

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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Our *Review* last month reported a slowing up in business during April, partly seasonal and partly due to some hesitancy and uncertainty which had crept into the public mind as to the immediate future course of business. This was brought about primarily by developments in the construction industries. The general estimate appears to be that the business structure is sounder for the slowing down and its effects.

Reviewing the various business indicators treated more fully in the body of this *Review*, reports from member banks show a reduction in credit operations during the past month, both total loans made by the banks to their customers and the rediscounts of the banks with the Reserve Bank having declined. Savings deposits in both commercial and savings banks increased during May and early June, and member banks' cash in vaults and investments in bonds and securities also increased. Debits to individual accounts reported by the banks in twenty-two leading trade centers show a decline of 2.6% during the five weeks ending June 13, 1923, under the debits reported for the five weeks ending May 9, 1923, reflecting both a natural seasonal decrease and doubtless the effect of other influences alluded to above, but the totals for the five weeks ending June 13th this year were 7.0% greater than the totals reported by the same cities for the five corresponding weeks last year. Business failures in the Fifth District in May decreased in number 29.6% in comparison with May 1922 but increased 69.7% in liabilities involved. The demand for labor continues strong, especially for farm workers and unskilled men for road, street, sewer and other construction work, but there has been little tendency among employers to bid against

each other for the available workers. The textile mills are receiving few forward orders, but they have sufficient orders already on hand to keep them running some weeks, and the rate at which new mills are being built or planned justifies the inference that the mill authorities do not regard the present lull in their business with apprehension. Cotton consumption by textile mills during May reached almost record figures, the number of bales used having been exceeded only once previously, and the Fifth District consumed its full share of the month's total. Official crop reports state that the cotton crop in South Carolina is far below the crop average in condition, but the crop is considerably above the average in both North Carolina and Virginia. Tobacco in South Carolina is making normal growth, and transplanting has practically been finished in the other tobacco sections of the District. The crop is late, however, and the plants are poor, but much of this handicap may be overcome if good weather prevails during the growing season. All field crops are late this year, which makes it difficult to estimate the final yields. Permits issued for new construction work during May fell below the number of permits issued in May 1922, and far below the number issued in April of this year. In retail trade circles, department store sales in May show a gain of 10.6% in dollars over sales in May 1922, part of which is doubtless due to price increases in certain lines carried by the reporting stores. Clothing stores were disappointed in their spring business, the unseasonably cool weather having seriously curtailed the sales of summer merchandise. Wholesale business is up to the average for this season, though retailers are cautious in placing orders for future delivery, and prefer buying as their needs develop. This is causing the wholesalers to receive a considerable volume of "Rush" orders.

The National Summary will be found on pages 10 and 11.

CONDITION OF SEVENTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES.

ITEMS	June 13, 1923	May 9, 1923	June 14, 1922
1. Total Loans and Discounts (including all rediscounts)	\$ 455,621,000	\$ 461,666,000	\$ 414,402,000*
2. Total Investments in Bonds and Securities	131,103,000	130,508,000	118,418,000
3. Total Loans and Investments	586,724,000	592,174,000	532,820,000
4. Reserve Balance with Federal Reserve Bank	33,779,000	35,073,000	33,210,000
5. Cash in Vaults	13,910,000	13,509,000	13,694,000
6. Demand Deposits	324,356,000	328,516,000	312,966,000
7. Time Deposits	154,878,000	153,238,000	143,705,000
8. Borrowed from Federal Reserve Bank	35,993,000	37,081,000	12,226,000

*Does not include Rediscounts.

The above table gives a comparative statement of the principal items of condition in seventy-seven regularly reporting member banks, located in thirteen cities of the Fifth District, as of the close of business June 13 and May 9, 1923, and June 14, 1922. All items except number 1 are comparable for the three dates, but the 1922 total of Loans and Discounts does not include rediscounts and is therefore not comparable with the two 1923 amounts under that heading.

Between May 9th and June 13th, both this year, Total Loans and Discounts made by the seventy-seven reporting banks decreased from \$461,666,000 to \$455,621,000. Crops have been planted and fertilizer bought, and current demand for loans from agricultural sections have therefore diminished, and the payment of mercantile loans coming due out of the proceeds of spring business reduced the volume of outstanding accommodation extended by the banks to their customers. As a consequence, Item 8, Borrowed from Federal Reserve Bank, declined between May 9th and June 13th from \$37,081,000 to \$35,993,000, and the apparent use of deposits for the payment of maturing loans reduced Item 6, Demand Deposits, from \$328,516,000 to \$324,356,000. Item 4, Reserve Balance with Federal Reserve Bank, decreased during the same period from \$35,073,000 to \$33,779,000. Between May 9th and June 13th, all other items show increases, Item 2, Total Investments in Bonds and Securities, increasing from \$130,508,000 to \$131,103,000; Item 5, Cash in Vaults, rising from \$13,509,000 to \$13,910,000; and Item 7, Time Deposits, growing from \$153,238,000 to \$154,878,000.

Comparing the June 13, 1923 figures with those reported June 14, 1922, it might be thought that a considerably greater credit demand exists now than then, but it is doubtful if such is the case. Item 1, Total Loans and Discounts, apparently shows a large increase between the two dates, but attention is called to the fact that rediscounts with the Reserve Bank and other banks were not included in the 1922 figures, but are included this year. Another apparent sign of increased credit demand this year over last is the increase of Item 8, Borrowed from Federal Reserve Bank, this item having grown from \$12,226,000 on June 14th last year to \$35,993,000 on June 13th this year, but it is probable that a considerable part of this increase represents a shifting of borrowings from other banks to the Reserve Bank. A larger proportion of loans by member banks to their customers are liquid now than was the case a year ago, and a larger proportion of them are eligible for rediscount with the Reserve Bank. The comparatively low interest rate of the Reserve Banks has tended to draw rediscounts that under other circumstances might have gone to other banks. On the whole, therefore, it does not appear that credit demands are very much greater than they were a year ago, although the improved conditions in most of the District's agricultural regions have undoubtedly increased the resources or borrowing power of the farmers since 1922.

SAVINGS BANK DEPOSITS

Reports from fifteen mutual savings banks in Baltimore giving total deposits at the end of May show an increase over both the April 30, 1923 and the May 31, 1922 deposits. At the close of business May 31, 1923, the fifteen reporting banks had on deposit an aggregate of \$136,862,765, compared with \$127,078,213 on deposit May 31, 1922, \$124,301,364 on deposit May 31, 1921, and \$120,875,136 on deposit May 31, 1920. Total deposits on April 30, 1923 amounted to \$135,948,482. Thirteen of the fifteen reporting institutions showed larger deposits on May 31st this year than on the corresponding date a year ago, the two banks showing decreases being very small institutions. The deposits on May 31, 1923 represent a gain of 13.2% over the total deposits on May 31, 1920.

FEDERAL RESERVE BANK OPERATIONS

Between May 16 and June 13, 1923, variation in the position of the Federal Reserve Bank of Richmond was small. Cash Reserves declined from \$80,121,595.03 to \$77,870,111.30; Member Bank Reserve Deposits declined from \$60,478,396.95 to \$58,430,229.67; and the volume of Federal Reserve Notes in Actual Circulation declined from \$78,884,045 to \$78,222,615. Total Bills on Hand, however, rose from \$65,921,870.81 to

\$66,439,206.04. The ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities combined declined from 57.03% on May 16th to 56.70% on June 13th.

At the close of business June 14, 1922, the Cash Reserves held by the Federal Reserve Bank of Richmond amounted to \$111,157,820.98; Total Bills on Hand amounted to \$42,838,431.49; Federal Reserve Notes in Actual Circulation totaled \$87,363,078; and Member Bank Reserve Deposits amounted to \$55,174,855.15. The reserve ratio was 75.81%. A comparison of the 1922 figures with those cited for this year in the preceding paragraph shows strikingly the increased demand for credit at the Reserve Bank this year.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FIVE WEEKS ENDING		
	June 13, 1923	May 9, 1923	June 14, 1922
Asheville, N. C.....	\$ 23,486,000	\$ 23,695,000	\$ 19,476,000
Baltimore, Md.....	437,000,000	445,256,000	437,938,000
Charleston, S. C.....	31,333,000	31,145,000	28,159,000
Charleston, W. Va.....	45,056,000	50,079,000	36,557,000
Charlotte, N. C.....	45,399,000	48,258,000	35,555,000
Columbia, S. C.....	25,168,000	29,810,000	27,983,000
Cumberland, Md.....	10,348,000	11,784,000	8,797,000
Danville, Va.....	9,184,000	10,050,000	8,217,000
Durham, N. C.....	21,387,000*	21,208,000*	.....
Greensboro, N. C.....	22,901,000	25,043,000	17,942,000
Greenville, S. C.....	23,918,000	24,236,000	18,461,000
Hagerstown, Md.....	12,582,000	12,996,000	9,405,000
Huntington, W. Va.....	31,461,000	31,516,000	23,072,000
Lynchburg, Va.....	22,498,000	23,692,000	19,471,000
Newport News, Va.....	7,819,000	9,344,000	7,268,000
Norfolk, Va.....	77,962,000	79,802,000	81,659,000
Raleigh, N. C.....	34,550,000	34,050,000	21,240,000
Richmond, Va.....	135,197,000	141,912,000	127,347,000
Roanoke, Va.....	28,361,000	28,498,000	24,689,000
Spartanburg, S. C.....	11,859,000	12,332,000	9,584,000
Washington, D. C.....	242,662,000	233,786,000	227,230,000
Wilmington, N. C.....	20,771,000	23,131,000	25,925,000
Winston-Salem, N. C.....	33,642,000	38,497,000	30,449,000
Totals for 22 cities.....	\$ 1,333,157,000	\$ 1,368,312,000	\$ 1,246,424,000

*Not included in totals.

In the accompanying table, shown above, we give in tabular form figures showing the total of all debits to individual, firm and corporation accounts in the banks of twenty-three of the chief trade centers of the Fifth District, totals for the five weeks ending June 13, 1923 and May 9, 1923 being included. In addition to the 1923 statistics, we present figures from twenty-two of the cities for the five weeks ending June 14, 1922 for comparison with this year's totals.

Debits in the twenty-two cities for which both 1923 and 1922 figures are available aggregated \$1,333,157,000 during the five weeks ending June 13, 1923, compared with a total of \$1,368,312,000 during the five weeks ending May 9, 1923, a decrease during the more recent period of \$35,155,000, or 2.6%. A glance at the table shows that decreased totals were reported from all of the cities except Charleston, S. C., Raleigh, N. C. and Washington, D. C., the increase in Washington being large. Durham, N. C., which is not included in the totals, also shows a small increase. The decrease in total debits during the period ending June 13th in comparison with the corresponding period ending May 9th is partly due to a natural falling off in trade as the vacation season begins, but it doubtless also reflects the greater degree of caution with which business men have been operating during the past six weeks or two months.

The total reported by the twenty-two cities for the five weeks ending June 13, 1923 is larger than the total reported for the corresponding period a year ago, ending June 14, 1922, only four of the reporting cities failing to show gains this year. A very small decrease was reported from Baltimore, and greater declines were noted in Columbia, S. C., Norfolk, Va. and Wilmington, N. C. The total of all debits during the period ending June 13th this year was \$1,333,157,000, as previously mentioned, compared with \$1,246,424,000 reported by the same cities for the corresponding five weeks last year, an increase this year of \$86,733,000, or 7.0%.

**BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS
MAY, 1923 AND 1922.**

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1923	1922		1923	1922	
Boston, First.....	130	186	—30.1	\$ 2,042,698	\$ 3,476,746	— 41.2
New York, Second.....	303	419	—27.7	7,004,657	16,605,233	— 57.8
Philadelphia Third.....	79	87	— 9.2	1,814,176	1,568,262	15.7
Cleveland, Fourth.....	128	173	—26.0	7,754,229	3,359,073	130.8
Richmond, Fifth.....	119	169	—29.6	4,318,872	2,544,963	69.7
Atlanta, Sixth.....	101	179	—43.6	1,960,346	3,784,262	— 48.2
Chicago, Seventh.....	229	231	— 0.9	4,677,843	4,254,855	9.9
St. Louis, Eighth.....	63	117	—46.2	760,293	1,750,033	— 56.6
Minneapolis, Ninth.....	77	79	— 2.5	3,976,970	1,342,341	196.3
Kansas City, Tenth.....	54	70	—22.9	1,084,360	1,294,560	— 16.2
Dallas, Eleventh.....	78	84	— 7.1	3,779,959	2,175,351	73.8
San Francisco, Twelfth.....	169	166	1.8	1,847,874	2,247,207	— 17.8
Totals.....	1,530	1,960	—21.9%	\$ 41,022,277	\$ 44,402,886	— 7.6%

The usual figures on business failures in the twelve Federal Reserve Districts are included in the table herewith, the figures being furnished each month by Dun's Review. These statistics show both the number of insolvencies and the total of liabilities involved for May 1923 in comparison with May 1922, each Reserve District being shown separately.

For the country as a whole, the table shows that May 1923 witnessed 1,530 bankruptcies, with total liabilities aggregating \$41,022,277, in comparison with 1,960 bankruptcies reported in May 1922, with liabilities of \$44,402,886, a decrease of 21.9% in the number of failures and a decline of 7.6% in the aggregate of liabilities involved. The San Francisco District is the only one reporting a larger number of failures in May 1923 than in May 1922, but increased liabilities were reported for the current month by the Philadelphia, Cleveland, Richmond, Chicago, Minneapolis and Dallas Districts.

In the Fifth District, May 1923 shows a total of 119 failures in comparison with 169 failures reported in May 1922, a decline this year of 29.6%, but in total liabilities involved May 1923 witnessed a total of \$4,318,872 in comparison with a total of \$2,544,963 in May last year, an increase this year of 69.7%. The Fifth District shows up favorably in comparison with the national average in the number of insolvencies, but occupies a reversed position with respect to the total of liabilities involved. The number of failures in the Fifth District in May was greater than during either of the three preceding months, and the total of liabilities involved has been exceeded only once since February 1922, the exception being the month of December 1922 with a record total of \$11,236,262.

The average liability per failure in May 1923 was \$36,293 in the Fifth District and \$26,812 in the nation as a whole, compared with average liabilities in May 1922 of \$15,059 in the Fifth District and \$22,655 in the nation.

LABOR—Conditions in the labor market have not improved since our May 31st *Review* was written, but have probably grown worse. Although there has been a decided decrease in the number of new construction projects started during the past month in comparison with earlier months of the spring, there has been no let-up in work on buildings already under construction, and of these there are enough to give employment to more skilled workmen than are available. The real shortage of labor in the Fifth District is in the ranks of unskilled workmen, however, especially among the negroes. The migration of colored men from the farms to Northern and Middle Western industrial centers appears to continue unabated, and Southern employment agencies report that agents for large corporations in the industrial centers are exceedingly active. A survey recently conducted by the extension division of Clemson College in South Carolina states that approximately 50,000 negroes have left South Carolina since November 1, 1922. This survey was made under the direction of the chief of the extension division of Clemson College, and data was supplied by the county farm demonstration agents, leading farmers, bankers, merchants and other community leaders, and it is generally believed in the state surveyed that the estimate of the number of negroes who have migrated is well within the facts. The number leaving North Carolina and Virginia is less than that leaving South Carolina, but is still sufficiently large to cause concern in the agricultural sections that depend upon hired labor. The migration in North Carolina and Virginia appears to be based upon glowing pictures of supposed conditions awaiting the negroes in the Northern centers, but in South Carolina many negroes have left the state from stern necessity. In the sections of that state which have felt the full ravages of the boll weevil, there are hundreds of negroes who have found it really difficult to get sufficient money or credit to provide the barest necessities of life, and many of the landowners for whom these negroes formerly worked are in little better position. Some of the negroes who go North and West will of course return in time to the South, and signs are not lacking to indicate that many of them are finding conditions in their new homes far different from their expectations, but

probably most of the migrants, and especially the younger and more capable ones, will adjust themselves to their new surroundings, and will be permanently lost to the South. Whatever the effect of this movement in the long run, it is hard for the farmers to adjust themselves to the shortage in available labor so suddenly, and at present many planters are worried over the outlook for the immediate future. The large plantation owners who depend upon tenant or hired labor are of course the chief sufferers from the migration, the small land owner not being affected as a rule, since a large proportion of his work is done by members of his own family, and in the cases where he rents part of his small farm to one or two tenant families the relation between landlord and tenant is so close that he has found less difficulty in holding his labor than the man who employs many workers and comes in contact with them through overseers.

While the farmers are the chief sufferers from the shortage of colored labor, other industries are also hard hit. Lumber mills are finding difficulty in securing sufficient workers to keep their plants running to capacity, and brick yards report similar trouble. Paving and road contractors throughout the Fifth District could use many more workmen if they could be had at wages the contractors can afford to pay, and city street and sewer work is being delayed in some cases by insufficient working forces. There is hardly a single large employer of colored labor who has not lost some workers during the migration, and those lost in many cases have not been replaced because new workers are not available.

COAL—The United States Geological Survey, in its weekly report on the production of bituminous and anthracite coal, issued on June 16, 1923, has the following on May 1923 production:

“Estimates based on railroad shipments place the total output of soft coal in May, including lignite and coal coked at the mines, at 46,076,000 net tons, an increase of 8.2% over the April production and a decrease of 1.6% as compared with the March production. May production and cumulative production to May 31st during the last ten years have been as follows, in net tons:

<i>Year</i>	<i>May</i>	<i>Cumulative to May 31st</i>	<i>Year</i>	<i>May</i>	<i>Cumulative to May 31st</i>
1914	28,551,000	173,278,000	1919	38,186,000	179,487,000
1915	30,938,000	159,222,000	1920	39,841,000	217,258,000
1916	38,804,000	208,041,000	1921	34,057,000	165,937,000
1917	47,086,000	226,161,000	1922	20,601,000	164,922,000
1918	50,443,000	230,601,000	1923	46,076,000	227,780,000

The revised estimate of anthracite production in May, based on final data on shipments, places the total at 8,573,000 net tons, including mine fuel, local sales, and the product of washeries and dredges. Output during May has only twice, in 1917 and in 1918, exceeded this figure, which is 6% above the average for the eight years 1914 to 1921. The total production of anthracite in the first five months of the present calendar year was 42,504,000 net tons, which is the maximum production recorded for a like period, and is 15% more than the average for eight years preceding 1922. Production of anthracite in May and cumulative production during the first five months of the last ten years is shown below, in net tons:

<i>Year</i>	<i>May</i>	<i>Cumulative to May 31st</i>	<i>Year</i>	<i>May</i>	<i>Cumulative to May 31st</i>
1914	8,348,000	35,635,000	1919	7,525,000	32,520,000
1915	7,807,000	35,226,000	1920	8,037,000	36,131,000
1916	7,212,000	36,116,000	1921	7,752,000	39,078,000
1917	8,933,000	39,541,000	1922	35,000	21,888,000
1918	8,880,000	41,237,000	1923	8,573,000	42,504,000

TEXTILES—The dullness in the textile industry which we mentioned in our *Review* last month continues, with no signs of any immediate improvement in the volume of new business secured by the mills, but a considerable part of this hesitancy on the part of buyers is seasonal, and mill authorities are not disturbed over the outlook. At this season of the year when cotton is just making a start, it is natural for both buyers and manufacturers to be careful in making future commitments until the crop advances far enough to enable them to form some intelligent opinion as to the probable yield of the new crop. The mills have sufficient orders which they received in the early spring to keep them running full time, some of the reports indicating that certain mills are sold up to September, and no curtailment in operations has been noticed in the Fifth District. Announcements of new mills being planned or additions to existing mills being contracted for are made almost daily, and price quotations have held firm in spite of the absence of buying during the past two months.

During May cotton consumption totaled 124,682 bales in North Carolina, 94,894 bales in South Carolina, and 11,438 bales in Virginia, a total for the three textile manufacturing states of the Fifth District of 231,014 bales. This number represents an increase of 27,334 bales over the consumption in the same states during April of this year. In comparison with total consumption in the cotton growing states and in the nation, the 231,014 bales consumed in the Fifth District represent 58.8% of the former and 37.2% of the latter. Total

consumption in the cotton growing states, amounting to 392,575 bales, represented 63.2% of the national consumption of 620,965 bales.

COTTON—In our *Review* last month, we traced the course of spot cotton prices in the Carolinas from the middle of April down to May 12th, at which time the market had declined to 24.22 cents per pound, the lowest figure reached since October 28, 1922. Since May 12th, however, the market has moved upward, though it has been nervous and easily influenced by various reports on the condition of the new crop, weather conditions, consumption figures, etc. During the week ending May 19th the average paid in the Carolinas for middling short staple cotton was 25.14 cents per pound, and during the week ending May 26th the average price rose to 26.97 cents. The government estimate of the May 25th condition of the new crop, released on June 1st, proving somewhat higher than many people had expected, prices declined sharply, the average for the week ending June 2nd receding to 26.42 cents. The recession was short lived, however, and the upward movement was resumed during the week ending June 9th, the average reaching 27.05 cents per pound, and during the week ending June 16th the average price climbed to 27.76 cents, the last named rise stimulated by the Census Bureau's report of cotton consumption during May.

On June 1st the Department of Agriculture released the first condition report of the new cotton year, reporting the condition of the crop on May 25th. The report placed the condition at 71.0% of a normal, compared with 69.6% on May 25th last year and 73.6% the May 25th average for the past ten years. The condition of the new crop in Virginia was estimated at 79.0% and in North Carolina at 77.0%, both considerably above the national average, but the South Carolina condition was 64.0%, the lowest reported for any state except one, the Missouri crop being estimated at 54.0%. The first estimate of the acreage planted, which in former years has usually been announced with the May 25th condition report, has been deferred until the next condition report is compiled, it having been found that a considerable acreage is frequently abandoned during the month of June.

The cotton consumption report covering May 1923, issued on June 14th by the Census Bureau, showed the second highest consumption for a single month on record, the May figures having been exceeded only by the figures for March of this year. Total consumption during May 1923 was 620,965 bales, compared with 495,337 bales used in May 1922 and 577,396 bales used in April this year. Cotton on hand in consuming establishments on May 31st aggregated 1,621,290 bales compared with 1,420,428 bales on hand May 31, 1922, but cotton in public storage and at compresses May 31st totaled only 1,579,606 bales in comparison with 2,559,451 bales stored on May 31st last year.

As the condition report on the new cotton crop as of May 25th shows, prospects are above the national average in North Carolina and Virginia, but are far below in South Carolina. In Virginia the crop suffered for rain during May and early June, while in South Carolina the crop suffered from too much rain during the same period. Unseasonably cool weather down to the second week in June also retarded the crop in the three cotton growing states in this District. Recent reports, however, indicate that the outlook changed for the better during the first half of June, Virginia crops being benefited and perhaps saved by a general rain and South Carolina having experienced some dry weather. The weather has also been much warmer, and recent hot nights have greatly helped the cotton. The crop is two or three weeks late, and stands are not good in many sections. Probably the plants in South Carolina are weak and unhealthy as a result of excessive moisture, and boll weevils are reported present in large numbers over that state. A recent survey by a semi-government agency states that thousands of acres of cotton were abandoned in South Carolina during the spring, the negroes who were working the land having become discouraged over continued rains, dying plants in the fields, and the ever present weevil menace. The negroes simply left the crops and went North to secure other work. The outlook for an average crop in Virginia appears good at present, but in the Carolinas the prospects are problematical, being more uncertain than is usually the case at this season. As mentioned above, the South Carolina crop is very late and has suffered from excessive moisture, which has had the double effect of making the crop unable to sustain a long dry spell if one should develop and also being highly favorable for weevil development. The uncertain element in North Carolina is the effect the weevil will have on the crop in that state this year. Last year the weevil entered the state, but too late in the season to do any appreciable damage.

TOBACCO—Dry weather in Maryland, Virginia and North Carolina delayed the transplanting of tobacco plants approximately two weeks, and plants either died from cold and lack of moisture or grew too large before being transplanted to promise best results. General rains during the second week in June enabled the farmers to begin transplanting, however, and at the present writing most of the crop in the District has been set out. In South Carolina the crop is making normal growth, but excessive moisture may tend to reduce the grade of tobacco that will be harvested. In both North Carolina and Virginia plants for transplanting were scarce, and difficulty in securing sufficient labor also gave trouble, these conditions causing some reduction in the intended acreage. The crop is getting a late and unfavorable start, but much of this could be overcome with seasonable weather during the next two months.

Tobacco leaf dealers report business good, with demand constantly growing for the type of tobacco raised in the leading tobacco sections of the Fifth District. Dealers say that they have only moderate stocks on hand, and unless the crop this year is very large or the grade of tobacco very poor the returns to the growers will doubtless be satisfactory. The tobacco factories are all operating full time and employing their usual quota of workers.

AGRICULTURAL NOTES—The month of May and the first week in June were unfavorable for practically all field crops in the Fifth District, the weather throughout the entire District having been unseasonably cool, and in addition was either too wet or too dry. South Carolina experienced rains nearly every day during May, while the other states in the District suffered from lack of moisture. However, during the second week in June rains fell where needed, and South Carolina got some long delayed sunshine. The weather also turned warm, with hot nights around the middle of June, all of these changes being favorable for crop development.

In Virginia, corn has been planted and cultivation is making good progress, the fields being well worked. The wheat fields are thin and the straw is short, but the heads are filling out somewhat better than was expected earlier in the season. Yields of early potatoes are below the average due to drought. Car-lot movement of the crop from the Norfolk section has begun and reached a large volume. Sweet potatoes, while retarded by dry weather, are now making good progress. Pastures are short but since the recent rains are making rapid growth. The prospects for hay are not more than fair.

North Carolina crops are somewhat better advanced than those in Virginia, but are still ten days to two weeks late. Corn has been planted and the fields are fairly clean, with the crop showing fair development. Wheat is heading better than was expected, and the crop is beginning to ripen. The acreage planted to potatoes was smaller this year than last, and a reduced yield is being dug. Sweet potato transplanting is being done under favorable conditions.

West Virginia reports indicate that corn planting is practically finished. The commercial apple crop promises to exceed last year's yield, and a fair crop of peaches is probable, though the condition of this fruit is very spotted.

In South Carolina, this year's wheat crop is expected to yield 1,870,000 bushels compared with 1,320,000 bushels last year. The oat crop is in excellent condition, and a yield of 10,160,000 bushels is expected in comparison with 9,744,000 bushels in 1922. The condition of the corn crop that was planted early is fair, but planting in the central and northern counties has been greatly delayed by excessive rains. Truck crops on the coast are doing well, on the whole, the condition of spring cabbage, onions, potatoes and others being very good. Watermelons and cantaloupes are only fair, and the acreage is less than last year. Peaches are poor in northern, central and western counties and will show a decided decrease in production as compared with 1922. Apples and pears are only fair, but are somewhat better than peaches. Pastures are green, and the prospects for hay are excellent as a result of the continued rains.

BUILDING OPERATIONS FOR THE MONTHS OF MAY, 1923 AND 1922.

For the first time since March 1922 the number of permits issued for new work in twenty-four of the leading cities of the Fifth District was lower in May than the number issued during the corresponding month of the previous year, May 1923 permits totaling 2,272 in comparison with 2,475 issued in May 1922. In the estimated cost of the work, also, May of this year dropped below May of last year, the totals being \$11,443,583 and \$12,548,712, respectively. The combined valuation for both new work and alterations or repairs totaled \$13,461,852 in May 1923 in comparison with \$14,451,569 in May 1922, a decrease during the current month of 6.8%. The drop in the number of permits issued and in total valuation between April and May of this year was even greater than the drop between May 1922 and May 1923, the number of permits for new work issued in April 1923 having been 3,012 and the estimated valuation for both new and repair or alteration work having reached a total of \$26,562,334. Among the individual cities, increases in permits for new work during May 1923 over May 1922 were reported by twelve of the twenty-four cities, with notable increases in Norfolk, Charleston, W. Va., Charlotte, Greensboro, High Point, Winston-Salem, and Columbia. Baltimore and Washington showed large decreases. In total valuation for all classes of work, increases between the two dates of more than 100% were reported by Frederick, Md., Lynchburg, Charlotte, Greensboro, High Point, and Winston-Salem, High Point leading with a gain of 311.9%.

Building material dealers continue to receive all the orders they can take care of, a sufficient number of building projects being under way to keep them busy the rest of the season in spite of the decrease in permits being taken out for additional work. Prices continue firm on all kinds of materials, and dealers do not expect any shading of prices before fall, if then.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1923	1922	1923	1922			
		1923	1922	1923	1922							
MARYLAND												
1	Baltimore.....	620	897	1,247	1,728	\$ 3,080,454	\$ 3,359,280	\$ 798,240	\$ 878,280	\$— 358,866	— 8.5%	1
2	Cumberland.....	34	33	20	33	93,321	130,912	23,136	21,918	— 36,373	— 23.8	2
3	Frederick.....	6	10	6	3	95,500	30,295	1,085	540	65,750	213.2	3
VIRGINIA												
4	Lynchburg.....	27	23	29	31	43,570	35,145	97,355	10,774	95,006	206.9	4
5	Norfolk.....	164	60	76	100	741,160	709,888	67,815	123,477	— 24,390	— 2.9	5
6	Richmond.....	150	172	91	85	1,162,572	775,434	134,800	177,145	344,793	36.2	6
7	Roanoke.....	123	132	92	46	362,004	194,836	28,361	13,205	182,324	87.6	7
WEST VIRGINIA												
8	Bluefield.....	29	26	7	13	102,250	182,350	29,000	44,020	— 95,120	— 42.0	8
9	Charleston.....	90	68	33	31	329,500	290,839	6,750	18,762	26,649	8.6	9
10	Clarksburg.....	34	36	25	44	163,490	54,010	10,380	89,575	30,285	21.1	10
11	Huntington.....	145	*158	38	.....	416,680	*464,865	16,642	.....	— 31,543	— 6.8	11
12	Parkersburg.....	.....	.....	.....	.....	150,000	150,000	75,000	50,000	25,000	12.5	12
NORTH CAROLINA												
13	Asheville.....	74	68	32	34	255,460	241,595	12,180	7,820	18,225	7.3	13
14	Charlotte.....	50	36	12	13	473,050	149,395	76,850	23,960	376,545	217.2	14
15	Durham.....	25	39	15	8	67,650	156,500	19,735	7,400	— 76,515	— 46.7	15
16	Greensboro.....	86	45	50	20	483,520	240,415	38,540	10,140	271,505	108.4	16
17	High Point.....	50	27	13	22	261,300	56,303	18,125	11,535	211,587	311.9	17
18	Wilmington.....	9	13	2	4	58,800	63,900	3,500	7,800	— 9,400	— 13.1	18
19	Winston-Salem.....	91	47	88	84	445,767	129,537	51,642	32,849	335,023	206.3	19
SOUTH CAROLINA												
20	Charleston.....	11	24	18	26	34,317	126,700	9,320	14,595	— 97,658	— 69.1	20
21	Columbia.....	60	31	47	78	169,802	101,981	10,857	21,022	57,656	46.9	21
22	Greenville.....	24	27	19	25	68,585	106,445	8,525	29,775	— 59,110	— 43.4	22
23	Spartanburg.....	23	36	27	43	59,886	56,160	11,425	13,907	1,244	1.8	23
DIST. OF COLUMBIA												
24	Washington.....	347	467	481	740	2,324,945	4,741,927	469,006	294,358	—2,242,334	— 44.5	24
Totals.....		2,272	2,475	2,468	3,211	\$11,443,583	\$12,548,712	\$2,018,269	\$1,902,857	\$— 989,717	— 6.8%	

*Includes both new work and repairs. — Denotes decrease this year.

WHOLESALE TRADE

Percentage Increase (or Decrease) in Net Sales During May, 1923, as Compared With Apr., 1923 and May, 1922.

Confidential reports received at the end of May from 117 wholesalers and jobbers show that business during the month reported upon was about as good as the season warranted, and perhaps better than might have been expected in view of the rather general slowing down of business activity that has been noticed during the past two months. In comparison with sales in April 1923, sales made in May 1923 were greater in all reporting lines except dry goods, in which a decline of 4.3% was reported. May 1923 sales were larger in all of the six reporting lines than sales made by the same firms in May 1922, the gains made by the shoe firms and the furniture manufacturers being especially marked. The reporting wholesalers report that retailers are reluctant in buying for future delivery, and are placing the necessary orders very carefully, but a considerable volume of "Rush" orders is being received, and the total business secured is at least fair. Comments on expected price changes vary widely, some reporters believing that prices have reached the crest and will soften in the near future while others contend that prices are very firm, and will remain so for some time. The only point upon which the reporting managers agree with regard to prices is that practically none of them profess to expect any further advances of consequence in any of the reporting lines.

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	46	15	18	17	7	14
Net sales (selling price) during May, 1923, compared with April, 1923.....	5.7	— 4.3	22.8	2.1	10.2	1.8
Net sales (selling price) during May, 1923, compared with May, 1922.....	10.5	14.3	53.5	26.2	41.5	12.6

—Denotes decrease.

Collections were slightly harder to make in May than in April, but this is largely a seasonal condition. Of the 117 firms that reported on collections for May 1923, *Good* or *Fair* reports came from 91.5% of them, compared with 92.4% so reporting for April 1923. In May 1922, only 83.2% of the firms reported *Good* or *Fair*. We give herewith the classifications made by the 117 firms for May, together with the classifications made during the earlier months this year and for May of last year:

<i>Lines Sold</i>	<i>Collections Reported As</i>				<i>Total</i>
	<i>Good</i>	<i>Fair</i>	<i>Slow</i>	<i>Poor</i>	
Groceries	10	30	5	0	45
Dry Goods	5	7	3	0	15
Shoes	2	15	2	0	19
Hardware	3	14	0	0	17
Furniture	2	5	0	0	7
Drugs	6	8	0	0	14
May 1923 Totals.....	28	79	10	0	117
April 1923 Totals.....	28	82	8	1	119
March 1923 Totals.....	25	83	12	0	120
February 1923 Totals.....	25	81	9	2	117
January 1923 Totals.....	29	81	9	0	119
May 1922 Totals	12	82	18	1	113

FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-seven Representative Department Stores
for the Month of May, 1923.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during May, 1923, compared with May, 1922.....	7.0	16.4	11.4	16.5	10.6
Percentage increase in net sales from January 1, through May 31, compared with sales during the same five months of 1922.....	10.0	21.1	5.3	16.8	9.9
Percentage increase in net sales during May 1923, compared with average sales during the corresponding month of 1920, 1921 and 1922.....	0.9	18.3	10.6	6.4	6.3
Percentage increase in stocks on hand at the end of May, 1923, over stocks on hand at the end of May, 1922.....	11.9	18.3	9.5	10.9	11.4
Percentage increase in stocks on hand at the end of May, 1923, over stocks on hand at the end of April, 1923.....	— 3.9	— 2.8	— 4.4	— 2.5	— 3.8
Percentage of average stocks on hand at the end of each month since Jan. 1, to average net sales each month during the same period, five months.....	398.0	368.0	420.1	500.9	415.4
Percentage of outstanding orders at the end of May, 1923, to total purchases of merchandise during the year 1922.....	7.4	5.6	5.7	11.0	6.7

—Denotes Decrease.

The department store reports for the month of May show an increase in the dollar amount of net sales amounting to 10.6% in comparison with sales in the same stores during May 1922, the Miscellaneous Cities leading with an increase of 16.5%, Richmond stores following closely with a gain of 16.4%, and Washington showing an increase of 11.4%. In cumulative sales from January 1st through May, this year, the District average shows a gain of 9.9% over sales during the corresponding five months last year, Richmond leading with a gain of 21.1% and the Miscellaneous Cities following with a gain of 16.8%. The District average of sales for May was 6.3% greater than the May average for the three years 1920, 1921 and 1922, Richmond again leading with an increase of 18.3%. Stocks on hand at the end of May 1923 were 3.8% less than

stocks on hand at the end of the preceding month, April 1923, but were 11.4% greater than stocks on hand at the end of May a year ago. The percentage of average stock on hand at the end of each of the five months since January 1st to average monthly sales during the same five months was 415.4%, and outstanding orders for merchandise at the end of May amounted to 6.7% of total purchases by the reporting stores during the calendar year 1922.

(Compiled June 20, 1923)

BUSINESS CONDITIONS IN THE UNITED STATES.

Compiled by the Federal Reserve Board.

Production and shipments of goods continued in heavy volume during May: the volume of employment was sustained and many wage advances were reported.

WHOLESALE COMMODITIES. Prices declined during May and the early weeks of June. Production of iron and steel, cement, and petroleum was larger in May than in any previous month, and mill consumption of cotton was close to maximum. The high level of production in these industries, together with increases in practically all other reporting lines, are reflected in an advance of two percent in May in the Federal Reserve Board's index of production in basic industries. In the building industry there was a further decline in principal cities in the value of permits granted which represent prospective building operations. Contract awards, however, which represent actual current undertakings, continued to increase, though declines were reported in the New York and Chicago Districts. This industrial activity has been accompanied by a slight increase in employment at industrial establishments. The demand for labor was also reflected in a larger number of wage advances during the thirty day period ending May 15 than in any earlier month this year and average weekly earnings in all reporting industries increased by 3.8 percent. The advances were most general in the cotton, steel, meat packing and sugar refining industries. In agriculture, the condition of both winter and spring wheat is reported less favorable than a year ago, while the condition of the cotton crop is slightly better than last year, owing entirely to more favorable growing conditions in Texas. A shortage of farm labor is reported from most sections of the country.

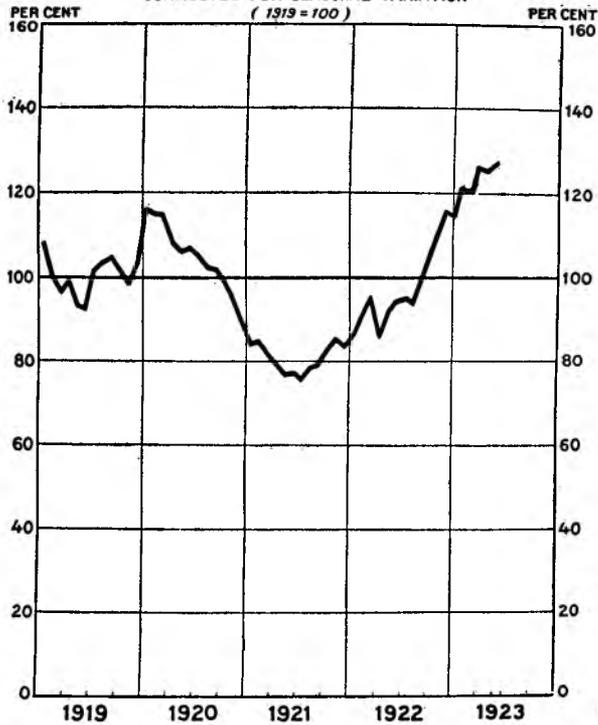
TRADE. Active distribution of commodities is indicated by heavy movement of merchandise and miscellaneous freight, and car loadings continued to exceed all previous records for this season. In certain lines of trade a decline in the volume of manufacturers orders for future delivery is reported. The volume of both wholesale and retail trade was larger in May than in April. Among the wholesale lines sales of meat, hardware, and shoes showed particularly large increases, while sales of clothing and dry goods decreased. The Federal Reserve Board's index of wholesale trade, which makes no allowance for seasonal changes, was five percent higher than in April and fourteen percent higher than a year ago. Sales of department stores increased about eight percent in May, and all reporting lines of chain store business reported increases. Mail order sales were six percent less than in April, but were larger than in any previous May.

WHOLESALE PRICES. Price declines were reported during May and the first three weeks of June for a large number of commodities. All of the nine groups in the Bureau of Labor Statistics index, except food and house furnishings, show decreases for May and the average for all commodities declined by two percent.

BANK CREDITS. Loans of reporting member banks in principal cities, which have been increasing since the early part of the year, declined by \$115,000,000 between May 16 and June 13. Bank holdings of government securities, which increased by over \$100,000,000 in connection with the Treasury transactions of May 15, later declined as the securities were distributed by the banks. These decreases in loans of member banks and the receipt during May of \$45,000,000 of gold from abroad were accompanied by a decrease in the earning assets of Federal Reserve Banks by \$120,000,000 for the four weeks ending June 20. At that time the volume of Federal Reserve Bank credit in use reached the lowest point since the opening of the year and approached the low point reached in August 1922. Reserve Bank holdings of Bankers Acceptances and government obligations are now lower than at any time since early in 1922. The total volume of money in circulation increased by \$38,000,000 between May 1 and June 1, the increase being chiefly in gold and silver certificates rather than in Federal Reserve Notes. Money rates continued to show a slightly easier tendency. The June 15 issue of \$150,000,000 six months Treasury Certificates carried a rate of interest of 4 percent compared with $4\frac{1}{4}$ percent on a similar issue sold in March.

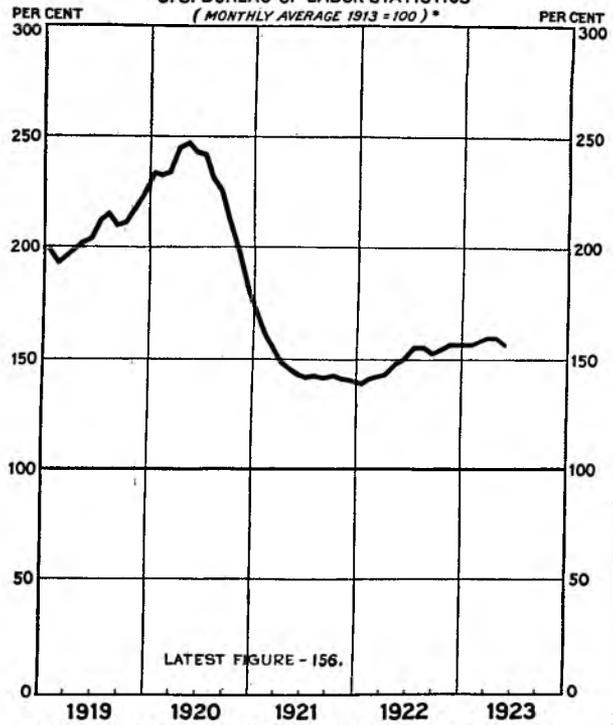
INDEX OF PRODUCTION IN BASIC INDUSTRIES

COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1919 = 100)



PRICES

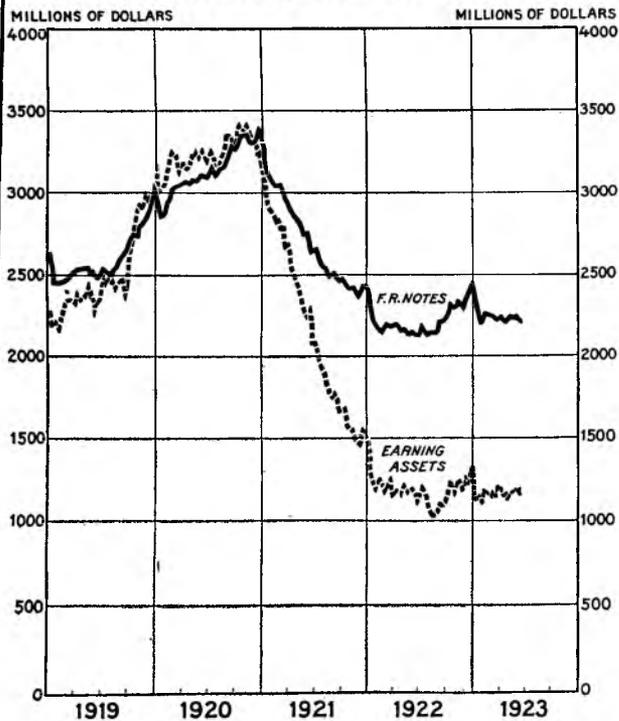
INDEX NUMBERS OF WHOLESALE PRICES
U. S. BUREAU OF LABOR STATISTICS
(MONTHLY AVERAGE 1913 = 100) *



* Base adopted by the United States Bureau of Labor Statistics.

BANK CREDIT

ALL FEDERAL RESERVE BANKS



BANK CREDIT

800 MEMBER BANKS IN LEADING CITIES

