

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



BY CALDWELL HARDY, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

AUGUST 31, 1923

There is usually a seasonal decline in the volume of business in July, the summer needs of the people having been provided and it being too early for fall trade to open up, but on the whole the July dullness in the Fifth District was less marked this year than during any year since the post-war inflation period. There are a few signs of weakness in the business structure, but signs of strength are much more numerous.

Among the unfavorable factors operating against business at present is the decline in forward orders being placed by retailers and wholesalers. Many manufacturers are finding difficulty in securing enough new business to keep their plants running full time, especially in the textile trade, but few of the orders placed earlier in the year have been cancelled and consequently the mills have not yet had to restrict running time very much. The uncertainty about the probable outturn of this year's cotton crop is another deterrent factor to normal business at present, the danger of the August migration of the boll weevil minimizing the importance attached to condition reports. Labor shortage in some agricultural sections is a further handicap to be overcome.

As previously stated, elements of strength in the business structure are far more numerous than the elements of weakness enumerated in the preceding paragraph. The most striking feature of the present situation is the great purchasing power of the ultimate consumer, and the willingness of the public to buy whatever it wants justifies confidence for the near future. Signs of this large power to buy goods and of the disposition to supply needs are visible on every hand. The volume of debits to customers' accounts in the banks of reporting cities is running considerably above the volume reported a year ago, and compares favorably with earlier months this year, taking seasonal trends into account. Reports from retail stores show increased sales in comparison with July 1922, and some of

the stores that have put on special sales are getting remarkable results for this season of the year. Consumers are displaying none of the disregard for values that was so marked in 1918, 1919 and part of 1920, and articles in the striped silk shirt class do not sell readily, but the stores offering good standard merchandise at fair prices are getting a very satisfactory amount of business. Credit is available for all legitimate needs at reasonable rates. Savings deposits in both savings and commercial banks are high, and are steadily increasing. Business failures are declining in number and importance. Householders and industries seem assured of an adequate supply of bituminous coal during the coming winter. Labor is fully employed at wages that are little below the high levels of the war and post-war periods, and the workers are using their earnings much more wisely now than then. The volume of building operations for which permits are being issued appears to insure a continuation of full employment for several months at least. Finally, the outlook for the farmers of the Fifth District compares favorably with prospects in any other section. The three leading crops in the District are corn, cotton and tobacco, with the growing of fruit, grain and truck as important subsidiaries. Corn prospects are promising, larger yields being indicated by present condition than last year. The outlook for cotton in Virginia and North Carolina is far above the national average, with prospects in South Carolina for a better yield than last year. Tobacco in South Carolina is being marketed at good prices, and the crop is better in both quality and quantity than last year. North Carolina prospects are good for a full crop of fair quality, and Virginia's crop has made excellent progress in recent weeks. The fruit prospects are the best for the past three years in quantity, and the quality of the apple crop in Virginia is unusually good. Grain produced satisfactory yields this year, and truck crops are on the whole good.

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

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

ITEMS	August 8, 1923	July 11, 1923	August 9, 1922
1. Total Loans and Discounts (including all rediscounts)	\$ 458,170,000	\$ 456,347,000	\$ 415,040,000*
2. Total Investments in Bonds and Securities	132,886,000	133,262,000	123,917,000
3. Total Loans and Investments	591,056,000	589,609,000	538,957,000
4. Reserve Balance with Federal Reserve Bank	33,681,000	33,873,000	34,961,000
5. Cash in Vaults	13,732,000	14,697,000	12,920,000
6. Demand Deposits	325,731,000	330,290,000	331,747,000
7. Time Deposits	151,950,000	152,994,000	140,940,000
8. Borrowed from Federal Reserve Bank	36,488,000	37,744,000	7,829,000

*Does not include Rediscounts.

Seventy-seven member banks, located in thirteen of the Fifth District's leading cities, send weekly condition reports to the Federal Reserve Bank of Richmond, the purpose of the reports being to give the Reserve Bank and the Reserve Board an indicator of credit and financial conditions and trends throughout the District. For the information of our readers, we publish in the table herewith figures showing the principal items on the reports from the seventy-seven institutions, figures being shown as of the close of business August 8 and July 11, 1923, and August 9, 1922, thus affording an opportunity for comparisons between the figures for the latest available date with those reported a month ago and a year ago.

Between July 11th and August 8th, few changes of importance are indicated. Total Loans and Discounts by the reporting banks to customers show an increase of \$1,823,000, but all other items show decreases within the month. Total Investments in Bonds and Securities dropped \$376,000, Reserve Balance with Federal Reserve Bank declined \$192,000, Cash in Vaults decreased \$965,000, Demand Deposits dropped \$4,559,000, Time Deposits declined \$1,044,000, and Borrowings from the Reserve Bank decreased \$1,256,000.

A comparison of the figures reported for August 8, 1923 with those as of August 9, 1922 indicates that credit is being used to a considerably greater degree this year than last. The amounts shown in Item 1, Total Loans and Discounts, are not comparable because of a change in the method used in computing the figure, the 1922 figure excluding rediscounts, but the increase of more than forty million dollars shown during the year is certainly greater than the volume of rediscounts outstanding a year ago. Item 8, Borrowed from Federal Reserve Bank, shows a very large increase during the year, the August 9, 1922 total of \$7,829,000 having risen to \$36,488,000 on August 8, 1923, a rise of 366.1%. Item 2, Total Investments in Bonds and Securities, increased \$8,969,000; Item 4, Reserve Balance with Federal Reserve Bank, decreased \$1,280,000; and Item 5, Cash in Vaults, increased \$812,000. Item 6, Demand Deposits, declined \$6,016,000 between August 9th last year and August 8th this year, but Item 7, Time Deposits, rose \$11,010,000 during the same period, making a net gain of \$4,994,000 in the aggregate of deposits.

SAVINGS BANK DEPOSITS

The monthly reports from fifteen mutual savings banks in Baltimore show a slight decrease in the total of deposits at the close of business July 31st in comparison with deposits at the end of June, but a large increase over deposits on July 31, 1922. The July decrease under June figures appears to be a normal development, having been noted three out of the past four years. Total deposits in the fifteen reporting banks at the end of July 1923 amounted to \$137,190,684, compared with aggregate deposits of \$127,391,229 on July 31, 1922, \$123,345,754 on July 31, 1921, and \$120,142,672 on July 31, 1920. The total deposits in the fifteen banks on July 31st this year represent an increase of 14.2% over deposits on July 31, 1920, and a gain of 7.7% within the past year.

FEDERAL RESERVE BANK OPERATIONS

A comparison of the statements of condition of the Federal Reserve Bank of Richmond as of August 15 and July 18, 1923, show practically no change in the volume of credit outstanding during the past month. An increase in the Cash Reserves of the bank from \$74,340,747.29 on July 18th to \$79,215,105.54 on August 15th, being greater than the increases made in deposit and Federal Reserve note liabilities, raised the reserve ratio of Cash to deposit and Federal Reserve note liabilities combined from 54.03% on July 18th to 56.23% on August 15th. Between the same two dates Member Bank Reserve deposits rose from \$58,123,638.03 to \$59,693,747.74; the volume of Federal Reserve Notes in Actual Circulation increased from \$78,124,250 to \$79,453,255; and Total Bills on Hand declined from \$68,949,410.48 to \$68,715,101.21, the last mentioned change being merely a daily fluctuation.

At the close of business August 16, 1922, the Cash Reserve held by the Federal Reserve Bank of Richmond amounted to \$108,289,457.14; Total Bills on Hand amounted to \$35,695,153.34; Federal Reserve Notes in Actual Circulation totaled \$79,573,080; and Member Bank Reserve Deposits amounted to \$56,374,043.45. The reserve ratio on August 16, 1922 was 78.54%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	August 8, 1923	July 11, 1923	August 9, 1922]
Asheville, N. C.....	\$ 22,630,000	\$ 19,822,000	\$ 17,618,000
Baltimore, Md.....	357,400,000	376,461,000	351,442,000
Charleston, S. C.....	25,855,000	29,338,000	23,122,000
Charleston, W. Va.....	32,182,000	35,736,000	28,731,000
Charlotte, N. C.....	31,270,000	40,945,000	27,841,000
Columbia, S. C.....	18,798,000	21,003,000	15,594,000
Cumberland, Md.....	9,125,000	8,912,000	6,782,000
Danville, Va.....	7,603,000	8,680,000	6,839,000
Durham, N. C.....	16,164,000	16,456,000	18,425,000
Greensboro, N. C.....	19,918,000	20,062,000	15,020,000
Greenville, S. C.....	17,201,000	19,164,000	14,145,000
Hagerstown, Md.....	9,350,000	11,127,000	7,353,000
Huntington, W. Va.....	24,266,000	24,493,000	18,413,000
Lynchburg, Va.....	17,273,000	21,707,000	14,348,000
Newport News, Va.....	6,995,000	7,044,000	6,463,000
Norfolk, Va.....	61,177,000	62,638,000	57,600,000
Raleigh, N. C.....	27,345,000	28,753,000	20,000,000
Richmond, Va.....	104,368,000	119,064,000	96,097,000
Roanoke, Va.....	22,141,000	22,762,000	19,204,000
Spartanburg, S. C.....	8,725,000	10,567,000	7,293,000
Washington, D. C.....	167,392,000	194,019,000	159,239,000
Wilmington, N. C.....	15,823,000	17,907,000	16,820,000
Winston-Salem, N. C.....	29,319,000	30,857,000	21,345,000
Totals for 23 cities.....	\$ 1,052,320,000	\$ 1,147,517,000	\$ 969,734,000

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 four weeks ending August 8, 1923, July 11, 1923, and August 9, 1922 being included for comparative purposes.

Debits in the twenty-three reporting cities aggregated \$1,052,320,000 during the four weeks ending August 8, 1923, compared with a total of \$1,147,517,000 during the four weeks ending July 11, 1923, a decrease during the more recent period of \$95,197,000, or 8.3%. This decline is seasonal, since the period ending July 11th contained the large volume of quarterly and semi-annual payments that fall due at the turn of the year, while the August 8th period contained only the normal volume of monthly transactions. All of the reporting cities show the usual decrease during the month except Asheville, N. C. and Cumberland, Md., in which small increases were reported.

The four weeks ending August 8, 1923, with total debits amounting to \$1,052,320,000, shows a substantial increase over the corresponding four weeks last year, ending August 9, 1922, during which the reporting cities had aggregate debits amounting to \$969,734,000, the gain being \$82,586,000, or 8.5%. Every reporting center shows an increase during the year except two cities in North Carolina, in which small declines were reported.

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

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 July 1923 in comparison with July 1922, each Reserve District being shown individually.

For the country as a whole, the table shows that July 1923 witnessed 1,231 bankruptcies, with total liabilities aggregating \$35,721,188, in comparison with 1,753 bankruptcies reported in July 1922, with liabilities of \$40,010,313, a decrease of 29.8% in the number of failures and a decline of 10.7% in the aggregate of liabilities involved. Eight of the twelve Reserve Districts show fewer failures this year than last, the four districts reporting more failures being the Ninth, Tenth, Eleventh and Twelfth, and seven

of the twelve districts report lower liabilities. The number of failures reported for the nation in July was less than the number reported in June, but July liabilities exceeded those in June.

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1923	1922		1923	1922	
Boston, First.....	91	130	-30.0	\$ 1,644,931	\$ 2,393,565	- 31.3
New York, Second.....	298	384	-22.4	7,049,066	8,035,662	- 12.3
Philadelphia Third.....	40	86	-53.5	3,979,044	1,676,773	137.3
Cleveland, Fourth.....	91	163	-44.2	5,763,981	5,164,164	11.6
Richmond, Fifth.....	76	150	-49.3	1,301,279	2,349,539	- 44.6
Atlanta, Sixth.....	82	173	-52.6	1,743,751	2,157,713	- 19.2
Chicago, Seventh.....	136	249	-45.4	5,382,698	11,484,832	- 53.1
St. Louis, Eighth.....	47	87	-46.0	563,872	1,721,083	- 67.2
Minneapolis, Ninth.....	71	60	18.3	1,163,446	1,142,174	1.9
Kansas City, Tenth.....	66	61	8.2	2,795,103	891,386	213.6
Dallas, Eleventh.....	81	64	26.6	2,576,000	1,230,581	109.3
San Francisco, Twelfth.....	152	146	4.2	1,758,017	1,762,841	- 0.3
Totals.....	1,231	1,753	-29.8%	\$ 35,721,188	\$ 40,010,313	- 10.7%

In the Fifth District, the July record is the best for any month since November 1920 in both the number of insolvencies and the total of liabilities involved, and the percentage decreases in both number and liabilities in comparison with July 1922 are greater than in the nation as a whole. July 1923 witnessed 76 failures in the District with liabilities of \$1,301,279, compared with the July 1922 figures of 150 failures with liabilities of \$2,349,539, a decrease in number of 49.3% this year, and a decline of 44.6% in the total liabilities involved.

The average liability per failure in July 1923 was \$17,122 in the Fifth District and \$29,018 in the nation as a whole, compared with average liabilities in July 1922 of \$15,664 in the Fifth District and \$22, 824 in the nation.

LABOR—Reports on the labor situation in the Fifth District during July and early August are conflicting, some localities having all the labor needed while others report more or less serious shortages. Generally speaking, the demand for and the supply of labor are fairly well balanced in the larger cities, the shortages existing chiefly in the rural communities and small cities and towns. All sections agree, however, in reporting sufficient demand to provide for those who want to work. In the cities skilled workmen are still in great demand, but the supply of common labor appears to be adequate, the calls for this class of workmen apparently having passed the peak of three months ago. All mechanics in the building trades are employed, but the recent decline in new projects has eased the demand for workmen and it is no longer necessary for contractors to bid against each other for workmen. Many saw mills have been closed because of the difficulty of securing labor to work in the woods and at wages that the operators can afford to pay. Farmers are handicapped in gathering their crops by insufficient labor, especially planters who raise vegetables for the canning factories. The movement of colored labor to Northern industrial centers continues in practically undiminished numbers.

COAL—The United States Geological Survey, in its weekly report on coal production dated August 4, 1923, states that soft coal production increased gradually during July, reaching a total of 10,789,000 net tons during the week ending July 28th. Production during the first 177 working days of 1923 was 314,404,000 net tons, a greater output than during the corresponding periods of the preceding four years. The Survey's report further states that "returns received recently from a selected list of about 5,000 consumers of soft coal indicate that the total quantity held in storage piles on July 1, 1923 was approximately 45,000,000 net tons. This was an increase over the revised figure of stocks on June 1st of 3,000,000 tons. A factor responsible for part of the increase was an appreciable decrease in the rate of consumption during June."

Production of anthracite continued through July at a high rate, in excess of 2,000,000 tons per week. The estimated total output during the week ended July 28th was 2,080,000 net tons. Cumulative production during the calendar year to August 1st stands at 58,885,000 net tons, an increase over the strike period in 1922 of 35,450,000 tons. The total output during 1923 exceeds that in recent preceding years and compares favorably with the output during the war years.

At the present writing the outlook for continued operations in the bituminous districts appears good but the situation in the anthracite field is problematical. Serious differences of opinion have arisen between anthracite mine operators and labor union officials, and it remains to be seen whether or not these differences can be reconciled. The apparent certainty of an adequate supply of soft coal robs the threatened anthracite strike of many of its terrors, however.

Retail prices of coal continue firm at the levels fixed in April, but dealers will not guarantee the present scale beyond September 1st, advances to consumers being expected at that time. Local yards are well stocked, and dealers are exerting themselves to persuade householders to stock their cellars before cold weather.

TEXTILES—A lack of forward orders has caused some curtailment in running time in some of the Fifth District Textile mills since our last month's *Review* was written, but this does not apply to all plants. None of them are receiving many new orders, but many of them continue to run full time on orders previously placed with them. Opinions differ considerably as to prospects for early improvement in the textile field, some operators professing to believe that the autumn will bring them all the business they can take care of, while others fear that the public will not absorb a full output woven from high priced cotton. For a long pull, however, the outlook for Southern mills appears good, as is evidenced by the investments New England capitalists are making in Southern mills. During the past month two of South Carolina's largest mills have been purchased by Boston interests, and three other smaller plants have also been acquired by Northern operators. All of these mills were sold at very satisfactory figures to the stockholders who relinquished control. Labor for textile work is plentiful and operatives appear to be well contented with present wage scales, housing facilities, hours of work, etc. Many mills continue to improve their villages, installing running water in the dwellings, putting in bath-rooms, grading streets and paving walks, and building churches, schools and community centers.

COTTON—In our July 31st *Review*, we traced the course of spot cotton prices in the Carolinas down through the week ending July 14th, at which time the market stood at 26.43 cents per pound for middling short staple. From that date the trend of the market was downward for three weeks, the average for the week ending July 21st declining to 25.75 cents per pound, that for the week ending July 28th falling to 23.07 cents, and the average for the week ending August 4th dropping to 22.25 cents, the lowest weekly average since October 14th last year. The steady decline was probably based on optimistic reports on the growing crop that private parties announced during the latter part of July, practically all of the private condition reports giving higher figures than the official figures as of June 25th. The Department of Agriculture's condition report on August 1st, reporting as of July 25th, was distinctly bullish, however, showing a deterioration of over two and a half points during July, and the market turned upward sharply, the average for the week ending August 11th reaching 23.44 cents. Since August 11th the trend has continued upward, due chiefly to unfavorable weather maps for the southwestern cotton states and to some tendencies toward a better demand in the cotton goods trade, but accurate figures showing the extent of the rise are not yet available. The July cotton consumption report, issued by the Census Bureau on August 18th, was about in line with expectations, and had practically no influence on the market.

The Department of Agriculture's report on the July 25th condition of the cotton crop was issued on August 1st, and proved to be distinctly bullish. The trade had apparently been expecting a condition of at least 70%, but the official report gave 67.2% as the figure, a decline of 2.7% during the month, which caused a flurry of covering in the market and drove prices up about a cent and a half a pound. Most of this gain the market has held. Based on a condition of 67.2%, the Department of Agriculture's forecast of production this year was 11,516,000 bales, but the final outturn may be larger or smaller than this amount, according as conditions develop favorably or unfavorably during the remainder of the season. On the whole, developments during the first half of August were unfavorable, but the most critical period in cotton growth will probably be between the middle of August and the end of September, that being the period of boll weevil migration into new fields. At that time even the poisoned fields may be more or less seriously invaded by the weevils from unpoisoned farms. The July 25th condition of the crop in Virginia was 88% of a normal, in North Carolina the condition was 82%, and in South Carolina 64%, these figures indicating a gain of 2% during July in North Carolina, unchanged conditions in South Carolina, and a loss of 2% in Virginia.

The cotton consumption report covering July 1923, issued on August 18th by the Census Bureau, showed a considerable decline under June figures but a slight increase over the July 1922 consumption. Total consumption during July 1923 was 461,575 bales, compared with 542,166 bales consumed in June 1923 and 458,002 bales used in July 1922. Statistics for the cotton growing states show a July consumption of 308,181 bales, compared with 304,936 bales used in July 1922. Cotton on hand in consuming establishments on July 31st aggregated 1,089,230 bales compared with 1,345,066 bales on the same date last year, and cotton in public storage and at compresses July 31st totaled 938,689 bales compared with 1,488,165 bales a year previously. Imports of cotton during July totaled 6,356 bales, while 171,469 bales were exported.

The annual report of the Secretary of the New Orleans Cotton Exchange, generally regarded as an authority on cotton statistics, estimated the carry-over of American cotton into the new cotton year beginning August 1st at 2,573,000 bales against a carry-over on August 1st 1922 of 4,879,000 bales, the

carry-over this year being the smallest on record since production of cotton in the South reached an important figure.

TOBACCO—The South Carolina independent tobacco warehouses opened on August 1st, and a steady stream of tobacco has been flowing to them and to the Co-operative Association warehouses which had opened two weeks earlier. The South Carolina crop is estimated at 63,000,000 pounds, compared with 57,000,000 pounds grown in 1922. Prices being paid for this year's crop are considerably higher than last year's prices on the lower grades, and are up to last year's level on the better grades. The Co-operative Association has been making higher initial advances on receipts than last year. Most of the crop has been harvested in fair to good condition. The Agricultural Statistician of the North Carolina Co-operative Crop Reporting Service states that the tobacco crop in North Carolina averages 86 percent. Rains late in July helped the crop considerably. Harvesting and curing is in full swing and markets have opened in the south coastal belt. Prices are reported satisfactory. A yield of 350,000,000 pounds is expected in the state. In Virginia the condition of the crop is below the condition in the Carolinas, due to lack of moisture during the planting and much of the growing season. On August 1st the forecast for this year's production was 97,946,000 pounds, but during the first half of August good seasons have brought the crop out materially, and the outlook is considerably better than it was at the end of July. The chief trouble now is due to poor stands in the fields.

Leaf dealers report that trade conditions in the tobacco industry are very good, with manufacturers showing a decided interest in adding to their floor purchases of the 1922 crop by buying from leaf dealers. One of the largest dealers in this District writes that the amount of tobacco in the hands of dealers this summer is comparatively small.

AGRICULTURAL NOTES—The Agricultural Statistician of the Virginia Crop Reporting Service reports that rains late in July and early in August greatly improved the state's agricultural prospects. The corn crop is now quite promising, and except for very early fields the yield will probably be better than the average. A large part of the crop was beginning to ear out, so the rains came at the time when there was the greatest need for an abundant supply of moisture. In the Eastern and Southern districts considerable crimson clover will now be sown in the corn fields. Threshing reports indicate that the yield of wheat was better than had been expected, in many sections of the Northern and Central districts the crop turning out unusually well, both as to quantity and quality. Apples are very clean, and are free from disease and insect injury, and recent rains insure fruit of normal size. The season has been favorable for peanuts and the crop is very promising, but the acreage is smaller than last year. The early hay crop was one of the poorest ever made in Virginia, the growth in some fields being so short that the crop was not cut, but prospects for late hay crops such as cowpeas, soy beans, and millet are very good. Nearly all of the white potato crop has been marketed but because of the poor yield the number of cars shipped to July 28th was only 13,867 compared with 17,217 shipped to the same date last year. The growth of sweet potatoes is now making rapid progress.

The North Carolina corn crop averages 85 percent in condition, forecasting a slightly larger crop this year than last, the acreage being the same for both years. North Carolina's wheat yield was more than eleven bushels per acre, indicating a total production of 6,633,000 bushels. The quality is unusually good, averaging 92 percent of what might be expected under extra good conditions. The average price for wheat in North Carolina is reported to be about \$1.20 a bushel, and crop reporters expect an increased acreage to be planted this fall. The oat crop was unusually good this year, having a condition of 86 percent, with an average yield of 21 bushels per acre. Prospects for peaches are very poor, the average condition being only 23 percent. The apple crop suffered a rather heavy June drop, but July conditions were more favorable. The crop is estimated to average only 33 percent of normal. Watermelons and canteloupes average 72 percent of a full crop; tomatoes average 80 percent; cabbage 79 percent; onions 85 percent; sweet potatoes 81 percent; and late Irish potatoes 77 percent. Most of the early truck crops suffered from either unfavorable spring seasons or dry summer weather, especially in the Piedmont or central counties.

South Carolina's corn crop is more promising than a month ago. Rains have been quite general within the past few weeks. The August 1st condition was 74 percent of normal, forecasting a production of 30,000,000 bushels compared with 26,000,000 bushels produced in 1922. The condition is best in the eastern counties. The outlook for sweet potatoes is better than on July 1st, the official forecast for this year's crop being 8,422,000 bushels. The acreage is 5 percent less this year than last, the reduction being confined almost exclusively to commercial growers. The condition of cowpeas, velvet beans, soy beans and peanuts shows marked improvement since the rains of late July.

BUILDING OPERATIONS FOR THE MONTHS OF JULY, 1923 AND 1922

In view of present high costs of building construction and a natural slackening in new work at this season of the year, the record of building permits issued in July in twenty-four of the leading cities of the Fifth District was very satisfactory. Reports from building inspectors show a total of 1,853 permits

issued in July 1923 for new work, valued at \$10,806,729, compared with 1,826 permits for new construction in July 1922, valued at \$14,983,362. Repair and alteration permits totaled 2,177 in July this year, with estimated valuation of \$2,142,371, compared with 2,171 permits, valued at \$1,385,349, for similar work during the corresponding month last year. The increase in permits for new work this year, coupled with the decrease in valuation, indicates that the postponement in contemplated construction work is confined chiefly to the erection of business buildings and other large projects. The reports from building inspectors state that residence construction and garage building make up most of the new work, many of the permits providing for the erection of several structures. In Richmond, for example, the 117 permits for new work issued during July provides for 168 buildings, of which 113 are either residences or garages. Asheville, N. C., reports a permit for a \$500,000 hotel, and Baltimore reports a \$1,124,000 school building.

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.....	497	499	948	1,098	\$ 3,941,240	\$ 3,530,240	\$ 855,360	\$ 143,120	\$ 1,123,240	30.6%	1
2	Cumberland.....	24	27	17	11	67,781	72,463	9,442	11,675	6,915	8.2	2
3	Frederick.....	7	6	8	4	22,075	1,190	7,460	15,250	13,095	79.7	3
VIRGINIA												
4	Lynchburg.....	20	19	23	31	31,740	75,717	77,510	20,696	12,837	13.3	4
5	Norfolk.....	102	84	79	52	229,365	194,985	37,082	52,508	18,954	7.7	5
6	Richmond.....	117	93	96	85	624,767	374,842	210,471	162,718	297,678	55.4	6
7	Roanoke.....	91	102	53	25	172,860	237,959	23,750	4,614	45,963	18.9	7
WEST VIRGINIA												
8	Bluefield.....	47	14	5	0	128,125	92,100	2,150	0	38,175	41.4	8
9	Charleston.....	74	68	25	25	325,834	106,165	52,390	118,260	153,799	68.5	9
10	Clarksburg.....	43	26	19	8	95,215	105,765	17,585	12,005	4,970	4.2	10
11	Huntington.....	150	108	26	25	400,760	400,122	14,065	32,000	17,297	4.0	11
12	Parkersburg.....	*31		*10		75,000	100,000	50,000	25,000	0	0	12
NORTH CAROLINA												
13	Asheville.....	55	48	59	62	720,378	165,650	100,000	24,856	629,872	330.6	13
14	Charlotte.....	53	40	14	19	694,900	1,435,235	19,100	97,995	819,230	53.4	14
15	Durham.....	28	29	10	4	109,550	101,350	13,150	9,700	11,650	10.5	15
16	Greensboro.....	90	35	27	23	217,334	157,325	18,490	16,558	61,941	35.6	16
17	High Point.....	55	34	11	11	109,025	150,625	9,325	5,150	37,425	24.0	17
18	Wilmington.....	15	13	4	4	112,000	51,500	4,700	3,900	61,300	110.6	18
19	Winston-Salem.....	57	61	75	69	262,860	283,603	16,960	27,185	30,968	10.0	19
SOUTH CAROLINA												
20	Charleston.....	5	27	11	27	81,175	1,140,855	19,045	20,145	1,060,780	91.4	20
21	Columbia.....	19	23	73	67	56,350	41,150	34,920	23,403	26,717	41.4	21
22	Greenville.....	22	27	20	11	129,175	146,835	39,090	22,595	1,165	0.7	22
23	Spartanburg.....	25	15	43	21	11,260	9,735	8,290	7,210	2,605	15.4	23
DIST. OF COLUMBIA												
24	Washington.....	257	428	531	489	2,187,960	6,007,951	502,036	528,806	3,846,761	58.8	24
Totals.....		1,853	1,826	2,177	2,171	\$10,806,729	\$14,983,362	\$2,142,371	\$1,385,349	\$-3,419,611	- 20.9%	

*Not included in totals. — Denotes decrease this year.

The building permits reported each month by the city authorities do not cover nearly all the construction work going on in the several localities, activity in the suburbs being very marked. The general use of automobiles is tending to spread the cities over the surrounding country, and little villages are rapidly springing up near the incorporate limits of most of our cities. Real estate agencies are actively promoting suburban developments, and are building and selling many small dwellings on monthly payment plans. In spite of the large number of residences that have been built this year, however, the firmness of rents proves that the shortage of dwellings and apartments still exists, though to a less degree than two or three years ago. Rents appear to be practically stationary at present over most of the Fifth District.

FIGURES ON RETAIL TRADE

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

July is one of the poorest months in the year in retail trade circles, but the dullness was less marked this year than usual. Customers were either more willing to buy than during the corresponding month last year, or the merchants made an extra effort to stimulate business. Probably both factors functioned during the month. The reporting department stores show an increase of 10.8% in July 1923 business in

comparison with July 1922, every group for which an individual average is calculated showing a gain this year. Special sales and store expansion accounts for the extraordinary increase shown in Richmond. Stocks on hand at the end of July were 10.7% greater, measured by selling price, than stocks on hand July 31, 1922, but were 2.3% less than stocks on hand a month ago, June 30, 1923. The percentage of stock on hand at the end of July to average sales during that month was 508.2%, indicating about the usual rate of turnover at this season. Outstanding orders for merchandise on July 31st amounted to 9.7% of total purchases during 1922. Collections are said to be about normal by the reporting stores.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during July, 1923, compared with July, 1922.....	7.3	51.4	4.1	11.6	10.8
Percentage increase in net sales from July 1, through July 31, compared with sales during the same month of 1922.....	7.3	51.4	4.1	11.6	10.8
Percentage increase in net sales during July 1923, compared with average sales during the corresponding month of 1920, 1921 and 1922.....	— 4.1	41.4	— 2.5	— 5.3	1.4
Percentage increase in stocks on hand at the end of July, 1923, over stocks on hand at the end of July, 1922.....	10.3	28.8	8.4	7.8	10.7
Percentage increase in stocks on hand at the end of July, 1923, over stocks on hand at the end of June, 1923.....	— 1.9	2.0	— 3.6	— 3.0	— 2.3
Percentage of average stocks on hand at the end of each month since July 1, to average net sales each month during the same period, one month.....	543.2	365.2	502.4	572.9	508.2
Percentage of outstanding orders at the end of July, 1923, to total purchases of merchandise during the year 1922.....	7.7	13.9	10.0	12.9	9.7

—Denotes Decrease.

With labor fully employed and agricultural prospects at least fair, merchants are optimistic and are confidently expecting a good volume of fall trade. Buyers are cautious and discriminating, but they are willing and able to purchase the merchandise they really want, and the merchants who offer sound values apparently have little to fear from the customers. Competition in retail trade is keen and much advertising is being done, but there appears to be plenty of business for all well managed stores.

WHOLESALE TRADE

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

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	45	15	15	17	7	13
Net sales (selling price) during July, 1923, compared with June, 1923.....	1.0	5.3	—19.4	— 6.6	— 1.4	—11.7
Net sales (selling price) during July, 1923, compared with July, 1922.....	14.5	11.3	—10.4	12.9	11.0	33.5

—Denotes decrease.

We received wholesale trade reports covering July from 45 grocery firms, 15 dry goods houses, 15 shoe jobbers, 17 hardware jobbers, 7 furniture manufacturers, and 13 drug firms, a total of 112 firms. Business done in July by the reporting firms, measured in dollars, showed gains of 1.0% for groceries and 5.3% for dry goods in comparison with business done in June, but showed declines of 19.4% for shoes, 6.6% for hardware, 1.4% for furniture, and 11.7% for drugs. In comparison with July last year,

the corresponding month this year shows gains in every line except shoes, in which a decline of 10.4% was reported. The gains amounted to 14.5% for groceries, 11.3% for dry goods, 12.9% for hardware, 11.0% for furniture, and 33.5% for drugs. On the whole, July business was not unsatisfactory, and wholesalers are moderately optimistic on future prospects.

Collections continued to show the usual seasonal dullness during July. One hundred and thirteen firms classified their collections during the month as *Good*, *Fair*, *Slow* or *Poor*, and of this number 85.0% reported them either *Good* or *Fair* compared with 86.3% so reporting in June. We give herewith the classifications made by the 113 firms for July, together with the classifications made in July 1922 for comparison:

<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	7	31	7	0	45
Dry Goods	2	10	3	0	15
Shoes	0	12	4	0	16
Hardware	2	12	2	1	17
Furniture	3	4	0	0	7
Drugs	6	7	0	0	13
July 1923 Totals.....	20	76	16	1	113
July 1922 Totals.....	12	82	19	2	115

(Compiled August 20, 1923)

BUSINESS CONDITIONS IN THE UNITED STATES.

Compiled by the Federal Reserve Board.

Production of basic commodities and employment at industrial establishments decreased in July and there was a further decline in wholesale prices. The distribution of goods, as indicated by railroad freight shipments, maintained record totals and the sales of merchandise, though showing the usual seasonal decline, continued to be relatively heavy.

PRODUCTION. Production in basic industries, according to the index of the Federal Reserve Board, declined 1% in July. Mill consumption of cotton, steel ingot production, and sugar meltings were considerably smaller than in June. New building operations during the month, as measured by the value of permits granted and of contracts awarded, showed more than the usual seasonal decline. Employment at industrial establishments located in various sections of the country decreased 2% during July. Manufacturers of automobile tires and cotton goods showed large reductions in number of employees. There were some further announcements of wage advances, but these were not as numerous as in the three previous months. Average weekly earnings of factory workers, due to a decrease in full time operations, were 5% less than in June. Crop forecasts of the Department of Agriculture on the basis of condition on August 1st indicated that yields of wheat and rye would be below July estimates, while larger yields of cotton, corn, oats and barley were forecast. Due to a seasonal increase in grain shipments and continued large shipments of industrial raw materials and manufactured goods, car loadings in the last week of July reached the largest total on record.

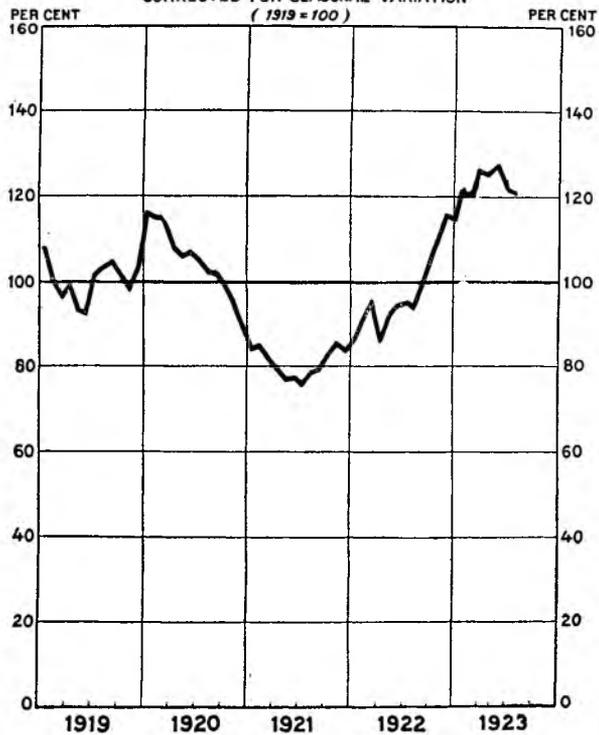
TRADE. The volume of wholesale trade was about the same in July as in June, while there was a decline in retail trade, which was largely seasonal in nature. Among the wholesale lines sales of dry goods and clothing were larger than in June, while sales of groceries, hardware, and shoes were considerably smaller. Business in all reporting lines was larger than in July 1922 and the average increase, as indicated by the Federal Reserve Board's index of wholesale trade, was 13%. Sales of department stores were 10% larger than a year ago while mail order sales showed a gain of 27%. Stocks of department stores showed a seasonal reduction during July and were smaller than in any month since January.

PRICES. Wholesale commodity prices declined during July for the third consecutive month and the index of the Bureau of Labor Statistics was 5% below the April peak. Prices of all groups of commodities, except house furnishings, were lower in July. The largest declines occurred in quotations of clothing, drugs and chemicals, farm products, and building materials. During the first half of August price changes were more moderate and quotations of cotton, spring wheat, hogs, sheep, and rubber advanced.

BANK CREDIT. Since the middle of July the volume of bank credit in use has shown a reduction, largely because of the substantial liquidation of loans on stocks and bonds at New York City banks. Between July 18th and August 15th loans of member banks in leading cities secured by stocks and bonds decreased by \$94,000,000 to the lowest point for the year, \$258,000,000 below the amount outstanding at the beginning of the year. Commercial loans, however, increased, so that the net reduction in total loans for the period amounted to \$60,000,000. Security investments declined \$73,000,000 to a new low level for the year. The volume of discounted paper held at the Federal Reserve Banks showed a slight decrease while their holdings of Acceptance and United States securities reached new low points for the year. Between the middle of July and the middle of August gold holdings of the Federal Reserve Banks increased by \$21,100,000, reflecting in part net gold imports during July of \$27,400,000. Federal Reserve Note circulation increased by about \$15,000,000 and there were also substantial increases in the volume of gold certificates and National Bank Notes in circulation. Slightly firmer tendencies in money rates during the month were reflected in a gradually increasing proportion of commercial paper sales at 5 1-4%, as compared with 5% in the previous month.

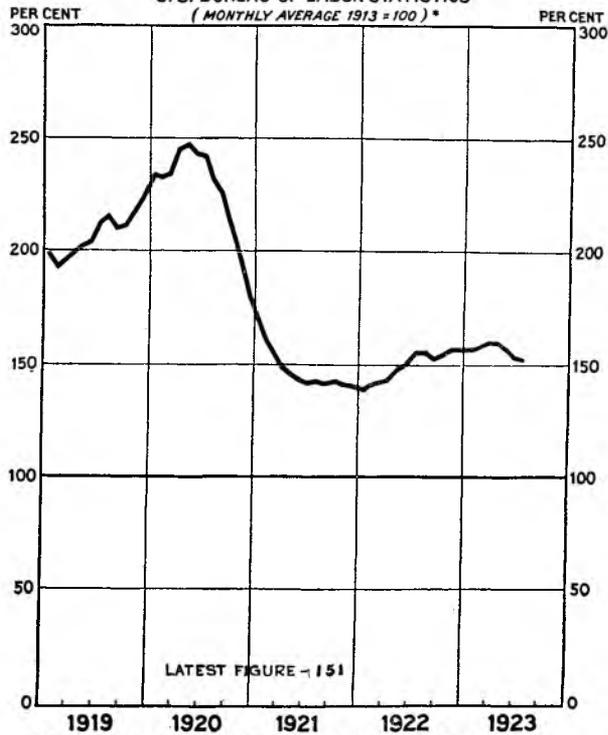
INDEX OF PRODUCTION IN BASIC INDUSTRIES

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



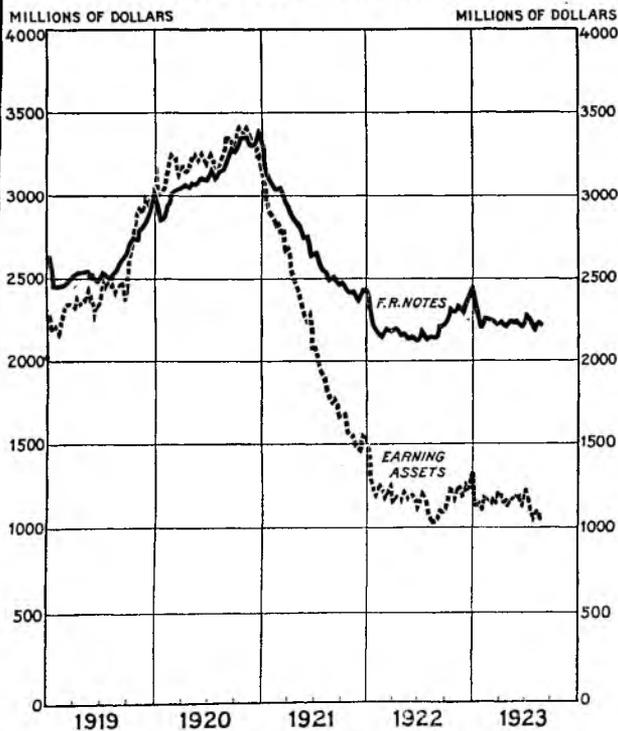
PRICES

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

