

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

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May and early June witnessed a distinct slowing down in business activity in the Fifth Federal Reserve District, but part of this was undoubtedly seasonal. The decline was somewhat greater than can be accounted for by seasonal influences alone, and was due also to unfavorable weather for crop planting and growing, to depressed conditions in the textile and coal industries, and to the nervousness which seems to exist throughout the country during a Presidential election year. In spite of the recent recession in the volume of business done, however, the available evidence seems to show that fundamental conditions are sound. Of course in the Fifth District much depends upon the year's production in agriculture, especially the production of cotton, tobacco, corn and fruit, and although the season is very late and crops are starting under a handicap, the general outlook is on the whole about up to average at this season of the year.

Reviewing certain important business indicators more in detail, reports from seventy-six regularly reporting member banks show reduced loans to their customers at the middle of June in comparison with the preceding month this year, although loans this year are somewhat greater than a year ago. The reporting banks are in much easier position at present than in June 1923, as is evidenced by increased deposits, reserves and cash in vaults, and by greatly reduced rediscounts with the Reserve Bank. The strength of the bank credit situation is further shown by an increase in the Federal Reserve Bank's cash reserves in comparison with June 1923, and a marked decline in rediscounts for member banks. On June 11th this year the ratio of cash reserves held by the Federal Reserve Bank of Richmond to combined note and deposit liabilities was 68.10% in comparison with 56.70% on June 13, 1923, and on June 14th the rediscount rate was reduced on all classes of paper from $4\frac{1}{2}\%$ to 4%. After June 15th rediscounts increased, a situation which is largely accounted for by tax payment requirements and which therefore may be temporary. Debits to individual accounts in twenty-three of the District's leading cities during the five weeks ending June 11th dropped below the totals reported for the corresponding pe-

riods of five weeks each ending May 7th this year and June 13th last year, but the percentage decrease under the 1923 period was exactly the same as the decline during the year in the Department of Labor's wholesale commodity price index. Business failures in the United States and the Fifth District were more numerous in May than in May 1923, but liabilities were lower this year in both the nation and the District. Labor is not quite so fully employed as in earlier months this year, but except in the textile and coal regions, the present unemployment appears to be due more to unfavorable weather than to any serious decline in the demand for workers. There has recently been some slight improvement in the demand for bituminous coal, but the rate of production is still abnormally low and prospects for early improvement are not bright. The textile industry continues to mark time, and restrictions in operations have spread. Cotton consumption during May was the lowest reported for any month since June 1921. Agricultural prospects are highly problematical, due to the extremely wet and cool planting season, but the farmers appear to have taken advantage of every opportunity to overcome their difficulties and the Agricultural Statisticians in the several states in the Fifth District report conditions on the whole perhaps better than might have been expected under the circumstances, with prospects for average yields fairly good. Building operations continue in large volume, the total valuation of all permits for new work issued in the Fifth District's twenty-six reporting cities during May being the second largest total on record. Retail trade, while slightly below the volume of business done in May 1923 in dollars, was above the average May business during recent years, and cumulative sales from January 1st through May 31st this year exceeded sales during the corresponding five months of 1923. Retail stocks at the end of May were slightly larger than stocks on hand a year previously, but were lower than stocks on hand at the end of April this year. Wholesale trade in May was much less favorable than retail trade, and collections were considerably below normal.

The National Summary will be found on pages 11 and 12.

CONDITION OF SEVENTY-SIX REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 11, 1924	May 7, 1924	June 13, 1923
1. Total Loans and Discounts (including all rediscounts)	\$ 467,724,000	\$ 471,524,000	\$ 455,621,000
2. Total Investments in Bonds and Securities	113,972,000	118,768,000	131,103,000
3. Total Loans and Investments.....	581,696,000	590,292,000	586,724,000
4. Reserve Balance with Federal Reserve Bank.....	34,942,000	34,819,000	33,779,000
5. Cash in Vaults.....	14,205,000	12,947,000	13,910,000
6. Demand Deposits.....	335,805,000	325,816,000	324,356,000
7. Time Deposits.....	167,305,000	165,018,000	154,878,000
8. Borrowed from Federal Reserve Bank.....	16,449,000	29,716,000	35,993,000

The accompanying table shows the principal items of condition reported by seventy-six identical member banks as of three dates, June 11, 1924, May 7, 1924 and June 13, 1923, thus affording an opportunity for comparing the totals reported for the latest date with those reported for the preceding month this year and on the corresponding date a year ago. In comparing the June 11, 1924 figures with those previously reported it should be understood that the figures show conditions existing on the report dates only, and do not necessarily indicate that there were steady flows in the same directions during the entire period used in the comparison.

During the month between May 7th and June 11th, both this year, the marketing of this season's truck crops was practically finished, and demands from other agricultural sections also lessened as fertilizer purchases were made and crops planted. As a result of this decreased demand for funds and credit in the farming sections of the District, the city banks have had a considerable volume of their loans to customers paid off, their deposits have materially increased as correspondent banks have built up their deposits with receipts from their trucking customers, and in turn the city banks have reduced their rediscounts at the Reserve Bank. A study of the figures reported as of June 11th and May 7th shows a decline in outstanding loans to customers during the five weeks from \$471,524,000 to \$467,724,000; total investments in bonds and securities declined from \$118,768,000 to \$113,972,000; and rediscounts at the Reserve Bank declined from \$29,716,000 to \$16,449,000. During the same period, the reserve balances carried by the reporting banks with the Reserve Bank increased from \$34,819,000 to \$34,942,000; cash in vaults increased from \$12,947,000 to \$14,205,000; demand deposits increased from \$325,816,000 to \$335,805,000; and time deposits increased from \$165,018,000 to \$167,305,000.

A comparison of the June 11, 1924 figures with those shown in the table for June 13, 1923 indicates that the reporting banks are in much easier position at this time than they were a year ago. On June 11th this year outstanding loans to customers totaled \$467,724,000 in comparison with \$455,621,000 on June 13th last year, an increase this year of \$12,103,000, and increases are also shown in practically all the other items that represent assets. Reserve balances carried with the Federal Reserve Bank rose during the year from \$33,779,000 to \$34,942,000; cash in vaults increased from \$13,910,000 to \$14,205,000; demand deposits rose from \$324,356,000 to \$335,805,000; and time deposits increased from \$154,878,000 to \$167,305,000. At the same time rediscounts with the Reserve Bank declined from \$35,993,000 on June 13th last year to \$16,449,000 on June 11th this year. The only decrease in assets shown in the table is in the item representing total investments in bonds and securities, which declined during the year from \$131,103,000 to \$113,972,000.

FEDERAL RESERVE BANK OPERATIONS

Between May 14, 1924 and June 11, 1924, rediscounts for member banks held by the Federal Reserve Bank of Richmond declined from \$57,518,000 to \$45,555,000; the volume of Federal Reserve notes in actual circulation decreased from \$76,226,000 to \$73,548,000; and member bank reserve deposits dropped from \$61,899,000 to \$59,934,000. Between the same two dates the cash reserves held by the Federal Reserve Bank of Richmond rose from \$85,194,000 to \$93,544,000, which taken together with the reductions in members' reserves and note circulation, mentioned above, raised the ratio of cash reserves to combined note and deposit liabilities from 60.57% on May 14th to 68.01% on June 11th. Effective June 14th, the discount rate on all classes of paper was reduced from 4½% to 4%.

On June 13, 1923, the volume of rediscounts for members held by the Federal Reserve Bank of Richmond amounted to \$64,539,000 compared with \$45,555,000 this year, but a year ago cash reserves amounted to only \$77,870,000 in comparison with \$93,544,000 on June 11th this year, and Federal Reserve notes in actual circulation on the 1923 date amounted to \$78,223,000 compared with \$73,548,000 on the 1924 date. Reserve deposits of member banks rose during the year from \$58,430,000 to \$59,934,000. As a result of the variations in the several items, the ratio of cash reserves to combined note and deposit liabilities rose from 56.70% on June 13, 1923 to 68.01% on June 11, 1924.

SAVINGS BANK DEPOSITS

There was a slight decrease in total deposits in the fifteen regularly reporting mutual savings banks in Baltimore during the month of May, but at the end of that month the total was greater than at any other period on record except April 30th this year. At the close of business May 31, 1924, aggregate deposits in the fifteen banks amounted to \$142,614,544, compared with deposits of \$136,862,765 on May 31, 1923, \$127,078,213 on May 31, 1922, \$124,301,364 on May 31, 1921, and \$120,875,136 on May 31, 1920. Between May 31, 1923 and May 31, 1924 deposits in the reporting banks increased 4.2% and between the 1920 and the 1924 dates the increase was 18%.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FIVE WEEKS ENDING		
	June 11, 1924	May 7, 1924	June 13, 1923
Asheville, N. C.....	\$ 27,614,000	\$ 27,958,000	\$ 23,486,000
Baltimore, Md.....	397,565,000	419,976,000	437,000,000
Charleston, S. C.....	30,047,000	34,820,000	31,333,000
Charleston, W. Va.....	38,706,000	40,392,000	45,056,000
Charlotte, N. C.....	44,953,000	50,728,000	45,399,000
Columbia, S. C.....	21,061,000	24,654,000	25,168,000
Cumberland, Md.....	10,266,000	10,817,000	10,348,000
Danville, Va.....	8,876,000	9,232,000	9,184,000
Durham, N. C.....	20,987,000	21,290,000	21,387,000
Greensboro, N. C.....	24,575,000	26,734,000	22,901,000
Greenville, S. C.....	22,013,000	24,185,000	23,918,000
Hagerstown, Md.....	10,669,000	12,805,000	12,582,000
Huntington, W. Va.....	27,932,000	31,278,000	31,461,000
Lynchburg, Va.....	21,212,000	22,105,000	22,498,000
Newport News, Va.....	7,286,000	7,584,000	7,819,000
Norfolk, Va.....	74,633,000	79,549,000	77,962,000
Raleigh, N. C.....	30,352,000	38,449,000	34,550,000
Richmond, Va.....	130,525,000	139,189,000	135,197,000
Roanoke, Va.....	27,761,000	27,488,000	28,361,000
Spartanburg, S. C.....	16,468,000	16,189,000	11,859,000
Washington, D. C.....	227,727,000	237,674,000	242,662,000
Wilmington, N. C.....	21,064,000	25,639,000	20,771,000
Winston-Salem, N. C.....	33,906,000	36,192,000	33,642,000
Totals for 23 cities.....	\$ 1,276,198,000	\$ 1,364,927,000	\$ 1,354,544,000

The accompanying table shows total debits in the clearing house banks in twenty-three of the chief trade centers of the Fifth Reserve District during three periods of five weeks each, ending June 11, 1924, May 7, 1924 and June 13, 1923, thus affording an opportunity for comparing the latest five weeks period with (1) the preceding like period this year, and (2) the corresponding period last year. The debits figures include all checks drawn on deposit accounts of individuals, firms and corporations, and the United States Government, including checks against savings accounts, payments from trust funds and certificates of deposit paid.

Total debits in the twenty-three reporting cities during the five weeks ending June 11, 1924, amounted to \$1,276,198,000, compared with \$1,364,927,000 reported for the five weeks ending May 7, a decline of \$88,729,000, or 6.5%, during the more recent period. The period following the Easter season usually witnesses a shrinkage in debits totals, and the Memorial Day holiday also enters in, but the decline in the volume of payments was greater this year than in recent years and indicates a more marked recession in the volume of business done since May 7th than the expected seasonal dullness alone would account for. Twenty-one of the twenty-three centers reported lower totals for the five weeks ending June 11th than for the like period ending May 7th, Roanoke, Va. and Spartanburg, S. C. showing the only increases during the later five weeks.

In comparison with debits amounting to \$1,354,544,000 reported by the twenty-three cities during the five weeks ending June 13, 1923, the \$1,276,198,000 reported for the five weeks ending June 11, 1924 shows a decline of \$78,346,000, or 5.8%, but this is less than the drop recorded under the total for the preceding five weeks this year. According to the Department of Labor's wholesale price index, calculated on 404 commodities, average prices are now approximately 5.8% lower than a year ago, and therefore it does not appear that the decline in volume of business within the year has been as large as the decrease in debits. Eighteen of the twenty-three cities show lower figures this year than last, the five cities reporting increased totals being Asheville, N. C., Greensboro, N. C., Spartanburg, S. C., Wilmington, N. C., and Winston-Salem, N. C., Spartanburg leading with an increase of 38.9%.

**BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS
MAY, 1924 AND 1923.**

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1924	1923		1924	1923	
Boston, First.....	136	130	4.6	\$ 1,863,187	\$ 2,042,698	— 8.8%
New York, Second.....	392	303	29.4	9,019,248	7,004,657	28.8
Philadelphia, Third.....	55	79	— 30.4	1,283,641	1,814,176	— 29.2
Cleveland, Fourth.....	147	128	14.8	4,514,298	7,754,229	— 41.8
Richmond, Fifth.....	126	119	5.9	3,682,106	4,318,872	— 14.7
Atlanta, Sixth.....	113	101	11.9	1,717,606	1,960,346	— 12.4
Chicago, Seventh.....	236	229	3.1	5,369,806	4,677,843	14.8
St. Louis, Eighth.....	62	63	— 1.6	174,163	760,293	— 77.1
Minneapolis, Ninth.....	104	77	35.1	3,254,555	3,976,970	— 18.2
Kansas City, Tenth.....	172	54	218.5	2,528,904	1,084,360	133.2
Dallas, Eleventh.....	58	78	— 25.6	720,652	3,779,959	— 80.9
San Francisco, Twelfth.....	215	169	27.2	2,462,739	1,847,874	33.3
Totals.....	1,816	1,530	18.7%	\$ 36,590,905	\$ 41,022,277	— 10.8%

Dun's Review for June 7, 1924, commenting on business failures in the United States during May in comparison with April and with May in previous years, says: "Despite a further contraction of business activity, the number of failures in the United States during May rose only a little more than 6 per cent, while liabilities decreased about 25 per cent. Numbering 1,816, last month's commercial defaults are 109 in excess of the April total of 1,707, whereas the \$36,590,905 of indebtedness is smaller by fully \$12,300,000 than the \$48,904,452 of the earlier month. Moreover, there is a reduction of almost 11 per cent from the \$41,022,277 of May 1923, though a numerical increase of 18.7 per cent is shown in comparison with the 1,530 failures of that period. The May liabilities are also well under those of the same month of both 1922 and 1921, and the number of defaults is much below the total of 1,960 of May 1922—the high point for the month of May. A feature of the May returns is the falling off in large failures, those for \$100,000 or more of indebtedness in each case numbering 59 and involving \$15,237,425 altogether. These figures represent decreases of 12 in number and fully \$13,800,000 in amount from the totals for April, reductions occurring in both the manufacturing and trading classes. The number of large failures in May 1923 was 51, or 8 less than was reported last month, but the liabilities of the earlier period approximated \$22,600,000, or \$7,360,000 more than in the present instance."

In the Fifth Reserve District, both the number of failures and the total of liabilities involved were greater in May than in April, the number increasing from 121 to 126 and the liabilities from \$3,351,299 to \$3,682,106. In comparison with May 1923, which showed 119 failures and total liabilities amounting to \$4,318,872, May of this year shows an increase in number of 5.9% but a decline in liabilities of 14.7%, the District figures in both number of insolvencies and total liabilities involved being better than the national figures.

Average liabilities per failure during May 1924 amounted to \$20,149 in the nation and \$29,223 in the Fifth District, compared with averages of \$26,812 in the nation and \$36,293 in the Fifth District during May 1923, the District figure being greater than the national figure in both cases.

LABOR—Unemployment has increased materially in the Fifth District within the past month, but it is impossible at this writing to judge whether the increase is more than a temporary condition. The weather in the upper half of the District has been decidedly unfavorable for outside work since the middle of May, and therefore unskilled workers employed on street, road, sewer and other kinds of construction work have been forced into idleness a considerable portion of the time. Skilled workers in the building trades have kept busy, however, there being plenty of inside work on buildings well on the way to completion to give employment to all men that have been available. In the textile centers of the Carolinas the mills have continued to operate on restricted schedules, with resulting part time work or unemployment for operatives. Many of the smaller coal mines of West Virginia are closed entirely, and a number of others are working only a few days each week or are using fewer men than when producing coal to capacity. Tobacco factories are using their normal quota of workers, the demand for tobacco products, and especially for cigarettes in which the Fifth District specializes, being fairly constant in good times and bad, but numerous less important industries have felt a slackened demand for their products and have decreased output in nearly all lines. As a result of this rather general decline in industrial activity, some of the agricultural sections have been able to secure more help for farm work, but on the whole the idle employees show little disposition to leave the towns and cities. Farm labor is scarce and wages are high in terms of prices realized for farm products, and consequently the farmers are straining every effort to work their farms with as little hired help as possible. There are no labor disturbances of importance in the Fifth District at present and with labor

plentiful to meet all demands except for farm and dairy work it does not appear that there is much prospect of trouble in the near future, but it is possible that disputes may arise in the textile industry. The mill owners in the Carolinas contend that they have been selling their output below replacement value for many months, and there has been some talk of reducing wages in an effort to get operating costs down to a profitable basis, but at a meeting of operatives held recently the workers drew up a formal statement of their side of the case, in which they very flatly stated that they would resist any attempt to reduce wages.

COAL—Bituminous coal production continues at an extremely low level, daily average production since the last week in April having been below average production during the corresponding period of any recent year except 1922, when the general strike in the industry was under way. From the middle of May the daily production has been slightly above the rate of production during late April and early May, however, and some of our correspondents state that they expect the demand to increase gradually in the near future. During the early Spring coal consumers quite generally laid in large reserves, fearing a strike on April 1st, but when no trouble materialized the consumers began using their reserves instead of placing new orders. This dependence upon previously accumulated stocks of coal naturally cut down orders to the mines, with the result that at present the industry is producing only about 1,200,000 tons daily in comparison with approximately 1,800,000 tons produced daily at the same period last year. A large number of the smaller mines have been closed down entirely for some time, and others have been running on more or less restricted schedules. Practically the only cause given by mine operators for the reduced production is lack of orders, labor and traffic conditions being satisfactory on the whole, railroad facilities being reported as particularly good in nearly all fields. The demand for anthracite coal is relatively much better than the demand for bituminous, and production has therefore held up much nearer the 1923 rate. During the winter and spring anthracite coal was not available in sufficient quantities to enable consumers to lay in large reserve stocks, and therefore orders have continued to go to the mines steadily to meet current consumptive needs.

TEXTILES—There has been no material improvement in the demand for textile products since the first of May, and curtailment of operating time by the mills has spread. Many mills are running only three or four days a week, and some even less, while a few plants have entirely stopped part of their machinery. Some of the mills have accumulated large stocks of goods, but this is not general, most of them having produced little more than enough yarn or cloth to fill current orders. Prices in some lines have been cut sharply, and are now below today's replacement costs, according to our mill correspondents, but reductions in price have had little influence on the trade and have entirely failed to stimulate any appreciable buying movement. It appears that price is a factor of minor importance in the present market, the determining factor being the size of this year's cotton crop. Jobbers and retailers in textile lines are afraid to buy goods except for immediate needs until they can secure sufficient information to enable them to estimate with some accuracy the size of the 1924 cotton crop, and for the same reason the mills hesitate to manufacture goods until orders are in hand. For the first time in several months, however, the letters received from mill executives this month contain several optimistic statements, and at least a portion of the executives profess to believe that the low point in the textile industry has been reached, and perhaps passed. Stocks in jobbers' hands are comparatively low, and any increased volume of orders from retailers would have to be passed on to the mills almost immediately.

Cotton consumed in the Fifth District during May amounted to 162,487 bales, North Carolina mills having used 86,777 bales, South Carolina mills 67,904 bales, and Virginia mills 7,806 bales. The number of bales used in each state was lower than the number consumed in April, during which month a consumption of 189,176 bales was reported. The Fifth District consumption during May amounted to 39.3% of national consumption compared with 37.2% of national consumption reported by the three Fifth District states in May 1923.

COTTON—In our May 31st *Review* we quoted spot cotton prices in the Carolinas through the week ending May 10th, the average price paid for middling during that week being 28.71 cents per pound. After that date prices fluctuated nervously as various crop, weather and consumption reports were issued by government or private agencies, the changes on the whole approximately balancing each other. During the week ending May 17th the average Carolina price for spots, middling grade, was 29.23 cents per pound, but the following week, ending May 24th, the average declined to 29.17 cents. During the week ending May 31st the average rose to 29.43 cents, but declined to 28.85 cents during the week ending June 7th and still further to an average of 28.00 cents during the week ending June 14th, the latest period for which figures are available.

On June 2nd the Department of Agriculture issued its first cotton condition report of the year, giving the average condition as 65.6% of normal on May 25th. This unusually low percentage was compared with 71% on the same date in 1923 and a ten year average of 72.8%. In the Fifth District, North Carolina's May 25, 1924 condition of 71% contrasted unfavorably with 77% a year ago and Virginia's average of 62% was far below the average of 79% on May 25th last year, but South Carolina's average of 68% this year was above the 64% reported in 1923. In commenting on the report the Department of Agriculture

said, "The season is late this year through most of the belt, though not quite so late as last year. Correspondents report that planting is about a week to ten days late, the situation being pretty general. The earlier part of the season permitted better advancement in plantings in the early stages, but the last two months have been extremely unfavorable, as the low temperatures, persistent rainfall and cold nights interfered with both the progress of the planting and the necessary field work. Chopping is from ten days to two weeks late over most of the belt. Much loss of planted seed has resulted from the cold weather and lack of sunshine, leading to replanting and to imperfect stands. Owing to shortage of good seed in many portions of the belt it was necessary in many cases to replant with gin run seed and that obtained from oil mills, so that the late plantings have a greater handicap than usual." Since the May 25th report was issued the weather over most of the belt has been somewhat more favorable, and it is probable that the crop has made some improvement. In the Fifth District the weather in the Carolinas has been better, but in Virginia excessive rains have continued down to the present writing, June 16th.

Cotton consumed in American mills during May totaled only 413,649 bales, according to the report of the Bureau of the Census released on June 14th, compared with 480,010 bales consumed in April and 620,965 bales used in May 1923. The report was unexpectedly low, and caused a sharp decline in the cotton market, but other features of the same report attracted considerable attention and the decline was not as great as the consumption figures alone might have caused. Cotton on hand in consuming establishments at the end of May amounted to 1,157,778 bales, in comparison with 1,328,273 bales on April 30, 1924 and 1,621,290 bales on May 31, 1923. Public warehouses and compresses held 1,126,711 bales on May 31st, compared with 1,512,086 bales on April 30th this year and 1,579,606 bales on May 31st last year. Imports during May totaled 16,107 bales compared with 40,436 bales in April 1924 and 23,593 bales in May 1923, while exports totaled 326,357 bales in May 1924, 320,774 bales in April 1924, and 160,368 bales in May 1923. Total exports from August 1, 1923 through May 31, 1924 amounted to 5,329,486 bales, compared with 4,480,476 bales exported during the corresponding ten months of the preceding cotton year. Cotton consumed in the cotton growing states during May numbered 289,897 bales, compared with 327,031 bales in April 1924 and 392,575 bales in May 1923. May consumption in the cotton growing states amounted to 70.1% of national consumption, compared with 68% of national consumption used in the cotton growing states during April 1924 and 63.2% used in May 1923.

AGRICULTURAL NOTES—The month of May was unfavorable for crops, being either too wet or too cool throughout the states embraced in the Fifth District, but since the early part of June there has been some improvement, especially in the lower section of the District. Virginia has suffered more from unfavorable weather than the Carolinas, almost daily rains having fallen in Virginia during all of May and the first half of June. The Carolinas also had excessive rains, but they suffered perhaps more from unseasonably cool weather, with its retarding effect upon plant development. At the present writing the Carolinas have had about two weeks of warm weather, and Virginia has enjoyed several clear, hot days in succession.

In Virginia, all farm work is reported by the Agricultural Statistician as being three or four weeks later than usual. Considerable corn planting was done during the second week in June, but not more than 75 percent of the intended acreage has been planted, and some farmers have been unable to get all their land plowed. The condition of the corn crop is rather poor, stands being bad and necessitating much replanting. Many fields are becoming grassy. Wheat in Virginia has improved considerably, and heads appear large, but rain in many sections while wheat was in bloom will probably result in poorly filled heads. Cutting has begun in the southern counties. Tobacco transplanting has progressed rapidly where farmers were able to prepare the land, and approximately 75 percent of the crop has been planted. The stand is generally very good, although there is some cut worm damage. Hay crops have made splendid growth and the condition is unusually good, but the weather has been most unfavorable for curing the early crops and considerable quantities of hay have been lost. The digging of early Irish potatoes is under way in the Norfolk section, but yields have been smaller than expected and the general condition of the crop is lower than on the first of June. Sweet potatoes are making good progress. The fruit prospects are quite promising in most

sections, and the Southwest expects the best crop for many years, but in the northern part of the state the York Imperial, the most important commercial apple, has set poorly. The weather has delayed spraying. The peach crop will be larger than usual in all sections of the state. The strawberry season is practically over, and 1,900 cars were shipped in comparison with 1,193 cars last year, but the price this year was very low and the returns to the growers were quite disappointing. The planting of peanuts has been delayed by wet weather. Generally the stand is fairly good, but growth is backward and fields are becoming grassy. The cotton crop has made very poor progress. The stand is bad, the plants are small, and fields need cultivation. Owing to unfavorable weather replanting could not be finished in time for the crop to mature, so some cotton fields will be planted in other crops. Hot, dry weather is badly needed. Virginia livestock is in good condition. Lambs are ready for market and some shipments have been made. Sheep shearing has been completed.

The Agricultural Statistician of North Carolina states that the farm outlook in his state is generally good, notwithstanding the belated season caused by cool weather and frequent rains. Tobacco is late but stands are reported as unusually good. The plants are coming out rapidly and a good crop is expected. Cotton is later than for many years, and in some sections stands are irregular and some replanting has been done. Chopping is progressing rapidly. In the southeastern counties grassiness is an important factor. The cotton acreage is larger than last year. Corn is late, but stands are generally good. The crop is grassy, especially in cotton sections where all available labor has been used in cleaning the cotton fields. Small grains average from fairly good to good. Some damage from rust is reported, but farmers in the principal wheat counties are optimistic on the whole, the expected yield of wheat being about up to average. Spring oats are unusually good, though winter oats are short. The fruit outlook is good, splendid bumper crops being reported from many sections. Early peaches are already glutting small markets. Apples are generally good, but blight is seriously affecting apples and pears. Truck is fair to good, though somewhat late. Early Irish potatoes are moving rapidly from eastern counties, 1,734 cars having been shipped prior to June 14th. The Irish potato crop is expected to be much larger than last year, when a total of 3,500 cars were shipped from North Carolina. More fertilizer has been used under all crops in North Carolina this year, and a larger proportion than usual was of high grade. Live stock is generally in good condition.

South Carolina, after getting a late start, has recently had favorable weather and crops are now making steady progress. The expected yield of wheat this year is 1,584,000 bushels. Peaches in the state will show a marked increase in production over last year, and pears and apples are in good condition. A good yield of hay is expected, the wet weather having been very favorable for clover, alfalfa, and other feed crops. The acreage in watermelons and cantaloupes is smaller than last year, but the crops are fairly good. The commercial crop of cucumbers is larger than usual but prices have been very poor. Harvesting of wheat and oats has begun and is progressing steadily, fair weather having arrived at just the right time for this work. South Carolina's cotton crop is in better condition than a year ago.

In Maryland farmers are reported as pessimistic because of excessive rains. Farm work is reported by the State Agricultural Statistician as three weeks late, with plowing and planting not more than half finished on June 1st. Insect pests are doing serious damage to fruit trees and truck crops. Wheat fields are spotty, some hardly worth cutting. Corn is very late. Hay crops are good, but fields are full of objectionable weeds, and unless fair weather comes the hay will be very difficult to cure. The condition of the rye crop was good when cut. Oats planting has been seriously delayed, but where up the crop is doing well. Tobacco planting had hardly begun on June 1st, and plants were late. A larger acreage is expected in tobacco this year. Few tomatoes have been set out, and potatoes are only partly planted. Stands of potatoes are difficult to get this year, and plants are growing slowly. Live stock is improving in condition with improvement in pastures.

West Virginia's crop prospects, compared with last year, indicate a probable sharp decrease in this year's production of wheat and oats, and considerably larger crops of rye, peaches and apples than last year, according to the June report of the Bureau of Agricultural Economics. General crop conditions in the state on June 1st were 3.7 percent above the 10-year average.

BUILDING OPERATIONS FOR THE MONTHS OF MAY, 1924 AND 1923.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1924	1923	1924	1923			
		1924	1923	1924	1923							
MARYLAND												
1	Baltimore.....	783	620	1,811	1,247	\$ 6,631,320	\$ 3,080,454	\$ 913,080	\$ 798,240	\$ 3,665,706	94.5%	1
2	Cumberland.....	65	34	19	20	143,760	93,321	23,064	23,136	50,367	43.2	2
3	Frederick.....	10	6	8	6	50,968	95,500	15,492	1,085	— 30,125	— 31.2	3
VIRGINIA												
4	Lynchburg.....	31	27	34	29	130,440	43,570	38,205	97,355	27,720	19.7	4
5	Norfolk.....	65	164	135	76	382,900	741,160	68,790	67,815	— 357,285	— 44.2	5
6	Richmond.....	187	150	115	91	1,185,284	1,162,572	178,767	134,800	66,679	5.1	6
7	Roanoke.....	104	123	61	92	304,490	362,004	16,420	28,361	— 69,455	— 17.8	7
WEST VIRGINIA												
8	Bluefield.....	35	29	13	7	594,679	102,250	38,225	29,000	501,654	382.2	8
9	Charleston.....	45	90	31	33	120,318	329,500	56,419	6,750	— 159,513	— 47.4	9
10	Clarksburg.....	55	34	31	25	354,815	163,490	11,190	10,380	192,135	110.5	10
11	Huntington.....	131	145	39	38	604,730	416,680	26,755	16,642	198,163	45.7	11
12	Parkersburg.....	*36	.....	*10	.....	38,400	150,000	5,540	75,000	— 181,060	— 80.5	12
NORTH CAROLINA												
13	Asheville.....	40	74	94	32	211,643	255,460	41,060	12,180	— 14,937	— 5.6	13
14	Charlotte.....	28	50	12	12	309,500	473,050	25,250	76,850	— 215,150	— 39.1	14
15	Durham.....	29	25	7	15	129,500	67,650	25,800	19,735	67,915	77.7	15
16	Greensboro.....	64	86	47	50	405,670	483,520	49,525	38,540	— 66,865	— 12.8	16
17	High Point.....	50	50	13	13	190,375	261,300	39,675	18,125	— 49,375	— 17.7	17
18	Raleigh.....	44	**77	12	.....	148,940	**410,855	1,200	.....	— 260,715	— 63.5	18
19	Salisbury.....	26	28	3	0	55,500	119,890	260	0	— 64,130	— 53.5	19
20	Wilmington.....	14	9	4	2	27,350	58,800	23,000	3,500	— 11,950	— 19.2	20
21	Winston-Salem.....	89	91	108	88	457,945	445,767	40,115	51,642	651	0.1	21
SOUTH CAROLINA												
22	Charleston.....	5	11	13	18	23,100	34,317	6,265	9,320	— 14,272	— 32.7	22
23	Columbia.....	15	60	358	47	64,375	169,802	59,217	10,857	— 57,067	— 31.6	23
24	Greenville.....	23	24	25	19	**116,525	68,585	.....	8,525	39,415	51.1	24
25	Spartanburg.....	27	23	29	27	137,350	59,886	6,660	11,425	72,699	101.9	25
DIST. OF COLUMBIA												
26	Washington.....	383	347	555	481	4,361,840	2,324,945	400,605	469,006	1,968,494	70.5	26
Totals.....		2,348	2,377	3,567	2,468	\$17,181,717	\$11,974,328	\$2,110,579	\$2,018,269	\$ 5,299,699	37.9%	

*Not included in totals. **Includes both new work and repairs. —Denotes decrease.

NOTE--The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments. This should be kept in mind in comparing the cities, the point being especially important in the case of the cities in the Carolinas where many millions of dollars have recently been and are still being invested in textile plants located near the reporting cities, but outside their official boundaries.

Building projects provided for by permits issued during May in twenty-six of the leading cities in the Fifth District were slightly fewer in number than in April of this year or May of last year, but May 1924 estimated valuation of the proposed work exceeded either of the previous months. Total valuation during the current month reached the second highest total on record, April 1923 being the only month reporting a higher figure. The increases this year over May 1923 figures were especially marked in the two largest cities, Baltimore and Washington, in both number of permits and total valuation.

The twenty-six reporting building inspectors sent in figures for May 1924 totaling 2,348 permits for new work, with estimated valuation of \$17,181,717, compared with 2,567 permits valued at \$16,742,524 in April 1924 and 2,377 permits valued at \$11,974,328 in May 1923. A larger number of permits for new work were reported this year in Baltimore, Cumberland and Frederick, Md., Lynchburg and Richmond, Va., Bluefield and Clarksburg, W. Va., Durham and Wilmington, N. C., Spartanburg, S. C., and Washington, D. C. Increased valuation figures this year in comparison with May last year were reported in Baltimore and Cumberland, Md., Lynchburg and Richmond, Va., Bluefield, Clarksburg, and Huntington, W. Va., Durham and Winston-Salem, N. C., Greenville and Spartanburg, S. C., and Washington, D. C. Alteration and repair permits numbered 3,567 in May 1924, with estimated valuation of \$2,110,579, compared with 2,468 permits for similar work with estimated valuation of \$2,018,269 issued in May 1923. Total valuation of both new work and alterations or repairs amounted to \$19,292,296 in May compared with \$13,992,597 during the corresponding month last year, an increase this year of \$5,299,699, or 37.9%.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Twenty-nine Representative Department Stores
for the Month of May, 1924.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during May 1924, compared with May 1923.....	— 1.7	10.6	— 4.8	— 0.8	— 1.6
Percentage increase in net sales from Jan. 1 through May 31, compared with sales during the same five months of 1923.....	1.8	10.6	4.0	0.7	3.1
Percentage increase in net sales during May 1924, compared with average sales during the corresponding month of 1920, 1921 and 1922.....	— 0.9	30.8	2.8	2.5	4.0
Percentage increase in stocks on hand at the end of May 1924, over stocks on hand at the end of May 1923.....	— 2.7	21.2	1.5	3.7	1.2
Percentage increase in stocks on hand at the end of May 1924, over stocks on hand at the end of April 1924.....	— 3.9	0.4	— 3.5	— 4.9	— 3.5
Percentage of average stocks on hand at the end of each month since Jan. 1, 1924, to average net sales each month during the same period, five months.....	389.0	392.7	414.0	558.0	415.2
Percentage of outstanding orders at the end of May 1924, to total purchases of merchandise during the year 1923.....	4.5	3.6	3.0	3.8	3.8

—Denotes Decrease.

Retail trade in the Fifth Reserve District during May, as indicated by confidential reports from twenty-nine representative department stores, was 1.6% less in dollar amount than the business done by the same stores during May 1923, but cumulative sales from January 1st through May 31st were 3.1% greater this year than during the corresponding five months last year. Further, May 1924 sales averaged 4.0% higher than May sales during the three years 1920-1922, inclusive. In mentioning the May 1924 decrease in sales under those of May 1923, it is worthy of mention that sales in May last year were more than 10% above sales in May 1922.

Stocks on hand in the twenty-nine stores, reported at selling values, were 1.2% larger on May 31st this year than a year ago, but were 3.5% smaller than stocks on hand at the end of April this year. The percentage of average stock on hand at the end of each month since January 1st this year to average net sales each month during the same period, five months, was 415.2%, almost exactly the same figure attained by the same stores during the corresponding five months last year. Outstanding orders for merchandise at the end of May, however, were far less than outstanding orders a year ago, the percentage of outstanding orders on May 31st to total purchases during the previous calendar year being 3.8% on May 31, 1924 in comparison with 6.7% on May 31, 1923.

Among the individual cities for which averages can be figured, Baltimore showed the best results during May in comparison with May 1923. Baltimore reported sales 1.7% lower this year than last in comparison with an increase of 10.6% for Richmond, but Baltimore's stocks on hand were 2.7% smaller on May 31st than on the same date last year while Richmond's stocks were 21.2% greater. The average rate of turnover during the past five months has been more rapid in Baltimore than in the other cities, and the greater feeling of optimism felt by the Baltimore merchants is reflected in a larger volume of outstanding orders for merchandise.

WHOLESALE TRADE
May 1924.

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	45	15	14	18	7	13
Percentage increase (or decrease) in net sales during May 1924, compared with sales during Apr. 1924.....	4.6	-15.5	- 4.7	- 6.4	- 7.6	- 2.0
Percentage increase (or decrease) in net sales during May 1924, compared with sales during May 1923.....	1.6	-18.9	-26.2	-14.7	8.1	0.5
Percentage increase (or decrease) in cumulative sales from Jan. 1st through May 31, 1924, compared with sales during the corresponding five months of 1923.....	3.9	-12.6	-17.4	- 4.6	11.8	0.5
Percentage increase (or decrease) in stocks on hand May 31, 1924, compared with Apr. 30, 1924.....	- 4.4(11)	- 4.3(8)	- 1.3(7)	- 1.4(5)	2.1(3)	
Percentage increase (or decrease) in stocks on hand May 31, 1924, compared with May 31, 1923.....	0.4 (7)	8.1(7)	- 6.8(6)	5.1(4)	21.6(2)	

—Denotes decreased percentage.

NOTE:—The number of firms reporting stock figures for the dates compared is shown in parenthesis immediately after the percentage figure.

The accompanying table shows percentage increases or decreases in sales made by one hundred and twelve wholesale firms in six lines during the month of May 1924, compared (1) with sales made in April 1924 and (2) with sales in May 1923. Also, increases or decreases in cumulative sales made by the reporting firms from January 1st through May 31st are compared with total sales during the corresponding five months of 1923, and finally, stocks on hand May 31st are compared with stocks on hand at the end of April this year and the end of May last year.

The table shows that all lines except groceries sold less goods, measured in dollars, during May 1924 than in April 1924, and May 1924 sales in dry goods, shoes and hardware were lower than sales in the same lines in May 1923, but grocery, furniture and drug sales were greater during the 1924 month. Cumulative sales during the five months of 1924 were greater in groceries, furniture and drugs than sales during the like period of 1923, but dry goods, shoe and hardware sales were less this year.

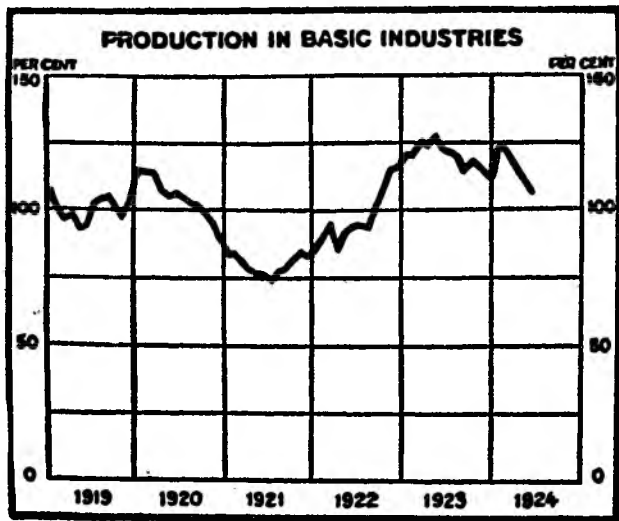
Stocks on hand at the end of May 1924 were lower in all lines reported upon except furniture than at the end of April 1924, but in comparison with stocks on hand May 31, 1923, stocks at the end of May this year were greater in groceries, dry goods, hardware and furniture.

Collections are usually comparatively slow at this season, but at present they are considerably worse than a year ago in all lines except groceries. One hundred and three firms classified their collections both this month and in May last year, and of this number only 18 reported Good and 63 Fair in comparison with 24 reporting Good and 69 Fair for May 1923. This year 20 firms reported Slow and 2 Poor, compared with 10 firms that reported Slow last year. The combined number reporting either Good or Fair was slightly above the number that reported Good or Fair in April of this year, however, thus indicating some improvement in collections during the past month. We show herewith the classifications made by the one hundred and three identical firms in both May 1924 and May 1923.

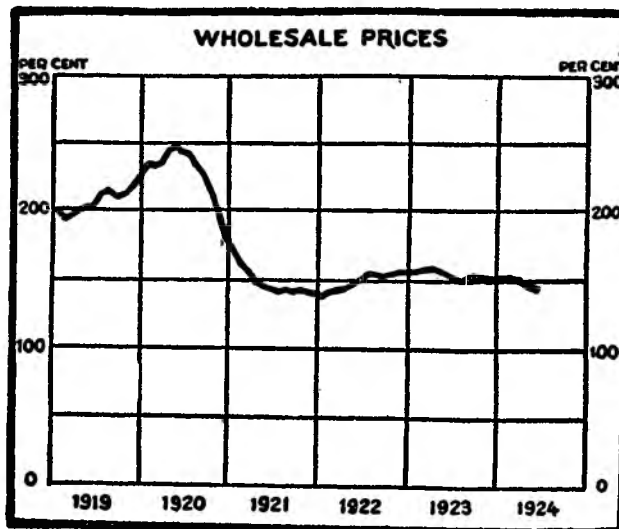
Lines	Good		Fair		Slow		Poor		Total	
	1924-1923	1923-1923	1924-1923	1923-1923	1924-1923	1923-1923	1924-1923	1923-1923	1924-1923	1923-1923
Groceries	9	9	30	28	4	6	0	0	43	43
Dry Goods.....	1	4	9	8	4	3	1	0	15	15
Shoes	0	0	9	11	3	1	0	0	12	12
Hardware	3	3	6	11	4	0	1	0	14	14
Furniture	1	2	4	5	2	0	0	0	7	7
Drugs	4	6	5	6	3	0	0	0	12	12
May Totals.....	18	24	63	69	20	10	2	0	103	103

(Compiled June 20, 1924)

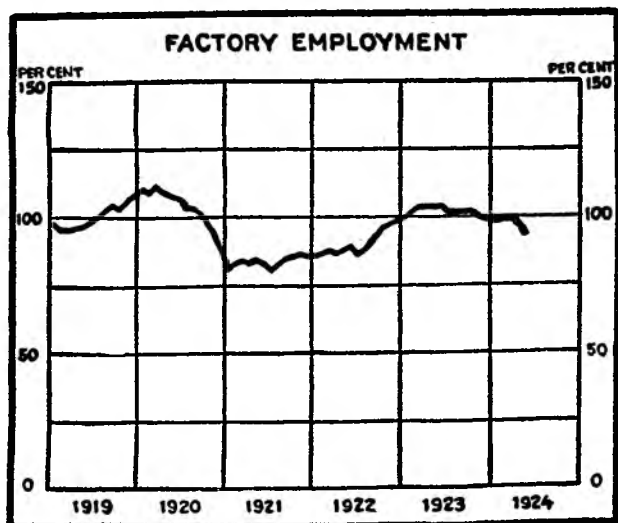
CHARTS SUPPLEMENTING TEXT ON PAGE 12



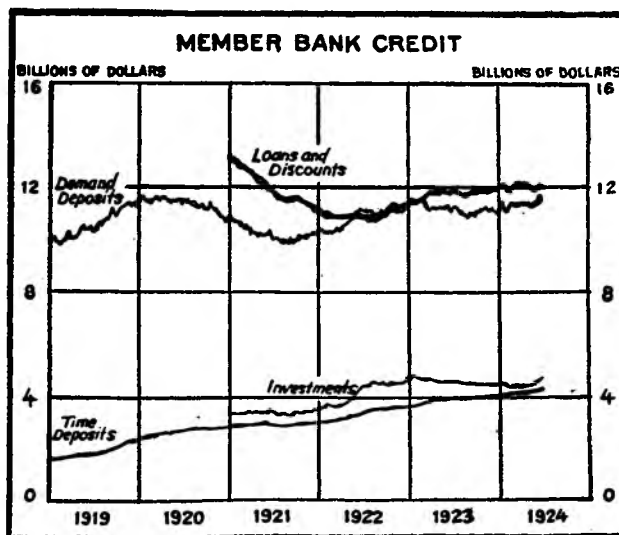
Index of 22 basic commodities corrected for seasonal variation (1919=100). Latest Figure—May 104.



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau) Latest figure —May 147.



Index of 33 manufacturing industries (1919=100). Latest figure—May 93.



Weekly figures for member banks in 101 leading cities. Latest figures—June 11th.

NOTE: The May index figure for Production, given as 104 in the note under the chart above, should be 103, revision having been made by the Federal Reserve Board after the chart was engraved.

BUSINESS CONDITIONS IN THE UNITED STATES.

Compiled by the Federal Reserve Board.

Production of basic commodities and factory employment showed unusually large declines in May and were considerably below the level of a year ago. Purchases at wholesale and retail also declined during the month and were somewhat below last year's volume. Commercial loans at member banks decreased and there was a further decline in money rates.

PRODUCTION. The Federal Reserve Board's index of production in basic industries, adjusted to allow for seasonal variations, declined about 10 percent in May to a point about 18 percent below the peak reached a year ago. Particularly marked decreases were shown for production of iron and steel and mill consumption of cotton. Output of anthracite, cement, and tobacco products, on the other hand, was slightly larger than in April. Factory employment declined 4 percent in May, the number of employees being reduced in almost all reporting industries. The largest reduction of working forces occurred in textile, metal, automobile and leather industries. The value of building contracts awarded in May was 13 percent less than the month before and for the first time since the beginning of the year fell below the corresponding month in 1923. The Department of Agriculture forecasts as of June 1st indicated smaller yields of wheat, oats and barley as compared with the harvests of 1923. The condition of the cotton crop on May 25th was 5 percent lower than a year ago and 7 percent below the average condition for the past ten years.

TRADE. Railroad shipments showed a slight increase in May, but were 8 percent smaller than a year ago, car loadings of all classes of freight, with the exception of grain and livestock, being smaller than in May 1923. Wholesale trade decreased slightly in May and was 6 percent less than in May 1923. Sales of dry goods, shoes and hardware were much smaller than a year ago, while drug sales were slightly larger. Retail trade at department stores and mail order houses declined during May more than is usual at that season and was smaller than last year. Department stock stocks were 4 percent smaller in May than in April and 3 percent larger than a year earlier.

PRICES. Wholesale prices, as measured by the index of the Bureau of Labor Statistics, declined 1 percent during May to a level about 8 percent below the high point reached in the spring of 1923. Prices of all commodity groups, with the exception of food, declined in May. During the first half of June quotations on wheat, corn, rye and silk increased, while prices of hogs, beef, cotton and lumber declined.

BANK CREDIT. Decreased demand for credit for current business requirements between the middle of May and the middle of June was reflected in a smaller volume of borrowing for commercial purposes at member banks in leading cities. Further purchases of corporate securities by these banks and larger loans on stocks and bonds, however, resulted in an increase for the month in their total loans and investments. There was an unusually large increase in net demand deposits of these banks, which carried the total of these deposits to the highest figure on record. At the Federal Reserve Banks between May 21st and June 18th there was a further decline in discounts for member banks and in acceptances purchased in the open market. Government security holdings, on the other hand, increased and total earning assets were somewhat larger than a month ago. The prevailing ease in the money market was reflected in a further decline from $4\frac{1}{4}$ to $3\frac{3}{4}$ - $3\frac{1}{2}$ percent in rates on prime commercial paper in New York. The June 15th issue of six-month Treasury Certificates bore a rate of $2\frac{3}{4}$ percent, compared with 4 percent on a similar offering last December. Discount rates at the Federal Reserve Banks of Cleveland, Richmond, Atlanta, Chicago, St. Louis and San Francisco were reduced from $4\frac{1}{2}$ to 4 percent during June, and the rates in Boston, New York and Philadelphia were reduced to $3\frac{1}{2}$ percent.