

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY. Unseasonably cool weather in most of the fifth reserve district during May and the first half of June so delayed crop development and so retarded retail trade that at the middle of June it is difficult to analyze the current business situation. Elements of strength and weakness are both present, but on the whole the general outlook appears to be somewhat less favorable than at the same time a year ago. Credit demands declined seasonally during the period between the middle of May and the middle of June, and bank deposits rose at reporting member banks. Debits to individual accounts figures in fourteen of twenty-three leading cities of the fifth district were higher during the four weeks ended June 8th than during the corresponding four weeks in 1926, but the district total was lower during the 1927 period, due to a large decrease in Baltimore. The strike in union bituminous coal fields has increased demand for West Virginia coal, and the textile situation in the district is much better than it was a year ago, but at the same time business failures are running ahead of 1926 in both number of defaults and in liabilities involved, and during each of the past eight months the volume of building construction provided for in permits issued in twenty-nine leading cities was considerably below that provided for in permits issued during the corresponding months of the preceding year. Labor is not as well employed as a year ago, and this is being reflected in retail trade, which in May was in smaller volume than in May 1926. Total sales during the first five months of 1927 were also less than those of the first five months in 1926. Wholesale trade is not better than fair. Agricultural prospects are highly uncertain at this time. The weather has been too dry in some sections and too wet in others, and throughout the entire district temperatures have been so unseasonably low that plant growth has been seriously retarded. Conditions up to the present time have been favorable for the cotton crop in the fifth district, and on the whole the small grain crops are good, but fruit prospects are probably not better than 50 per cent of last year's, corn is late and much replanting has been necessary, and tobacco is too young to allow conclusions to be drawn in reference to its prospects.

RESERVE BANK OPERATIONS. The peak of credit demand for crop planting and fertilizer purchasing having passed, credit needs eased between May 15th and June 15th, in keeping with the seasonal trend. Rediscounts held by the Federal Reserve Bank of Richmond declined from \$27,977,000 on May 15th to \$19,590,000 on June 15th, and the volume of Federal reserve notes in actual circulation dropped from \$66,571,000 to \$61,880,000 during the same period. Total bill holdings of the Federal Reserve Bank of Richmond declined from \$38,173,000 on May 15th to \$27,919,000 on June 15th, the decrease being made up of reductions of approximately \$8,250,000 in rediscounts held and \$2,000,000 in bills purchased in the open market and from member banks. Member bank reserve deposits at the reserve bank rose from \$67,878,000 to \$70,888,000 between the middle of May and the middle of June. The several changes in the statement, with others of less importance, increased the total cash reserves held by the Federal Reserve Bank of Richmond from \$97,010,000 on May 15th to \$98,738,000 on June 15th, and raised the ratio of reserves to note and deposit liabilities combined from 70.76 per cent to 74.11 per cent.

On June 15, 1927, reserve bank credit was in relatively little demand. A year earlier, member banks were borrowing \$45,576,000 from the Federal Reserve Bank of Richmond, but on June 15th this year this amount had declined to \$19,590,000, a decrease of 57 per cent. Total bill holdings of the Richmond bank declined during the year from \$57,590,000 to \$27,919,000, a decrease of 51.5 per cent. Federal reserve notes in actual circulation, which totaled \$71,989,000 on June 15th last year, declined to \$61,880,000 on June 15th this year, a drop of 14 per cent. On the other hand, member banks increased their reserve deposits from \$65,045,000 on June 15, 1926, to \$70,888,000 on June 15, 1927, a rise of approximately 9 per cent. As a result of the lower credit needs of member banks this year, the cash reserves of the Federal Reserve Bank of Richmond rose from \$76,709,000 at the middle of June last year to \$98,738,000 on the corresponding date this year, an increase of 28.7 per cent. The ratio of cash reserves to note and deposit liabilities combined, which stood at 55.58 per cent on June 15, 1926, rose to 74.11 per cent on June 15, 1927.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 15, 1927	May 11, 1927	June 16, 1926
1. Total Loans and Discounts (including all rediscounts)	\$520,040,000	\$513,136,000	\$516,144,000
2. Total Investments in Bonds and Securities	146,033,000	145,920,000	132,815,000
3. Reserve Balance with Federal Reserve Bank	42,520,000	40,821,000	39,742,000
4. Cash in Vaults	13,038,000	13,958,000	13,547,000
5. Demand Deposits	385,965,000	381,159,000	365,036,000
6. Time Deposits	225,567,000	221,992,000	207,321,000
7. Borrowed from Federal Reserve Bank	4,774,000	6,993,000	15,346,000

The accompanying table shows the principal items of condition reported by sixty-seven identical member banks, located in thirteen leading fifth district cities, on three dates, June 15th and May 11th, this year, and June 16th last year, thus affording an opportunity for comparison of the latest available figures with those of the preceding month and the preceding year.

Between the middle of May and the middle of June, credit needs in agricultural sections of the fifth district usually lessen to some extent, crops being previously planted, fertilizer purchased, and sales of truck putting some money into the hands of the farmers. This enables the country banks to reduce their borrowing from the reserve bank or from their city correspondents. All of these developments occurred between May 11th and June 15th this year. Outstanding loans to customers of the reporting member banks increased slightly during the month, rising by \$6,904,000, but investments in bonds and securities rose \$113,000, aggregate reserve balances of the reporting banks at the reserve bank increased \$1,699,000, and total deposits gained \$8,381,000, of which \$4,806,000 was in demand and \$3,575,000 in time deposits. Cash in vaults declined \$920,000 during the month under review, and the sixty-seven banks reduced their rediscounts at the reserve bank by \$2,219,000.

Comparing the figures for June 15, 1927, with those reported on June 16, 1926, total loans and discounts to customers of the reporting banks show an increase during the year of \$3,896,000. Investments in bonds and securities rose \$13,218,000 during the year, and reserve balances at the reserve bank gained \$2,778,000. Cash in vaults declined \$509,000, but demand deposits increased \$20,929,000 and time deposits rose \$18,346,000, a total deposit gain of \$39,175,000. The reporting banks reduced their rediscounts at the reserve bank from \$15,346,000 on June 16th last year to \$4,774,000 on June 15th this year, a decline of \$10,572,000, or 68.9 per cent during the year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	June 8, 1927	May 11, 1927	June 9, 1926
Asheville, N. C.	\$ 37,567,000	\$ 31,680,000	\$ 36,653,000
Baltimore, Md.	353,269,000	375,385,000	393,350,000
Charleston, S. C.	24,255,000	26,765,000	25,117,000
Charleston, W. Va.	34,322,000	31,759,000	33,094,000
Charlotte, N. C.	49,063,000	50,031,000	45,227,000
Columbia, S. C.	23,914,000	24,930,000	18,414,000
Cumberland, Md.	8,505,000	8,848,000	7,941,000
Danville, Va.	7,595,000	7,972,000	7,570,000
Durham, N. C.	25,898,000	28,424,000	24,408,000
Greensboro, N. C.	23,187,000	26,346,000	23,536,000
Greenville, S. C.	20,113,000	22,193,000	16,803,000
Hagerstown, Md.	9,976,000	10,244,000	9,153,000
Huntington, W. Va.	21,633,000	22,278,000	22,939,000
Lynchburg, Va.	18,036,000	18,087,000	19,025,000
Newport News, Va.	8,596,000	9,150,000	9,475,000
Norfolk, Va.	68,956,000	68,667,000	68,626,000
Raleigh, N. C.	19,188,000	19,685,000	18,907,000
Richmond, Va.	118,446,000	123,454,000	115,358,000
Roanoke, Va.	26,685,000	25,853,000	27,359,000
Spartanburg, S. C.	13,012,000	12,460,000	13,493,000
Washington, D. C.	237,480,000	236,205,000	231,961,000
Wilmington, N. C.	17,953,000	19,540,000	18,729,000
Winston-Salem, N. C.	35,511,000	41,526,000	33,390,000
District Totals	\$1,203,160,000	\$1,241,482,000	\$1,220,528,000

Debits to individual, firm and corporation accounts in the clearing house banks of twenty-three leading fifth district cities totaled \$1,203,160,000 for the four weeks ended June 8, 1927, a decline of

3.1 per cent under the total of \$1,241,482,000 reported by the same banks for the preceding four weeks, ended May 11th. This decrease was chiefly seasonal and was due to the occurrence of holidays during the period ended June 8th. Seventeen cities reported lower figures for the later period, but larger totals were reported by Asheville, Charleston, W. Va., Norfolk, Roanoke, Spartansburg and Washington.

A comparison of \$1,203,160,000 reported for the four weeks ended June 8th this year with \$1,220,528,000 reported for the corresponding period a year ago shows a district decline of 1.4 per cent, but a majority of the reporting cities show higher figures this year, the average decline being due chiefly to a decrease of 10.1 per cent in Baltimore's debits. Fourteen cities reported higher figures for the 1927 period, while nine cities reported lower totals. As previously mentioned, Baltimore's figures this year were below those of the 1926 period, but the next three cities, Washington, Richmond and Norfolk, reported higher figures this year.

SAVINGS DEPOSITS—Savings deposits in the fifth district increased during the past month. Thirteen mutual savings banks in Baltimore had deposits aggregating \$165,558,711 at the close of business May 31, 1927, compared with \$165,482,800 at the end of April this year and \$154,228,991 at the end of May 1926. Sixty-seven regularly reporting member banks had aggregate time deposits amounting to \$225,267,000 on June 15th this year, compared with \$221,992,000 on May 11, 1927, and \$207,321,000 on June 16, 1926.

BUSINESS FAILURES—*Dun's Review* for June 4, 1927, says, "The reduction in the number of commercial failures in the United States which has been in progress since the end of last January, following the usual trend, continued during May. With 1,852 defaults, last month's total is 6 per cent below that for April, and is approximately 25 per cent under the number for January, which, as previously indicated, marked the high point for this year. When comparison is made with the returns for May of the two immediately preceding years, however, increases are shown. The rise over the 1,730 insolvencies of a year ago is a little more than 7 per cent, while there is an increase of 4.8 per cent over the 1,767 failures of May 1925. The falling off from April to May last year was about 11.5 per cent, and two years ago it was approximately 9 per cent. Hence, the present record is less favorable, both actually and relatively, than that for May 1926 and 1925. Yet it is not strikingly adverse, considering recent factors which might conceivably have brought about a distinctly higher commercial mortality, such as floods and inclement weather, and it also is to be remembered that the larger number of firms and individuals in business enhances the possibilities of failure.

"The liabilities of the May defaults—\$37,784,773—show decided improvement over the large amounts of recent months. The decrease from the April total is some 29 per cent, while there is an even greater contraction from the indebtedness for March. On the other hand, last month's liabilities exceed by about 12.5 per cent the \$33,543,318 of May 1926. An interesting feature of the statistics is the fact that approximately 46 per cent of last month's indebtedness was supplied by defaults for \$100,000 or more in each instance, which is a lower ratio than the 49 per cent provided by the similar class of failures in May 1926."

In the fifth reserve district, May failures totaled 125, compared with 123 in April this year and 118 in May last year, while liabilities last month aggregated \$5,707,404, compared with \$3,800,752 in April 1927 and only \$1,963,570 in May 1926. Last month's liabilities were the largest for any month since May 1925, and in fact have been exceeded only four months since the World War.

LABOR—No changes of importance were noted in labor circles during the past month. A reduced building program this year in comparison with the two or three most recent years has resulted in some unemployment in the building trades and allied lines, but other employers are using their full quotas of workers. Tobacco factories in the fifth district are expanding operations in many cases, the coal strike in union bituminous fields has increased demand for West Virginia coal and has given miners in that state steadier work than is usual at this season of the year, road and street work is using a large number of both skilled and unskilled laborers, and shipyards are busy. Textile mills are operating full time, and employing full quotas of employees. The volume of construction work under way, while less than a year ago, is still large, and is giving employment to the bulk of skilled tradesmen. In the cities there is some unemployment, but the situation is not general nor serious.

COAL—In spite of the strike of union miners in bituminous coal fields, production of soft coal in May totaled approximately 35,393,000 net tons, according to the June 11th report of the Bureau of Mines, Department of Commerce. This output exceeded that of April by approximately 2 per cent, and was only 9.4 per cent under the production of May 1926, when there were no men out on strike. West Virginia mines are producing close to 3,000,000 tons per week at present. Retailers have coal in their yards in sufficient quantities to fill all orders promptly, and retail prices are down to within about 50 cents per ton of prices a year ago. Anthracite coal is now available at all yards, the shortage of last year having been made up by the mines. However, relatively little anthracite is used in the fifth district.

TEXTILES—Cotton consumed in fifth district mills in May totaled 264,507 bales, of which North Carolina mills used 144,736 bales, South Carolina mills 107,912 bales, and Virginia mills 11,859 bales. May consumption in the district exceeded 259,754 bales used in April 1927 and 209,204 bales used in May 1926. Fifth district mills are running full time on forward orders, and are accumulating little stock in their warehouses. Orders are more easily obtained than for many months, but textile executives state that the business is being done on a very narrow margin and that profits are small. The general situation in the industry is very much better than it was at this time last year, when mills were forced to curtail operations materially to prevent the accumulation of manufactured goods.

BUILDING OPERATIONS FOR THE MONTHS OF MAY 1927 AND 1926.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1927	1926	1927	1926			
		1927	1926	1927	1926							
1	Baltimore, Md.....	478	598	1,432	1,403	\$ 2,981,040	\$ 4,209,600	\$ 792,840	\$ 674,760	\$-1,110,480	- 22.7%	1
2	Cumberland, Md....	28	33	4	15	62,353	203,802	4,600	13,165	- 150,014	- 69.1	2
3	Frederick, Md.....	5	11	2	1	18,285	196,765	900	1,100	- 178,680	- 90.3	3
4	Hagerstown, Md....	28	26	4	25	31,470	32,925	1,225	129,235	- 129,465	- 79.8	4
5	Danville Va.....	16	11	13	35	17,065	59,435	7,230	17,546	- 52,686	- 68.4	5
6	Lynchburg, Va.....	32	32	30	43	78,434	89,296	34,782	32,162	- 8,242	- 6.8	6
7	Norfolk, Va.....	80	62	93	65	306,275	242,320	527,880	31,601	560,234	204.5	7
8	Petersburg, Va.	5	7	3	5	16,850	30,550	8,760	6,141	- 11,081	- 30.2	8
9	Richmond, Va.....	103	153	88	83	544,016	798,579	65,173	72,415	- 261,805	- 30.1	9
10	Roanoke, Va.....	70	121	32	59	209,282	722,380	13,307	10,326	- 510,117	- 69.6	10
11	Bluefield, W. Va...	18	24	12	7	94,505	50,950	23,525	3,950	63,130	115.0	11
12	Charleston, W. Va.	35	55	20	18	81,327	101,752	23,475	7,497	- 4,447	- 4.1	12
13	Clarksburg, W. Va	45	23	18	16	38,495	25,275	13,005	11,800	14,425	38.9	13
14	Huntington, W.Va.	40	92	4	7	69,948	272,380	1,150	11,090	- 212,372	- 74.9	14
15	Parkersburg, W.Va	34	42	5	4	148,850	147,750	3,500	1,950	2,650	1.8	15
16	Asheville, N. C.	28	102	78	68	275,220	577,924	42,718	15,014	- 275,000	- 46.4	16
17	Charlotte, N. C.	67	76	28	8	256,975	760,599	59,685	10,300	- 454,239	- 58.9	17
18	Durham, N. C.	29	40	10	26	225,915	579,150	13,190	37,885	- 377,930	- 61.2	18
19	Greensboro, N. C. ...	58	57	44	43	290,220	139,536	96,531	128,825	118,390	44.1	19
20	High Point, N. C....	60	83	13	15	221,050	327,720	11,975	9,750	- 104,445	- 30.9	20
21	Raleigh, N. C.....	34	41	15	12	114,250	637,425	26,225	18,954	- 515,904	- 78.6	21
22	Salisbury, N. C.....	23	23	10	7	107,500	98,745	11,950	15,190	5,515	4.8	22
23	Wilmington, N. C. ...	7	9	10	5	28,700	17,200	5,350	6,700	10,150	42.5	23
24	Winston-Salem, N. C.	123	89	31	53	568,945	410,190	45,440	38,260	165,935	37.0	24
25	Charleston, S. C.	16	8	24	25	18,373	87,700	19,555	107,510	- 157,282	- 80.6	25
26	Columbia, S. C.	18	12	38	30	120,450	25,500	5,870	11,795	89,025	238.7	26
27	Greenville, S. C....	11	18	32	28	107,750	48,305	25,375	48,285	36,535	37.8	27
28	Spartanburg, S. C. ...	33	31	26	30	62,750	63,460	6,668	16,105	- 10,147	- 12.8	28
29	Washington, D. C. ...	187	274	508	382	3,251,610	4,323,670	271,115	936,585	-1,737,530	- 33.0	29
	Totals.....	1,711	2,153	2,627	2,518	\$10,347,903	\$15,280,883	\$2,162,999	\$2,425,896	\$- 5,195,877	- 29.3%	

— Denotes decrease.

NOTE—The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

For the eighth consecutive month, the value of construction work provided for in permits issued by building inspectors in twenty-nine fifth district cities was lower in May than in the corresponding month of the preceding year. Permits issued for new construction in the twenty-nine cities totaled 1,711 last month, compared with 2,153 permits for new work issued in May 1926. Valuation figures also make an unfavorable comparison, \$10,347,903 in May 1927 comparing with \$15,280,883 in May 1926, both figures covering estimates for new construction. In alteration and repair work, 2,627 permits issued last month exceed 2,518 permits for this class of work in May last year, but May 1927 valuation figures of \$2,162,999 are below \$2,425,896 reported a year ago. In combined valuation for both new and repair or alteration work, the twenty-nine cities totaled \$12,510,902 last month and \$17,706,779 in May a year ago, a decrease during the 1927 month of \$5,195,877, or 29.3 per cent. Nineteen of the reporting cities showed lower valuation figures this year, while ten cities reported higher figures last month. Four of the ten cities reporting gains are in North Carolina, three are in West Virginia, two in South Carolina, and one in Virginia. The three largest cities in the district reported lower 1927 figures, but Norfolk, fourth city in size in the district, showed an increase over May 1926 totals.

Building contracts awarded in the fifth district in May totaled \$39,735,738, including both urban and rural construction. Of this amount, \$10,315,313 was for residential work, according to statistics collected by the F. W. Dodge Corporation.

COTTON—The factors mentioned a month ago as tending to raise cotton prices continued to operate during the period between the middle of May and the middle of June, and spot cotton prices in the Carolinas rose over a cent a pound. In our May 31st *Review*, we quoted 14.50 cents per pound as the average price paid on Carolina markets during the week ended May 14th. From this price there was a gradual rise to 15.66 cents per pound during the week ended June 11th. The floods along the Mississippi, retarded development of growing cotton by unseasonably cool weather in eastern states, lack of rain in some western and southwestern sections, and a continuation of large consumption and export figures are the chief influences at work on cotton prices at present.

Cotton consumed in American mills during May 1927 totaled 633,024 bales, compared with 619,140 bales consumed in April this year and 516,376 bales used in May 1926. The May consumption figure was the third highest on record for a single month. Total consumption for the ten months of the season to date—August 1, 1926, to May 31, 1927—amounted to 5,970,844 bales, compared with 5,475,502 bales consumed during the corresponding period ended May 31, 1926. According to the Bureau of the Census report of June 14th, consuming establishments held 1,794,284 bales of cotton in their warehouses on May 31st, compared with 1,448,739 bales so held on the corresponding date a year earlier. Public warehouses and compresses held 2,868,947 bales in storage on May 31st, compared with 2,965,477 bales a year ago. Exports totaled 628,132 bales in May this year, compared with 419,459 bales shipped abroad during the same month of 1926, and total exports for the ten months ended May 31st amounted to \$10,312,637 bales against 7,442,315 bales exported during the ten months ended May 31, 1926. Imports last month totaled 21,347 bales, compared with 13,625 bales brought in during May last year. The cotton growing states consumed 456,285 bales in May this year, or 72.1 per cent of National consumption, compared with 362,987 bales, or 70.3 per cent of National consumption, used in cotton growing states during May 1926.

Although it is too early to form an opinion as to this year's cotton crop, present indications point to better prospects in the fifth district than existed a year ago or than now exist over the cotton growing belt as a whole. The floods along the Mississippi, together with unfavorable weather for planting and growing over much of the cotton belt, appear to indicate a very strong probability of considerably reduced yields from those of 1926. In the fifth district, however, the cotton crop on the whole is better than it was at this time a year ago, especially in the heavy producing Piedmont counties of the Carolinas. Early in the season the weather in the Carolinas was dry, but general rains fell when it was really needed, and the crop has made splendid progress. The boll weevil has appeared in southern and eastern counties of South Carolina, and the cotton flea is in the fields in the Piedmont, but timely warning has been given of the danger from these pests and it is not certain that they will do material damage. The farmers should realize that these insects are a very real danger, however, and every effort should be made to control them.

AGRICULTURAL NOTES—The agricultural outlook in the fifth reserve district is rather more difficult to estimate at present than in most years at this season because unseasonable weather has retarded crop development. In the southern half of this district, embracing the Carolinas, insufficient rain fell during April and the first half of May, and several cool spells also checked growth, while in the northern half of the district the weather has been entirely too cold for young crops. The Carolinas had general rains early in June, however, and crops are now making good progress. The greatest damage from unfavorable weather was done to fruit crops, in which late frosts and cold in April and early May lowered prospects far below those of last year. On the whole, present indications are for a fruit crop not more than half that of 1926, although a definite opinion cannot be formed until after the June drop occurs. National crops are also indicated to be unusually small and may result in higher prices for peaches and apples next Fall than in 1926 and offset in part the reduction in yield. In Maryland dry weather early in June favored wheat, and a fair crop is in prospect, but corn is making slow growth. Wildfire damaged some tobacco plant beds, but the disease has been checked. Tobacco plants in the fields need warm weather. In Virginia prospects for small grains are about up to the average for the past five years, and the condition of hay and pastures is better than usual. Early truck crops made only fair yields but prices were good. The early white potato crop in Virginia is good, and prices are also satisfactory. The corn crop is very poor at present. Considerable replanting of corn, peanuts and tobacco has been necessary because of poor germination and injury from cut worms. North Carolina wheat and hay prospects are below those of a year ago, but the oat crop is better this year. The early Irish potato yield was cut by dry weather, and some fields that were dug late suffered from second growth following rains which fell around the first of June. Small grain prospects in South Carolina are below those of last year, but are about up to average, 1926 having been an exceptionally good year for wheat, oats, etc., in that State.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of May, 1927

Percentage increase in May 1927 sales, over sales in May 1926:	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 6.4	.3	— 3.5	2.7	— 3.7	
Percentage increase in total sales since January 1st, over sales during the same five months in 1926:	— 3.2	4.4	— 1.5	— 1.4	— 1.7
Percentage increase in May 1927 sales over average May sales during the three years 1923-1925, inclusive:	— 3.0	13.8	10.5	11.4	4.5
Percentage increase in stock on hand May 31, 1927, over stock on May 31, 1926:	— 2.6	— .5	.6	4.3	— .5
Percentage increase in stock on hand May 31, 1927, over stock on April 30, 1927:	— 1.8	.3	— 3.4	— 5.0	— 2.6
Percentage of sales in May 1927 to average stock carried during that month:	25.4	26.4	28.1	23.4	26.2
Percentage of total sales since January 1st to average stock carried during each of the five elapsed months:	125.4	133.0	133.6	105.1	126.7
Percentage of outstanding orders on May 31st to total purchases of goods in 1926:	3.8	3.4	5.2	3.7	4.3
Percentage of collections in May 1927 to total accounts receivable on May 1st:	23.6	28.0	29.9	31.5	26.6

— Denotes decreased percentage.

Confidential reports sent to the Federal Reserve Bank of Richmond by thirty leading department stores in the fifth reserve district show sales during May 1927 averaging 3.7 per cent below the volume of sales in May 1926, twenty of the thirty stores reporting lower figures last month. In total sales from January 1st through May 31st this year, sales in the reporting stores averaged 1.7 per cent below aggregate sales during the first five months of 1926. On the other hand, May sales this year averaged 4.5 per cent above average May sales during the three years 1923-1925, inclusive. Unseasonably cool weather probably reduced the volume of trade in May to a considerable extent, and partly accounted for the decline in sales in comparison with the corresponding month of 1926.

Stocks of merchandise on the shelves of the reporting stores were five-tenths of 1 per cent lower in selling value at the end of May 1927 than a year earlier, and were 2.6 per cent smaller than a month earlier. The decrease in May under the April 30th figure was about the seasonal average.

The percentage of sales to average stocks carried during May was 26.2 per cent for the district as a whole, and the percentage of total sales during the first five months of this year to average stocks carried during each of the five months was 126.7 per cent, indicating an annual turnover of 3.041 times. During the first five months of 1926 the turnover was at a rate of 3.072 times.

Collections by twenty-nine of the thirty reporting stores during May totaled 26.6 per cent of outstanding receivables as of May 1st, exactly the same average attained in April this year, but a lower figure than the average of 29.3 per cent collected in May 1926. All cities except Richmond reported lower percentages in May than in May a year ago, and Baltimore and the Other Cities group also showed declines in collections from those of April this year. Richmond and Washington collections improved slightly last month in comparison with April.

WHOLESALE TRADE, MAY 1927

Percentage increase in May 1927 sales, compared with sales in May 1926:					
34 Groceries	12 Dry Goods	6 Shoes	16 Hardware	5 Furniture	13 Drugs
— 3.1	— 7.4	—11.5	10.4	25.5	1.7
Percentage increase in May 1927 sales, compared with sales in April, 1927:					
6.5	— 5.8	— 8.9	.6	53.6	— 3.8
Percentage increase in total sales since Jan. 1, 1927, compared with sales during the same five months in 1926:					
— 6.5	— 3.1	.4	4.9	— 5.2	— 2.9
Percentage increase in stock on May 31, 1927, compared with stock on May 31, 1926:					
4.5(11)	— 7.2(5)	15.3(4)	— 5.6(7)
Percentage increase in stock on May 31, 1927, compared with stock on April 30, 1927:					
— 1.0(11)	3.2(5)	— 7.9(4)	— 3.9(8)
Percentage of collections in May to total accounts receivable on May 1, 1927:					
66.8(21)	31.6(8)	33.4(5)	35.0(12)	35.6(3)	58.0(8)

— Denotes decreased percentage.

NOTE: The number of firms reporting stock and collection data in each group is shown immediately following the percentages.

Eighty-six wholesale firms, representing six important lines of trade in the fifth reserve district, reported to the Federal Reserve Bank of Richmond on their May business. Increased sales during the month in comparison with sales during May 1926 were shown in hardware, furniture and drugs, but sales of groceries, dry goods, and shoes were in smaller volume than sales during the corresponding month last year. In comparison with sales made in April this year, May sales gained in groceries, hardware and furniture, but declined in dry goods, shoes and drugs. Total sales since January 1st were larger in shoes and hardware than during the corresponding five months in 1926, but grocery, dry goods, furniture and drug sales were smaller this year than last.

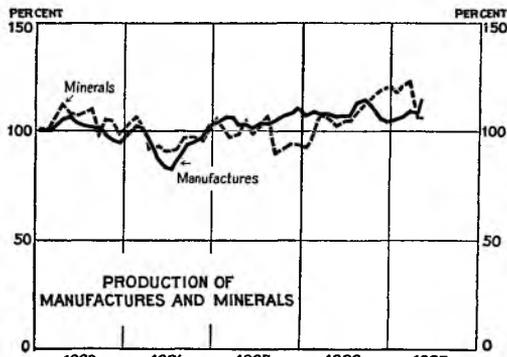
Stocks on hand at the end of May this year were larger than stocks on hand on May 31, 1926, in groceries and shoes, but dry goods and hardware stocks were smaller on the 1927 date. During May stocks of dry goods on the shelves of the reporting firms increased over those on hand on April 30th this year, but stocks of groceries, shoes and hardware declined during the month.

Collections during May were better than in April in furniture and drugs, but were slower in groceries, dry goods, shoes and hardware. The percentage of collections during May to total receivables as of May 1, 1927, averaged 66.8 per cent in groceries, 58.0 per cent in drugs, 35.6 per cent in furniture, 35.0 per cent in hardware, 33.4 per cent in shoes, and 31.6 per cent in dry goods. The shoe, hardware and drug percentages were slightly higher than those of May last year, but the May 1927 percentages in grocery, dry goods and furniture lines were lower than those of May 1926.

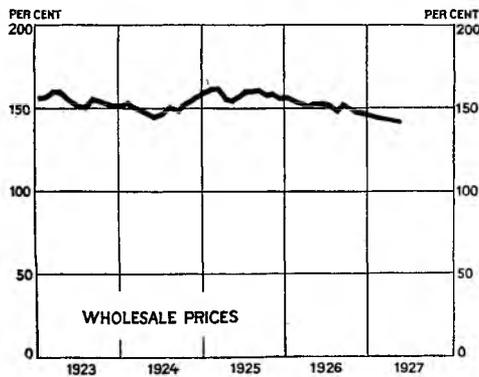
(Compiled June 20, 1927.)

BUSINESS CONDITIONS IN THE UNITED STATES.

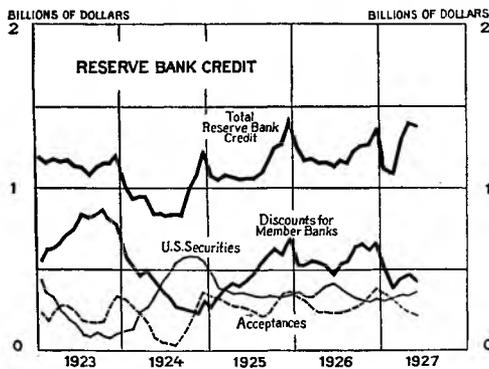
(Compiled by the Federal Reserve Board)



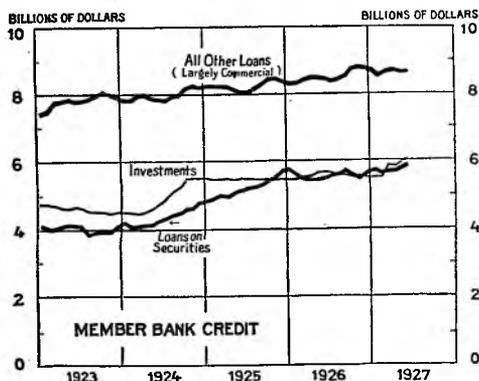
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average = 100). Latest figures, May, manufactures 112, minerals 107.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure, May 144.1.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days of June.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly reports of June.

Industrial production increased in May and continued at a higher level than a year ago, while distribution of commodities was in smaller volume than last year. The general level of wholesale commodity prices has changed but little in the past two months.

PRODUCTION. Output of manufactures increased considerably in May, while production of minerals was maintained at the April level. Increased activity was shown in cotton and woolen mills, in meat packing, and in the production of lumber. The output of iron and steel, nonferrous metals, automobiles and building materials, after allowance for usual seasonal variations, was maintained at practically the same level as in April. Since the latter part of May, however, production of steel and automobiles has declined. The total value of building contracts awarded continued slightly larger in May and in the first two weeks of June than in the corresponding period of last year. Production of winter wheat was estimated by the Department of Agriculture on the basis of June 1st condition at 537,000,000 bushels, or 90,000,000 bushels less than last year. The indicated rye production was placed at 48,600,000 bushels, which is 20 per cent larger than the crop in 1926.

TRADE. Sales of retail stores in May showed more than the usual seasonal decline from the high April level. Compared with May of last year, department store sales were about 4 per cent smaller, while those of mail order houses were slightly larger. Value of wholesale trade of all leading lines, except groceries and meats, was smaller in May than in April and in the corresponding month of 1926. Inventories of merchandise carried by department stores showed slightly more than the usual seasonal decline in May and at the end of the month were somewhat smaller than a year ago. Stocks of wholesale firms were also smaller than last year. Freight car loadings increased in May by less than the usual seasonal amount and for the first time in over a year daily average loadings were in smaller volume than in the corresponding month of the preceding year. Loadings of all classes of commodities except livestock, ore and miscellaneous products were smaller than last year.

PRICES. The general level of wholesale commodity prices has remained practically unchanged since the middle of April. Prices of grains, cotton, hides and skins have advanced but these advances have been offset in the general index by declines in the prices of livestock, wool, silk, metals and rubber.

BANK CREDIT. Demand for bank credit to finance trade and industrials remained at a constant level between the middle of May and the middle of June, and the growth in the volume of credit extended by member banks in leading cities during the period was in holdings of securities and in loans on stocks and bonds. Loans to brokers and dealers in securities by reporting member banks in New York city increased rapidly and on June 15th were in larger volume than at any previous time covered by the reports. At the Federal reserve banks there was little net change in the volume of bills and securities between May 25th and June 22nd, the fluctuations during the period reflecting largely the effects of Treasury operations. Discounts for member banks toward the end of June were in about the same volume as a month earlier, while there was a decline in the reserve banks' holdings of acceptances and an increase in their portfolio of United States securities. Conditions in the money market were fairly stable throughout the period, with slight advances in the rates on commercial paper and more recently on bankers acceptances.