

FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

By CALDWELL HARDY, Chairman and Federal Reserve Agent

RICHMOND, VIRGINIA, JUNE 30, 1921

At the end of May we received seventy-three letters from business leaders in the Fifth District, thirty-nine detailed reports from wholesale houses, and twenty-five confidential reports from department stores. Reports vary as to the degree of revival that has taken place, but on the whole correspondents are cheerful and appear to believe that steady progress is being made upward, although every individual industry is not sharing in the increasing prosperity. Collections are on the whole better than might be expected, as is shown by reports from the wholesale and retail establishments, and figures showing business failures. The May record for the Fifth District in failures was much better than in any of the preceding months this year, both the number of failures, 99, and the total liabilities, \$2,657,764, being lower. Reports from individual

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cities giving clearings and debits reflect price declines, but do not indicate any very serious decrease in the volume of business activity since last year. The textile industry is slowly working its way out of present difficulties and most of the mills are running on approximately full time, though as yet little profit is being made. Increased building activity continues, most of the new work being residence construction. The wholesale trade in the five lines that report to us holds up in volume of business and the retail trade done by 25 of the leading department stores in the District was only 3% less in dollar value in May than in May, 1920. The only distinctly unfavorable development since our April Review was written has been in prices for cotton, the lowest figures since 1914 having been reached during the second week in June.

FINANCIAL

Reserve Bank Operations.—A comparison of the important items in the current statement of condition of the Federal Reserve Bank of Richmond with those of a month ago, reflects only minor changes. However, it is pertinent to note the changes in certain items of this year, as compared with those of a year ago.

The total accommodation extended to member banks in the Fifth District on June 15, 1921, aggregated \$122,484,520, compared with \$126,764,529 on June 15, 1920, distributed as follows:

	June 15, 1921.	June 15, 1920.
Bills Discounted—Government Secured.....	\$ 50,703,178	\$ 74,151,323
Bills Discounted—Otherwise Secured and Unsecured.....	68,788,542	43,979,458
Bills Purchased (Bankers' Acceptances).....	2,992,800	8,633,748
Total Outstanding Loans to Member Banks.....	\$122,484,520	\$126,764,529

Government secured paper has decreased within this period 24 millions, and bankers' acceptances 5 millions, this being a total decrease of 29 millions, while other bills discounted and held have **increased** during the same period 25 millions, denoting a shifting of credit from government financing to that of financing agriculture and commerce within this district. This shows conclusively that there has been no curtailment of credit by the Reserve Bank of this district to its member banks, the slight difference in the volume of discounts shown above being no more than a daily fluctuation.

In order to carry this volume of loans for member banks, and at the same time maintain the required reserves, it has been necessary for the Federal Reserve Bank of Richmond to rediscount with other Federal Reserve Banks 20 millions, part of the time at 7% and part of the time at 6½%, these being the rates for rediscounts between Federal Reserve Banks, though the Federal Reserve Bank of Richmond has not increased its rate to member banks above 6%.

Federal Reserve Notes in actual circulation June 15, 1921, aggregated \$122,516,070, compared with \$121,685,365, on June 15, 1920, this being an increase of \$830,705.

Member Banks' reserve deposits declined to \$52,544,869, on June 15, 1921, from \$59,009,855 on June 15, 1920.

The discount rate of the Federal Reserve Bank of Richmond has never been above 6%. Current discount rates are as follows:

Member Banks' Collateral Notes—Secured by U. S. Certificates of Indebtedness and Treasury Notes.....	6%
Member Banks' Collateral Notes—Secured by Liberty Bonds or Victory Loan Notes.....	6%
Member Banks' Collateral Notes—Secured by Eligible Paper	6%
Rediscounts—Customers' Notes—Secured by U. S. Certificates of Indebtedness and Treasury Notes....	6%
Rediscounts—Customers' Notes—Secured by Liberty Bonds or Victory Loan Notes.....	6%
Rediscounts—Trade Acceptances	6%
Rediscounts—Commercial Paper	6%
Rediscounts—Agricultural or Livestock Paper.....	6%
Bankers' Acceptances—Purchased at market rates subject to agreement—Present rate, 6%.	

CONDITION OF EIGHTY REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 8, 1921	May 4, 1921	June 11, 1920
1. Total Loan and Discounts (exclusive of rediscounts)	\$ 413,288,000	\$ 411,638,000	\$ 489,469,000*
2. Total Investments in Bonds and Securities	117,017,000	119,486,000	87,150,000**
3. Total Loans and Investments	530,305,000	531,124,000	576,619,000
4. Reserve Balance with Federal Reserve Bank	31,595,000	31,007,000	37,970,000
5. Cash in Vaults	16,250,000	16,140,000	18,096,000
6. Demand Deposits	297,377,000	302,870,000	344,615,000
7. Time Deposits	116,420,000	115,722,000	102,337,000

* Includes some miscellaneous investments.

** Government Securities only.

In the table given above, compiled from condition reports received from the same eighty member banks, located in thirteen cities of the District, all items are comparable except numbers 1 and 2. Comparing the figures as of June 8, 1921, with those as of June 11, 1920, all items show decreases within the year except Item 7, Time Deposits, which increased from \$102,377,000 to \$116,420,000, a gain of \$14,043,000, or 13.7%. Total Loans and Investments decreased between the two dates from \$576,619,000 to \$530,305,000, a loss of \$46,314,000, or 8.0%; Reserve Balance with Federal Reserve Bank decreased from \$37,970,000 to \$31,595,000, a loss of \$6,375,000, or 16.8%; Cash in Vaults fell from \$18,096,000 to \$16,250,000, a loss of \$1,846,000, or 10.2%, and Demand Deposits decreased from \$344,615,000 to \$297,377,000, a loss of \$47,238,000, or 13.7%.

Comparing the June 8, 1921, figures with those as of May 4, 1921, the immediately preceding month, increases are found in Total Loans and Discounts, in Reserve with Federal Reserve Bank, in Cash in Vaults, and in Time Deposits, while losses are found in Total Investments held by the reporting banks, in Total Loans and Investments, and in demand Deposits. During the month of May Demand Deposits in the eighty banks under discussion decreased \$5,493,000, but during the same period the banks increased their loans to customers \$1,650,000. In view of the decline in deposits the banks might have been expected to reduce outstanding loans proportionately, but the figures show that instead of pressing their customers for payment of loans the banks have actually increased their accommodations extended to customers.

DEBITS TO INDIVIDUAL ACCOUNT IN CLEARING HOUSE CENTERS

CITIES	For the Weeks Ending		
	June 8, 1921	May 4, 1921	June 9, 1920
Baltimore, Md. -----	\$ 91,179,000	\$ 99,716,000	\$ 106,658,000
Charleston, S. C. -----	6,011,000	7,120,000	9,419,000
Charlotte, N. C. -----	5,409,000	6,664,000	7,640,000
Columbia, S. C. -----	3,791,000	5,551,000	7,701,000
Greenville, S. C. -----	3,115,000*	3,171,000*	-----
Huntington, W. Va. -----	5,173,000	5,234,000	5,941,000
Norfolk, Va. -----	14,146,000	13,199,000	21,107,000
Raleigh, N. C. -----	4,050,000	4,300,000	4,572,000
Richmond, Va. -----	25,262,000	26,312,000	26,604,000
Washington, D. C. -----	42,556,000*	37,918,000*	-----
Wilmington, N. C. -----	4,728,000*	6,704,000*	-----
Totals for 8 cities -----	\$ 155,021,000	\$ 168,096,000	\$ 189,642,000
Totals for 11 cities -----	205,420,000	215,889,000	-----

*Not Included in Totals for 8 Cities.

Debits to Individual Account in eight cities of the Fifth District totaled \$155,021,000 for the week ending June 8, 1921, compared with \$189,642,000 reported by the same cities for the corresponding week of 1920, a decrease this year of \$34,621,000, or 18.3%. Compared with totals reported for the week ending May 4, 1921, the June 8 figures show a decrease of 7.8%, but this is a natural loss, due to the greater number of end of month payments of bills that came in the week ending May 4 than in the week ending June 8. As in the case of clearing house figures mentioned below, the declines in debits to individual account have been approximately the same in percentage since the beginning of the year, and represent price declines in commodities rather than decreased volume of business in comparison with the first half of 1920. The average percentage decline in weekly debits from January 1, 1921, through May, in comparison with the same five months of 1920, amounts to 18.2%.

We call attention to the inclusion of Huntington, W. Va., among the cities for which 1920 figures are available for comparison, this city having been on the reporting list a year.

MONTHLY CLEARINGS

No.	CITIES	For Month of May		Increase or Decrease	Per Cent of Increase or Decrease	No.
		1921	1920			
1.	Asheville, N. C. -----	\$ 4,560,652	\$ 6,752,578	\$ 2,191,926—	32.5—	1
2.	Baltimore, Md. -----	14,020,943	393,380,469	79,359,526—	20.2—	2
3.	Charlotte, N. C. -----	8,673,833*	-----	-----	-----	3
4.	Columbia, S. C. -----	8,594,985	16,186,250	7,591,265—	46.9—	4
5.	Frederick, Md. -----	1,894,955	2,304,820	409,865—	17.8—	5
6.	Greensboro, N. C. -----	4,240,512	6,430,801	2,190,289—	34.1—	6
7.	Greenville, S. C. -----	6,281,310	11,646,529	5,365,219—	46.1—	7
8.	Hagerstown, Md. -----	2,576,575	3,025,315	448,740—	14.8—	8
9.	Huntington, W. Va. -----	7,206,341	7,722,601	516,260—	6.7—	9
10.	Newport News, Va. -----	1,882,619	3,701,415	1,818,796—	49.1—	10
11.	Norfolk, Va. -----	28,545,117	41,427,959	12,882,842—	31.1—	11
12.	Raleigh, N. C. -----	4,494,544	6,569,011	2,074,467—	31.6—	12
13.	Richmond, Va. -----	152,100,501	245,184,834	93,084,333—	38.0—	13
14.	Spartanburg, S. C. -----	2,397,873	5,063,633	2,665,760—	52.6—	14
15.	Washington, D. C. -----	72,380,696	80,071,253	7,690,557—	9.6—	15
	Totals -----	\$ 611,177,623	\$ 829,467,468	\$ 218,289,845—	26.3—	

*Not Included in Total.

—Denotes Decrease.

The table shows clearings in May, 1921, for fifteen cities in the Fifth District, the May, 1920, figures being available for fourteen of them. These fourteen cities show clearings in May amounting to \$611,177,623, compared with \$829,467,468 cleared in May, 1920, a decrease this year of \$218,289,845, or 26.3%. The previous months of this year showed approximately the same percentage declines under the corresponding months of 1920, which would appear to indicate that business compares favorably in volume of trade, the decrease in the dollar value of clearings representing price declines that have developed during the past twelve months.

BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS

City and District	Number		Per Cent Increase	Liabilities		Per Cent Increase
	1921	1920		1921	1920	
Boston, First -----	97	52	86.5	\$ 2,783,006	\$ 376,586	639.0
New York, Second-----	222	133	66.9	11,172,495	2,413,591	362.9
Philadelphia, Third -----	69	37	86.5	1,516,894	1,085,182	39.8
Cleveland, Fourth -----	102	42	142.9	1,969,231	2,544,273	22.6—
Richmond, Fifth -----	99	41	141.5	2,657,764	1,577,684	68.5
Atlanta, Sixth -----	148	44	236.4	4,750,423	715,555	563.9
Chicago, Seventh -----	169	60	181.7	5,624,522	692,550	712.3
St. Louis, Eighth -----	101	13	676.9	20,612,058	61,243	33,556.2
Minneapolis, Ninth -----	59	18	227.8	1,203,396	163,487	636.1
Kansas City, Tenth-----	67	16	318.8	1,073,219	179,251	498.7
Dallas, Eleventh -----	92	15	513.3	1,851,774	168,165	1,001.2
San Francisco, Twelfth-----	131	76	72.4	1,851,629	848,810	118.1
Totals-----	1,356	547	147.9	\$ 57,088,471	\$ 10,826,277	427.1

—Denotes Decrease in Total Liabilities.

We give herewith a table showing the number of failures in the twelve Federal Reserve Districts for May, 1921 and 1920, with percentages of increase in both the number and the aggregate liabilities involved, as reported by Dun's Review. The May record for the Fifth District is the best reported this year, both the number of failures and the total liabilities being lower than in January, February, March or April. The table shows 99 failures in the Fifth District during May, 1921, with liabilities of \$2,657,764, compared with 41 failures during May, 1920, with liabilities of \$1,577,684, an increase in number this year of 141.5% and in liabilities of 68.5%. The total increase in number reported for the United States is 147.9%, and in liabilities 427.1%. The Fifth District therefore makes a comparatively favorable showing, being below the average in both percentage of increase in number of failures and in liabilities involved. The average liability per failure for the United States is \$42,084, but the Fifth District average is \$26,846. Failures in January, February, March and April numbered 142, 144, 123 and 154, with liabilities of \$3,887,908, \$3,170,347, \$2,918,460 and \$3,334,591, respectively.

COLLECTIONS.—Collections in the wholesale trade improved distinctly during May, judging from reports received this month from thirty-nine manufacturers or jobbers of groceries, dry goods, shoes, hardware and furniture. Of the reports received, two could not be definitely classified, but 81% of the remaining thirty-seven firms wrote that their collections had been either Good or Fair, compared with 73% reported Good or Fair in April, 67% in March, 69% in February and 71% in January. The lowest point reached in these percentages was 59% last November. One dry goods jobber wrote that collections are Fair to Good except in the cotton section, where they are very poor, and another dealer handling the same line stated that collections of new accounts are Fair to Good, but that old accounts are Slow to Poor. Hardware jobbers appear to have regained the loss in collections mentioned in our report covering April. We have classified thirty-seven of the reports received for May from wholesalers, and included them in the table herewith.

Lines Sold	Collections Reported as				
	Good	Fair	Slow	Poor	Total
Groceries -----	4	2	2	0	8
Dry Goods -----	0	7	0	0	7
Boots and Shoes-----	0	6	1	1	8
Hardware -----	2	4	2	1	9
Furniture -----	0	5	0	0	5
May Totals -----	6	24	5	2	37
April Totals -----	5	19	4	5	33
March Totals -----	7	17	8	4	36
February Totals -----	6	19	8	3	36
January Totals -----	10	17	6	5	38

LABOR.—Developments in labor circles were relatively unimportant during May in the Fifth District. Increased activity in construction work, both in building and road and street improvement, has provided work for a considerable number of unskilled laborers, and has also given employment to some skilled workers. On the other hand, certain industries have released employees, among them being leaf tobacco dealers whose business is largely seasonal, and is now at a low point. Some friction has developed in about twenty textile mills centering around Charlotte, N. C., a strike having been started against wage reductions averaging more than 22½%, but the trouble has not spread to any extent, and in the face of unprofitable operation of textile mills the situation appears to be giving little

concern to the mill managers. In anticipation of trouble with its union labor, one of South Carolina's largest mills has announced an indefinite suspension of operations, this action affecting something like 1,800 employees. Farmers are employing fewer laborers than usual, and the supply of farm labor consequently exceeds the demand. Clothing manufacturers report arrangements made with their employees, involving some wage reductions and more economical working agreements. All classes of labor are plentiful, and all reports agree in the opinion that the general efficiency of the workers is from 20% to 25% greater than it was a year ago.

COAL.—The coal business marked time during May. Dealers continue to urge consumers to buy, and consumers continue to wait for lower prices. The recent announcement of coming reductions in wages for railroad labor has led coal consumers to hope for corresponding reductions in freight rates, but there does not appear to be any justification for this hope in the immediate future, and certainly not in time to give relief in laying in supplies for the coming winter. The rate of production at the mines has improved slightly during the past few weeks, but orders are still insufficient to encourage full production, and consequently unemployment in the coal fields continues.

TEXTILES.—Reports received this month from a number of textile mills agree very closely in the opinion expressed. It is stated that their business is slowly improving, and that the outlook for the future is distinctly brighter than it was a few months ago, but it is likewise agreed that the business now being done is returning no profit, and in some cases is actually being handled at a loss. It is true that raw cotton is very low in price, and practically all mills in the Fifth District have made wage adjustments downward since last Fall, but as we pointed out last month there are important items of cost entering into textile manufacturing that have not decreased since last year, the chief of these items being coal and transportation costs. Indications are that mills making tire fabrics are enjoying sufficient orders to keep them running full time, and are securing satisfactory prices for their products, but the other mills have not yet recovered to the same extent. Most of the Carolina mills are running approximately full time, and relations between employer and employee are on the whole satisfactory, though there is some friction centering around Charlotte, N. C., as explained under the heading, Labor, elsewhere in this Review.

FOODS.—The U. S. Department of Labor figures show that retail food prices declined 4.8% in May, as compared with April, while the wholesale prices dropped 5¾% in the same period. Nearly all food articles declined, the only items reported as having advanced being onions, cabbage and oranges. Dealers in staple foods, such as sugar, flour, lard, coffee, meats, etc., are getting normal orders, but canned goods and fancy articles are not moving with the same freedom. The retailers are still afraid to buy for future delivery, for fear of price reductions, but the wholesalers contend that the prices are stable. Vegetables and fruits are appearing on the market and are finding ready sales at fair prices, but freight rates discourage the shipment of any but the best grades of truck. Farmers are buying considerably less meat, flour and other food articles than usual, making every effort to get their living this year from their own farms.

CLOTHING AND SHOES.—While there has been no striking change in the clothing or shoe trade, our correspondents agree that conditions are slowly and steadily working towards normal. Buyers are more willing to place future orders than they were sixty days ago, and the dealers claim that prices are somewhat more stabilized again. Clothing manufacturers have succeeded in making wage adjustments with their employees without disturbance, the amount of reductions approximating 10%. Collections are satisfactory except in the cotton sections, and the dealers feel optimistic over the prospects for fall business. Shoe dealers likewise report more willingness on the part of the retailers in placing fall orders, and they say that the spring business has been good in most lines, especially in women's high grade oxfords. One of the largest shoe manufacturers in the Fifth District writes as follows:

"We are anticipating a good business this fall, so that we believe we will be able to run our factories to capacity by getting out and working. Commencing with the past week merchants in the South have a greater disposition to place conservative fall orders than at any time since we started out with fall samples the middle of March. Both our operatives and salesmen have settled down on a steady grind and drive for fall business. We anticipate coming out O. K."

FURNITURE.—The furniture business is showing signs of a coming revival, but manufacturers do not expect any startling changes before next spring. Sales reported by five factories were 6.4% greater in dollar value in May than in April of this year, and April sales had also gained over March business. Four of the five factories claim that prices at wholesale are probably still moving downward, and they claim that the market for furniture has been badly demoralized by the tendency on the part of some factories to sell stocks at a greater sacrifice than most of them can stand. The furniture manufacturers of the fifth District are now holding an exhibition at High Point, N. C., the exhibit occupying a splendid new building erected by the furniture manufacturers as a permanent exhibit hall for Southern made goods.

BUILDING MATERIALS.—The revival in building, spoken of in our report last month, continued during May, and naturally had a stimulating effect on building materials. Lumber dealers tell us that the past three or four weeks have seen very perceptible improvements in their business. It seems to be the general opinion in the trade that lumber prices have reached bottom, and all dealers are expecting good business during the rest of the year. Dealers claim that prices would be on a par with 1913 prices if freight rates were the same as existed in that year. Heavy building materials such as stone, lime, cement, brick and sand, are not moving as freely as lumber, which is blamed by dealers on the excessive freight rates. Glass manufacturers report a very dull market, and most of them state that they have large stocks in their warehouses. Few glass factories are operating at the present time. Railroads are not taking their normal supply of construction material, and as the railroad business is usually very large, this lack of buying by them is a very serious proposition for building material dealers. Materials used in road building and street paving are moving at a normal rate.

BUILDING OPERATIONS FOR THE MONTHS OF MAY, 1921 AND 1920

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease, Total Valuation	Per Cent. of Increase or Decrease	No.
		New		Repairs		1921	1920	1921	1920			
		1921	1920	1921	1920							
MARYLAND												
1	Baltimore.....	492	559	1,616	989	\$1,050,416	\$1,490,000	\$ 949,920	\$ 296,700	\$ 213,636	12.0	1
2	Cumberland.....	22	8	18	18	40,450	72,275	8,425	6,190	29,590	37.7	2
3	Frederick.....	2	3	1	1	19,200	460	3,000	1,200	20,540	1,237.3	3
VIRGINIA												
4	Lynchburg.....	10	9	24	13	63,100	34,100	6,950	5,000	30,950	79.2	4
5	Norfolk.....	45	74	43	18	426,460	323,250	14,831	18,650	99,391	29.1	5
6	Richmond.....	156	74	95	84	1,261,927	930,215	124,234	104,113	351,833	34.0	6
7	Roanoke.....	*112	*92			223,810	186,395			37,415	20.1	7
8	Staunton.....	3	3	0	1	13,500	3,800	0	5,000	4,700	53.4	8
WEST VIRGINIA												
9	Charleston.....	131	33	24	13	339,925	47,700	31,245	10,300	313,170	539.9	9
10	Huntington.....	*194	*89			392,190	319,455			72,735	22.8	10
11	Parkersburg.....					70,000	35,000	25,000	85,000	25,000	20.8	11
NORTH CAROLINA												
12	Asheville.....	95	23		26	416,017	56,300		7,629	352,088	550.7	12
13	Charlotte.....	28	20	9	5	104,930	363,200	33,250	8,950	233,970	62.9	13
14	Durham.....	17	6	13	14	98,665	23,800	52,260	26,015	101,110	203.0	14
15	Greensboro.....	17	18	8	6	60,350	109,195	8,050	8,050	48,845	41.7	15
16	High Point.....	11	*24	7		23,500	668,010	5,400		639,110	95.7	16
17	Wilmington.....	16	8	4	7	103,800	108,500	25,100	31,500	11,100	7.9	17
18	Winston-Salem.....	36	61	44	105	196,995	1,052,905	12,539	99,597	942,968	81.8	18
SOUTH CAROLINA												
19	Charleston.....	12	26	24	9	29,950	219,150	18,995	4,495	174,700	78.1	19
20	Columbia.....	24	12	108	83	53,000	43,050	33,482	86,124	42,692	33.0	20
21	Greenville.....	26	29	27	24	115,410	110,910	124,315	19,650	109,165	83.6	21
22	Spartanburg.....	26	34	22	8	30,530	114,757	4,790	1,525	80,962	69.6	22
DIST. OF COLUMBIA												
23	Washington.....	204	240	552	494	1,944,540	1,199,045	330,021	396,650	678,866	42.5	23
Totals.....		1679	1,445	2,639	1,918	\$7,078,665	\$7,511,472	\$1,811,807	\$1,222,338	\$ 156,662	1.8	

*Includes both new and repairs.

Permits for construction work issued by building inspectors in twenty-three of the leading cities of the Fifth District indicate that the increased activity in building mentioned in our March and April reports continued during the month of May. Permits for new buildings in May totaled 1,679, in comparison with 1,445 permits for new construction issued in May, 1920, an increase of 16.2% this year, the estimated valuation being \$7,078,665 in May, 1921, as compared with \$7,511,472 in May, 1920, a decrease this year of 5.8%. For repairs and alterations 2,639 permits were issued in May, 1921, in comparison with 1,918 in May, 1920, estimated valuation being \$1,811,807.00 and \$1,222,338.00, respectively, showing an increase of 37.6% in the number of permits and an increase of 48.2% in valuation. Valuations for both new construction and repairs or alterations totaled \$8,890,472.00 in May, 1921, compared with \$8,733,810.00 in May, 1920, an increase this year of 1.8%. Thirteen of the twenty-three reporting cities showed gains in total valuation, while ten reported lower valuations than last year.

The bulk of construction being done this spring and summer is for residence use, and in the face of the house shortage, which encourages annual rent increases, it is pleasing to note this development.

In Richmond, reports show permits during May for 101 residences and 5 apartments, and since January 1st, permits have been issued for 235 residences and 11 apartment houses. Lynchburg reports 3 residences planned in May; Charlotte reports 25, and these figures are typical of all information available.

REPORT ON WHOLESALE TRADE

LINES SOLD	Net Sales in May, 1921, Compared With	
	Sales in April, 1921	Sales in May, 1920
Groceries (8)* -----	— 3.4	—35.8
Dry Goods (9)* -----	—14.1	—35.5
Boots and Shoes (8)* -----	—18.2	—45.6
Hardware (9)* -----	— 8.4	—28.7
Furniture (5)* -----	6.4	—44.1
Total Averages (39)* -----	—10.3	—37.1

*Number of reporting firms.

The figures above show losses in the dollar value of trade in all lines during May, 1921, in comparison with May, 1920, and in all lines except furniture, in comparison with April, 1921. The drop in May under April, in dry goods and shoes, is largely seasonal, retailers having gotten in the bulk of their spring and summer staples earlier in the year.

The grocery trade is practically stationary in actual volume of business done, the 3.4% decline in dollar value of sales during May, under April, representing approximately the price declines during the month. Eight wholesale grocers reported for May, and seven of them state that prices are still working downward. One firm contends that the bottom has been reached. All of them write that retailers are buying cautiously and for immediate needs only, and all reporting firms agree that there is now no transportation trouble of any kind in the shipment of goods to or from their warehouses.

The reports received for May from wholesale dry goods firms vary considerably, some of them reporting a large number of small orders, while others state that business is stagnant. Of nine detailed reports received, five state that business is getting better established on a safe basis, and say that confidence is being steadily restored. The remaining four firms either do not comment on the figures sent us, or state that they see no improvement. Six of the nine firms write that prices are fairly stable, but three believe that the bottom has not yet been reached. Only one of the firms reports any fall orders received, though some of the others do not mention this subject. Purchasing by both wholesalers and retailers is done with great reluctance, but collections are better than might be expected.

The tone of reports received from shoe dealers is on the whole optimistic. Eight reporting firms think that prices are stable at the present figures, with one exception, and several write that while buying is still conservative and cautious, the general attitude in the trade is toward a more confident policy. Fall business is slow in developing, but there is considerable business in women's white canvass and sport shoes, and other seasonal novelties, and the reporting firms apparently expect a fair amount of business a bit later in the season.

Nine hardware jobbers agree in expecting lower prices in the hardware business, and none of them expect an immediate revival of trade with them, but several report cheerful expectations for the latter half of the year, especially during the early winter months. Hardware prices did not fall as quickly last year as most other wholesale lines, and it is generally felt in the trade that the deflation in prices is not yet completed. The reporting firms have very few unfilled orders, and report great caution in stocking their sales rooms with full stocks until they can be sure that prices are more nearly stable than the dealers think they are now.

An examination of the percentage declines in the dollar value of sales in May, 1921, in comparison with sales in May, 1920, would seem to show that the actual volume of business being done this year is not much less than last year. Grocery sales in May, 1921, were 35.8% under sales in May, 1920; dry goods sales were 35.5% under sales in May, 1920; shoe sales were 45.6% under sales in May, 1920; hardware sales were 28.7% under sales in May, 1920, and furniture sales were 44.1% under sales in May, 1920. It must be kept clearly in mind, however, that wholesale prices are this year much lower than they were in May, 1920, and although it is difficult to estimate the exact fall in prices, it is fair to say that most of the percentage decrease in the dollar value of sales reported is due to price changes instead of to decreased number of units handled.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Twenty-Five Representative Department Stores
for the Month of May, 1921.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase (or decrease) in net sales during May compared with sales in May, 1920 -----	7.1—	3.0—	4.3	5.2—	3.0—
Percentage increase (or decrease) in net sales from January 1, through May 31, 1921, in comparison with sales during the same five months of 1920-----	2.0—	3.2	6.3	5.4	2.1
Percentage increase (or decrease) in net sales during May, 1921, compared with sales during April, 1921-----	2.0—	4.3—	0.1	1.0—	1.4—
Percentage decrease in stocks on hand at the end of May, 1921, in comparison with stocks on hand at the end of May, 1920 -----	25.3—	14.6—	29.2—	24.2—	25.8—
Percentage decrease in stocks on hand at the end of May, 1921, compared with stocks on hand at the end of April, 1921-----	3.1—	0.2—	0.5—	1.7—	1.7—
Percentage of average stocks on hand at the end of each month since January 1, 1921, to average monthly net sales during the same five months-----	327.9	358.5	345.3	394.6	345.6
Percentage of outstanding orders for merchandise on May 30, 1921, to total purchases (cost price) during the calendar year, 1920 -----	5.4	7.2	6.8	6.6	5.6

— Denotes decrease.

Confidential reports received from twenty-five department stores in the Fifth District show that the dollar value of business done by them during May, 1921, was 3% less than in May, 1920, this being the second month that the business has fallen below the corresponding month of last year. Again we mention that this reduction represents a loss in dollar value of business and not a reduction in actual volume of units sold. Washington reports increased sales, but all others show decreases.

For the five months since January 1st, the District still shows a gain of 2.1% over business done during the same five months of 1920.

Stocks on hand average 25.8% less than at the end of May, 1920, Richmond reporting the smallest reduction, 14.6%, and Washington the greatest reduction, 29.2. All cities report lower stocks on hand at the end of May than at the end of April, both this year, the District reduction averaging 1.7%.

The percentage of average stocks on hand at the end of each month since January 1st, to average monthly net sales during the same period is 345.6% for the District, indicating that the twenty-five reporting stores have sold each month this year \$100.00 worth of goods for each \$345.60 worth of stock carried, a very satisfactory turn-over figure. Outstanding orders at the end of May amounted to 5.6% of total purchase of merchandise during the calendar year 1920.

[Compiled June 15, 1921]