

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1942

BUY
WAR
BONDS



BUY
SAVINGS
STAMPS

INVEST FOR VICTORY NOW

Summary of June Business Conditions

WITH plants working to capacity on the war program, and workers having higher incomes than ever before, business activity has shown less than the usual seasonal recession in recent weeks, and continues much above the rate of activity a year ago in those lines which are not artificially restricted in the interest of public defense.

The Federal Reserve Bank of Richmond increased its holdings of Government securities between the middle of June and the middle of July, and there was a further increase in the volume of Federal Reserve notes in circulation. The bank's cash reserves also rose during the month, but member bank reserve deposits showed a moderate decline. In 41 regularly reporting member banks loans decreased slightly between June 17 and July 15, but there was a substantial increase in investments, chiefly Government securities. During the same period demand deposits rose sharply, and there was also a slight increase in time deposits. At mutual savings banks in Baltimore, aggregate deposits rose during June, reversing a downward trend which had been noted in earlier months this year. Debits to deposit accounts in 25 Fifth District cities rose 3 per cent in June over debits in May, reflecting an increased volume of checks passing through the banks.

Commercial failures in the Fifth District in June were less numerous than in either May this year or June last year, and the total number of failures in the first half of this year was 23 per cent below the number in the first half of 1941.

Industry continues to concentrate on war work. In the Fifth District the cotton textile industry is working at capacity, and practically all mills which could do so have converted their machinery to the manufacture of the types of textiles required by the armed forces and for essential civilian needs. In the rayon field, manufacturers are working 24 hours a day and are producing all of the yarn which can be turned out by available plant facilities. Bituminous coal production in June exceeded production in either May 1942 or June 1941, and in the first half of this year coal mined in the United States exceeded by 24 per cent the amount of coal produced in the correspond-

ing period last year. In tobacco manufacturing, a new monthly record was set in the production of cigarettes in June, output reaching twenty billion for the first time. Eighty-seven per cent of these cigarettes were manufactured in Virginia and North Carolina.

The distribution of merchandise to consumers continues at high levels, in spite of the fact that numerous commodities are frozen or are no longer manufactured. Sales in 78 department stores in the Fifth District in June were 12 per cent above sales in June 1941, and total sales for the first half of this year were 21 per cent above sales in the first half of last year. Retail furniture sales in 117 stores showed a decrease of 23 per cent in June 1942 sales in comparison with sales in June 1941, but this decline was at least partly due to restrictions on instalment selling laid down in Regulation W. Wholesale trade by 207 firms in a number of leading lines rose 15 per cent in June over sales a year ago.

Agricultural statistics issued by the Department of Agriculture indicate better than average prospects for most 1942 crops in the Fifth District. A slight decrease in the expected yield of wheat in the district is forecast on the basis of July 1 conditions, and the yield of peaches is also expected to be less than in 1941. On the other hand increases in yields are forecast for oats, corn, hay, Irish potatoes, sweet potatoes, and tobacco. In tobacco, which is the leading cash crop in the Fifth District, the increase in acreage planted was 10 per cent this year, and the prospective yield of 734,267,000 pounds is 13 per cent above the 1941 yield of 650,557,000 pounds. Increased acreage figures are shown this year for oats, hay, Irish potatoes and tobacco while reductions of 1 per cent were made in the acreage planted in wheat, corn, and sweet potatoes. No production figures are released on cotton until August, but on July 8 the Department of Agriculture announced that the cotton acreage is 3.8 per cent larger this year than last, and unofficial reports indicate that the development of the crop has been satisfactory throughout most of the belt. In view of the prices prevailing this year for agricultural products, and favorable prospects for final yields, the farmers of the Fifth District appear to occupy a strong position.

FINANCIAL AND BUSINESS CONDITIONS IN THE FIFTH FEDERAL RESERVE DISTRICT

	June 1942	May 1942	June 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,098,939,000	\$2,038,925,000	\$1,807,218,000	+ 3	+ 16
Sales, 78 department stores, 5th district.....	\$ 16,563,972	\$ 17,187,817	\$ 14,802,900	- 4	+ 12
Sales, 117 furniture stores, 5th district.....	\$ 2,353,855	\$ 2,785,324	\$ 3,054,167	- 15	- 23
Sales, 207 wholesale firms, 5th district.....	\$ 17,853,000	\$ 17,758,000	\$ 15,582,000	+ 1	+ 15
Number of business failures, 5th district.....	19	35	27	- 46	- 30
Liabilities in failures, 5th district.....	\$ 882,000	\$ 485,000	\$ 152,000	+ 82	+480
Value of building permits, 29 cities.....	\$ 8,373,433	\$ 5,476,957	\$ 13,533,100	+ 53	-- 33
Value of contracts awarded, 5th district.....	\$ 160,508,000	\$ 68,914,000	\$ 92,503,000	+133	+ 74
Cotton consumption, 5th district (Bales).....	458,572	452,996	392,479	+ 1	+ 17
Cotton price, cents per lb., end of month.....	19.88	19.66	14.82	+ 1	+ 34
Rayon yarn shipments, U. S. (Pounds).....	39,000,000	37,600,000	38,300,000	+ 4	+ 2
Rayon yarn stocks, U. S. (Pounds).....	5,800,000	6,900,000	4,600,000	- 16	+ 26
Bituminous coal mined, U. S. (Tons).....	48,410,000	48,250,000	43,319,000	0	+ 12

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		July 15 1941
	July 15 1942	June 15 1942	
Discounts held	\$ 50	\$ 50	\$ 0
Foreign loans on gold.....	66	22	0
Industrial advances.....	767	619	818
Government securities	186,441	153,114	119,663
Total earning assets	187,324	153,805	120,481
Circulation of Fed. Res. notes.....	522,452	501,602	321,434
Members' reserve deposits.....	466,784	483,992	414,644
Cash reserves	910,332	876,016	713,046
Reserve ratio	82.80	85.12	85.60

SELECTED ITEMS—41 REPORTING MEMBER BANKS

Fifth District

ITEMS	000 omitted		July 16 1941
	July 15 1942	June 17 1942	
Loans to business & agriculture.....	\$141,624	\$150,691	\$147,234
All other loans.....	161,756	162,324	167,624
Investments in securities.....	690,632	628,623	459,037
Reserve bal. with F. R. bank.....	299,906	304,775	284,896
Cash in vaults	29,486	29,579	26,141
Demand deposits	888,578	860,351	711,959
Time deposits	201,615	199,892	208,624
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	June 30, 1942	May 31, 1942	June 30, 1941
Total deposits	\$221,023,216	\$219,575,973	\$224,593,340

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

CITIES	000 omitted		June 1941	% of Change	
	June 1942	May 1942		Month	Year
Dist. of Col.					
Washington	\$ 419,803	\$ 422,584	\$ 359,738	. 1	+17
Maryland					
Baltimore	599,477	593,473	559,072	+ 1	+ 7
Cumberland	10,511	9,755	11,035	+ 8	- 5
Frederick	9,795*	8,853*	.....	+11	..
Hagerstown	14,409	14,651	11,821	- 2	+22
North Carolina					
Asheville	19,371	17,576	17,169	+10	+13
Charlotte	120,297	122,287	96,732	- 2	+24
Durham	61,560	52,052	37,862	+18	+63
Greensboro	29,629	23,969	26,877	+24	+10
Kinston	4,183*	4,477*	.....	- 7	..
Raleigh	46,181	44,051	60,094	+ 5	-23
Wilmington	26,994	25,946	19,369	+ 4	+39
Wilson	5,308*	4,370*	.....	+21	..
Winstom-Salem ..	54,718	52,122	48,783	+ 5	+12
South Carolina					
Charleston	35,380	32,374	30,603	+ 9	+16
Columbia	42,755	41,577	39,748	+ 3	+ 8
Greenville	32,982	33,059	26,890	0	+23
Spartanburg	17,584	18,213	14,654	- 3	+20
Virginia					
Charlottesville ..	10,519*	10,104*	.....	+ 4	..
Danville	11,918	10,313	10,093	+16	+18
Lynchburg	19,532	17,706	17,493	+10	+12
Newport News ..	19,564	17,668	15,364	+11	+27
Norfolk	115,313	109,497	73,862	+ 5	+56
Portsmouth	13,758	12,343	6,848	+11	+191
Richmond	241,653	232,704	193,695	+ 4	+25
Roanoke	35,969	34,496	34,966	+ 4	+ 3
West Virginia					
Bluefield	18,688*	21,668*	.....	-14	..
Charleston	71,675	65,080	62,293	+10	+15
Clarksburg	13,732*	12,590*	.....	+ 9	..
Huntington	24,729	23,059	20,465	+ 7	+21
Parkersburg	13,177	12,370	11,692	+ 7	+13
District Totals ...	2,098,939	\$2,038,925	\$1,807,218	+ 3	+16

* Figures not included in District Total.

COMMERCIAL FAILURES

Commercial failures in both the Fifth district and the United States were less numerous in June this year than in June 1941, notwithstanding the difficulty many firms

are having in securing sufficient goods to meet the needs of their customers. However, the failure statistics do not tell the whole story of the effects of rationing, freezing, etc., since many firms have liquidated before reaching the bankruptcy point. Figures on insolvencies in the district and the United States, as compiled by *Dun & Bradstreet* for several recent periods, are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1942.....	19	804	\$ 882,000	\$ 9,906,000
May 1942.....	35	955	485,000	9,839,000
June 1941.....	27	970	152,000	9,449,000
6 Months, 1942.....	180	5,623	2,373,000	60,585,000
6 Months, 1941.....	233	6,702	2,533,000	72,156,000

EMPLOYMENT

As workers continue to be absorbed into the armed forces of the Nation it is becoming harder to secure efficient labor in numerous fields, especially those not directly connected with some phase of war work. Many young men entering the army or navy are being replaced by older men and to some extent by women. At the same time dislocations in business due to priority regulations, rationing, freezing orders, etc., are causing unemployment. Some of these workers are readily absorbed by industries doing war work, but others are specialists or are too old to make the shift to new lines, and these are forced into the ranks of the unemployed. Increasing economic pressure on family groups resulting from greatly increased taxes, rising costs of living and bond buying is making it necessary for additional people to obtain remunerative employment, particularly in the large white collar group which has had little or no increase in income in recent months. 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 May to June:

STATES	Percentage change from	
	May 1942 in number on payroll	to June 1942 in amount of payroll
Maryland	+2.0	+5.4
Dist. of Col.	-1.3	-0.1
Virginia	+0.3	-1.7
West Virginia	+0.5	+1.8
North Carolina	-0.4	-0.5
South Carolina	+1.1	+0.4
District Average	+0.7	+1.6

BITUMINOUS COAL PRODUCTION

Production of bituminous coal in the United States in June 1942 totaling 48,410,000 net tons exceeded the May 1942 output of 48,250,000 tons and was 12 per cent above 43,319,000 tons mined in June 1941. Total production this calendar year through July 11 was 300,658,000 net tons, an increase of 24 per cent above 243,111,000 tons produced to the corresponding date last year. The demand for bituminous coal is much greater this year than last, due chiefly to the greatly expanded production program in industry as a result of the war effort, and to build up supplies for heating to supplement sharply diminished supplies of fuel oil. It is feared that if householders do not stock their bins with coal before winter comes, transportation facilities may be so severely strained that they will not be able to move sufficient coal to meet all needs for both industry and heating.

SOFT COAL PRODUCTION IN TONS

REGIONS	June 1942	May 1942	June 1941
West Virginia	13,750,000	13,296,000	13,035,000
Virginia	1,787,000	1,755,000	1,642,000
Maryland	181,000	175,000	155,000
5th District	15,718,000	15,226,000	14,832,000
United States	48,410,000	48,250,000	43,319,000
% in District	32	32	34

CONSTRUCTION

Building permits issued in leading Fifth District cities in June 1942 totaled \$8,373,433, an increase of 53 per cent over permits totaling \$5,476,957 issued in May this year but 38 per cent less than the total of \$13,533,100 for June last year. Building permit figures reflect civilian construction for the most part, and are showing the effects of restrictions on the use of building materials for work not connected with the war effort. Most of the construction for war purposes is in rural communities or comparatively small cities and is not reflected in city permits.

Contracts actually awarded for construction work in the Fifth District in June 1942, including rural as well as urban projects, reached the unprecedented total of \$160,508,000, according to figures compiled by the *F. W. Dodge Corporation*. This total includes all additions to plant facilities in industry, road and bridge work, Federal and private housing projects, Government building of all kinds, and port facilities such as docks and piers. Publicly financed projects account for most of the amount, as has been the case for a year or more. Contracts awarded in the Fifth District in the first half of 1942 totaling \$583,990,000 exceed the value of contracts awarded in the first half of 1941, totaling \$373,513,000, by 56 per cent.

Figures by states for contracts awarded in May 1942, which were not available when the June 30 *Review* went to press, were reported by the *F. W. Dodge Corporation*, as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1942	May 1941	% Change
Maryland	\$ 15,021,000	\$ 15,974,000	- 6
Dist. of Col.	8,693,000	4,934,000	+76
Virginia	24,341,000	13,151,000	+85
West Virginia	3,629,000	4,669,000	-22
North Carolina	10,130,000	42,686,000	-76
South Carolina	7,100,000	18,591,000	-62
Fifth District	\$ 68,914,000	\$100,005,000	-31

COTTON TEXTILES

The cotton textile industry continued operations at approximate capacity during June, working for the most part on war orders. Nearly all mills which have machinery suitable for weaving medium and heavy goods have converted to ducks, osnaburgs, sheetings, and other types of material needed in the prosecution of the war, and comparatively little cloth is being manufactured for civilian use. However, jobbers and retailers bought large stocks of textiles when they were available, and have consequently been able to meet most of the needs of their customers to this time. Stocks of many kinds of textiles are being depleted steadily in stores, and the number of items which can no longer be purchased is increasing. With army and navy needs steadily increasing, textiles available for civilian use are correspondingly decreasing. Ceiling price regulations have prevented any substantial price rise in the face of shrinking supplies.

Cotton consumption figures by states in the Fifth Dis-

trict for June 1942 and the first six months of this year are compared in the accompanying table with corresponding figures for 1941.

COTTON CONSUMPTION—FIFTH DISTRICT

		In bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
June 1942	247,142	189,444	21,986	458,572	
May 1942	241,904	188,998	22,094	452,996	
June 1941	215,790	157,443	19,246	392,479	
6 Months, 1942	1,453,021	1,115,268	132,316	2,700,605	
6 Months, 1941	1,279,304	965,444	107,576	2,352,324	
% Increase in 1942	14	16	23	15	

RAYON

Rayon Organon for July states that deliveries of rayon filament yarn to domestic consumers in June 1942 amounted to 39,000,000 pounds, compared with 37,600,000 pounds in May this year and 38,300,000 pounds in June 1941. Production of yarn last month was less than total shipments, and reserve stocks in manufacturers' hands therefore declined from 6,900,000 pounds at the end of May to 5,800,000 pounds at the end of June. On June 30, 1941, reserve stocks of yarn totaled 4,600,000 pounds. In the first half of this year rayon yarn shipments totaled 231,400,000 pounds, an increase of 6 per cent over shipments totaling 219,200,000 pounds in the corresponding period last year.

Deliveries of rayon staple fiber during June totaled 13,600,000 pounds, compared with 12,600,000 pounds delivered in May and 12,400,000 pounds in June 1941, and in the first half of this year deliveries of staple fiber totaling 75,600,000 pounds exceeded shipments of 64,300,000 pounds in the first six months of 1941 by 18 per cent. American textile manufacturers are turning more and more to rayon in staple fiber form, since it blends with other materials more readily than filament yarn.

No official announcements on prices of dissolving pulp for the third quarter of the year have been made, but it is understood in the trade that prices will remain unchanged for the period at \$85 per 2,000-pound ton for base-grade pulp and \$100 per ton for the special grade pulp used by the acetate division of the industry.

On June 22, the OPA issued Maximum Price Regulation No. 167 establishing maximum prices for rayon yarn and staple fiber, and simultaneously issued a companion order, No. 168, setting ceiling prices for converted rayon yarns and converting charges, both regulations to become effective June 27. Regulation 167 is, in effect, only a formalization of the prices which producers of rayon yarn and staple fiber have observed at the request of the OPA since October 1941.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose during the second half of June by more than \$5.00 per bale, but lost about half of the increase in the first half of July. From an average of 18.62 cents per pound for middling grade upland cotton on June 12, the average rose to 19.88 cents on July 3, but by July 17, the latest date for which official figures are available, the average dropped to 19.30 cents. On July 18, 1941, the average price on the 10 markets was 15.48 cents.

On July 8 the Department of Agriculture issued a report on cotton acreage for 1942, in comparison with acreage figures in 1941 and during the period 1931-1940.

The United States as a whole showed an increase in 1942 acreage over 1941 acreage amounting to 3.8 per cent. In the Fifth District, Virginia with 44,000 acres is 22 per cent above last year, North Carolina with 861,000 acres increased 6 per cent this year, and South Carolina with 1,247,000 acres rose 1 per cent. No official report on the condition of the growing crop has been released, but unofficial reports indicate that the prospects are good for at least average yields throughout most of the belt, and some sections are expecting considerably better than average yields if the weather is favorable during the balance of the growing season.

COTTON CONSUMPTION AND ON HAND—BALES

	June 1942	June 1941	Aug. 1 to June 30 This Year	June 30 Last Year
Fifth district states:				
Cotton consumed	458,572	392,479	4,778,411	4,004,613
Cotton growing states:				
Cotton consumed	831,550	743,295	8,660,982	7,496,493
Cotton on hand June 30 in				
Establishments	1,934,113	1,524,593		
Storage & compresses	8,100,603	10,175,849		
United States:				
Cotton consumed	966,940	875,812	10,169,448	8,791,921
Cotton on hand June 30 in				
Establishments	2,441,130	1,920,197		
Storage & compresses	8,458,912	10,574,730		
Spindles active	23,090,560	22,994,980		

TOBACCO MANUFACTURING

Cigarette production in June 1942 established a new record and reached the twenty billion mark for the first time. Output of all other tobacco products except smoking and chewing tobacco also exceeded output in June last year. Production figures released by the Bureau of Internal Revenue are as follows:

	June 1942	May 1942	June 1941
Smoking & chewing tobacco, pounds	24,579,958	21,956,402	24,729,260
Cigarettes, number	20,003,674,760	18,455,318,320	18,522,764,920
Cigars, number	532,390,210	457,767,155	478,802,003
Snuff, pounds	3,226,884	3,224,368	2,930,255

RETAIL AND WHOLESALE TRADE

Department Store Trade

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in June 1942 in comparison with June 1941:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+11 (+15)	+46	+60	-8
Baltimore (10)	+14 (+22)	+68	+13	-16
Washington (7)	+16 (+27)	+78	0	-6
Other Cities (12)	+6 (+18)	+43	+9	-16
Fifth District (78)*	+12 (+21)	+66	+11	-10

Same stores by states, including stores reporting sales only:

	Sales	Stocks	Orders	Receivables
Maryland (13)	+14 (+22)	..	..	..
Virginia (16)	+11 (+18)	..	..	..
West Virginia (15)	-10 (+3)	..	..	..
North Carolina (16)	-2 (+4)	..	..	..
South Carolina (11)	+22 (+20)	..	..	..

* Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 6 months of 1942 with sales in the first 6 months of 1941.

WHOLESALE TRADE, 207 FIRMS

LINES	Net Sales June 1942 compared with		Stocks June 30, 1942 compared with		Ratio June collections to accounts outstanding June 1
	June 1941	May 1942	June 30 1941	May 31 1942	
Auto supplies (8)	-37	-19	..	..	85
Shoes (4)	+22	-8	+46	+10	65
Drugs & sundries (13)	+19	+5	+22	-4	106
Dry goods (7)	+19	-9	+50	+5	50
Electrical goods (12)	+18	+2	-8	+1	57
Groceries (66)	+19	+9	+2	-7	113
Hardware (12)	+3	-14	-13	-3	62
Industrial supplies (10)	-3	-17	0	-3	92
Paper & products (10)	+6	-3	+25	+4	77
Tobacco & products (6)	+35	+12	..	..	..
Miscellaneous (59)	+13	+4	+5	-4	81
District Average (207)	+15	+1	+11	0	77

Source: Department of Commerce

RETAIL FURNITURE SALES

INDIVIDUAL CITIES

	% Changes Compared with June 1941	in June 1942 Sales Compared with May 1942
Baltimore, Md. (10)*	-12	-11
Washington, D. C. (8)*	+5	-9
Richmond, Va. (9)*	-28	-7
Danville, Va. (3)*	-55	-22
Norfolk, Va. (3)*	-2	0
Roanoke, Va. (3)*	-40	-26
Charleston, W. Va. (4)*	-37	-5
Charlotte, N. C. (5)*	-47	-12
Winston-Salem, N. C. (3)*	-40	-13
Columbia, S. C. (4)*	-37	-33
Greenville, S. C. (4)*	-22	+20
Other Cities (61)*	-34	-25
Fifth District (117)*	-23	-15
Same Stores, Grouped		
By States:		
Maryland (10)*	-12	-11
Dist. of Col. (8)*	+5	-9
Virginia (39)*	-23	-11
West Virginia (15)*	-42	-18
North Carolina (25)*	-37	-34
South Carolina (20)*	-36	-17
Fifth District (117)*	-23	-15

*Number of reporting stores.

CROP FORECASTS

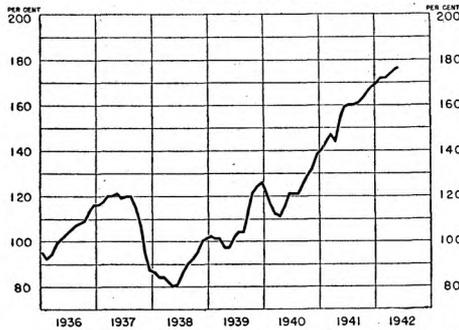
The following figures, issued by the Department of Agriculture, show forecasts of production in 1942 based on July 1 conditions, compared with final yields in 1941 and in the 10-year period 1930-39, and percentage changes in acreage this year over or under 1941 acreage:

	Wheat (Bushels)			
	% Change Acreage	Yield 1930-39	Yield 1941	Yield 1942
Maryland	-11	8,342,000	7,245,000	6,600,000
Virginia	-7	8,643,000	7,665,000	7,568,000
West Virginia	-8	2,154,000	1,628,000	1,552,000
North Carolina	+4	4,807,000	7,110,000	7,410,000
South Carolina	+20	1,364,000	3,146,000	3,335,000
District Total	-1	25,310,000	26,794,000	26,465,000
Oats (Bushels)				
Maryland	+9	1,325,000	1,024,000	1,120,000
Virginia	+10	2,116,000	2,625,000	3,248,000
West Virginia	+4	1,931,000	1,776,000	1,848,000
North Carolina	+8	4,460,000	6,300,000	6,800,000
South Carolina	+6	9,238,000	12,100,000	12,534,000
District Total	+7	19,070,000	23,825,000	25,550,000
Corn (Bushels)				
Maryland	+2	16,173,000	15,164,000	16,835,000
Virginia	+5	32,418,000	32,942,000	36,575,000
West Virginia	+6	12,610,000	12,307,000	12,840,000
North Carolina	-4	43,507,000	52,096,000	46,596,000
South Carolina	-3	22,831,000	22,316,000	22,442,000
District Total	-1	127,539,000	134,825,000	135,288,000
Hay (Tons)				
Maryland	-1	467,000	472,000	519,000
Virginia	+5	924,000	1,250,000	1,364,000
West Virginia	+3	642,000	793,000	875,000
North Carolina	+5	744,000	1,071,000	1,208,000
South Carolina	+10	398,000	470,000	524,000
District Total	+5	3,175,000	4,056,000	4,490,000
Irish Potatoes (Bushels)				
Maryland	0	2,997,000	1,920,000	2,200,000
Virginia	-4	10,661,000	6,916,000	8,030,000
West Virginia	+9	2,844,000	3,795,000	4,140,000
North Carolina	+5	8,182,000	6,636,000	6,632,000
South Carolina	+8	2,475,000	2,548,000	3,108,000
District Total	+3	27,159,000	21,815,000	26,110,000
Sweet Potatoes (Bushels)				
Maryland	+13	1,071,000	1,040,000	1,530,000
Virginia	-3	4,061,000	2,970,000	4,000,000
North Carolina	-10	8,354,000	6,880,000	7,343,000
South Carolina	+13	5,401,000	4,400,000	5,890,000
District Total	-1	18,887,000	15,290,000	19,268,000
Tobacco (Pounds)				
Maryland	+3	26,901,000	30,225,000	31,125,000
Virginia	+10	99,861,000	88,572,000	96,180,000
West Virginia	+14	2,985,000	2,610,000	3,052,000
North Carolina	+11	529,356,000	459,490,000	513,910,000
South Carolina	+11	85,656,000	69,660,000	90,000,000
District Total	+10	744,759,000	650,557,000	734,267,000
Peaches (Bushels)				
Maryland	..	372,000	563,000	544,000
Virginia	..	899,000	1,860,000	1,840,000
West Virginia	..	285,000	590,000	560,000
North Carolina	..	1,938,000	3,167,000	2,320,000
South Carolina	..	1,424,000	4,095,000	3,800,000
District Total	..	4,918,000	10,275,000	9,064,000

SUMMARY OF NATIONAL BUSINESS CONDITIONS

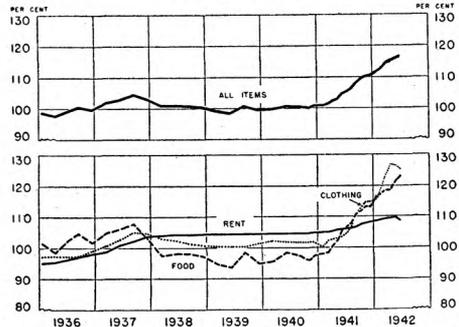
(Compiled by the Board of Governors of the Federal Reserve System)

INDUSTRIAL PRODUCTION



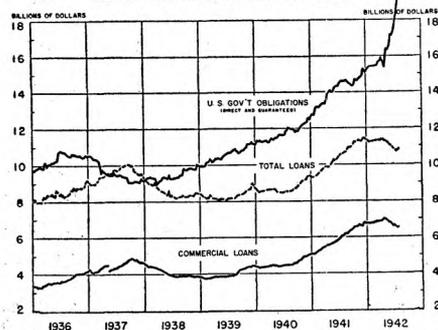
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for June 1942.

COST OF LIVING



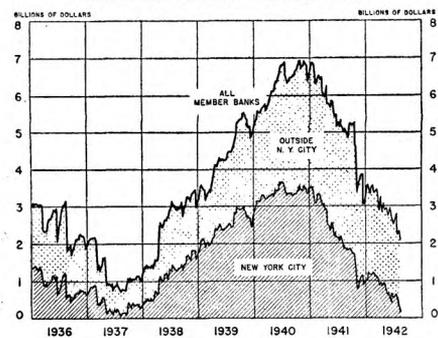
Bureau of Labor Statistics' indexes, 1935-39 average = 100. Fifteenth of month figures. Last month in each calendar quarter through Sept. 1940, monthly thereafter. Latest figures shown are for June 1942.

MEMBER BANKS IN 101 LEADING CITIES



Wednesday figures. Commercial loans, which include industrial and agricultural loans, represent prior to May 19, 1937 so-called "Other loans" as then reported. Latest figures shown are for July 15, 1942.

EXCESS RESERVES OF MEMBER BANKS



Wednesday figures, partly estimated. Latest figures shown are for July 15, 1942.

Industrial activity continued to advance during June and the first half of July. Volume of goods distributed to consumers continued substantially below a year ago and commodity prices generally showed little change.

PRODUCTION

Industrial output increased further in June and the Board's seasonally adjusted index rose from 174 to 177 per cent of the 1935-39 average. Production in the machinery, transportation equipment, and other armament industries continued to advance, reflecting further progress toward meeting the requirements of the war production program. Steel production declined somewhat in June but increased to earlier high levels in the first three weeks of July. Lumber production increased seasonally in June, while in the furniture industry, where activity usually rises at this time of year, there was a decline, reflecting in part the fact that a number of plants in the industry are being converted to the manufacture of war products.

In industries manufacturing nondurable goods, output as a whole showed little change from May to June. Textile production declined somewhat, reflecting a reduction in activity at cotton mills from earlier peak levels. Paperboard production decreased sharply further and there was also a decline in activity in the printing industry. On the other hand, output of manufactured food products increased and shoe production showed less than the customary seasonal decline.

Mineral production continued large in June. Coal production was maintained at peak levels; output of crude petroleum showed little change, following the sharp decline that occurred during March and April. Lake shipments of iron ore in June amounted to 12,600,000 gross tons and at the month end stocks at lower Lake ports totaled 31,000,000 tons as compared with 26,600,000 tons a year ago.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, continued to increase in June and was 57 per cent above the previous record high month of August 1941. The sharp rise in June reflected a continued increase in awards for public projects, which accounted for about 93 per cent of all contracts let during the month.

DISTRIBUTION

Distribution of commodities to consumers declined somewhat further in June. Smaller sales were reported by both department stores and mail-order houses, while sales at variety stores were maintained at about the May rate. In the first half of July department store sales showed less than the customary sharp seasonal decline.

Volume of railroad freight traffic was maintained in large volume during June and the first half of July. The number of cars loaded was below the level that prevailed a year ago, however, reflecting a sharp reduction in carloadings in less-than-carload lots as a result of orders by the Coordinator of Transportation which raised the minimum permissible weights for such loadings and thereby effected a fuller utilization of existing equipment.

COMMODITY PRICES

Prices of most commodities both at wholesale and retail continued to show little change from the middle of June to the middle of July. Prices of cotton, wool, and some other agricultural commodities, which had declined in the early part of June, advanced in this period.

About twenty additional maximum price schedules were announced covering a wide variety of products and in some cases requiring price reductions. On the other hand, Federal approval was given for higher prices on various processed fruits and vegetables, textile products, petroleum products sold on the East Coast, and services supplied to consumers.

Retail prices of uncontrolled foods advanced sharply from May to June and the Bureau of Labor Statistics price index for all foods rose 1 1/2 points to 123 per cent of the 1935-39 average—an increase of one-fourth since the beginning of the current advance in March 1941.

BANK CREDIT

Member banks in leading cities increased their holdings of Government securities sharply during the first half of July. Purchases included portions of increased Treasury bill issues and of the new 2 per cent 7- to 9-year bond. This followed a substantial growth in the second quarter of the year when member banks absorbed about 3.3 billion dollars, or more than half of the increase in Treasury open-market issues. All classes of banks showed large increases, the largest percentage increases being in Chicago and at reserve city banks.

Excess reserves of member banks have been at a lower level in July than in June, because of increased need for reserves arising out of deposit growth, the continued currency drain, and a large temporary increase in Treasury deposits at Reserve Banks. Substantial System open-market operations partially offset the loss of reserves from these sources. The decrease in excess reserves was concentrated in New York and Chicago, reducing excess funds in those cities to low levels. Adjusted demand deposits continued to rise at reporting banks in leading cities except in New York.

Yields on United States Government securities and other money rates have shown little change in recent weeks.