

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

JUNE 30, 1925

Conclusions on the business situation in the Fifth Reserve District at the middle of June are difficult to draw, conflicting testimony being much in evidence. In an agricultural section like the Fifth District, much depends upon crop prospects, but at the present writing these prospects are highly problematical. Early farm work was done from ten days to two weeks earlier this year than usual, but dry weather in April, cold weather and frosts in May, and hot, dry weather during the first half of June delayed seed germination and plant development to such an extent that much of the early start was lost. Fruit prospects appear considerably worse than a year ago, taking the District as a whole, the tobacco outlook is not promising, and the weevil is seriously menacing the cotton crop in South Carolina and much of North Carolina. Truck crops, especially Irish potatoes, are turning out below early indications, and the hot, dry weather has cut the early hay yield very seriously. Business failures in the

Fifth District in May exceeded failures in May, 1924 in both number and liabilities. Textile mills have begun reducing their output as forward orders are caught up. The volume of construction work is showing signs of falling off here and there in the District, and the volume of retail and wholesale trade in May was somewhat below the business done in May 1924.

On the other hand, debits to individual accounts figures show that a larger volume of business is passing through the banks of the leading trade centers than was the case a year ago. Labor continues well employed, and some improvement has recently been reported in the coal fields of the Fifth District. Corn and other grain crops are doing well and promise relief from the feed shortage on the farms. Bank deposits are increasing. On the whole, prospects for the near future in the Fifth District depend upon weather conditions.

### FEDERAL RESERVE BANK OPERATIONS

The volume of rediscounts held by the Federal Reserve Bank of Richmond increased between May 15th and June 15th this year, rising from \$46,201,000 to \$52,707,000. An increase in Reserve Bank credit in the Fifth District between the middle of May and the middle of June is an unseasonal development, spring credit demand for fertilizer purchases and crop planting usually passing its peak before the period mentioned. The spring credit expansion has been marked this year, however, as pointed out in our *Review* last month, and is probably due chiefly to the decreased money returns from most of last year's crops and to such a wide difference between cash and credit fertilizer prices this year that every farmer who could borrow funds paid cash for his fertilizer. Between May 15th and June 15th the outstanding circulation of Fifth District Federal Reserve notes declined from \$73,352,000 to \$71,206,000, and the cash reserves of the Federal Reserve Bank of Richmond dropped from \$83,684,000 to \$78,208,000, but member bank reserve deposits rose from a total of \$60,824,000 on May 15th to \$64,040,000 on June 15th. As a result of the changes mentioned, the ratio of cash reserves to combined note and deposit liabilities declined during the four weeks from 60.77% to 57.40%.

The volume of Reserve Bank credit outstanding was larger in the Fifth District on June 15th this year than on the same date a year ago. Between June 15, 1924, and June 15, 1925, the total of loans to member banks increased from \$45,674,000 to \$52,707,000, but the circulation of Federal Reserve notes declined from \$74,806,000 to \$71,206,000, and member bank reserve deposits rose from \$60,544,000 to \$64,040,000. The cash reserves of the Federal Reserve Bank of Richmond dropped from \$96,190,000 on June 15, 1924, to \$78,208,000 on June 15, 1925, and the ratio of cash reserves to combined note and deposit liabilities fell during the year from 68.76 per cent to 57.40 per cent.

*The National Summary will be found on page 8*

## CONDITION OF SEVENTY-THREE REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 10, 1925	May 13, 1925	June 11, 1924
1. Total Loans and Discounts (including all rediscounts) .....	\$ 487,868,000	\$ 486,757,000	\$ 467,724,000
2. Total Investments in Bonds and Securities .....	138,215,000	136,134,000	113,972,000
3. Total Loans and Investments.....	626,083,000	622,891,000	581,696,000
4. Reserve Balance with Federal Reserve Bank .....	39,387,000	38,399,000	34,942,000
5. Cash in Vaults.....	14,382,000	14,143,000	14,205,000
6. Demand Deposits .....	357,711,000	348,901,000	335,805,000
7. Time Deposits .....	197,420,000	195,999,000	167,305,000
8. Borrowed from Federal Reserve Bank.....	17,384,000	21,892,000	16,449,000

In the above table comparative figures reported by seventy-three identical member banks are shown as at the close of business June 10, 1925, May 13, 1925, and June 11, 1924, thus affording an opportunity for comparing banking developments during the past month and the past year in thirteen leading cities of the Fifth Reserve District. While the figures shown in the table reflect conditions on the dates mentioned, they are not necessarily the highest or lowest figures that occurred during the periods under review.

During the month between May 13th and June 10th, both this year, pressure for credit in agricultural sections grew less as truck crops were marketed, the fertilizer purchasing season passed, and most of the year's planting was finished. As a result of this decreased demand for funds and credit in the farming sections of the District, correspondent banks have built up their deposits in the city banks 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 May 13th and June 10th shows a slight increase in outstanding loans to customers during the four weeks from \$486,757,000 to \$487,868,000, and an increase in total investments in bonds and securities from \$136,134,000 to \$138,215,000. Between the same two dates, demand deposits rose from \$348,901,000 to \$357,711,000, and time deposits increased from \$195,999,000 to \$197,420,000. The deposit increases necessitated increased reserve deposits at the Reserve Bank, which rose from \$38,399,000 on May 13th to \$39,387,000 on June 10th, and also enabled the reporting member banks to reduce their rediscounts at the Reserve Bank from \$21,892,000 to \$17,384,000. Cash in vault increased from \$14,143,000 to \$14,382,000 during the month.

Between June 11, 1924, and June 10, 1925, total loans to customers by the seventy-three reporting banks rose from \$467,724,000 to \$487,868,000; investments in bonds and securities increased from \$113,972,000 to \$138,215,000; reserve balances at the Reserve Bank rose from \$34,942,000 to \$39,387,000; cash in vaults increased from \$14,205,000 to \$14,382,000; demand deposits rose from \$335,805,000 to \$357,711,000; time deposits rose from \$167,305,000 to \$197,420,000; and the volume of rediscounts at the Reserve Bank increased from \$16,449,000 to \$17,384,000.

### SAVINGS BANK DEPOSITS

There was a seasonal decrease in total deposits in fourteen regularly reporting mutual savings banks in Baltimore during the month of May, but at the end of that month the total was greater than on any other end of month date on record except April 30th this year. At the close of the last business day in May, aggregate deposits in the fourteen banks amounted to \$149,012,030, compared with deposits of \$142,714,544 on May 31, 1924, \$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, 1924 and May 31, 1925, deposits in the reporting banks increased 4.4 per cent and between the 1920 and the 1925 dates the yearly increase averaged 4.3 per cent, the largest gain, 7.7 per cent, occurring between May 1922 and May 1923.

### DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

Debits to individual, firm and corporation accounts in the banks in twenty-three leading trade centers of the Fifth Reserve District, were 2.2 per cent smaller during the four weeks ending June 10th than during the preceding like period this year, ending May 13th, but the later period contained one holiday in all states and two holidays in the Carolinas and Virginia. Increased debits during the June 10th period were reported from Asheville, Charleston, S. C., Cumberland, Danville, Durham, Lynchburg, Newport News, and Washington. Total debits reported by the twenty-three cities amounted to \$1,177,193,000 during the four weeks ending May 13th and \$1,151,215,000 during the corresponding period ending June 10th.

A year ago debits in the banks in the reporting cities totaled \$1,018,830,000 during the four weeks ending June 11, 1924, compared with \$1,151,215,000 reported for the four weeks ending June 10, 1925, an increase this year of 13.0 per cent. All of the reporting cities show larger totals this year except four. Increases this year of more than 10 per cent were reported as follows: Newport News, 38.1 per cent; Durham, 34.0 per cent; Baltimore, Charlotte and Washington, 20.0 per cent; Greenville, 15.7 per cent; Asheville 12.5 per cent; and Winston-Salem, 10.8 per cent.

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	June 10, 1925	May 13, 1925	June 11, 1924
Asheville, N. C. ....	\$ 24,986,000	\$ 23,417,000	\$ 22,203,000
Baltimore, Md. ....	379,378,000	383,863,000	316,195,000
Charleston, S. C. ....	20,603,000	20,575,000	25,057,000
Charleston, W. Va. ....	30,085,000	30,852,000	30,163,000
Charlotte, N. C. ....	43,091,000	49,072,000	35,924,000
Columbia, S. C. ....	16,306,000	20,361,000	16,836,000
Cumberland, Md. ....	8,380,000	8,040,000	8,269,000
Danville, Va. ....	7,421,000	7,252,000	7,134,000
Durham, N. C. ....	22,091,000	20,928,000	16,489,000
Greensboro, N. C. ....	19,853,000	21,818,000	19,175,000
Greenville, S. C. ....	19,766,000	21,026,000	17,077,000
Hagerstown, Md. ....	8,881,000	9,834,000	8,296,000
Huntington, W. Va. ....	24,222,000	24,281,000	22,451,000
Lynchburg, Va. ....	17,436,000	17,294,000	17,258,000
Newport News, Va. ....	7,891,000	7,830,000	5,715,000
Norfolk, Va. ....	63,815,000	64,124,000	60,197,000
Raleigh, N. C. ....	25,249,000	27,116,000	23,942,000
Richmond, Va. ....	109,383,000	117,358,000	104,690,000
Roanoke, Va. ....	24,065,000	24,232,000	22,490,000
Spartanburg, S. C. ....	12,402,000	14,006,000	12,189,000
Washington, D. C. ....	219,343,000	212,244,000	182,837,000
Wilmington, N. C. ....	16,480,000	18,790,000	17,099,000
Winston-Salem, N. C. ....	30,088,000	32,880,000	27,144,000
Totals.....	\$1,151,215,000	\$1,177,193,000	\$1,018,830,000

### BUSINESS FAILURES IN MAY

*Dun's Review* for June 6th, in commenting on the May 1925 failure record in the United States, says, "Commercial failures in the United States during May show some reduction in number from the preceding month this year, and also as compared with the corresponding month of 1924. There were 1,767 commercial failures last month with liabilities of \$37,026,552, compared with 1,939 similar defaults for \$37,188,622 of indebtedness in April, and 1,816 in May 1924, involving \$36,590,905. The reduction in number from April is 172, or nearly 10 per cent, whereas in both preceding years there was an increase in May. Little change appears in the amount of indebtedness involved, the liabilities for May this year being slightly less than for April and \$435,647, or only about 1 per cent, larger than in May 1924. The reduction in the number of defaults in May was in manufacturing lines, as was the case in April and for recent preceding months. In addition to these commercial failures, there were 39 bank failures in May, chiefly located in the West and South."

Failures in the Fifth District during May, numbering 131, were slightly more numerous than in May of last year and the amount of liabilities involved increased from \$3,682,000 to \$5,752,000, although for the country as a whole there were fewer failures this year and liabilities were little larger than a year ago.

**LABOR**—The labor supply and demand continue fairly well balanced in the Fifth Reserve District, except for a shortage of agricultural workers. There is some unemployment here and there, but it is not marked and is due chiefly to inability of laborers to seek work away from their immediate neighborhoods. Work in some sections of the West Virginia coal fields is slack, and unemployment or part time employment is more marked there than elsewhere. Workers in the building trades are generally well employed, but there is no scarcity of workmen and no necessity of competitive bidding for labor on the part of employers. Farm labor is more plentiful than a year ago, and is about equal to the demand. Farmers are steadily learning how to substitute machinery for manual labor, and are therefore finding the scarcity of farm hands less serious than when the shortage first developed several years ago.

**COAL**—Bituminous coal production has been gradually increasing since the middle of April, according to reports of the Geological Survey of the Department of the Interior, and during the week ended June 6th reached a daily average of 1,269,000 net tons. West Virginia led all states in the nation in production during May, and exceeded production of both May 1924 and May 1923. Total production of bituminous coal in the United States from January 1st through June 6th this year totaled 206,103,000 net tons, approximately a million tons less than production during the corresponding period last year and much less than the output to the same dates in 1923, 1920 and 1918, but this year's production considerably exceeded production in 1919 and 1921.

From January 1st through May 31st, Hampton Roads led all coal dumping ports by a wide margin, shipping 8,265,781 net tons out of a total of 14,389,809 tons. More coal was shipped through Hampton Roads

during the first five months of this year than during the corresponding period in any other of the past five years, although total shipments through all ports in 1923 and 1921 were larger than total shipments to the end of May this year.

**TEXTILES**—May is nearly always a trying month in the textile industry, because every one is busy trying to form some opinion on the prospects for the year's cotton crop. This year is no exception to the rule. Business secured by textile mills in May continued disappointing, and was entirely of a hand to mouth character. In the face of official and unofficial crop reports that appear to indicate a strong possibility that this year's cotton crop may equal or even exceed last year's relatively large yield, every one connected with the textile industry is committing himself for the future with extreme caution. Jobbers and retailers in dry goods are afraid to buy goods except for immediate needs until they can secure sufficient information to enable them to estimate with some accuracy the probable size of the 1925 cotton crop, and for the same reason mills hesitate to manufacture goods for storage in their warehouses against future orders that may not materialize except on a lower price basis. Talk of curtailment in running time continues to be heard, but thus far not very much has actually been done along that line, each mill hesitating to begin the movement since to do so would increase the unit cost of output above the costs of competitive mills that continued running full time. That some reduction in operations has been made, however, is shown by a decrease of approximately 20,000 bales in the consumption of cotton in the Fifth District during May in comparison with consumption in April. May 1925 consumption in the District totaled 213,830 bales, compared with 234,108 bales used in April this year and 162,487 bales used in May 1924. During May this year North Carolina mills consumed 115,785 bales, South Carolina mills used 87,823 bales, and Virginia mills took 10,222 bales, the figures for each state exceeding the consumption figures in May last year, when many mills were running only three or four days a week and some were closed in part.

#### BUILDING OPERATIONS FOR THE MONTHS OF MAY, 1925 AND 1924.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cnt of Increase or Decrease	No.
		New		Repairs		1925	1924	1925	1924			
		1925	1924	1925	1924							
1	Baltimore, Md.....	675	783	1,250	1,811	\$ 3,295,800	\$ 6,631,320	\$ 643,680	\$ 913,080	\$-3,604,920	- 47.8%	1
2	Cumberland, Md....	27	65	16	19	357,720	143,760	13,910	23,064	204,806	122.8	2
3	Frederick, Md.....	8	10	4	8	45,450	50,968	5,700	15,492	— 15,310	- 23.0	3
4	Hagerstown, Md....	*36	.....	*16	.....	*93,630	.....	* 9,015	.....	.....	.....	4
5	Danville Va.....	* 5	.....	* 4	.....	*10,695	.....	* 8,500	.....	.....	.....	5
6	Lynchburg, Va.....	31	31	20	34	51,630	130,440	18,858	38,205	— 98,157	- 58.2	6
7	Norfolk, Va.....	121	65	48	135	248,174	382,900	41,412	68,790	— 162,104	- 35.9	7
8	Petersburg, Va. ....	10	29	4	8	17,375	16,594	1,350	2,955	— 824	- 4.2	8
9	Richmond, Va.....	182	187	108	115	961,113	1,185,284	111,893	178,767	— 291,045	- 21.3	9
10	Roanoke, Va.....	94	104	53	61	356,740	304,490	105,454	16,420	— 141,284	- 44.0	10
11	Bluefield, W. Va...	22	35	12	13	97,550	594,679	3,475	38,225	— 531,879	- 84.0	11
12	Charleston, W. Va.	34	45	15	31	73,625	120,318	23,075	56,419	— 80,037	- 45.3	12
13	Clarksburg, W. Va	13	55	26	31	9,250	354,815	6,350	11,190	— 350,405	- 95.7	13
14	Parkersburg, W. Va	19	36	8	10	219,825	38,400	1,145	5,540	177,030	402.9	14
15	Asheville, N. C. ....	45	40	46	94	299,160	211,643	17,375	41,060	63,832	25.3	15
16	Charlotte, N. C. ....	64	28	19	12	1,082,050	309,500	39,275	25,250	786,575	235.0	16
17	Durham, N. C. ....	34	29	11	7	299,878	129,500	11,200	25,800	155,778	100.3	17
18	Greensboro, N. C. ...	67	64	31	47	443,335	405,670	30,765	49,525	18,905	4.2	18
19	High Point, N. C....	76	50	7	13	315,735	190,375	4,150	39,675	89,835	39.1	19
20	Raleigh, N. C.....	78	44	8	2	366,949	148,940	6,100	1,200	222,909	148.5	20
21	Salisbury, N. C. ....	16	26	19	3	35,450	55,500	13,520	260	— 6,790	- 12.2	21
22	Wilmington, N. C. ...	11	14	5	4	32,700	27,350	5,000	23,000	— 12,650	- 25.1	22
23	Winston-Salem, N. C.	89	89	82	108	288,411	457,945	33,913	40,115	— 175,736	- 35.3	23
24	Charleston, S. C. ...	22	5	56	13	22,130	23,100	25,862	6,265	18,627	63.4	24
25	Columbia, S. C. ....	24	15	56	358	101,550	64,375	34,257	59,217	12,215	9.9	25
26	Greenville, S. C.....	26	23	18	25	188,940	116,525	8,150	.....	30,565	69.1	26
27	Spartanburg, S. C. ...	24	27	27	29	95,006	137,350	13,406	6,660	— 35,598	- 24.7	27
28	Washington, D. C. ...	139	383	510	555	5,649,182	4,361,840	532,018	400,605	1,418,755	29.8	28
	Totals.....	1,951	2,282	2,459	3,546	\$14,954,728	\$16,593,581	\$1,751,293	\$2,086,779	\$-1,974,339	- 10.6%	

\*Hagerstown and Danville figures not included in totals —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.

Both the number of building permits issued and the estimated valuation for the work declined in Fifth District cities in May in comparison with April this year and May last year. The number of permits for new work issued in twenty-six cities for which 1924 figures are available for comparison was 1,951 in May 1925, 2,182 in April 1925, and 2,282 in May 1924. Total valuation figures for new work in the same cities

amounted to \$14,954,728 in May 1925, \$18,461,319 in April 1925, and \$16,593,581 in May 1924. Percentage gains in estimated valuations of more than 100 per cent in May in comparison with May last year were reported by Cumberland, Md., Parkersburg, W. Va., and Charlotte, Durham and Raleigh, N. C. Baltimore and Washington reported large decreases in number of permits, and Baltimore showed a 48 per cent drop in estimated valuation.

**COTTON**—In our May 31st *Review* we quoted spot cotton prices in the Carolinas through the week ending May 16th, the average price paid for middling during that week being 22.19 cents per pound. After that date prices fluctuated nervously as various crop, weather and consumption reports were issued by government or private agencies. Weather reports were watched with special interest in view of the need for moisture in much of Texas. Prices slowly worked upward to the end of May, but declined again during the first half of June. The average price paid for spots in the Carolinas was 22.81 cents per pound during the week ending May 23rd and 23.36 cents the following week, ending May 30th, but the week ending June 6th witnessed a decline to 23.26 cents and the recession continued to an average of 23.14 cents during the week ending June 13th, 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 76.6 per cent of normal on May 25th, the highest figure since 1918. This unusually high percentage was compared with 65.6 per cent on the same date in 1924 and a ten year average of 72.0 per cent. In the Fifth District, North Carolina's May 25th condition of 74 per cent compared with 71 per cent a year earlier, South Carolina's 71 per cent this year compared with 68 per cent last year, and Virginia showed a condition of 72 per cent compared with 62 per cent in 1924. Every cotton growing state in the country except Arizona and New Mexico showed higher percentages this year than last. In commenting on the report the Department of Agriculture pointed out that the favorable May 25th condition does not necessarily imply an equally favorable situation later in the season. Two factors, the effects of which are as yet little in evidence but may have a controlling influence on the crop, are the increased weevil emergence in the southeast and the scanty supply of subsoil moisture in parts of Texas. The Department further states that the crop was planted about a week earlier than usual in most of the belt, the preparation of the soil was better, and fields have been well cultivated. Fertilizer was used more extensively in some states but less so in others than in 1924, but the quality of fertilizer used this year was quite generally better.

Cotton consumed in American mills during May totaled 531,471 bales of lint, according to the Census Bureau's report of June 16th. This figure compares with 597,104 bales used in April 1925 and 413,967 bales in May 1924. Total consumption for the season to date—August 1, 1924 to May 31, 1925—amounted to 5,200,686 bales, compared with 4,991,163 bales consumed during the ten months ending May 31, 1924. Cotton on hand in consuming establishments totaled 1,348,304 bales on May 31, 1925, compared with 1,514,514 bales on hand a month ago and 1,157,438 bales a year ago. Public warehouses and compresses held 1,134,920 bales on May 31, 1925, compared with 1,666,147 bales on April 30, 1925, and 1,126,282 bales on May 31, 1924. Imports of cotton in April totaled 14,219 bales, compared with 22,409 bales in April 1925 and 16,107 bales in May 1924, while exports during May totaled 330,967 bales, compared with 472,555 bales in April this year and 326,357 bales in May last year. Active spindles in May numbered 33,147,632, compared with 33,412,650 in April 1925 and 30,484,052 in May 1924.

Cotton consumed in cotton growing states in May amounted to 358,986 bales, compared with 399,465 bales used in April and 290,220 bales in May 1924.

During May the weather was too cool for cotton seed to germinate properly, and the plants that were up made slow growth, but the first half of June was much more favorable in the Carolinas, and cotton improved distinctly, especially in North Carolina. The North Carolina crop is now reported in good shape and growing nicely, with stands rated fair to good. The South Carolina crop has come up to good stands generally over the state, cultivation is good, and the plant is making seasonal progress. Virginia cotton benefited during early June from warm weather, but needed rain. In fact, all three cotton growing states of the Fifth District needed more moisture during the two weeks prior to June 15th. Weevils have been reported from every county in South Carolina, and North Carolina farmers fear much weevil damage this season, but it is yet too early for the weevil to get in his work.

## AGRICULTURAL NOTES

MARYLAND crops suffered from cool weather during the early part of May and from hot dry weather later in that month and early in June. The strawberry season on the Eastern Shore ended abruptly late in May, with prices higher than when the season opened, an unusual occurrence. New plantings of strawberries are in better condition than a year ago. With the exception of wheat and rye, lima and string beans, crops on the Eastern Shore show the ill effects of dry weather. Cantaloupes and cucumbers are decidedly backward; tomatoes are not growing normally; corn is retarded; but both lima and string beans are showing up comparatively well. Wheat and rye crops are fairly good, and wheat harvesting has begun. Crops in western Maryland seem to be better than those in the east, dry weather not yet having effected the western sections very materially. The fruit prospects are spotted, and conditions vary so widely that it is difficult to estimate the season's yield until after the June drop. On the whole, however, it is evident that fruit pros-

pects are poor. The dry weather has hurt all grasses, and the hay crop is expected to be short.

VIRGINIA suffered from cool weather in May and lack of rain during the first half of June. The corn crop is backward in growth, but has a good color and is well worked. Very few fields have advanced sufficiently to permit thinning. The wheat crop ripened quickly east of the mountains, due to the hot dry weather, and it is possible that the heads did not properly fill out. Harvesting has been completed in this section. In the Valley and Southwest Virginia the weather for wheat was more favorable, and heads are apparently filling out well, though stands are thin. The early hay crop has been seriously cut by the dry weather, and the yield is expected to be much smaller than last year. Some clover and alfalfa has been harvested, the weather being favorable for curing and housing. In several sections poor pasture conditions have made it necessary to turn cattle and sheep into hay fields. The early potato crop is not expected to exceed 50 per cent of last year's crop. In the Norfolk section the vines have turned yellow and appear to be drying up. Shipments have increased rapidly, and are now quite heavy, with prices that are considered fairly good. Tobacco planting has been retarded by dry weather. Plants in some sections are reported scarce, and plants that have been set out have made little growth. The greater part of the peanut crop has been planted, and early sown fields are up to good stands. While the crop is making little progress at present, the fields are well worked, and the crop will develop rapidly if sufficient rain falls. Fruit prospects are very poor throughout the state. Some commercial apple orchards are reported to have better prospects than last year, but the majority have very little fruit and the total production for this year is expected to be much less than the crop gathered in 1924. The quality of the apples appear to be better than usual, however. The peach crop is very small, especially in the commercial producing sections.

NORTH CAROLINA crops probably improved on the whole between the middle of May and the middle of June, although toward the end of the period dry weather was beginning to hurt many fields. Grain prospects indicate good crops, comments ranging from fair to very good, but early hay does not appear promising. Corn shows the best condition throughout the state of any crop. There is some complaint of poor stands on red lands, considerable cut worm damage, and injury from freezes in mountain counties, but the general condition ranges from good to excellent. Commercial apples are not expected to yield more than half of last year's crop, but the quality of the fruit is good and growers expect fair prices. The Sand Hill peach crop is expected to be larger than in 1924, due in part to new trees coming into bearing. Shipments of truck indicate that the season is more advanced than usual. Increases in truck acreage are general. Early potatoes are moving rapidly. Dry weather lowered the quality of the produce and complaints of poor prices resulted.

SOUTH CAROLINA agricultural conditions are not up to average conditions existing a year ago except for cotton, and even for that crop the prospects are exceedingly problematical because of the early and heavy emergence of the boll weevil. The tobacco crop of the state is spotted, due to very dry weather at setting time, and the acreage is comparatively small. Corn is doing well. Irish potato yield is much below that of last year, and hay prospects are below normal. The amount of fertilizer used under this year's crops was approximately the same as last year, but a somewhat larger percentage of the total amount used was put under cotton. Pastures show a low condition, due to the hot, dry weather that has prevailed in recent weeks.

### WHOLESALE TRADE MAY, 1925

Percentage increase (or decrease) in sales in May 1925, compared with sales in April 1925:					
42 Groceries	15 Dry Goods	12 Shoes	18 Hardware	5 Furniture	13 Drugs
3.0	-14.6	-17.2	- 7.6	0.2	- 4.3
Percentage increase (or decrease) in sales in May 1925, compared with sales in May 1924:					
0.5	- 5.4	-20.8	-13.8	7.2	1.6
Percentage increase (or decrease) in sales since January 1, 1925, compared with sales during the corresponding five months of 1924:					
2.3	-11.8	- 7.0	- 8.2	11.3	0.7
Percentage increase (or decrease) in stocks on May 31, 1925, compared with April 30, 1925:					
-10.1(10)	- 2.3(8)	2.3(6)	- 5.0(6)	- 4.0(2)	.....
Percentage increase (or decrease) in stocks on May 31, 1925, compared with May 31, 1924:					
1.2(10)	-19.6(8)	-14.5(6)	- 7.8(6)	18.8(2)	.....

— Denotes decreased percentage.

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

Measured by the dollar amount of sales reported by 105 wholesale firms, the volume of business done in May 1925 was less than in April in all lines reported upon except groceries and furniture, and was also less than in May 1924 in dry goods, shoes and hardware, but greater in groceries, furniture and drugs. Cumulative sales during the first five months of 1925 exceeded sales during the like period of 1924 in groceries, furniture and drugs, but were less this year in dry goods, shoes and hardware.

Stocks in the warehouses of the reporting firms, measured by cost values, were less on May 31, 1925, than on April 30, 1925, in all lines except shoes, which showed a 2.3 per cent increase, and dry goods, shoes and hardware firms showed lower stocks than a year ago, while grocery and furniture stocks were larger on May 31st than on the same date last year.

Wholesale collections appear to have improved somewhat during May, 76.3 per cent of reporting firms classifying their collections as either *Good* or *Fair* in comparison with 71.4 per cent so reporting for April. In May 1924, however, 79.4 per cent of the firms classified collections as at least *Fair*, a higher percentage than that attained during the corresponding month this year. Classifications made this month were as follows:

<i>Lines</i>	<i>May Collections Reported As</i>									
	<i>Good</i>		<i>Fair</i>		<i>Slow</i>		<i>Poor</i>		<i>Total</i>	
	1925 - 1924		1925 - 1924		1925 - 1924		1925 - 1924		1925 - 1924	
Groceries .....	7	8	25	29	7	2	0	0	39	39
Dry Goods .....	0	1	10	9	4	4	1	1	15	15
Shoes .....	0	0	7	8	4	3	0	0	11	11
Hardware .....	1	3	9	7	5	4	0	1	15	15
Furniture .....	2	1	2	2	1	2	0	0	5	5
Drugs .....	4	4	7	5	1	3	0	0	12	12
May Totals .....	14	17	60	60	22	18	1	2	97	97
April Totals .....	14	14	56	59	27	20	1	5	98	98
March Totals .....	12	16	58	56	24	20	1	3	95	95
February Totals .....	12	24	53	52	25	12	0	2	90	90
January Totals .....	16	22	54	55	20	16	3	0	93	93

### FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-nine Representative Department Stores  
for the Month of May, 1925.

Percentage increase in May 1925 sales over sales in May 1924:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 2.9	3.8	3.4	— 4.6	— 0.5
Percentage increase in sales from January 1st through May over sales during the same five months in 1924:				
1.2	12.0	3.3	0.7	2.8
Percentage increase in May 1925 sales over average May sales during the years 1920-1924, inclusive:				
— 2.3	23.6	2.6	— 3.1	2.0
Percentage increase in stock on May 31, 1925, over stock on May 31, 1924:				
— 1.5	6.8	— 8.3	— 6.7	— 3.7
Percentage increase in stock on May 31, 1925, over stock on April 30, 1925:				
— 6.6	— 3.1	— 3.6	— 3.7	— 5.0
Percentage of sales during May 1925 to average stock carried during that month:				
25.8	25.0	28.1	21.0	25.8
Percentage of sales from January 1st through May 31st, to average stock carried during the five months:				
130.6	129.2	134.5	100.9	127.9
Percentage of outstanding orders on May 31st, to total purchases of merchandise in 1924:				
4.8	4.4	3.4	5.1	4.3

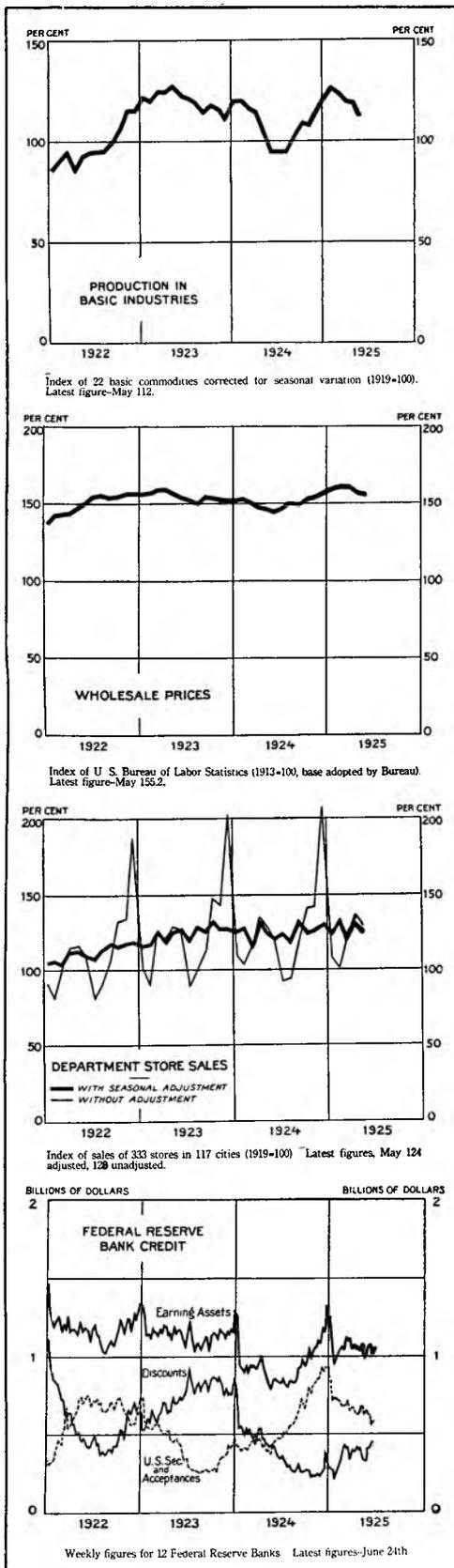
— Denotes decreased percentage; other figures show gains.

The volume of retail trade in May 1925, as reflected by the dollar amount of sales made by twenty-nine representative department stores, was five-tenths of 1 per cent less than in May 1924, but 2.0 per cent greater than average May sales during the five years 1920-1924, inclusive. Cumulative sales from January 1st through May exceeded sales during the corresponding five months last year by 2.8 per cent. Stocks on the shelves at the end of May 1925 were 3.7 per cent smaller than on May 31, 1924, and were 5.0 per cent less than on April 30th this year. The percentage of sales during May to stock carried during that month averaged 25.8 per cent in the reporting stores, while the percentage of total sales since January 1st to average stocks carried each month during the same period was 127.9 per cent, indicating an annual rate of turnover of about three times. Outstanding orders for merchandise on May 31, 1925, amounted to 4.3 per cent of total 1924 purchases.

(Compiled June 20, 1925)

# BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



Production in basic industries and factory employment continued to decline in May and there was a further recession in wholesale prices. Distribution of commodities was in greater volume than at this time last year, but slightly less than in April.

**PRODUCTION.** The Federal Reserve Board's index of production in basic industries declined 6% in May to a level 12% below the high point in January. There were further considerable decreases in the output of the iron and steel and woolen industries, and declines also occurred in the mill consumption of cotton, and in copper, sole leather and newsprint production. The number of automobiles manufactured during May fell slightly below the record figure of April. Employment at industrial establishments was slightly less in May than in the month before, with decreases which were partly seasonal in the clothing, boot and shoe, and iron and steel industries, and increases in the industries producing automobiles, tobacco products, and certain building materials. Building contracts awarded during May were smaller in value and in square feet than those for April but were larger than for any other month on record.

**TRADE.** Department store sales in May were smaller than in April but somewhat larger than a year ago, and mail order sales were 5% larger than in May 1924. Department store stocks declined in May and were at the same level as a year ago. Wholesale trade was in about the same volume as the month before and about 3% larger than a year ago, increases over last year in sales of meats and dry goods offsetting decreases in sales of groceries, shoes, hardware and drugs. Wholesale stocks of groceries in dollar values were larger than a year ago, while stocks of dry goods and shoes were substantially smaller. Car loadings of miscellaneous products and merchandise decreased slightly during May but were greater than a year ago.

**PRICES.** Wholesale prices continued to decline in May, but the decrease was considerably smaller than for the preceding month. All groups of prices represented in the Bureau of Labor Statistics index declined except the house furnishings and miscellaneous groups. In the first three weeks of June prices of wheat, corn, flour, cotton goods and pig iron declined, while quotations on sheep, hogs, gasoline, hides and rubber advanced.

**BANK CREDIT.** Borrowing for commercial purposes at member banks in leading cities declined further between the middle of May and the middle of June to a level lower than at any time this year, while loans on securities increased and reached a new high level in June. Investment holdings of these banks also increased, and total loans and investments at the middle of June were near the high point of the year. At the Reserve Banks there was an increase in member bank borrowing between May 20th and June 24th and on that date discounts for member banks were in larger volume than at any time since the opening of the year. Further decreases in the holdings of acceptances and of United States securities brought the volume of open market holdings in June to the lowest level since last summer. Conditions in the money market remained relatively steady during the latter part of May and the first three weeks of June, notwithstanding the heavy Treasury operations in the middle of June.