

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

---

*Federal Reserve Bank, Richmond, Va.*

*October 31, 1942*

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BUY  
WAR  
BONDS



BUY  
SAVINGS  
STAMPS

INVEST FOR VICTORY NOW

## The General Situation in the Fifth District

SEASONAL increases occurred in Fifth District business in September and early October, except in lines restricted by regulations promulgated in the interest of the war effort. In banking, Federal Reserve notes in actual circulation increased sharply as the need for currency increased with the opening of additional auction tobacco markets and the beginning of the cotton selling season. The Federal Reserve Bank of Richmond increased its holdings of Government securities between September 15 and October 15 through allocation to it of its share of System purchases. Reporting member banks expanded commercial loans during the month, and also substantially increased investments in Government securities. Demand deposits expanded considerably.

Distribution of consumer goods showed the usual seasonal changes in September, increases occurring in most lines over the August volume. Department store sales rose 18 per cent from August to September, and in the latter month were 13 per cent above September 1941 sales, in spite of restrictions on sales of many types of merchandise this year and a wave of buying of luxury goods which occurred in September 1941 to beat new taxes taking effect after October 1, 1941. Furniture store sales in September showed a seasonal decrease from August sales, in which month furniture stores run special sales, but the decrease was only 4 per cent, and sales were 2 per cent above September 1941 sales. Wholesale trade in September in 214 Fifth district firms exceeded August sales by 4 per cent, but were 4 per cent below sales in September last year. But in spite of large sums being currently spent in department stores, wearing apparel and specialty stores, furniture stores, etc., it is probable that substantially less is being spent for consumer goods than a year ago, since many types of merchandise which formerly absorbed a large part of aggregate expenditures are off the market entirely or sales are severely curtailed by Government regulations.

Fifth district industry continued operations at capacity levels in September. Cotton textile mills, working chiefly on war orders, consumed more cotton than in any previous September, and rayon yarn shipments to consumers also set a new record for that month. Tobacco manufacturers set a new all time record in cigarette production for a single month, and bituminous coal production continued at a high figure. Construction work for civilian use declined to a low point, but the volume of public work for which contracts were awarded continued far above peace time levels. Shipyards, airplane factories, chemical industries and lumber mills continued to employ every available facility to increase output, and railroads in both passenger and freight traffic handled efficiently the largest volume of business in their history.

Crops in the Fifth district turned out well this year. Increases in production over 1941 yields were reported for cotton, corn, oats, hay, tobacco, Irish potatoes, sweet potatoes, peanuts and commercial apples, while decreases in yields were reported for wheat and peaches. Very large financial returns will be realized from the district's two leading cash crops, tobacco and cotton. The prospective yield of tobacco this year is 24 per cent above the 1941 figure, and the average price paid for tobacco on auction markets during August and September was 33 per cent above the average paid in the corresponding months last year. This year's cotton crop is expected to be 58 per cent larger in the Fifth district than the 1941 crop, and current prices are running approximately 10 per cent above last year's prices. A special effort to increase peanut production this year, largely for use in manufacturing peanut oil, resulted in a rise of 54 per cent in yield over last year. Both Irish and sweet potato crops, valuable sources of food, increased substantially in 1942, and pasture conditions during most of the summer and fall were unusually good, and furnished excellent grazing later than in most years.

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

	September 1942	August 1942	September 1941	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,263,480,000	\$2,169,040,000	\$1,824,608,000	+ 4	+24
Sales, 77 department stores, 5th district.....	\$ 19,739,670	\$ 16,696,728	\$ 17,514,254	+18	+13
Sales, 114 furniture stores, 5th district.....	\$ 2,783,900	\$ 2,885,500	\$ 2,719,700	- 4	+ 2
Sales, 214 wholesale firms, 5th district.....	\$ 17,434,000	\$ 16,705,000	\$ 18,240,000	+ 4	- 4
Tobacco sold in 5th district (Pounds).....	270,651,001	153,808,332	241,941,684	+76	+12
Average price of tobacco, per 100 lbs.....	\$ 37.74	\$ 37.86	\$ 29.14	0	+30
Growers' receipts from tobacco, 5th district.....	\$ 102,150,130	\$ 58,233,788	\$ 70,494,394	+75	+45
Number of business failures, 5th district.....	17	21	25	-19	-32
Liabilities in failures, 5th district.....	\$ 315,000	\$ 282,000	\$ 367,000	+12	-14
Value of building permits issued, 29 cities.....	\$ 8,989,501	\$ 9,217,950	\$ 13,876,928	- 2	-35
Value of contracts awarded, 5th district.....	\$ 78,946,000	\$ 72,904,000	\$ 77,738,000	+ 8	+ 2
Cotton consumption, 5th district (Bales).....	458,495	438,441	408,472	+ 5	+12
Cotton price, cents per lb., end of month.....	18.68	18.81	16.99	- 1	+10
Rayon yarn shipments, U. S. (Pounds).....	38,300,000	38,100,000	37,000,000	+ 1	+ 4
Rayon yarn stocks, U. S. (Pounds).....	7,800,000	7,400,000	4,900,000	+ 5	+59
Cigarettes made, 5th district.....	18,180,351,000	17,542,060,000	15,907,834,000	+ 4	+14
Cigarettes made, U. S.....	21,798,447,820	20,940,644,000	18,760,571,160	+ 4	+16
Bituminous coal mined, 5th district (Tons).....	15,145,000	15,073,000	15,367,000	0	- 1
Bituminous coal mined, U. S. (Tons).....	48,760,000	47,705,000	47,505,000	+ 2	+ 3

**BANKING STATISTICS**

**RESERVE BANK STATEMENT ITEMS**

**Fifth District**

ITEMS	000 omitted		
	Oct. 15 1942	Sept. 15 1942	Oct. 15 1941
Discounts held .....	\$ 10	\$ 250	\$ 0
Foreign loans on gold.....	220	110	0
Industrial advances .....	777	805	793
Government securities .....	259,307	227,984	134,996
Total earning assets.....	260,314	229,149	135,789
Circulation of Fed. Res. notes.....	686,888	617,824	390,164
Members' reserve deposits.....	500,393	520,251	483,451
Cash reserves .....	952,031	946,569	809,474
Reserve ratio .....	77.07	80.06	85.11

**SELECTED ITEMS—41 REPORTING MEMBER BANKS**

**Fifth District**

ITEMS	000 omitted		
	Oct. 14 1942	Sept. 16 1942	Oct. 15 1941
Loans to business & agriculture.....	\$148,979	\$141,938	\$161,296
All other loans.....	149,559	151,744	172,429
Investments in securities.....	832,036	712,737	518,040
Reserve bal. with F. R. bank.....	308,660	313,225	325,689
Cash in vaults.....	33,720	30,322	26,593
Demand deposits.....	970,379	942,004	778,491
Time deposits .....	208,408	206,463	211,656
Money borrowed .....	0	0	0

**MUTUAL SAVINGS BANK DEPOSITS**

**9 Baltimore Banks**

	Sept. 30, 1942	Aug. 31, 1942	Sept. 30, 1941
Total deposits .....	\$225,881,379	\$223,807,378	\$224,490,776

**DEBITS TO INDIVIDUAL ACCOUNTS**

**Fifth District**

CITIES	000 omitted			% of Change	
	Sept. 1942	Aug. 1942	Sept. 1941	Month	Year
<b>Dist. of Col.</b>					
Washington ...	\$ 406,390	\$ 389,797	\$ 359,671	+ 4	+13
<b>Maryland</b>					
Baltimore .....	648,051	611,727	491,249	+ 6	+32
Cumberland .....	10,357	9,839	10,643	+ 5	- 3
Frederick .....	10,090*	9,376*	.....	+ 8	..
Hagerstown .....	14,756	13,264	12,164	+ 11	+21
<b>North Carolina</b>					
Asheville .....	20,751	18,477	18,753	+ 12	+11
Charlotte .....	141,707	132,716	94,055	+ 7	+51
Durham .....	89,360	86,956	66,612	+ 3	+34
Greensboro .....	31,035	24,585	25,906	+ 26	+20
Kinston .....	24,355*	7,594*	.....	+221	..
Raleigh .....	42,008	41,917	52,942	0	-21
Wilmington .....	32,869	30,633	21,280	+ 7	+54
Wilson .....	37,790*	11,317*	.....	+234	..
Winston-Salem ..	64,334	51,432	59,313	+ 25	+ 8
<b>South Carolina</b>					
Charleston .....	35,511	33,458	28,110	+ 6	+26
Columbia .....	54,220	51,412	38,835	+ 5	+40
Greenville .....	34,623	21,877	30,003	+ 58	+15
Spartanburg .....	19,681	19,074	16,460	+ 3	+20
<b>Virginia</b>					
Charlottesville ..	11,699*	9,773*	.....	+ 20	..
Danville .....	24,358	14,157	17,026	+ 72	+43
Lynchburg .....	18,706	16,910	18,404	+ 11	+ 2
Newport News.....	19,526	18,618	13,492	+ 5	+45
Norfolk .....	105,376	100,883	73,899	+ 4	+43
Portsmouth .....	10,799	10,885	6,647	- 1	+62
Richmond .....	301,771	260,346	236,403	+ 16	+28
Roanoke .....	32,665	30,863	34,601	+ 6	- 6
<b>West Virginia</b>					
Bluefield .....	18,203*	18,836*	.....	- 3	..
Charleston .....	66,592	68,549	63,892	- 3	+ 4
Clarksburg .....	12,770*	12,064*	.....	+ 6	..
Huntington .....	24,600	23,774	21,594	- 15	+14
Parkersburg .....	13,429	12,931	12,654	+ 4	+ 6
<b>District Totals..</b>	<b>\$2,263,480</b>	<b>\$2,169,040</b>	<b>\$1,824,608</b>	<b>+ 4</b>	<b>+24</b>

\* 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.
September 1942.....	17	556	\$ 315,000	\$ 5,473,000
August 1942.....	21	698	282,000	6,781,000
September 1941.....	25	785	367,000	9,393,000
9 Months, 1942.....	240	7,641	3,552,000	81,387,000
9 Months, 1941.....	306	9,299	3,475,000	106,105,000

**EMPLOYMENT**

With a few exceptions, the demand for and supply of labor in the Fifth Reserve District appears to be approximately balanced. In certain areas where a very large volume of defense work is under way there are shortages of both skilled and unskilled workers, and it is difficult to bring additional workers into these areas because of insufficient housing. Farm labor is also scarce, and it is quite probable that some crops will not be gathered as completely as would be the case if more workers were available. Retail distributors, whose wage and salary scales are comparatively low, are losing a great many of their employees to industries in which pay is much better. These employees are being replaced to a large extent by older workers and people who have not been employed in the past. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in Fifth District industries from August to September:

STATES	Percentage change from	
	August 1942 In number on payroll	to September 1942 In amount of payroll
Maryland .....	+2.3	+4.3
Dist. of Col. ....	+0.7	+2.3
Virginia .....	+1.4	+9.8
West Virginia .....	-0.9	-1.6
North Carolina .....	-0.3	+2.2
South Carolina .....	+0.3	+1.9
District Average .....	+0.7	+3.2

**BITUMINOUS COAL MINING**

Production of bituminous coal in the United States rose in September 1942 and averaged 1,950,000 net tons per working day. Total production in the month amounted to 48,760,000 tons, in comparison with 47,705,000 tons in August this year and 47,505,000 tons in September last year. Total production this calendar year to October 10 of 445,547,000 tons exceeded output of 385,708,000 tons in the corresponding period last year by 15.5 per cent. Bituminous coal is in great demand from industry and transportation this year, and in addition the perspective shortage of fuel oil has sharply increased the amount of coal needed for heating purposes. In the Fifth District production of coal in September 1942, August 1942 and September 1941, was as follows:

**SOFT COAL PRODUCTION IN TONS**

REGIONS	Sept. 1942	Aug. 1942	Sept. 1941
West Virginia .....	13,319,000	13,320,000	13,487,000
Virginia .....	1,681,000	1,595,000	1,712,000
Maryland .....	145,000	158,000	168,000
5th District .....	15,145,000	15,073,000	15,367,000
United States .....	48,760,000	47,705,000	47,505,000
% in District.....	31	32	32

**CONSTRUCTION**

Building permits issued in twenty-nine Fifth District cities in September totaled \$8,989,501, but Baltimore accounted for more than half of this amount. With severe restrictions placed on non-essential construction, building permits have naturally declined sharply throughout the entire district. Most of the construction for war purposes is outside Corporation lines, and therefore is not reflected in permit figures. Permits issued in August 1942 totaled \$9,217,950, and the September 1941 total was \$13,876,928. Among the individual cities, Baltimore led in September permits with \$4,671,260, Washington was second with \$2,831,885, Norfolk was third with \$330,185, Richmond was fourth with \$315,700, and Durham was fifth with \$248,920. Total permits issued in the twenty-nine cities

this calendar year through September amounted to \$70,504,992, compared with \$111,761,553 for the first nine months of 1941.

Contracts actually awarded for construction work in the Fifth District in September 1942 totaled \$78,946,000, most of which was for work connected with the war program. Last month's total was larger than \$72,904,000 in contracts awarded in August of this year and also above the total of \$77,738,000 awarded in September 1941. Figures on contract awards by states for August 1942, which were not available when the September 30 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Aug. 1942	Aug. 1941	% Change
Maryland .....	\$ 8,550,000	\$ 20,034,000	- 57
Dist. of Columbia .....	7,738,000	10,209,000	- 24
Virginia .....	6,580,000	44,615,000	- 85
West Virginia .....	6,476,000	7,212,000	- 10
North Carolina .....	26,341,000	47,585,000	- 45
South Carolina .....	17,219,000	16,438,000	+ 5
Fifth District .....	\$72,904,000	\$146,093,000	- 50

### COTTON TEXTILES

Cotton textile mills in the Fifth District continued operations during September at capacity levels, and total spindle hours amounted to 5,974,199,967, approximately 53 per cent of total spindle hours in the United States. The United States average hours of operation per spindle in place was 468, but South Carolina averaged 526 hours per spindle, North Carolina averaged 484, and Virginia averaged 474, all above the national average. As has been the case for many months, most of the mills are working on war orders, and it is becoming increasingly difficult to obtain textiles for civilian use except from mills which have been unable to convert their machinery to the production of the types of goods needed by the armed forces.

#### COTTON CONSUMPTION—FIFTH DISTRICT

		In bales			
MONTHS		No. Carolina	So. Carolina	Virginia	District
September 1942.....		243,817	192,449	22,229	458,495
August 1942.....		232,531	183,057	22,853	438,441
September 1941.....		224,451	164,229	19,792	408,472
9 Months, 1942.....		2,183,548	1,685,091	200,014	4,068,653
9 Months, 1941.....		1,942,935	1,464,180	166,054	3,573,169
% Inc. in 1942.....		+12	+15	+20	+14

### RAYON YARN PRODUCTION

*Rayon Organon* reports that deliveries of rayon filament yarn to domestic consumers in September totaled 38,300,000 pounds, compared with 38,100,000 pounds delivered in August 1942 and 37,000,000 pounds in September 1941. Total deliveries since January 1 amounted to 347,700,000 pounds this year, an increase of 4 per cent over 332,900,000 pounds delivered in the first nine months of 1941. Production of filament yarn exceeded deliveries in September, and reserve stocks held by producers rose from 7,400,000 pounds at the end of August to 7,800,000 pounds at the end of September. On September 30, 1941 reserve stocks of filament yarn totaled 4,900,000 pounds. The increase of yarn in reserve stocks this year is due to the impounding of a certain percentage of output for assignment to mills which have used silk in the past.

Rayon staple fiber delivered in September totaled 12,400,000 pounds, compared with 12,800,000 pounds delivered in August and 13,000,000 pounds in September 1941. Total deliveries of staple fiber for the first nine months of 1942 amounted to 113,600,000 pounds, an in-

crease of 11 per cent over 102,100,000 pounds delivered in the like period last year. Rayon staple fiber is increasing in importance in the United States, because it mixes better with other fibers than does rayon filament yarn.

### COTTON STATISTICS

Spot cotton prices on ten Southern markets moved through a narrow range between the middle of September and the middle of October. From an average price of 18.74 cents on September 18, the average price for middling grade, upland cotton declined to 18.68 cents per pound on October 2, but then turned upward and rose to 18.95 cents on October 16, the latest date for which official figures are available.

The third forecast of 1942 cotton production, issued on October 8 by the Department of Agriculture, lowered the estimate from 14,028,000 bales at the first of September to 13,818,000 bales on the first of October, but the perspective yield is still much higher than 10,744,000 bales raised in 1941. In the Fifth Reserve District, South Carolina's perspective yield was reduced from 858,000 bales last month to 757,000 bales, Virginia's yield was unchanged at 35,000 bales, while North Carolina's prospects rose from 736,000 to 750,000 bales. Production figures in Fifth district states in comparison with last year and the ten-year average are on Page 5.

#### COTTON CONSUMPTION AND ON HAND—BALES

	Sept. 1942	Sept. 1941	Aug. 1 to Sept. 30	
			This Year	Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	458,495	408,472	896,936	802,108
<b>Cotton growing states:</b>				
Cotton consumed .....	836,487	747,054	1,639,533	1,488,162
Cotton on hand Sept. 30 in				
Consuming establishments ..	1,411,449	1,284,679		
Storage & compresses .....	9,414,423	11,131,296		
<b>United States:</b>				
Cotton consumed .....	966,149	877,971	1,891,238	1,750,006
Cotton on hand Sept. 30 in				
Consuming establishments ..	1,812,204	1,635,413		
Storage & compresses .....	9,724,038	11,526,209		
Spindles active .....	22,956,224	22,977,528		

### AUCTION TOBACCO MARKETING

Flue-cured tobacco markets in Virginia opened on September 21, approximately a week later than the opening date in 1941. Additional markets also opened in North Carolina in September, and South Carolina markets and eastern North Carolina markets, which had opened in August, continued sales through September. Prices paid for tobacco in September continued far above 1941 prices, and the tobacco sold in September brought in \$102,150,130 in comparison with receipts in September 1941 totaling \$70,494,394. Sales in September, all of flue-cured type tobacco, were as follows in the Fifth District:

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	September 1942	September 1941	1942	1941
South Carolina .....	27,054,905	18,740,881	\$35.29	\$23.09
North Carolina .....	227,023,948	203,710,725	37.85	29.36
Virginia .....	16,572,148	19,490,078	40.23	32.62
District Total .....	270,651,001	241,941,684	\$37.74	\$29.14
Season through ...	425,049,453	355,368,083	\$37.79	\$28.34

### TOBACCO MANUFACTURING

Cigarette production continues to set new records, and in September the number manufactured reached a new high for the fourth successive month. The output of cigars in September also exceeded production in September 1941, but the amount of snuff and chewing and smoking tobacco manufactured declined last month from the

corresponding month of the preceding year. Production figures released by the Bureau of Internal Revenue on October 2 are as follows:

	Sept. 1942	Aug. 1942	Sept. 1941
Smoking & chewing tobacco, pounds .....	24,238,452	22,564,144	26,561,950
Cigarettes, number .....	21,798,447,820	20,940,644,080	18,760,571,160
Cigars, number .....	519,975,860	498,872,075	506,070,675
Snuff, pounds .....	3,090,569	2,764,896	3,194,316

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Change in September 1942 sales in comparison with sales in September 1941:	+17	+15	+9	+8	+13
Change in Jan.-Sept. 1942 sales in comparison with sales in Jan.-Sept. 1941:	+14	+19	+22	+14	+18
Change in stocks on Sept. 30, 1942 compared to stocks on Sept. 30, 1941:	+31	+26	+38	+16	+31
Change in outstanding orders on Sept. 30, 1942 compared with Sept. 30, 1941:	+7	-6	-15	-7	-9
Change in total receivables on Sept. 30, 1942 compared with Sept. 30, 1941:	-26	-35	-29	-33	-31
Percentage of current receivables as of Sept. 1, 1942, collected in Sept.:	44 (30)	52 (34)	48 (38)	46 (34)	49 (35)
Percentage of instalment receivables as of Sept. 1, 1942, collected in Sept.:	26 (14)	29 (21)	21 (16)	22 (14)	23 (17)

Note: 1941 percentages in parentheses.

State figures on sales, September 1942 compared with September 1941, and total sales in 9 months this year compared with total sales in the like 1941 period, show the following percentage changes: Maryland +16 & +19; Virginia +19 & +16; West Virginia +1 & 0; North Carolina +4 & +3; South Carolina +28 & +23.

RETAIL FURNITURE SALES

STATES	Percentage Changes in September 1942 Sales Compared with	
	Sept. 1941	Aug. 1942
Maryland (12)* .....	-1	-13
Dist. of Col. (7)* .....	+1	-2
Virginia (34)* .....	+8	-3
West Virginia (14)* .....	-15	-10
North Carolina (27)* .....	+3	+11
South Carolina (20)* .....	+31	+4
District (114)* .....	+2	-4
Individual Cities		
Baltimore (12)* .....	-1	-13
Washington (7)* .....	+1	-2
Lynchburg, Va. (3)* .....	+13	-1
Norfolk, Va. (3)* .....	+14	-22
Richmond, Va. (7)* .....	-5	+11
Charleston, W. Va. (5)* .....	-12	-10
Huntington, W. Va. (3)* .....	-1	-8
Charlotte, N. C. (5)* .....	+8	+7
Winston-Salem, N. C. (3)* .....	+5	+18
Columbia, S. C. (5)* .....	+6	+17
Greenville, S. C. (3)* .....	-5	-31
Greenwood, S. C. (3)* .....	+123	+65

\* Number of reporting stores.

WHOLESALE TRADE, 214 FIRMS

LINES	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	September 1942 compared with Sept. 1941	Aug. 1942	Sept. 30, 1942 compared with Sept. 30, 1941	Aug. 31, 1942	
Auto supplies (12) .....	-12	0	-19	-12	96
Shoes (3) .....	+6	+6	..	..	..
Drugs & sundries (9) .....	+12	+12	..	..	6
Dry goods (6) .....	+10	+10	+19	-15	53
Electrical goods (10) .....	-45	-12	-27	-7	56
Groceries (67) .....	+12	+6	-6	+5	25
Hardware (13) .....	-11	0	-31	-9	73
Industrial supplies (8) .....	-18	-1	-17	-5	84
Paper & products (11) .....	-20	+6	+27	-3	84
Tobacco & products (6) .....	+32	+7	..	..	..
Miscellaneous (69) .....	-8	+7	-2	-9	83
District Average (214) .....	-4	+4	-10	-7	80

Source: Department of Commerce.

CROP FORECASTS

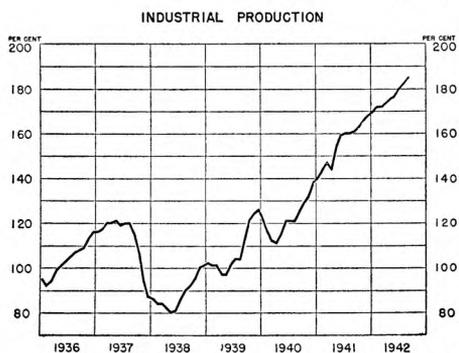
The following figures, issued by the Department of Agriculture, show forecasts of production in 1942 based on October 1 conditions, compared with final yields in 1941 and in the 10-year period 1930-39, and percentage changes in acreage this year over or under 1941 acreage. Yield figures for 1942 marked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

	Cotton (Bales)			
	% Change Acreage	Yield 1930-39	Yield 1941	Yield 1942
Virginia .....	+22	31,000	28,000	35,000
North Carolina .....	+6	626,000	552,000	750,000+
South Carolina .....	+1	820,000	406,000	775,000-
District Total .....	+3	1,477,000	986,000	1,560,000-
Corn (Bushels)				
Maryland .....	+2	16,173,000	15,164,000	17,290,000
Virginia .....	+5	32,418,000	32,942,000	36,575,000+
West Virginia .....	+6	12,610,000	12,307,000	13,893,000+
North Carolina .....	-4	43,507,000	52,096,000	45,460,000
South Carolina .....	-3	22,831,000	22,316,000	23,244,000
District Total .....	-1	127,539,000	134,825,000	136,462,000+
Hay (Tons)				
Maryland .....	-1	467,000	472,000	560,000+
Virginia .....	+5	924,000	1,250,000	1,533,000+
West Virginia .....	+3	642,000	793,000	875,000
North Carolina .....	+5	744,000	1,071,000	1,244,000+
South Carolina .....	+10	398,000	470,000	510,000-
District Total .....	+5	3,175,000	4,056,000	4,722,000+
Irish Potatoes (Bushels)				
Maryland .....	0	2,997,000	1,920,000	2,100,000-
Virginia .....	-4	10,661,000	6,916,000	7,665,000
West Virginia .....	+9	2,844,000	3,795,000	3,960,000
North Carolina .....	+5	8,182,000	6,636,000	9,213,000+
South Carolina .....	+8	2,475,000	2,548,000	3,108,000
District Total .....	+3	27,159,000	21,815,000	26,046,000+
Sweet Potatoes (Bushels)				
Maryland .....	+13	1,071,000	1,040,000	1,620,000+
Virginia .....	-3	4,061,000	2,970,000	4,160,000-
North Carolina .....	-10	8,354,000	6,880,000	8,280,000+
South Carolina .....	+13	5,401,000	4,400,000	5,890,000
District Total .....	-1	18,887,000	15,290,000	19,950,000+
Tobacco (Pounds)				
Maryland .....	+3	26,901,000	30,225,000	31,125,000-
Virginia .....	+10	99,861,000	88,572,000	99,596,000+
West Virginia .....	+14	2,985,000	2,610,000	3,135,000
North Carolina .....	+11	529,356,000	459,490,000	573,930,000+
South Carolina .....	+11	85,656,000	69,660,000	96,750,000+
District Total .....	+10	744,759,000	650,557,000	804,536,000+
Peanuts (Pounds)				
Virginia .....	+19	146,390,000	169,510,000	216,000,000+
North Carolina .....	+35	246,869,000	265,640,000	418,500,000+
South Carolina .....	+312	8,962,000	8,670,000	49,000,000
District Total .....	+42	402,221,000	443,820,000	683,500,000+
Peaches (Bushels)				
Maryland .....	..	372,000	563,000	476,000-
Virginia .....	..	899,000	1,860,000	1,840,000
West Virginia .....	..	285,000	590,000	570,000-
North Carolina .....	..	1,938,000	3,167,000	2,463,000
South Carolina .....	..	1,424,000	4,095,000	3,500,000
District Total .....	..	4,918,000	10,275,000	8,849,000-
Apples, Commercial (Bushels)				
Maryland .....	..	1,911,000	1,905,000	2,101,000+
Virginia .....	..	11,085,000	11,800,000	13,908,000-
West Virginia .....	..	4,317,000	4,288,000	4,818,000
North Carolina .....	..	1,009,000	1,505,000	1,145,000-
District Total .....	..	18,322,000	19,498,000	21,972,000-
Pastures, October 1 Condition				
Maryland .....	..	70	..	89-
Virginia .....	..	71	..	96-
West Virginia .....	..	67	..	94-
North Carolina .....	..	75	..	87-
South Carolina .....	..	63	..	75-

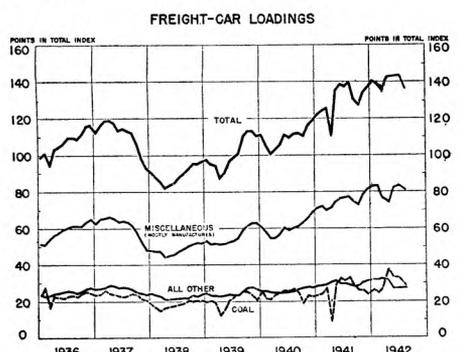
(Compiled October 21, 1942)

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

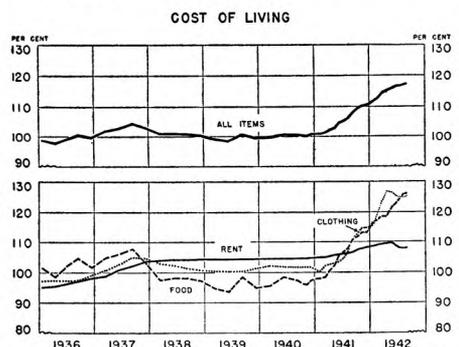
(Compiled by the Board of Governors of the Federal Reserve System)



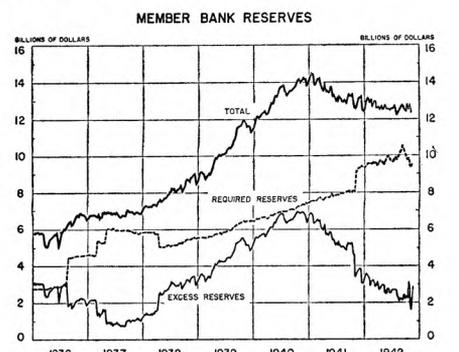
Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for September 1942.



Federal Reserve monthly index of total loadings of revenue freight, adjusted for seasonal variation, 1935-39 average = 100. Subgroups shown are expressed in terms of points in the total index. Latest figures shown are for September 1942.



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



Wednesday figures. Required and excess reserves, but not the total, are partly estimated. Latest figures shown are for October 14, 1942.

Industrial activity expanded further in September and the first half of October. Prices of uncontrolled commodities continued to advance in September. Early in October an Office of Economic Stabilization was established with a view to more effective control of prices and wages affecting the cost of living.

### PRODUCTION

Industrial production increased more than seasonally in September and the Board's adjusted index rose 2 points to 185 per cent of the 1935-1939 average. Armament production continued to advance. Steel production was maintained at a high level during September and then increased during October, reaching 101 per cent of rated capacity in the third week of the month. Cotton consumption continued at a high rate and output of manufactured food products rose more than seasonally owing chiefly to increased activity in the meat-packing and canning industries. Coal production, which had been maintained in large volume during the summer months, did not show the usual sharp seasonal rise in September and the first half of October. Output of crude petroleum showed little change following a considerable increase in August.

Value of construction contracts awarded in September was about the same as in August, according to reports of the F. W. Dodge Corporation. As in other recent months, awards were mainly for publicly-financed work which, in September, amounted to over 90 per cent of the total.

Contracts for manufacturing buildings reached the highest total yet reported, and increased awards for defense housing raised the total for residential building by about one-fourth despite a decline in privately-financed work. Awards for public works and utilities and for commercial buildings dropped substantially.

### DISTRIBUTION

Department store sales, which had been unusually large in August, showed somewhat less than the usual sharp seasonal rise during September. In the first half of October sales were sustained near the high level prevailing at the beginning of the month. Variety store sales increased seasonally from August to September, while sales in small towns and rural areas rose by more than the usual seasonal amount.

Railroad freight-car loadings increased further in September and the first half of October. The rise was small for this time of year, however, owing mainly to the fact that shipments of many commodities, particularly coal, had been maintained at unusually high levels during the summer months.

### COMMODITY PRICES

Prices of uncontrolled commodities advanced further in September. During the first half of October, after passage of an amendment to the price Control Act of 1942, more widespread controls were announced. Maximum prices at the highest levels reached around the end of September were established for butter, cheese, eggs, and various other foods. These items constitute nearly one-third of the food budget and now the proportion of the total under control is about 90 per cent. Another action directed residential rents throughout the country to be limited to the levels of March 1, 1942, wherever rent control procedures were not already in effect.

### AGRICULTURE

The October 1 official crop report confirmed earlier prospects that unusually heavy crop yields were in sight. The Department of Agriculture pointed out, however, that, as the harvest progresses under difficulties, particularly as to labor supply, farmers are showing less assurance that it can be completed in season. Record crops of grain, hay, oilseeds, sugar, vegetables, and probably fruits are still likely.

### BANK CREDIT

Following a temporary peak of 3 billion dollars in mid-September, excess reserves of member banks declined to 1.7 billion dollars in the latter half of September but increased considerably in the first three weeks of October. This increase resulted in part from the action of the Board of Governors of the Federal Reserve System in reducing reserve requirements on demand deposits at central reserve city banks from 22 to 20 per cent, which added about 400 million dollars to excess reserves. In addition member bank reserves were increased through purchases of Government securities by the Federal Reserve Banks. As a result of these developments excess reserves of all member banks on October 21 amounted to 2.4 billion dollars, of which about 500 million dollars were in New York City.

At reporting banks in leading cities heavy purchases of new Treasury certificates of indebtedness and Treasury notes were reflected in an increase of 1.6 billion dollars in Government security holdings during the four weeks ending October 14. Further large increases occurred in the following week as banks received their allotments of the new 1½ per cent notes and 2 per cent bonds. Commercial loans, after declining in August and September, increased in the first two weeks of October, mainly in New York City, while other loans declined further.

### UNITED STATES GOVERNMENT SECURITY PRICES

Prices of United States Government securities continued steady last month. Long-term taxable bonds are yielding 2.33 per cent on the average and long-term partially tax-exempt bonds are yielding 2.05 per cent.