

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

---

*Federal Reserve Bank, Richmond, Va.*

*August 31, 1942*

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BUY  
WAR  
BONDS



BUY  
SAVINGS  
STAMPS

**INVEST FOR VICTORY NOW**

**AMOUNT OF DEFENSE AND NON-DEFENSE LOANS, BOTH NEW AND RENEWALS, BY BUSINESS AND SIZE OF BORROWER**

**LOANS MADE BY 266 MEMBER BANKS IN THE FIFTH FEDERAL RESERVE DISTRICT  
BETWEEN APRIL 16 AND MAY 15, 1942.**

(In thousands of dollars)

BUSINESS OF BORROWER	All loans & renewals					Defense					Non-Defense					Both Defense & Non-Defense				
	Total loans and renew- als	ASSETS OF BORROWER				Total de- fense	ASSETS OF BORROWER				Total non- de- fense	ASSETS OF BORROWER				Total Both	ASSETS OF BORROWER			
		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000
Wholesale and retail trade.....	32,451	6,650	17,739	7,347	715	4,415	504	2,050	1,761	100	27,729	6,110	15,638	5,416	565	251	19	12	170	50
Sales finance & personal loan companies.....	2,990	226	696	1,218	850	27	0	4	23	0	2,955	223	687	1,195	850	7	2	5	0	0
Services: Hotels, restaurants, amusements, etc.	3,394	1,057	1,218	514	605	760	14	90	51	605	2,634	1,043	1,128	463	0	0	0	0	0	0
Metal mining, refining and smelting.....	477	73	339	65	0	176	50	126	0	0	294	21	208	65	0	7	2	5	0	0
Metal products of all types.....	1,938	291	997	292	358	1,547	198	702	292	355	364	93	268	0	3	27	0	27	0	0
Petroleum and petroleum products.....	1,213	213	488	347	165	245	4	101	0	140	868	209	387	247	25	100	0	0	100	0
Chemicals, drugs, rubber and products.....	1,312	207	382	623	100	221	75	108	38	0	1,091	132	274	585	100	0	0	0	0	0
Textiles, apparel, leather and products.....	7,367	349	2,519	3,898	601	1,700	27	653	829	191	5,022	310	1,844	2,468	400	645	12	22	601	10
Food, liquor and tobacco.....	4,619	269	1,550	1,425	1,375	324	23	166	35	100	4,273	240	1,368	1,390	1,275	11	5	6	0	0
All other Manufacturing and mining.....	8,478	613	4,015	3,450	400	1,689	145	1,097	297	150	6,561	448	2,806	3,057	250	228	20	112	96	0
Public utilities.....	2,039	435	419	761	424	552	36	85	416	15	1,480	396	330	345	409	0	0	0	0	0
Building and construction.....	26,920	2,280	12,362	11,898	380	20,770	769	9,310	10,311	380	6,007	1,496	2,924	1,587	0	114	15	99	0	0
All other.....	10,249	2,851	5,238	1,482	678	807	142	240	325	100	9,416	2,704	4,977	1,157	578	21	0	21	0	0
Total amount of loans, new & renewals.....	103,447*	15,514	47,962	33,320	6,651	33,233	1,987	14,732	14,378	2,136	68,694	13,425	32,839	17,975	4,455	1,411	75	309	967	60
Actual number of loans, new & renewals.....	9,538*	4,593	4,039	810	96	1,344	339	708	250	47	8,095	4,219	3,298	531	47	75	21	23	29	2
Total amount of new loans.....	46,302*	5,601	21,919	15,785	2,978	20,288	1,481	10,423	7,113	1,271	25,192	4,077	11,282	8,186	1,647	803	43	214	486	60
Actual number of new loans.....	3,572*	1,447	1,640	419	66	876	245	441	149	41	2,661	1,192	1,185	261	23	33	10	12	9	2

\*These figures contain a small number of loans which were not classified as to whether they were made for defense or non-defense purposes.

Compiled by  
Research & Statistics Department  
Federal Reserve Bank of Richmond

## The General Situation in the Fifth District

**B**USINESS in the Fifth Reserve district is at or near record levels in lines which are engaged on some phase of war work or which have not yet been seriously affected by priority rulings, rationing, freezing orders, etc. On the other hand, certain lines which have been substantially affected by these legal restraints are doing little or no business, and a considerable number of enterprises have been voluntarily liquidated for the duration.

Distribution of goods to consumers through department stores, apparel shops, furniture stores, groceries, jewelry stores, etc., is going ahead in large volume, although somewhat restricted by stiffened credit terms under Regulation W and by inability to secure adequate stocks of some commodities. On the other hand, such distributing agencies as automobile and tire dealers, gas stations, bicycle shops, sporting goods agencies, refrigerator and other household machinery dealers, and handlers of hard goods in general are practically out of the market. Building permits in cities have fallen to the lowest point in a number of years, since most of the building within corporate limits is for civilian use and has been greatly restricted, while on the contrary contract award figures are very high, these containing a great amount of Government owned or Government approved projects connected directly with the all-out war effort.

Industrially the Fifth district is exceedingly busy, except for a few lines which have been unable to convert machinery to war work and which normally use raw materials now classed as critical and allocated to more important uses. The full-fashioned hosiery industry is hard hit because it cannot obtain silk, nylon or suitable rayon yarn in sufficient quantities to keep the industry busy, and its machinery is not suited for making Army socks. The cotton textile industry in the district set a record for

cotton consumption in July, and has a back-log of orders sufficient to keep the industry operating at capacity for many months. New orders are also being received as fast as old ones are cleared away, and the mills are so tied into the war effort that they cannot supply demands for civilian goods. Fortunately retail outlets anticipated this situation and laid in large supplies of textiles while they were available. Rayon yarn plants continue to work to the limit of capacity, and rayon has been drawn upon more for war uses recently than was expected when the war began, thus lessening the supply of rayon available for civilian use. Tobacco manufacturers are setting new production records in cigarettes, the chief tobacco product. Miscellaneous manufacturers who have lined up with the war effort, ship-yards, airplane plants, and coal mines are using available labor and materials to capacity, and the railroads are handling the greatest tonnage in their history.

Agricultural prospects for Fifth district farmers are excellent insofar as the chief money crops are concerned, although the outturn of some minor crops was not all that might have been expected. Growers of cotton and tobacco appear certain to realize greatly increased money returns from their 1942 crops over those received from 1941 crops. This year's tobacco crop in the district is forecast as 14 per cent above the 1941 crop, and if opening auction market prices in Georgia and the Carolinas are indicative of this year's demand for tobacco, the growers will receive substantially higher prices for the larger crop. The cotton crop this year is 60 per cent larger than the 1941 crop, in Fifth district states, and at mid-August cotton prices were approximately 17 per cent higher than a year ago. Increased yields are expected this year in oats, hay, Irish potatoes, sweet potatoes, and commercial apples, while lower yields are reported for wheat, corn and peaches.

### FINANCIAL AND BUSINESS CONDITIONS IN THE FIFTH FEDERAL RESERVE DISTRICT

	July 1942	June 1942	July 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,189,643,000	\$2,098,939,000	\$1,779,790,000	+ 4	+ 23
Sales, 77 department stores, 5th district.....	\$ 14,019,059	\$ 16,510,314	\$ 12,380,788	- 15	+ 13
Sales, 119 furniture stores, 5th district.....	\$ 2,389,553	\$ 2,339,064	\$ 3,001,952	+ 2	- 20
Sales, 216 wholesale firms, 5th district.....	\$ 16,682,000	\$ 15,997,000	\$ 15,246,000	+ 4	+ 9
Number of business failures, 5th district.....	22	19	16	+ 16	+ 38
Liabilities in failures, 5th district.....	\$ 582,000	\$ 882,000	\$ 198,000	- 34	+194
Value of building permits issued, 29 cities.....	\$ 3,961,000	\$ 8,373,433	\$ 11,584,377	- 53	- 66
Value of contracts awarded, 5th district.....	\$ 90,017,000	\$ 160,738,000	\$ 64,333,000	- 44	+ 40
Cotton consumption, 5th district (Bales).....	471,112	458,572	418,737	+ 3	+ 13
Cotton price, cents per lb., end of month.....	18.67	19.88	15.94	- 6	+ 17
Rayon yarn shipments, U. S. (Pounds).....	39,900,000	38,900,000	39,400,000	+ 3	+ 1
Rayon yarn stocks, U. S. (Pounds).....	6,700,000	7,000,000	3,500,000	- 4	+ 86
Bituminous coal mined, U. S. (Tons).....	47,700,000	48,100,000	44,080,000	- 1	+ 8

## BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS  
Fifth District

ITEMS	000 omitted		
	Aug. 15 1942	July 15 1942	Aug. 15 1941
Discounts held .....	\$ 0	\$ 50	\$ 175
Foreign loans on gold.....	66	66	0
Industrial advances .....	820	767	788
Government securities .....	205,540	186,441	119,663
Total earning assets.....	206,426	187,324	120,626
Circulation of Fed. Res. notes.....	566,394	522,452	334,910
Members' reserve deposits.....	475,115	466,784	417,214
Cash reserves .....	884,773	910,332	718,165
Reserve ratio .....	80.33	82.80	85.18

SELECTED ITEMS—41 REPORTING MEMBER BANKS  
Fifth District

ITEMS	000 omitted		
	Aug. 12 1942	July 15 1942	Aug. 13 1941
Loans to business & agriculture.....	\$141,744	\$141,624	\$149,700
All other loans.....	157,194	161,756	168,808
Investments in securities.....	725,907	690,632	475,612
Reserve bal. with F. R. bank.....	299,607	299,906	290,896
Cash in vaults .....	31,404	29,486	27,467
Demand deposits .....	914,350	888,578	722,107
Time deposits .....	204,460	201,615	209,543
Money borrowed .....	0	0	0

MUTUAL SAVINGS BANK DEPOSITS  
9 Baltimore Banks

	July 31, 1942	June 30, 1942	July 31, 1941
Total deposits .....	\$222,076,549	\$221,023,216	\$223,993,945

DEBITS TO INDIVIDUAL ACCOUNTS  
Fifth District

CITIES	000 omitted			% of Change	
	July 1942	June 1942	July 1941	Month	Year
Dist. of Col.					
Washington ....	\$ 423,845	\$ 419,803	\$ 351,981	+ 1	+20
Maryland					
Baltimore .....	643,617	599,477	536,045	+ 7	+20
Cumberland .....	11,395	10,511	11,348	+ 8	0
Frederick .....	8,975*	9,795*	.....	- 8	.....
Hagerstown .....	15,477	14,409	12,238	+ 7	+26
North Carolina					
Asheville .....	19,494	19,371	17,926	+ 1	+ 9
Charlotte .....	127,593	120,297	90,057	+ 6	+42
Durham .....	62,762	61,560	33,625	+ 2	+87
Greensboro .....	26,619	29,629	24,327	-10	+ 9
Kinston .....	4,235*	4,183*	.....	+ 1	.....
Raleigh .....	56,374	46,181	61,704	+22	- 9
Wilmington .....	29,754	26,994	19,198	+10	+55
Wilson .....	6,334*	5,308*	.....	+19	.....
Winston-Salem ..	70,917	54,718	48,765	+30	+45
South Carolina					
Charleston .....	35,152	35,380	29,721	- 1	+18
Columbia .....	44,076	42,755	38,303	+ 3	+15
Greenville .....	32,429	32,982	27,082	- 2	+20
Spartanburg .....	16,876	17,584	15,470	- 4	+ 9
Virginia					
Charlottesville ..	10,301*	10,519*	.....	- 2	.....
Danville .....	11,469	11,918	10,088	- 4	+14
Lynchburg .....	18,415	19,532	18,405	- 6	0
Newport News .....	21,042	19,564	14,827	+ 8	+42
Norfolk .....	117,717	115,313	78,287	+ 2	+50
Portsmouth .....	12,898	13,758	7,039	- 6	+83
Richmond .....	250,293	241,653	196,369	+ 4	+27
Roanoke .....	35,138	35,969	34,243	- 2	+ 3
West Virginia					
Bluefield .....	21,813*	18,688*	.....	+17	.....
Charleston .....	68,073	71,675	67,059	- 5	+ 2
Clarksburg .....	13,401*	13,732*	.....	- 2	.....
Huntington .....	26,206	24,729	21,959	+ 6	+19
Parkersburg .....	12,012	13,177	13,724	- 9	-12
District Totals ..	\$2,189,643	\$2,098,939	\$1,779,790	+ 4	+23

\*Figures not included in District Total.

## COMMERCIAL FAILURES

Figures on insolvencies in the Fifth 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.
July 1942.....	22	764	\$ 582,000	\$ 8,548,000
June 1942.....	19	804	882,000	9,906,000
July 1941.....	16	908	198,000	13,422,000
7 Months, 1942.....	202	6,387	2,955,000	69,133,000
7 Months, 1941.....	249	7,610	2,731,000	85,578,000

## EMPLOYMENT

There were no important changes in employment in the Fifth district during the past month. Recently a considerable number of workers have been laid off by full-

fashioned hosiery mills in North Carolina, but most of these have been absorbed by other branches of the textile industry. The reduction in employment at hosiery mills was due of course to inability to secure silk, nylon, or suitable rayon yarn to keep all of the mills in active operation. The farmers who grow vegetables for the fresh vegetable market and for canning have been unable to secure sufficient labor to gather their crops promptly, and parts of some crops spoiled in the fields. The demands of the armed forces for additional men are constantly increasing the difficulty of obtaining workers for civilian jobs, but this pressure is being relieved to some extent by the return of elderly people to active employment, and the entrance of many women into the employed field. 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 1942 in number on payroll	to July 1942 in amount of payroll
Maryland .....	+3.0	+4.4
Dist. of Col. ....	-1.2	-0.8
Virginia .....	+0.6	+1.4
West Virginia .....	-1.4	-8.6
North Carolina .....	-1.3	-1.6
South Carolina .....	+1.6	+1.2
District Average .....	+0.5	-0.6

## BITUMINOUS COAL PRODUCTION

The total amount of bituminous coal produced in the United States in July 1942 amounted to 47,700,000 net tons, in comparison with 48,100,000 tons mined in June this year and 44,080,000 tons mined in July last year. While total production showed a small decrease in July from the June total, the occurrence of the July 4 holiday caused the later month to contain slightly less working time than the earlier month, and therefore July showed an average daily production of 1,885,000 tons in comparison with 1,876,000 tons in June. Total production this calendar year through August 8 was 344,333,000 tons, an increase of 20 per cent over 286,159,000 tons mined to the corresponding date in 1941. The demand for bituminous coal is taxing both production facilities and transportation to the limit. In addition to the increased demands from industry, a great deal of coal is needed to replace oil as a fuel for heating. Coal yards are filling their bins during the summer months, and are strongly urging householders to anticipate next winter's needs, since there is some danger that transportation facilities may not be sufficient to handle all coal needed during the fall and winter.

## SOFT COAL PRODUCTION IN TONS

REGIONS	July 1942	June 1942	July 1941
West Virginia .....	13,160,000	13,334,000	12,833,000
Virginia .....	1,659,000	1,718,000	1,640,000
Maryland .....	161,000	175,000	150,000
5th District .....	14,980,000	15,227,000	14,623,000
United States .....	47,700,000	48,100,000	44,080,000
% in District.....	31.4	31.7	33.2

## CONSTRUCTION

Restrictions placed by the Government on the use of building material for work not connected with the war have so reduced construction for civilian use that the value of building permits issued in twenty-nine Fifth district cities in July 1942 totaled the smallest amount recorded in any month since December 1937. Permits issued in the twenty-nine cities last month totaled \$3,961,251, compared with \$8,373,433 for permits issued in June 1942 and \$11,584,377 for July 1941. Baltimore and Washington accounted for slightly more than \$3,000,000 of last month's total of \$3,961,251. Among the twenty-nine reporting cities

five showed figures for July of more than \$100,000, as follows: Baltimore \$1,528,620, Washington \$1,485,482, Richmond \$148,673, Hagerstown \$136,465, and Norfolk \$106,993.

In spite of small building permit figures in leading Fifth district cities, a very large volume of work is being done outside of city corporation lines. Most of it is connected with the war effort, and is reflected in contracts actually awarded for construction work in the district in July 1942 amounting to \$90,017,000. This figure shows a decrease from the record total of \$160,738,000 for contracts awarded in June, but is substantially above awards for \$64,333,000 made in July 1941.

Figures by states for contracts awarded in June 1942, which were not available when the July 31 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

STATES	CONSTRUCTION CONTRACTS AWARDED		
	June 1942	June 1941	% Change
Maryland .....	\$ 30,807,000	\$ 29,018,000	+ 6
Dist. of Col. ....	6,500,000	12,068,000	- 46
Virginia .....	68,075,000	19,950,000	+241
West Virginia .....	13,573,000	3,751,000	+262
North Carolina .....	25,850,000	22,185,000	+ 17
South Carolina .....	15,935,000	5,531,000	+188
Fifth District .....	\$160,738,000	\$ 92,503,000	+ 74

### COTTON TEXTILES

The cotton textile industry continued operations at capacity levels in July, as evidenced by the second highest cotton consumption figure ever reported for a single month. Mills in the Fifth district did even better, setting a new all-time record for consumption, the fourth month this year in which a new record was established. A very large proportion of cotton goods currently being manufactured is going into war channels or is allocated to important civilian needs. A recent report made by an official of the Cotton Textile Institute to the Cotton Research Congress sets forth some interesting data. Sixty-seven per cent of the unfilled orders currently held by cotton mills represent contracts connected with the war effort and bear priority ratings of A-10 or better. The entire production of mosquito netting is now covered by contracts bearing high priority ratings. Other branches of the industry contributing a major part of their output to the war effort included: Tobacco and cheesecloth (gauze for hospital supplies) 84%; drills 90%; osnaburgs 97%; combed poplins 90% numbered duck 94%; Army duck 91%; sheetings 81%; lawns, including airplane and balloon fabrics 83%; and filter duck 81%.

Cotton consumption figures by states in the Fifth district for July 1942 and the first seven months of this year are compared in the accompanying table with corresponding figures for 1941.

### COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
July 1942.....	254,179	194,317	22,616	471,112
June 1942.....	247,142	189,444	21,986	458,572
July 1941.....	227,693	171,346	19,698	418,737
7 Months 1942.....	1,707,200	1,309,585	154,932	3,171,717
7 Months 1941.....	1,506,997	1,136,790	127,274	2,771,061
% Inc. in 1942.....	+13	+15	+22	+14

### RAYON YARN

*Rayon Organon* for August states that deliveries of rayon filament yarn to domestic consumers in July totaled 39,900,000 pounds, compared with 38,900,000 pounds in June 1942 and 39,400,000 pounds in July 1941. Total deliveries of rayon yarn in the first seven months of 1942 amounted to 271,300,000 pounds, an increase of 5 per cent over deliveries totaling 258,600,000 pounds in the corresponding period last year. Deliveries exceeding output of yarn in July, reserve stocks of yarn in the hands of manufacturers declined during the month from 7,000,000

pounds to 6,700,000 pounds. Deliveries of rayon staple fiber in July totaled 12,600,000 pounds against 13,700,000 pounds in June 1942 and 12,600,000 pounds in July 1941. Deliveries of staple fiber from January 1 through July 31 totaled 88,400,000 pounds this year, an increase of 15 per cent over 76,900,000 pounds delivered in the first seven months of 1941. Stocks of staple fiber held by producers increased during July from 2,300,000 pounds to 3,200,000 pounds, the increase resulting from holding poundage subject to allocation orders under Government regulations.

On July 27 the War Production Board issued a separate Order M-176 providing for the allocation of rayon staple fiber to wool manufacturers. Rayon staple fiber is already under allocation, subject to Wool Conservation Order M-73, but after October 1 the allocation will be handled under the new Order M-176. Under the new order, WPB will periodically inform producers of the percentage of production to be set aside each month. Each wool manufacturer's share of the pool will be based upon a percentage of the new wool he processed during the first half of 1941. The order provides for re-allocation of staple fiber not taken by manufacturers to whom it was first assigned. It also provides that no manufacturer may resell unprocessed rayon staple fiber to any person other than the producer from whom it was originally purchased. No rayon staple fiber purchased under the new order may be used in the manufacture of floor coverings, tapestries, or upholstery fabrics.

### COTTON STATISTICS

Spot cotton prices slowly declined during July and early August, falling from an average of 19.88 cents per pound for middling grade, 15/16-inch staple on 10 Southern spot markets on July 3 to 18.53 cents on August 14, a drop of \$6.75 per bale. The average price at mid-August 1941 on the same markets was 15.74 cents per pound. The decline last month appeared due chiefly to favorable development of the 1942 cotton crop.

The first forecast on production of cotton was made on August 8 by the Department of Agriculture, and indicated a yield of 13,085,000 equivalent 500-pound bales against 10,744,000 bales ginned in 1941 and a ten-year average of 13,109,000 bales. The 1942 crop as forecast is the largest since 1937 and 22 per cent above the 1941 yield. In the Fifth district, all states show higher yields than a year ago, Virginia increasing 18 per cent, North Carolina 28 per cent, and South Carolina 107 per cent, but it should be pointed out that the 1941 yield in South Carolina was the lowest in 60 years. Prospective yield figures for Fifth district cotton growing states are shown on page 6.

### COTTON CONSUMPTION AND ON HAND—BALES

	July			
	1942	1941	Aug. 1 to July 31 This Year	Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	471,112	418,737	5,249,523	4,423,350
<b>Cotton growing states:</b>				
Cotton consumed .....	855,375	792,576	9,527,524	8,289,069
Cotton on hand July 31 in				
Consuming establishments ..	1,773,559	1,473,873	.....	.....
Storage & compresses .....	7,300,449	9,299,922	.....	.....
<b>United States:</b>				
Cotton consumed .....	995,041	929,782	11,172,328	9,721,703
Cotton on hand July 31 in				
Consuming establishments ..	2,252,690	1,876,776	.....	.....
Storage & compresses .....	7,632,193	9,703,976	.....	.....
Spindles active .....	23,111,848	23,028,082	.....	.....

The total carry-over of cotton into the new cotton year which began on August 1 was approximately 10,590,000 bales, of which about 6,200,000 bales was "free" cotton, including mill stocks, and 4,400,000 bales were held in Government loan stocks. This carry-over compares with 12,166,000 bales into the 1941 cotton year, and the record carry-over of 13,033,000 bales in 1939. Carry-over plus

prospective production this year indicates a supply of 23,675,000 bales of cotton available for the 1942-1943 cotton year, as compared with 22,910,000 bales which were available during the 1941-1942 year. The prospective increase in yield this season more than compensates for the decline in carry-over stocks.

### TOBACCO MANUFACTURING

Cigarette production in July 1942 again established a new record and reached the twenty billion mark for the second consecutive month. Cigars made in July also exceeded those made in July last year, but the production of chewing and smoking tobacco and of snuff was lower this year. Production figures released by the Bureau of Internal Revenue on August 22 are as follows:

	July 1942	June 1942	July 1941
Smoking & chewing tobacco, pounds .....	23,818,062	24,579,958	25,246,366
Cigarettes, number .....	20,875,470,140	20,008,674,760	18,404,257,790
Cigars, number .....	510,823,310	532,390,210	487,033,145
Snuff, pounds .....	3,194,908	3,226,884	3,588,223

### RETAIL AND WHOLESALE TRADE

#### DEPARTMENT STORE TRADE

Attention is called to the new arrangement of the table on retail trade as reflected in department stores. The table contains all the data heretofore shown, and in addition carries two new items giving the percentages of collections in July to receivables outstanding on July 1. One new item shows collections on current or open accounts, and the other shows collections against instalment contracts. The marked influence of Regulation W on collection percentages this year is shown by the corresponding 1941 percentages, included in parentheses immediately after the July 1942 figures.

	Richmond	Baltimore	Washington	Other Cities	District
Change in July 1942 sales in comparison with sales in July 1941:	+14	+13	+19	+10	+13*
Change in Jan.-July 1942 sales in comparison with sales in Jan.-July 1941:	+15	+21	+26	+24	+20*
Change in stocks on July 31, 1942 compared to stocks on July 31, 1941:	+70	+61	+78	+40	+67
Change in outstanding orders on July 31, 1942 compared with July 31, 1941:	-14	-1	-18	-8	-12
Change in total receivables on July 31, 1942 compared with July 31, 1941:	-22	-25	-17	-28	-21
Percentage of current receivables as of July 1, 1942, collected in July:	50 (33)	58 (40)	56 (41)	53 (36)	55 (39)
Percentage of instalment receivables as of July 1, 1942, collected in July:	22 (15)	24 (19)	19 (14)	18 (12)	20 (15)

\*Includes stores reporting sales only.

State figures on sales, July 1942 compared to July 1941, were as follows last month: Maryland +13; Virginia +12; West Virginia -15; North Carolina +1; South Carolina +33.

#### RETAIL FURNITURE SALES

Individual Cities	Percentage Changes in July 1942 Sales	
	Compared with July 1941	Compared with June 1942
Baltimore, Md. (11)* .....	-16	+0
Washington, D. C. (9)* .....	+5	+10
Richmond, Va. (9)* .....	-37	-7
Danville, Va. (3)* .....	-50	+2
Norfolk, Va. (3)* .....	+46	+12
Charleston, W. Va. (3)* .....	-39	-26
Huntington, W. Va. (3)* .....	-36	+1
Charlotte, N. C. (5)* .....	-39	+13
Columbia, S. C. (5)* .....	-33	+18
Greenville, S. C. (3)* .....	-14	+5
Greenwood, S. C. (3)* .....	-44	+6
Other Cities (62)* .....	-31	-2
Fifth District (119)* .....	-20	+2
Same Stores, Regrouped		
By States:		
Maryland (11)* .....	-16	+0
Dist. of Columbia (9)* .....	+5	+10
Virginia (36)* .....	-17	-4
West Virginia (15)* .....	-42	-8
North Carolina (26)* .....	-31	+11
South Carolina (22)* .....	-30	+6
Fifth District (119)* .....	-20	+2

\*Number of reporting stores.

### WHOLESALE TRADE, 216 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio July collections to accounts outstanding July 1
	July 1941	June 1942	July 31 1941	June 30 1942	
Auto supplies (13) .....	-21	-4	-14	-3	72
Shoes (4) .....	+30	+34	+41	+3	61
Drugs & sundries (8) ..	+12	+11	..	..	105
Dry Goods (7) .....	+30	+20	+33	-5	52
Electrical goods (10) ..	-6	-9	-29	-17	59
Groceries (69) .....	+16	+6	-3	+0	121
Hardware (13) .....	+2	+5	-16	+1	59
Industrial supplies (9) ..	-3	-5	+1	+8	85
Paper & products (10) ..	-15	-6	+27	+1	80
Tobacco & products (6) ..	+25	+4	..	..	..
Miscellaneous (67) .....	+6	-4	-3	-8	87
District Average (216) ..	+9	+4	+2	-3	78

Source: Department of Commerce.

### CROP FORECASTS

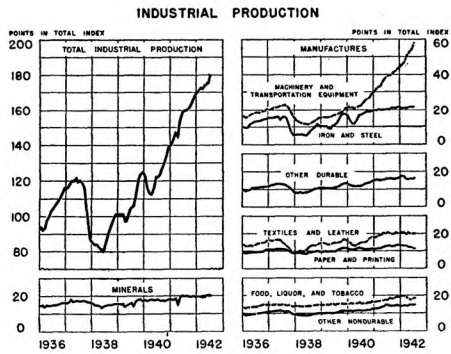
The following figures, issued by the Department of Agriculture, show forecasts of production in 1942 based on August 1 conditions, compared with final yields in 1941 and in the 10-year period 1930-39, and percentage changes in acreage this year over or under 1941 acreage. Yield figures for 1942 marked ( + ) were raised between July 1 and August 1, and those marked ( - ) were lowered.

	% Change Acreage	Wheat (Bushels) Yield 1930-39	Yield 1941	Yield 1942
Maryland .....	-11	3,342,000	7,245,000	6,140,000 -
Virginia .....	-7	8,643,000	7,665,000	7,568,000
West Virginia .....	-8	2,154,000	1,628,000	1,504,000 -
North Carolina .....	+4	4,807,000	7,110,000	7,657,000 +
South Carolina .....	+20	1,364,000	3,146,000	3,335,000
District Total .....	-1	25,310,000	26,794,000	26,204,000 -
		Corn (Bushels)		
Maryland .....	+2	16,173,000	15,164,000	16,380,000 -
Virginia .....	+5	32,418,000	32,942,000	35,245,000 -
West Virginia .....	+6	12,610,000	12,307,000	13,051,000 +
North Carolina .....	-4	43,507,000	52,096,000	43,187,000 -
South Carolina .....	-3	22,831,000	22,816,000	23,244,000 +
District Total .....	-1	127,539,000	134,825,000	131,107,000 -
		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	1,148,000 -
South Carolina .....	+10	398,000	470,000	558,000 +
District Total .....	+5	3,175,000	4,056,000	4,464,000 -
		Irish Potatoes (Bushels)		
Maryland .....	0	2,997,000	1,920,000	2,200,000
Virginia .....	-4	10,661,000	6,916,000	7,519,000 -
West Virginia .....	+9	2,844,000	3,795,000	3,960,000 -
North Carolina .....	+5	8,182,000	6,636,000	8,632,000
South Carolina .....	+8	2,475,000	2,548,000	3,108,000
District Total .....	+3	27,159,000	21,815,000	25,419,000 -
		Sweet Potatoes (Bushels)		
Maryland .....	+13	1,071,000	1,040,000	1,440,000 -
Virginia .....	-3	4,061,000	2,970,000	4,000,000
North Carolina .....	-10	8,354,000	6,880,000	7,416,000 -
South Carolina .....	+13	5,401,000	4,400,000	6,200,000 +
District Total .....	-1	18,887,000	15,290,000	19,056,000 -
		Tobacco (Pounds)		
Maryland .....	+3	26,901,000	20,225,000	32,370,000 +
Virginia .....	+10	99,861,000	88,572,000	93,805,000 -
West Virginia .....	+14	2,985,000	2,610,000	2,970,000 -
North Carolina .....	+11	529,356,000	459,490,000	521,210,000 +
South Carolina .....	+11	85,656,000	69,660,000	94,500,000 +
District Total .....	+10	744,759,000	650,557,000	744,855,000 +
		Peaches (Bushels)		
Maryland .....	..	372,000	563,000	510,000 -
Virginia .....	..	899,000	1,860,000	1,909,000 +
West Virginia .....	..	285,000	590,000	570,000 +
North Carolina .....	..	1,938,000	3,167,000	2,499,000 +
South Carolina .....	..	1,424,000	4,095,000	3,800,000
District Total .....	..	4,918,000	10,275,000	9,288,000 +
		Apples, Commercial (Bushels)		
Maryland .....	..	1,911,000	1,905,000	1,911,000
Virginia .....	..	11,985,000	11,800,000	13,359,000
West Virginia .....	..	4,317,000	4,288,000	4,818,000
North Carolina .....	..	1,009,000	1,505,000	1,222,000
District Total .....	..	18,322,000	19,498,000	21,310,000
		Cotton (Bales)		
Virginia .....	+22	31,000	28,000	33,000
North Carolina .....	+6	626,000	552,000	705,000
South Carolina .....	+1	820,000	406,000	842,000
District Total .....	+3	1,477,000	986,000	1,580,000

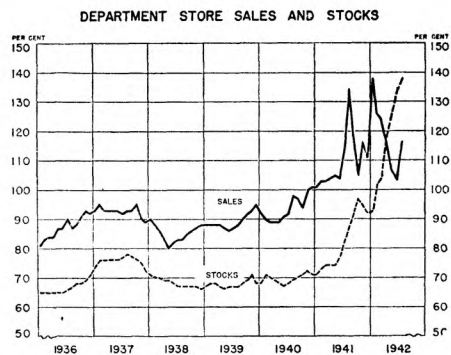


## SUMMARY OF NATIONAL BUSINESS CONDITIONS

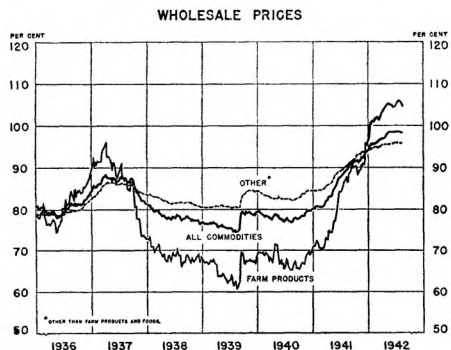
(Compiled by the Board of Governors of the Federal Reserve System)



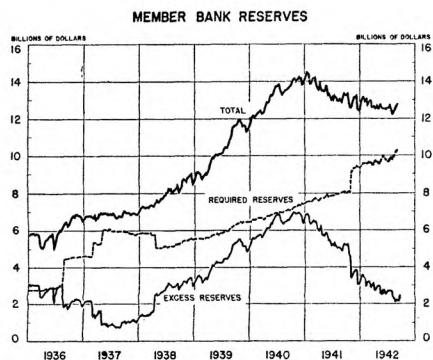
Federal Reserve index of physical volume of production, adjusted for seasonal variation, 1935-1939 average = 100. Subgroups shown are expressed in terms of points in the total index. By months, January 1935 to July 1942.



Federal Reserve indexes of value of sales and stocks, adjusted for seasonal variation, 1923-1925 average = 100. By months, January 1935 to July 1942.



Bureau of Labor Statistics' indexes, 1926 = 100. "Other" includes commodities other than farm products and foods. By weeks, Jan. 5, 1935 to week ending Aug. 15, 1942.



Wednesday figures, Jan. 2, 1935 to Aug. 12, 1942. Required and excess reserves, but not the total, are partly estimated.

Industrial activity increased further in July and the first half of August, reflecting continued growth in output of military products. Retail sales increased during this period, following a decline, on a seasonally adjusted basis, during the first half of the year.

**Production**

Industrial output rose further in July and the Board's seasonally adjusted index advanced from 176 to 180 per cent of the 1935-39 average.

Activity continued to increase in the machinery and transportation equipment industries and in other lines producing war products. Shipbuilding expanded further and 71 merchant vessels were delivered in July. These had an aggregate deadweight tonnage of 790,300 tons—an all-time record for a single month's deliveries. In the automobile industry armament production increased in July to an annual rate of about \$5 billion as compared with a peak year's civilian output of \$4 billion. Iron ore shipments down the Great Lakes reached a new record of 13.4 million gross tons in July and plans were announced for improving rail and harbor facilities so that shipments next season could exceed considerably prospective shipments of 90 million tons or more this year. Last season 80 million tons were shipped.

In most other lines of manufacturing and mining, activity in July was maintained at about the levels prevailing in June. There were reports that some plants were forced to curtail operations owing to lack of certain materials, and further investigations were undertaken to determine present and prospective availability of material supplies.

Value of construction contracts awarded in July showed a reduction of about 20 per cent from the record level reached in June, according to figures of the F. W. Dodge Corporation. Declines were reported for most types of construction; awards for manufacturing buildings, however, increased further and constituted about one-third of total contracts let. As in June, publicly-financed work amounted to over 90 per cent of the total. In the first seven months of this year, awards were about 50 per cent larger than in the corresponding period last year.

**Distribution**

Distribution of commodities to consumers declined less than seasonally in July. The Board's adjusted index of department store sales, which had dropped from a peak of 138 per cent of the 1923-25 average in January to 104 in June, rose to 117 and sales by variety stores and mail-order houses also advanced, after allowance for usual seasonal changes. In the first half of August department store sales increased by more than the usual seasonal amount.

Railroad freight-car loadings increased more than seasonally in July and rose somewhat further in the first half of August. Shipments of miscellaneous merchandise, which include most manufactured products, and of forest products continued to rise. Grain shipments also increased but the rise was less than is usual at this time of year. Loadings of coal declined somewhat from the high level of other recent months.

**Commodity Prices**

Wholesale and retail food prices advanced further in July and the early part of August, while prices of petroleum products on the East Coast were reduced, and those for most other consumer goods continued to show little change. In raw material markets price declines occurred for cotton, inedible fats and oils, and some scrap items, particularly non-ferrous metals and paper. Demand for materials used more exclusively for war products continued strong and prices of these materials were sustained at ceiling levels.

Federal subsidies were arranged for additional commodities and Government war risk rates on shipments of imported commodities were reduced. These actions were taken to bring about price reductions, as in the case of petroleum products on the East Coast, and to prevent further price increases, particularly for imported commodities. About 30 new maximum prices schedules were announced, chiefly for miscellaneous civilian products, and in some instances these schedules permitted substantial increases over ceilings set by the General Maximum Price Regulation.

**Bank Credit**

Excess reserves of member banks declined by about 200 million dollars in the four weeks ended August 19. An increase of about 400 million dollars of currency in circulation during this period was paralleled by a corresponding amount of Reserve Bank purchases of Government securities. There was an increase of 300 million dollars in required reserves resulting from a growth in deposits at member banks. Excess reserves in New York and Chicago reached the lowest levels since the third quarter of 1937. Effective August 20 reserve requirements on demand deposits at central reserve city banks were reduced from 26 per cent to 24 per cent by action of the Board of Governors of the Federal Reserve System. This had the effect of converting over 400 million dollars from required to excess reserves.

Member banks in leading cities continued to increase their holdings of United States Government securities, particularly in the week ended August 19, in which delivery of the new 11½ months' 7/8 per cent certificates of indebtedness was made. Loans, which had declined during the second quarter of the year, have recently shown little change.

Adjusted demand deposits continued to increase at reporting banks, although purchases of Government securities, particularly the 2½ per cent Treasury bonds of 1962-67, by investors other than banks temporarily reduced demand deposits of individuals and added to United States Government deposits.

**United States Government Security Prices**

Prices of United States taxable bonds have shown little change during the past month. Taxable notes of 3- to 5-year maturity are currently yielding 1.26 per cent on the average as compared with 1.20 per cent in July. The rate of discount on new issues of Treasury bills has averaged 0.372 per cent for the past three weeks.