trade expanded little even after new ceiling prices were announced. Defense orders continued heavy in July and at the end of the month there was talk of priorities, with allotment of production and reduction of goods available for civilian usage. Print cloths, carded broadcloths, combed broadcloths, narrow sheetings, osnaburgs and tobacco cloths were under ceilings for the entire month of July, and prices of other

goods were unchanged as mills and merchants virtually withdrew quotations pending the imposition of ceilings. Higher cotton prices in July reduced mill margins to about 19.00 cents for 17 constructions, compared with 21.84 cents in June and 11.00 cents in July 1940.

## COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS		In bales			
		No. Carolina	So. Carolina	Virginia	District
July	1941.....	215,790	156,943	19,246	391,979
June	1941.....	223,743	169,452	20,192	413,387
July	1940.....	144,439	116,248	10,440	271,127
7 Months,	1941.....	1,279,532	964,944	107,576	2,352,052
7 Months,	1940.....	1,004,860	783,394	78,471	1,866,725

## RAYON YARN PRODUCTION

Shipments of rayon yarn to domestic consumers in the United States totaled 39,400,000 pounds in July, compared with 38,300,000 pounds in June and 32,100,000 pounds in July 1940, according to *Rayon Organon* for August. In the first 7 months of 1941 shipments totaled 258,600,000 pounds, an increase of 18 per cent over shipments of 218,300,000 pounds in the 1940 like period. Shipments last month exceeded production for the fourth consecutive month, and reserve stocks of yarn in the hands of producers declined from 4,600,000 pounds on June 30 to 3,600,000 pounds on July 31. The freezing of raw silk stocks for defense usage is substantially increasing the demand for rayon yarn, and on August 2 the OPACS ordered an emergency allocation program for August and September under which all rayon yarn producers must set aside 10 per cent of their daily output and 10 per cent of their stocks on hand for a Government pool, from which allocations will be made to manufacturers of hosiery and other products heretofore largely or wholly made of silk. The order also provides that 70 per cent of the pooled yarns will be made available to hosiery mills and the remaining 30 per cent to other manufacturers of silk products. Inventories of rayon filament yarn held by broad weavers at the end of July 1941 totaling 28,300,000 pounds show a decline from 29,500,000 pounds held on June 30 this year, but are moderately higher than inventories totaling 24,800,000 pounds held on July 31, 1940.

## COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose steadily during July but dropped moderately in the first half of August. The average price paid for 15/16 inch middling cotton rose from 14.40 cents on July 3 to 16.72 cents on July 25, but then dropped back to 15.74 cents on August 15. A year earlier, August 16, 1940, the average basic price on the same markets was 9.93 cents, an increase of about \$29 a bale in the year.

The first forecast on production of cotton was made on August 8 by the Department of Agriculture, and indicated a yield of 10,817,000 equivalent 500 pound bales against 12,566,000 bales in 1940 and a ten-year average of 13,246,000 bales. The 1941 crop as forecast is the smallest since 1935 and 14 per cent below the 1940 crop. In the Fifth district, all states show lower yields than a year ago, Virginia decreasing 16 per cent, North Carolina 33 per cent, and South Carolina 56 per cent, the last named state indicating the smallest crop since 1878. A part of the 1941 reduction in prospective yield is due to acreage reduction, but unfavorable weather and weevil damage account for most of it. Yield figures for Fifth district states are shown on page 4.

Details of the 1941 Government cotton loan program were released early in August. Rates range from 14.40 cents in New Mexico to 15.29 cents in the Carolina mill sections for middling 15/16 inch, net weight basis. The rates are much higher than those in force in 1940, and are equal to about 85 per cent of the so-called parity price.

COTTON CONSUMPTION AND ON HAND—BALES				
	July 1941	July 1940	Year Ended July 31 This Year	Year Ended July 31 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	418,620	285,912	4,421,416	3,719,112
<b>Cotton growing states:</b>				
Cotton consumed .....	791,824	535,002	8,239,340	6,646,532
Cotton on hand July 31 in				
Consuming establishments ..	1,471,018	742,178	.....	.....
Storage & compresses .....	9,300,041	9,044,387	.....	.....
<b>United States:</b>				
Cotton consumed .....	928,943	622,723	9,718,220	7,783,774
Cotton on hand July 31 in				
Consuming establishments ..	1,874,187	972,353	.....	.....
Storage & compresses .....	9,704,095	9,121,817	.....	.....
Exports of cotton .....	32,718	136,751	1,083,505	6,191,712
Spindles active, U. S. ....	23,027,818	21,919,000	.....	.....

### TOBACCO MANUFACTURING

Bureau of Internal Revenue receipts for July show production of tobacco products as follows:

	July 1941	June 1941	July 1940
Smoking & chewing tobacco, pounds .....	25,246,366	24,729,260	26,241,167
Cigarettes, number .....	18,404,257,790	18,498,764,920	15,912,640,803
Cigars, number .....	487,033,145	478,802,003	460,522,504
Snuff, pounds .....	3,588,223	2,930,255	3,091,422

### RETAIL AND WHOLESALE TRADE

#### DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and receivables in July 1941 in comparison with July 1940 figures:

	Sales		Stocks		Orders		Receivables	
	July 1941	July 1940	July 1941	July 1940	July 1941	July 1940	July 1941	July 1940
Richmond (5) .....	+22	(+16)	+26	+97	+15			
Baltimore (10) .....	+27	(+20)	+24	+98	+12			
Washington (7) .....	+33	(+21)	+15	+113	+18			
Other Cities (12) .....	+24	(+16)	+21	+126	+12			
Fifth District (79)* .....	+29	(+20)	+20	+106	+15			
<b>Same stores by States:</b>								
Maryland (13) .....	+27	(+20)	..	..	..			
Virginia (16) .....	+29	(+22)	..	..	..			
West Virginia (15) .....	+25	(+18)	..	..	..			
North Carolina (16) .....	+24	(+18)	..	..	..			
South Carolina (12) .....	+37	(+23)	..	..	..			

\* Includes stores reporting sales only.

Note: Second figure under Sales, in parentheses, compares combined sales in 7 months of 1941 with sales in first 7 months of 1940.

#### RETAIL FURNITURE SALES

STATES	% Changes in Sales, July and 7 Months of 1941 Compared with		% Changes in Sales, July and 7 Months of 1940 Compared with	
	July 1940	July 1941	July 1940	July 1941
Maryland (9) .....	+51	+26	+57	+41
Dist. of Col. (7) .....	+27	+41	+28	+28
Virginia (13) .....	+38	+25	+50	+38
North Carolina (5) .....	+33	+32	+47	+32
South Carolina (7) .....	+33	+32	+47	+32
District (41) .....	+33	+32	+47	+32
<b>Individual Cities:</b>				
Baltimore (9) .....	+51	+26	+57	+41
Richmond (5) .....	+19	+12	+57	+41
Washington (7) .....	+57	+41	+57	+41

#### WHOLESALE TRADE, 201 FIRMS

LINES	Net Sales		Stocks		Ratio July collections to accounts outstanding July 1
	July 1941	July 1940	July 31, 1941	July 31, 1940	
Automotive supplies (9) .....	+43	-20	+15	+3	71
Shoes (5) .....	+63	+25	-0	+7	54
Drugs & sundries (10) .....	+36	+10	+35	-4	104
Dry goods (8) .....	+69	+8	+26	+8	47
Electrical goods (19) .....	+54	-11	+78	+10	79
Groceries (56) .....	+19	+9	+12	+1	96
Hardware (15) .....	+55	+6	+3	-0	49
Industrial supplies (10) .....	+77	+8	+11	-2	87
Paper & products (9) .....	+41	+11	+12	+5	74
Tobacco & products (10) .....	+35	+12	+27	0	87
Miscellaneous (50) .....	+42	+7	+40	+1	70
District Average (201) .....	+43	+5	+25	+4	73

Source: Bureau of the Census.

### CROP FORECASTS

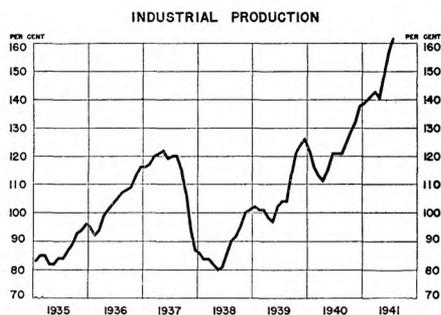
The following figures, issued by the Department of Agriculture, show forecasts of production based on August 1 conditions, compared with yields in 1940 and in the 10-years 1930-1939:

	Cotton (Bales)			Yield 1940	Yield 1930-1939
	% Change Acreage	Yield 1941	Yield 1940		
Virginia .....	+6	21,000	25,000	33,000	
North Carolina .....	-4	497,000	739,000	629,000	
South Carolina .....	-2	428,000	966,000	824,000	
Fifth District .....	-3	946,000	1,730,000	1,486,000	
<b>Wheat (Bushels)</b>					
Maryland .....	-2	7,980,000	7,566,000	8,342,000	
Virginia .....	-3	7,950,000	8,463,000	8,643,000	
West Virginia .....	-6	2,030,000	2,016,000	2,154,000	
North Carolina .....	+8	6,594,000	6,132,000	4,807,000	
South Carolina .....	+8	2,900,000	2,688,000	1,364,000	
Fifth District .....	+1	27,454,000	26,865,000	25,310,000	
<b>Oats (Bushels)</b>					
Maryland .....	+11	1,209,000	1,120,000	1,325,000	
Virginia .....	+25	2,415,000	1,932,000	2,116,000	
West Virginia .....	+4	1,562,000	1,462,000	1,931,000	
North Carolina .....	+5	6,500,000	5,952,000	4,460,000	
South Carolina .....	+5	11,700,000	10,890,000	9,238,000	
Fifth District .....	+7	23,386,000	21,356,000	19,070,000	
<b>Corn (Bushels)</b>					
Maryland .....	-8	16,596,000	17,535,000	16,173,000	
Virginia .....	-4	34,372,000	36,490,000	32,418,000	
West Virginia .....	-7	12,404,000	12,852,000	12,610,000	
North Carolina .....	-2	49,770,000	44,733,000	43,507,000	
South Carolina .....	-2	22,964,000	24,304,000	22,831,000	
Fifth District .....	-3	136,106,000	135,914,000	127,539,000	
<b>Hay (Tons)</b>					
Maryland .....	+1	491,000	550,000	467,000	
Virginia .....	0	962,000	1,252,000	924,000	
West Virginia .....	+2	775,000	833,000	642,000	
North Carolina .....	+1	1,044,000	975,000	744,000	
South Carolina .....	+8	590,000	539,000	398,000	
Fifth District .....	+2	3,862,000	4,149,000	3,175,000	
<b>Tobacco (Pounds)</b>					
Maryland .....	+3	32,258,000	31,920,000	26,901,000	
Virginia .....	-2	87,739,000	100,509,000	99,861,000	
West Virginia .....	-10	2,310,000	2,790,000	2,985,000	
North Carolina .....	+1	479,035,000	526,505,000	529,356,000	
South Carolina .....	+5	74,375,000	82,215,000	85,656,000	
Fifth District .....	+1	675,717,000	743,939,000	744,759,000	
<b>Irish Potatoes (Bushels)</b>					
Maryland .....	-3	2,586,000	2,898,000	2,997,000	
Virginia .....	+1	6,776,000	10,412,000	10,661,000	
West Virginia .....	0	3,300,000	3,630,000	2,844,000	
North Carolina .....	+1	6,642,000	8,720,000	8,182,000	
South Carolina .....	+7	2,730,000	3,192,000	2,475,000	
Fifth District .....	+1	22,034,000	28,852,000	27,159,000	
<b>Sweet Potatoes (Bushels)</b>					
Maryland .....	+11	1,700,000	1,485,000	1,071,000	
Virginia .....	+3	3,840,000	3,875,000	4,061,000	
North Carolina .....	+8	8,240,000	7,104,000	8,354,000	
South Carolina .....	+3	4,875,000	5,040,000	5,401,000	
Fifth District .....	+6	18,655,000	17,504,000	18,887,000	
<b>Peanuts (Pounds)</b>					
Virginia .....	-6	165,000,000	216,000,000	149,865,000	
North Carolina .....	-5	284,760,000	371,000,000	249,288,000	
South Carolina .....	-30	14,070,000	23,250,000	9,041,000	
Fifth District .....	-7	463,830,000	610,250,000	408,194,000	
<b>Apples, Commercial (Bushels)</b>					
Maryland .....	..	2,250,000	2,077,000	1,996,000	
Virginia .....	..	12,380,000	10,660,000	10,366,000	
West Virginia .....	..	5,102,000	4,868,000	4,796,000	
North Carolina .....	..	1,400,000	962,000	966,000	
Fifth District .....	..	21,142,000	18,567,000	18,124,000	
<b>Peaches (Bushels)</b>					
Maryland .....	..	478,000	470,000	348,000	
Virginia .....	..	2,116,000	1,392,000	902,000	
West Virginia .....	..	468,000	446,000	267,000	
North Carolina .....	..	2,820,000	1,344,000	1,920,000	
South Carolina .....	..	3,549,000	2,158,000	1,236,000	
Fifth District .....	..	9,431,000	5,810,000	4,673,000	

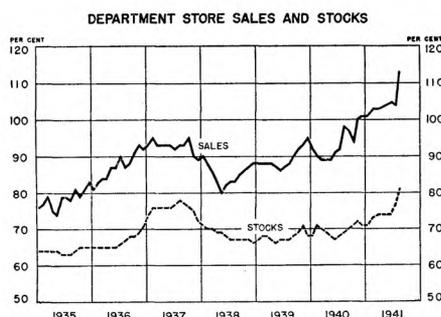
(Compiled August 21, 1941)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

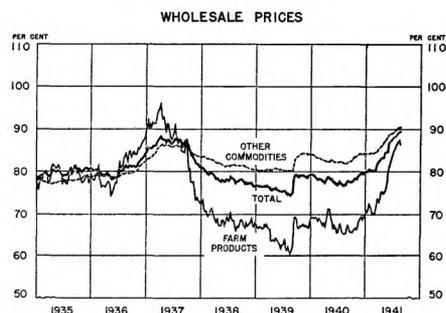
(Compiled by the Board of Governors of the Federal Reserve System)



Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average=100. By months, January 1935 to July 1941.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1935 to July 1941.



Bureau of Labor Statistics' indexes, 1926=100. "Other" includes commodities other than farm products and foods. By weeks, January 5, 1935 to August 16, 1941.



Wednesday figures, January 2, 1935 to August 13, 1941. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported.

Industrial activity in July and the first half of August was maintained at the high level reached in June. Wholesale commodity prices advanced further and distribution of commodities to consumers was in exceptionally large volume.

### PRODUCTION

Volume of industrial output showed little change from June to July. Reductions in activity at automobile factories and steel mills were largely offset in the total by further increases in the machinery, aircraft, shipbuilding, and lumber industries. The Board's adjusted index, which includes allowance for a considerable decline at this season, advanced from 157 to 162 per cent of the 1935-1939 average.

Steel production, which in June had been at about 98 per cent of capacity, declined to 96 per cent in July, owing in part to holiday shutdowns at some mills. In the first half of August steel output was again at about 98 per cent of capacity. Automobile production in July declined less than usual, but in the first half of August there was a sharp reduction, as most plants were closed to prepare for the shift to new model production. Activity in the nonferrous metals industries continued at a high rate. Early in August copper, pig iron, and all forms of steel were placed under complete mandatory priority control as it became evident that actual demand for these metals could not be fully met.

In the wool, cotton, and rayon textile industries and at shoe factories activity in July was maintained at or near the peak levels of other recent months and production of chemicals rose further. Output of manufactured foods increased less than seasonally from the high level reached in June.

Coal production declined slightly in July but as in June was unusually large for this time of year. Crude petroleum production was maintained at about the high rate that had prevailed in the previous two months.

Value of construction contract awards in July increased further to a level more than two-fifths higher than a year ago, according to F. W. Dodge Corporation reports. The rise reflected chiefly a continued increase in contracts for public construction, mostly defense projects. Private residential building contracts increased somewhat, although there is usually some decline at this season, while awards for other private building declined further from earlier high levels.

### DISTRIBUTION

Sales at department stores and in rural areas declined by much less than the usual seasonal amount in July and variety store sales increased further. In the first half of August department store sales rose sharply.

Total loadings of revenue freight in July and early August showed little change from the advanced level reached in June. Grain shipments, which had been larger than usual in May and June, increased less than seasonally and loadings of coal declined somewhat.

### COMMODITY PRICES

The general index of wholesale prices advanced about 2 per cent further from the middle of July to the middle of August, reflecting sharp increases in prices of a number of agricultural and industrial commodities. Federal action to limit price increases was extended to additional basic materials, including burlap, silk, rayon fabrics, rubber, and sugar, and in the early part of August prices of these commodities in domestic markets showed little change or were reduced. On the other hand, prices for paper-board, automobile tires, and cotton yarns and gray goods were advanced with Federal approval; prices of textile products not under Federal control continued to rise; and there were considerable increases in prices of lumber, other building materials, and chemicals. On August 16 it was announced that for Southern pine maximum prices somewhat below recent high levels would become effective on September 5.

### AGRICULTURE

Agricultural production in 1941 may exceed that in any previous year, according to indications on August 1, and carryovers of major crops are unusually large. Crops of wheat and other leading foodstuffs are expected to be exceptionally large, while substantial declines in production are indicated for the major export crops—cotton and tobacco. Although the cotton crop is estimated at 10,600,000 running bales, or 1,800,000 bales less than last season, total supplies of cotton will be about the same owing to a larger carryover on August 1. Marketings of livestock and livestock products, except hogs, will be substantially above last year.

### BANK CREDIT

Total loans and investments at reporting banks in 101 leading cities rose further during the five weeks ending August 13. Commercial loans continued to increase substantially, while holdings of United States Government obligations showed little change. Bank deposits remained at a high level.

### UNITED STATES GOVERNMENT SECURITY PRICES

After advancing to the highest levels on record, prices of both taxable and partially tax-exempt Treasury bonds declined somewhat in the first part of August. On August 15 the partially tax-exempt 2½ per cent 1960-65 bonds yielded 2.06 per cent, compared with the all-time low of 2.02 per cent on July 29. Yields on Treasury notes showed little change in the period.