

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS

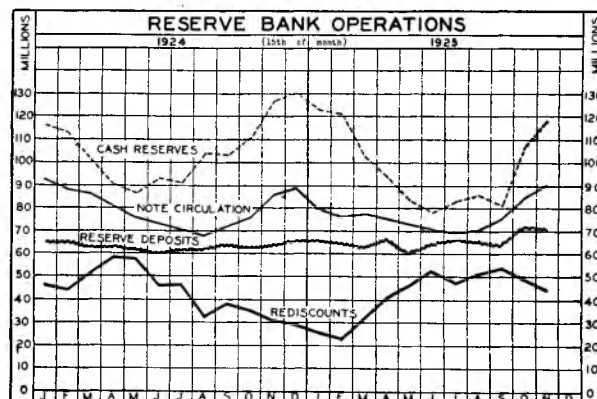


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

NOVEMBER 30, 1925

Business in the Fifth Federal Reserve District during October and early November was excellent, and practically all lines of trade reported gains over October of last year. Crops turned out somewhat better than was expected a month or two earlier, and except in the drought stricken sections of the Carolinas and a few counties in Virginia the agricultural situation probably shows some improvement over most recent years. Tobacco prices rose during October, and are now above 1924 prices. Customers are repaying bank loans, and in turn member banks are liquidating their indebtedness at the reserve bank. Debits to individual accounts during the four weeks ending November 11th exceeded debits during the preceding like period, in spite of two holidays during the later period and the occurrence in the earlier period of the date, October 1st, on which many quarterly payments are made. Savings deposits reached record figures at the end of October, evidencing the large purchasing power of the public. Labor continues well employed for this season of the year. Bituminous coal production in West Virginia is at a very high rate, and all lines of trade in that state are feeling the effects of the heavy demand for fuel. Textile mills were handicapped during October by a power shortage, but consumed more cotton than during September. Building operations continue at a high level, valuation figures for new work for which permits were issued in October exceeding the valuation figures of October 1924. Wholesale trade in most lines was better in October than in October last year, collections were distinctly better than during earlier months this year and the corresponding month last year, and retail trade at department stores was 15.9 per cent above trade in October 1924. Stocks of goods in both wholesale and retail establishments are low in comparison with the volume of business being done. On the whole, business indicators all appear favorable, and business men are more optimistic on prospects for winter than they have been in several years.



RESERVE BANK OPERATIONS—Reserve bank operations at the Federal Reserve Bank of Richmond followed seasonal trends between the middle of October and the middle of November. The volume of rediscounts for member banks declined from \$49,213,000 to \$44,527,000, reflecting further marketing of agricultural products, but with the increased demand for currency as the holiday season approaches the circulation of Federal reserve notes rose from \$84,739,000 to \$90,074,000. Member bank reserve deposits decreased slightly during the month, falling from \$71,445,000 to \$70,657,000. The changes enumerated increased the cash reserves of the Richmond bank from \$107,172,000 on October 15th to \$117,505,000 on November 14th, and raised the ratio of cash reserves to combined note and deposit liabilities from 66.38 per cent to 71.91 per cent.

In comparison with the figures reported on November 15, 1924, those reported for November 14, 1925, showed a considerable increase in the use of reserve bank credit. On November 15, 1924, the circulation of Federal reserve notes was \$85,097,000, and the volume of rediscounts for member banks was \$31,404,000. A year ago member bank reserve deposits stood at \$63,446,000. With a lower note circulation, less deposit liabilities, and a smaller volume of rediscounts on November 15, 1924, the cash reserves were higher than on the corresponding date this year, totaling \$126,945,000, and the ratio of cash reserves to combined note and deposit liabilities stood at 82.67 per cent.

CONDITION OF SEVENTY-TWO REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	November 11, 1925	October 14, 1925	November 12, 1924
1. Total Loans and Discounts (including all rediscounts)	\$ 524,775,000	\$ 527,971,000	\$ 470,013,000
2. Total Investments in Bonds and Securities	127,994,000	128,829,000	134,559,000
3. Total Loans and Investments.....	652,769,000	656,800,000	604,572,000
4. Reserve Balances with Federal Reserve Bank	41,930,000	43,002,000	36,271,000
5. Cash in Vaults.....	15,224,000	15,250,000	15,062,000
6. Demand Deposits	382,990,000	383,746,000	357,015,000
7. Time Deposits.....	201,244,000	199,385,000	177,867,000
8. Borrowed from Federal Reserve Bank.....	20,916,000	24,604,000	9,868,000

The accompanying table shows the principal items of condition reported by seventy-two identical member banks as of three dates, November 11, 1925, October 14, 1925, and November 12, 1924, thus affording an opportunity for comparing the latest available figures with those of the preceding month this year and of the corresponding date last year.

Between October 14th and November 11th, both this year, total loans to customers in the reporting banks declined from \$527,971,000 to \$524,775,000, and investments in bonds and securities dropped from \$128,829,000 to \$127,994,000. Aggregate reserve balances at the reserve bank were reduced from \$43,002,000 to \$41,930,000, and cash in vaults declined from \$15,250,000 to \$15,224,000. Time deposits rose during the month from \$199,385,000 to \$201,244,000, rather an unusual occurrence during the period when Christmas Club funds are transferred from time to demand deposits. The changes enumerated, all of which released funds, were accompanied by a slight drop in demand deposits from \$383,746,000 to \$382,990,000, and by a reduction in the volume of rediscounts at the reserve bank from \$24,604,000 to \$20,916,000.

In comparison with the figures reported for November 12, 1924, those as of November 11, 1925, were higher in every item except investments in bonds and securities, which declined during the year from \$134,559,000 to \$127,994,000. Outstanding loans a year ago totaled \$470,013,000, but rose to \$524,775,000 this year. Demand deposits rose from \$357,015,000 to \$382,990,000, and time deposits from \$177,867,000 to \$201,244,000, these increases necessitating an increase in reserve balances at the reserve bank from \$36,271,000 on November 12th last year to \$41,930,000 on November 11th this year. Cash in vaults changed little during the year, rising from \$15,062,000 to \$15,224,000. Borrowing at the reserve bank a little more than doubled between the 1924 and 1925 dates, rising from \$9,868,000 to \$20,916,000.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	November 11, 1925	October 14, 1925	November 12, 1924
Asheville, N. C.	\$ 25,630,000	\$ 30,622,000	\$ 19,905,000
Baltimore, Md.	370,839,000	391,118,000	342,369,000
Charleston, S. C.	26,541,000	26,972,000	26,300,000
Charleston, W. Va.	33,135,000	32,911,000	30,983,000
Charlotte, N. C.	47,526,000	49,526,000	45,185,000
Columbia, S. C.	18,831,000	20,694,000	21,498,000
Cumberland, Md.	8,272,000	8,645,000	8,365,000
Danville, Va.	10,433,000	8,561,000	11,921,000
Durham, N. C.	28,032,000	22,914,000	20,545,000
Greensboro, N. C.	19,885,000	22,153,000	23,285,000
Greenville, S. C.	24,330,000	21,450,000	21,869,000
Hagerstown, Md.	9,968,000	9,673,000	9,274,000
Huntington, W. Va.	25,542,000	23,745,000	24,372,000
Lynchburg, Va.	18,469,000	18,937,000	17,372,000
Newport News, Va.	8,736,000	8,865,000	6,271,000
Norfolk, Va.	73,518,000	62,111,000	62,824,000
Raleigh, N. C.	27,696,000	26,375,000	24,372,000
Richmond, Va.	150,686,000	143,247,000	121,840,000
Roanoke, Va.	25,962,000	24,419,000	23,549,000
Spartanburg, S. C.	14,875,000	17,912,000	17,598,000
Washington, D. C.	225,262,000	206,172,000	185,659,000
Wilmington, N. C.	21,887,000	23,098,000	20,438,000
Winston-Salem, N. C.	35,337,000	35,838,000	30,957,000
District Totals	\$1,251,392,000	\$1,235,958,000	\$1,116,751,000

Debits to individual, firm and corporation accounts in twenty-three leading trade centers of the Fifth Reserve District during the four week ending November 11th indicate a very large volume of fall trade.

In spite of the fact that the preceding period of four weeks, ending October 14th, contained two more business days, and also contained October 1st on which quarterly payments fell due, the total for the later period exceeded the former total of \$1,235,958,000 by \$15,434,000. A majority of the reporting cities showed smaller figures during the more recent four weeks, but in most cases the decreases were small and were more than compensated for by material gains in other cities.

The total of \$1,251,392,000 of debits reported for the four weeks ending November 11, 1925, exceeded the total reported by the same cities during the four weeks ending November 12, 1924, by \$134,641,000, or 12.1 per cent. Eighteen of the twenty-three reporting cities show higher figures this year. The declines reported by Columbia, Spartanburg and Greensboro were doubtless due in part if not entirely to restricted operations in textile mills as a result of power shortage.

SAVINGS DEPOSITS—Deposits in fourteen mutual savings banks in Baltimore aggregated \$151,139,262 at the close of business October 31st. This is the highest figure ever reported by these banks, and compares with \$149,832,622 on deposit a month earlier and \$145,131,411 at the end of October 1924. Time deposits in seventy-two regularly reporting member banks also increased during the past month, rising from a total of \$199,385,000 on October 14th to \$201,244,000 on November 11th. On November 12, 1924, the seventy-two banks had aggregate time deposits of \$177,867,000.

BUSINESS FAILURES—Commenting on business failures in the United States during October, *Dun's Review* of November 7th says, "With the improvement in general business conditions, statistics of commercial failures make more favorable comparisons. The number of defaults during October—1,581—not unnaturally shows an increase over the 1,465 failures of the shorter month of September, but is the smallest reported for any October since 1920, and contrasts with a total of 1,696 for the corresponding period of last year. This numerical decrease of about 7 per cent is accompanied by a substantial reduction in the amount of money involved, last month's liabilities of \$29,543,870 being fully 18 per cent less than the \$36,098,804 of a year ago, and also falling materially below the figures for any preceding October back to 1919. Moreover, last month's indebtedness is the lightest for all months since September 1923, and for ten months of the current year there is a decrease of over 20 per cent from the aggregate for the same period of 1924, despite an increase of about 4.5 per cent in number of defaults. Fewer large failures occurred during October than in that month of recent years, those for \$100,000 or more in each case numbering 45 and involving \$12,811,861, against 48 for \$15,988,338 a year ago and a high mark of 81 such defaults in October 1923, with liabilities of \$60,724,317."

Contrary to the favorable showing made in October by the country as a whole, 149 insolvencies for \$2,524,656 reported for the Fifth District compare unfavorably with 111 failures involving \$1,765,371 reported in October 1924.

LABOR—Employment agencies report fewer calls for workers during October and early November, and there is more unemployment than a month ago, but the situation is not abnormal, a seasonal decline in employment nearly always occurring with cold weather. Factory workers are fully employed, and skilled men in the building trades are in a stronger position than is usual at this season, due to the continuation of a very large volume of construction work. There was a shortage of agricultural workers during the harvesting season, chiefly because crops matured so rapidly that an unusually large number of hands were needed to gather them promptly. Miners in the Fifth District coal fields are more fully employed than for years, and operating time among textile mills is increasing as streams return to normal. Both of these developments are increasing the wages of the laborers employed in the mines and mills.

COAL—Bituminous coal is now being mined at a rate considerably above that of any of the past five years. Total production in October was 53,203,000 net tons, according to the November 14th report of the Bureau of Mines. Daily average production during the week ending November 7th was 2,138,000 net tons, the highest for any week this calendar year. Total production for 1925 to November 7th amounted to 431,562,000 net tons, approximately 29,670,000 tons, or 6.9 per cent, above production during the same period last year, and only 56,000,000 tons behind the production of 1923, when reserves were being rebuilt after the long strike of 1922. West Virginia continues to lead all coal producing states, production reaching 3,069,000 net tons during the last week in October. As mentioned last month, the increased activity in bituminous fields is being reflected in all lines of trade in West Virginia. At retail yards soft coal is available in all sections of the Fifth District, prices ranging from \$2.00 to \$4.00 a ton above the summer rates. Practically no anthracite is now available at local yards.

TEXTILES—The textile mills in the Fifth District operated more extensively during October than in September, cotton consumption in the District amounting to 205,929 bales in comparison with 184,972 bales used in September, but consumption in October this year was below that of October 1924, when 216,322 bales were taken. Restrictions on operating time because of power shortage still held through October, however, amounting in some cases to two or more days each week, and in view of this condition the October record was fully as good as that made a year ago. Reports on cotton production this year have disturbed buying materially, jobbers and retailers hesitating to place orders for future delivery in the face of semi-monthly predictions of a steadily increasing nature. A very large volume of orders for early shipment has been re-

ceived by the mills, and textile manufacturers state that surplus stocks are lower than a year ago. The purchasing power of the country as a whole is large, and there is undoubtedly a strong demand for cotton goods which probably will become stronger as the lower cotton prices work down to the consumer. On the whole the cotton manufacturers are optimistic on prospects for the next few months. As this is being written, notices of additional power now available comes to us, and consequently the mills are increasing running time about one day per week.

BUILDING OPERATIONS FOR THE MONTHS OF OCTOBER, 1925 AND 1924.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1925	1924	1925	1924			
		1925	1924	1925	1924							
1	Baltimore, Md.....	706	678	1,234	1,918	\$ 4,372,080	\$ 2,553,840	\$ 621,360	\$ 994,080	\$ 1,445,520	40.7%	1
2	Cumberland, Md....	23	26	5	12	28,330	56,355	5,230	4,695	— 27,490	— 45.0	2
3	Frederick, Md.....	5	14	2	3	28,830	44,800	1,150	1,450	— 16,270	— 35.2	3
4	Hagerstown, Md...	29	44	9	28	52,715	58,702	2,755	4,290	— 7,522	— 11.9	4
5	Danville Va.....	* 11	.....	* 3	.....	* 6,415	.....	* 540	.....	.....	.....	5
6	Lynchburg, Va....	13	25	27	44	30,605	437,335	18,641	23,184	— 411,273	— 89.3	6
7	Norfolk, Va.....	87	119	46	48	143,478	213,214	24,085	30,040	— 75,691	— 31.1	7
8	Petersburg, Va....	9	4	6	12	230,885	5,442	840	3,888	222,395	2,383.7	8
9	Richmond, Va.....	148	152	80	100	306,921	490,745	74,541	108,387	— 217,670	— 36.3	9
10	Roanoke, Va.....	113	103	35	55	289,519	161,640	11,340	9,740	129,479	75.6	10
11	Bluefield, W. Va..	27	38	6	10	78,378	82,950	3,875	3,000	— 3,697	— 4.3	11
12	Charleston, W. Va.	34	45	20	22	206,468	126,324	26,720	13,700	93,164	66.5	12
13	Clarksburg, W. Va	26	40	8	22	38,900	38,730	2,450	7,365	— 4,745	— 10.3	13
14	Parkersburg, W. Va	44	41	7	11	125,975	50,188	5,350	3,165	77,972	146.1	14
15	Asheville, N. C....	58	56	73	69	344,195	625,400	33,978	25,435	— 272,662	— 41.9	15
16	Charlotte, N. C....	60	63	25	11	1,062,875	635,130	43,940	17,000	454,685	69.7	16
17	Durham, N. C.....	52	19	19	4	157,225	126,880	11,815	6,600	35,560	26.6	17
18	Greensboro, N. C.	63	81	34	38	387,843	347,704	363,254	26,739	376,654	100.6	18
19	High Point, N. C..	63	52	8	14	177,120	117,175	5,250	22,275	42,920	30.8	19
20	Raleigh, N. C.....	54	53	11	7	270,732	195,500	25,395	5,650	94,977	47.2	20
21	Salisbury, N. C....	27	31	11	0	65,700	49,855	1,980	0	17,825	35.8	21
22	Wilmington, N. C.	9	16	5	12	25,300	43,650	3,500	35,350	— 50,200	— 63.5	22
23	Winston-Salem, N. C.	76	102	93	139	280,839	546,115	65,169	37,720	— 237,827	— 40.7	23
24	Charleston, S. C..	17	9	36	21	8,762	7,275	10,818	15,429	— 3,124	— 13.8	24
25	Columbia, S. C....	26	25	53	100	71,602	208,919	13,652	19,383	— 143,048	— 62.7	25
26	Greenville, S. C..	16	27	22	21	109,000	425,458	3,255	20,980	— 334,183	— 74.9	26
27	Spartanburg, S. C.	26	39	38	48	57,400	172,162	15,790	15,645	— 114,617	— 61.0	27
28	Washington, D. C.	173	393	472	464	3,013,390	3,666,144	414,255	382,092	— 620,591	— 15.3	28
	Totals.....	1,984	2,295	2,385	3,233	\$11,965,067	\$11,487,632	\$1,810,388	\$1,837,282	\$ 450,541	3.4%	

* 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.

Some seasonal decrease in both number of building permits issued and in estimated valuation was reported in October in comparison with September, and fewer permits were also issued than in October last year, but October 1925 valuation figures exceeded those of October 1924. During October this year twenty-seven cities in the Fifth District issued 1,984 permits for new construction, with estimated valuation of \$11,965,067, compared with 2,093 permits and \$14,756,450 issued in September 1925 and 2,295 permits and \$11,487,632 issued in October 1924. Seventeen of the twenty-seven cities issued fewer permits in October this year than in October last year, and sixteen reported lower valuation figures, but total valuation figures this year were raised by large increases in Baltimore, Petersburg, Charlotte and Greensboro. Total valuation for all classes of work reported by the twenty-seven cities was \$13,775,455 for October this year, compared with \$13,324,914 in October 1924, an increase this year of \$450,541, or 3.4 per cent.

Reports from building supply dealers are conflicting, some of them contending that business is slow, but on the whole a satisfactory volume of orders is reported. Several dealers state that 1925 has been a record year with them, and they profess to see as favorable prospects for the winter as the weather may justify. Labor for construction work is readily available to meet all needs, and little difficulty is experienced in financing new work.

COTTON—As a result of steadily increasing estimates on the size of the 1925 cotton crop, spot cotton prices continued to decline during October, but remained practically stationary during the first two weeks in November. In our *Review* last month we quoted 20.10 cents per pound as the average price paid on spot markets in the Carolinas during the week ending October 17th. The following week the price dropped to 19.99 cents, and continued downward to an average of 18.49 cents during the week ending October 31st. The first week in November the average was 18.50 cents, and during the week ending November 14th the

average was 18.69 cents. The weekly averages quoted for the last three weeks were lower than the average price during any other week since May 13, 1922.

The Department of Agriculture on November 9th estimated this year's cotton crop at 15,386,000 bales, in comparison with final 1924 figures of 13,628,000 bales. North Carolina's 1925 probable yield was placed at 1,080,000 bales, in comparison with 825,000 bales grown in 1924; South Carolina's yield was predicted as 860,000 bales, compared with 807,000 bales last year; and Virginia's yield was estimated at 48,000 bales, compared with 39,000 bales in 1924. Commenting on the report, the Department of Agriculture pointed out that rains and low temperature had done much damage west of the Atlantic states since November 1st, which might reduce the yield to some extent, and would almost certainly lower the grades. The report further stated that in spite of a larger yield this year, the quantity of cotton grading middling or better may quite possibly turn out less than last year. An unusually large percentage of the crop is reported of such low grade as to be untenderable on contracts.

Cotton opened early this year, and the *Census Bureau* reported that 11,198,660 bales had been ginned prior to November 1st, compared with 9,715,643 bales ginned to the same date last year. North Carolina ginnings to November 1st totaled 855,650 bales, compared with 374,754 bales to the same date in 1924; South Carolina ginnings totaled 818,630 bales compared with 533,035 bales to November 1, 1924; and Virginia ginnings totaled 31,011 bales and 6,082 bales in 1925 and 1924, respectively, prior to November.

Consumption in American mills of 543,679 bales of cotton during October surprised the cotton interests of the country, especially in view of the fact that during the month a large number of Southern mills were forced by low water in the streams to curtail operating time materially, in some cases to the extent of losing two and a half days each week. In September this year consumption totaled 483,266 bales, and in October 1924 amounted to 534,283 bales. According to the *Census Bureau's* November 14th report, cotton on hand in consuming establishments on October 31st totaled 1,216,437 bales, compared with 866,011 bales on September 30, 1925, and 733,440 bales on October 31, 1924. Compresses and public warehouses held 4,499,382 bales on October 31st, compared with 3,137,620 bales so held on September 30th this year and 4,226,427 bales on October 31st last year. Imports totaled 12,402 bales in October, 15,121 bales in September, and 18,113 bales in October 1924, while exports totaled 1,421,482 bales in October, 752,324 bales in September, and 947,556 bales in October last year. Not since February 1915, when 1,501,701 bales were sent abroad, has so large a quantity of cotton been exported in one month. Active spindles in October numbered 32,425,206, compared with 31,551,630 in September and 31,165,034 in October 1924. Cotton consumed in cotton growing states in October totaled 366,099 bales, compared with 329,859 bales used in September, but in October 1924 the cotton growing states consumed 373,339 bales. This year's decrease was undoubtedly due to forced curtailment in operations as a result of the long drought.

TOBACCO—SOUTH CAROLINA. The tobacco season has closed in South Carolina. Total production for the season was 69,560,000 pounds, according to the November 1st report of the Department of Agriculture, compared with 45,600,000 pounds grown in 1924.

NORTH CAROLINA. One hundred thirteen auction warehouses in North Carolina sold 82,719,771 pounds of producers' tobacco during October, at an average of \$26.40 per hundred pounds, compared with an average of \$23.88 received by the growers in October last year. Wilson and Greenville led in sales with 18,342,002 pounds and 10,978,786 pounds, respectively, while Robersonville with an average of \$32.21 per hundred pounds led in price paid. Indications are for a total production of 326,300,000 pounds this year, compared with 278,320,000 pounds grown in 1924. October sales showed distinct improvement in price over September sales. The average was \$9.00 per hundred pounds more than the September average and \$8.17 higher than the August sales. The quality of tobacco sold in October showed considerable improvement over earlier months, and much of the tobacco still unsold is of the better grades.

VIRGINIA. Bright tobacco markets in Virginia opened in October, and sold 10,197,129 pounds of producers' tobacco at an average price of \$15.77 per hundred pounds, compared with 12,644,687 pounds at an average of \$21.68 per hundred sold on the same markets in October 1924. Weather during October was favorable for stripping and ordering the crop, but farmers were busy with harvesting and fall seeding and were unable to give their time to tobacco marketing. According to warehouse reports, the grades of leaf sold in October ran 19 per cent good, 30 per cent medium, and 51 per cent common, compared with 1924 grades that ran 38 per cent good, 31 per cent medium, and 31 per cent common. The quality of the 1925 crop is considerably below that of average years. Total production in Virginia is estimated to be 108,460,000 pounds, compared with 136,500,000 pounds grown in 1924 and a five year average of 143,128,000 pounds.

AGRICULTURAL NOTES—MARYLAND. Despite declines in the price of some farm commodities during October, the general agricultural situation in Maryland continues good. Harvesting is about complete and fall seeding is ended. The corn crop is turning out well both in yield and quality, although the price has weakened. In the Eastern Shore territory there has been a rather insistent movement for a greater diversification of crops. This movement is continuing and farmers in several counties are trying out early cabbage. In some counties on the Eastern Shore, tobacco was planted this season for the first time in many years, and results indicate considerable success with the crop. The apple crop of the state has been moving

to market and although not large has been of fair quality and has sold at comparatively good prices.

VIRGINIA. The early forecasts of small crops for Virginia are confirmed by reports made since harvest, according to the November report of the Virginia Crop Reporting Service. As a result of unfavorable weather conditions during the past season the yield per acre for corn, hay, potatoes, sweet potatoes, tobacco, sorghum, oats, and all fruits is considerably below the ten year average. The only crops which made yields above the average were wheat, peanuts and cotton. Virginia farmers have seldom experienced a season which was so unfavorable for crop growth. The total corn production is estimated to be 42,350,000 bushels, which is only 81 per cent of the average of 52,212,000 bushels during the past ten years. The average yield of potatoes in Virginia this year is the lowest since 1914. The early crop made fairly good yields, but the dry weather during the summer months caused late crops to make little growth. In some instances growers have harvested only a few bushels more than the amount of seed planted. The total production of potatoes is 12,642,000 bushels, of which the late crop furnished only 2,950,000 bushels. The past season was unfavorable for the growth of sweet potatoes and the average yield per acre of 104 bushels is much less than usual. Owing to an increase in acreage this year, however, the total production is only slightly less than last year, being estimated at 4,784,000 bushels against 5,171,000 bushels in 1924. Carlot shipments from the commercial sections to November 7th were 5,027 cars, compared with 5,213 cars the total shipments for the 1924 crop. The apple crop is reported to have been 37 per cent of normal, indicating a production of 7,884,000 bushels, compared with 15,184,000 bushels produced last year. Since October 1st rains and cool weather caused considerable improvement in the apple prospects, and the estimate of the commercial crop has been increased slightly over the October forecast of 1,386,000 barrels. Last year the commercial crop was 2,520,000 barrels. The peanut production is somewhat uncertain, because threshing was delayed by the frequent rains during October. The estimated production is 116,775,000 pounds, which is considerably larger than the short crop of 74,100,000 pounds last year and is also larger than the average production of 102,142,000 pounds during the past five years.

NORTH CAROLINA. A general improvement is shown in the expected crop yields in North Carolina since the October 1st report as a result of the harvested yields per acre reported by farmers on November 1st. With the exception of cotton and several minor crops, crop yields are some better than they were expected to be earlier in the season when the drought was so severe. Corn will produce a crop of 44,844,000 bushels, compared with 42,929,000 bushels expected October 1st, and a production last year of 44,544,000 bushels. The late Irish potato crop is showing considerably better yields than was expected a month ago. The state crop will be about 4,218,000 bushels—including both early and late potatoes—compared with a crop last year of 6,195,000 bushels. The 78 per cent quality this year is 6 points below last year's quality. The commercial crop this year, however, was considerably better than last year. North Carolina's sweet potato yield will be about 9,064,000 bushels, compared with 9,282,000 bushels produced last year and a five year average crop of 10,564,000 bushels. The present prospects point to a yield of 526,000 bushels more than was expected on October 1st. The quality is up to that of 1924, but is approximately 10 per cent below the ten year average. The November 1st report indicates that a very large percentage of the peanut crop will be grazed or hogged off this year. Peanut production is expected to be 188,600,000 pounds, about 24 per cent more than the 1924 crop. More of the crop has been harvested to date than was the case last year. The yield in gallons of sorghum syrup from sorghum cane will be about 67 gallons per acre this year, producing a total of 1,876,000 gallons for the state. A considerable portion of this crop is produced in the Mountain counties where the dry weather damaged the crop extensively. The November 1st report indicates a commercial apple crop of 160,000 barrels, compared with 307,000 barrels last year, and a total crop of 3,192,000 bushels compared with 6,500,000 bushels produced in 1924.

SOUTH CAROLINA. Good rains during the latter part of October and the first week of November broke the long drought and the soil now contains sufficient moisture for sowing and germination of winter grains. South Carolina's corn crop is estimated this year at 22,915,000 bushels, compared with 21,862,000 bushels in 1924. Generally the crop is poor in the Piedmont counties where the drought was very severe but is fair to good in other sections. The sweet potato yield is estimated to be 5,060,000 bushels, compared with 6,230,000 bushels last year. The yield of peanuts is about 11,000,000 pounds, compared with 22,400,000 pounds in 1924, part of the decline being due to reduced acreage. Sorghum for syrup shows a total production of 966,000 gallons, compared with 1,302,000 gallons in 1924. The farm labor supply is greater than the demand for the first time in several years.

WEST VIRGINIA. Heavy rains in October came too late to help the crops of West Virginia. Considerable damage was done to the corn crop, which in many cases is reported to be molding and rotting in the field. Corn production is estimated at 20,300,000 bushels, compared with 15,176,000 bushels in 1924, most of the increase being due to larger acreage this year. Apple picking is finished. The fruit is small, off color, and suffered some hail damage, but is in fair to good condition for storage. The state's production is 4,185,000 bushels, compared with 7,000,000 bushels last year. Recent rains helped late potatoes somewhat, but growers found difficulty in getting them dug. The expected yield is 4,263,000 bushels, compared with 4,841,000 bushels produced in 1924. The production of sorghum is 640,000 gallons, compared with 736,000 gallons a year ago.

WHOLESALE TRADE, OCTOBER, 1925

Percentage increase (or decrease) in sales in October 1925, compared with sales in September 1925:					
41 <i>Groceries</i>	15 <i>Dry Goods</i>	11 <i>Shoes</i>	19 <i>Hardware</i>	6 <i>Furniture</i>	13 <i>Drugs</i>
6.2	3.8	1.2	4.1	3.9	— 0.4
Percentage increase (or decrease) in sales in October 1925, compared with sales in October 1924:					
— 2.1	15.5	11.2	3.3	2.9	8.1
Percentage increase (or decrease) in sales since January 1, 1925, compared with sales during the corresponding ten months of 1924:					
2.5	— 6.0	2.0	— 6.1	14.0	4.1
Percentage increase (or decrease) in stock on October 31, 1925, compared with September 30, 1925:					
4.8(11)	— 7.5(8)	— 0.8(5)	0.7(5)	.....	.....
Percentage increase (or decrease) in stock on October 31, 1925, compared with October 31, 1924:					
— 4.9(11)	—15.2(8)	—20.1(5)	—10.2(5)	.....	.....

— Denotes decreased percentage.

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

Wholesale trade in October 1925, as reflected in reports from 105 firms selling six lines, exceeded September trade in groceries, dry goods, shoes, hardware, and furniture, the only decline occurring in drugs, which decreased four-tenths of 1 per cent. In comparison with October 1924 sales, every line except groceries showed larger sales during October this year, dry goods leading with an increase of 15.5 per cent. From January 1st through October sales in groceries, shoes, furniture and drugs exceeded sales during the corresponding ten months of 1924, but dry goods and hardware sales this year were less.

Grocery and hardware stocks increased slightly during October, while dry goods and shoe stocks declined. Stocks on the shelves of the reporting wholesalers at the end of October 1925 were less in every line reported upon than at the end of October 1924, shoe stocks showing a decline of 20.1 per cent, dry goods stocks a decline of 15.2 per cent, hardware stocks a decline of 10.2 per cent, and grocery stocks a decline of 4.9 per cent.

Collections continued to improve during October, 86.7 per cent of the reporting firms classifying them as either *Good* or *Fair* in comparison with 83.2 per cent so reported in September this year and 75.5 per cent in October last year. The classifications made were as follows:

<i>Lines</i>	<i>October 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	1925—1924	1925—1924	1925—1924	1925—1924	1925—1924
Groceries	9	7	26	26	5	5	0	2	40	40
Dry Goods	1	1	11	9	3	5	0	0	15	15
Shoes	0	1	8	4	2	5	0	0	10	10
Hardware	2	1	11	9	2	5	0	0	15	15
Furniture	2	1	4	5	0	0	0	0	6	6
Drugs	2	3	9	7	1	2	0	0	12	12
October Total.....	16	14	69	60	13	22	0	2	98	98

FIGURES ON RETAIL TRADE
As Indicated By Reports from Twenty-nine Representative Department Stores for the
Month of OCTOBER 1925

Percentage increase in October 1925 sales over sales in October 1924:	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
	14.7	19.3	18.2	11.6	15.9
Percentage increase in sales from January 1st through October, over sales during the same ten months in 1924:	4.0	10.0	5.9	2.6	5.0
Percentage increase in October 1925 sales over average October sales during the years 1920-1924, inclusive:	14.1	38.6	22.7	4.9	18.5
Percentage increase in stock on October 31, 1925, over stock on October 31, 1924:	5.1	6.2	— 3.1	— 2.6	1.6
Percentage increase in stock on October 31, 1925, over stock on September 30, 1925:	7.5	13.6	13.1	7.0	9.6
Percentage of sales during October 1925 to average stock carried during that month:	31.8	33.2	36.1	24.3	32.3
Percentage of sales from January 1st through October 31st, to average stock carried during the ten months:	251.8	257.3	276.6	203.1	253.5
Percentages of outstanding orders on October 31st, to total purchases of merchandise in 1924:	6.7	8.9	6.5	6.2	6.9

— Denotes decreased percentage; other figures show gains.

In our October 31st *Review* we stated that department store sales in the Fifth District were 1.9 per cent less in September 1925 than in September 1924, but October sales more than made up the slight loss. October sales this year averaged 15.9 per cent above sales reported for October last year, and also were 18.5 per cent above average October sales during the five years 1920-1924, inclusive. Cumulative sales during the first ten months this year were 5.0 per cent above sales during the corresponding period a year ago.

Stocks on hand in the reporting stores at the end of October were 1.6 per cent greater in selling value than stocks on hand October 31, 1924, and 9.6 per cent above stocks on September 30th this year, the latter increase being seasonal. Washington and Other Cities had less stock on October 31st than on the same date last year. Outstanding orders for merchandise on October 31st amounted to 6.9 per cent of total 1924 purchases.

The rate of turnover was naturally more rapid in October than in other recent months, the percentage of sales to average stocks carried during the month being 32.3 per cent. The percentage of total sales since January 1st to average monthly stocks during the ten months was 253.5 per cent, indicating an annual turnover rate of slightly more than 3 times.

(Compiled November 20, 1925)

MEMBER BANK EARNINGS AND EXPENSES

The following tables present the principal items of earnings and expenses of member banks in the Federal Reserve System for each of the last two fiscal years, together with analytical summaries of the relations of the items to one another and to earning assets. Table 1 shows average figures calculated for all member banks in the United States, and Table 2 shows average figures for member banks in the Richmond Federal Reserve District.

ANALYSIS OF MEMBER BANK COSTS AND EARNINGS Years ending June 30, 1925 and 1924.

Table 1

(Entire Reserve System)

	1925		1924	
	Amount (000 omitted)	Amount per \$100 of earning assets	Amount (000 omitted)	Amount per \$100 of earning assets
Interest received	\$1,543,202	\$5.36	\$1,509,799	\$5.63
Other income	300,706	1.05	232,533	.87
Gross earnings (total).....	\$1,843,908	\$6.41	\$1,742,332	\$6.50
Salaries and wages.....	\$ 362,128	\$1.26	\$ 346,344	\$1.29
Interest on borrowed money.....	19,866	.07	38,545	.14
Interest on deposits.....	625,368	2.18	562,154	2.10
Taxes	100,205	.35	98,942	.37
Other expenses	213,398	.74	207,998	.78
Total expenses	\$1,320,965	\$4.60	\$1,253,983	\$4.68
Net earnings	\$ 522,943	\$1.82	\$ 488,349	\$1.82
Losses on loans.....	133,554	* .66	137,188	* .72
Losses on securities.....	34,958	† .40	34,231	† .44
Other losses	29,765	.....	30,722	.....
Total losses	\$ 198,277	\$.69	\$ 202,141	\$.75
Net losses‡	144,539	.50	151,234	.56
Net additions to profits.....	\$ 378,404	\$1.32	\$ 337,115	\$1.26
Dividends declared	260,677	.....	256,273	.....

ANALYSIS OF MEMBER BANK COSTS AND EARNINGS Years ending June 30, 1925 and 1924.

Table 2

(Richmond District)

	1925		1924	
	Amount (000 omitted)	Amount per \$100 of earning assets	Amount (000 omitted)	Amount per \$100 of earning assets
Interest received	\$71,295	\$5.80	\$70,297	\$5.85
Other income	8,016	.65	7,388	.61
Gross Earnings—total.....	\$79,311	\$6.45	\$77,685	\$6.46
Salaries and wages.....	\$15,548	\$1.26	\$14,764	\$1.23
Interest on borrowed money.....	2,623	.21	3,991	.33
Interest on deposits.....	25,001	2.03	22,523	1.87
Taxes	5,415	.44	5,181	.43
Other expenses.....	9,072	.74	8,644	.72
Total expenses.....	\$57,659	\$4.69	\$55,103	\$4.58
Net earnings.....	\$21,652	\$1.76	\$22,582	\$1.88
Losses on loans.....	\$ 5,508	*\$.57	\$ 4,806	*\$.51
Losses on securities.....	974	† .37	937	† .36
Other losses	1,133	.....	1,375	.....
Total losses.....	\$ 7,615	\$.62	\$ 7,118	\$.59
Net losses‡	5,804	.47	5,649	.47
Net addition to profits.....	\$15,848	\$1.29	\$16,933	\$1.41
Dividends declared.....	12,709	.....	13,151	.....

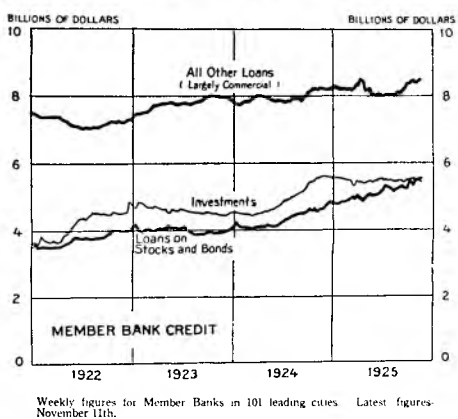
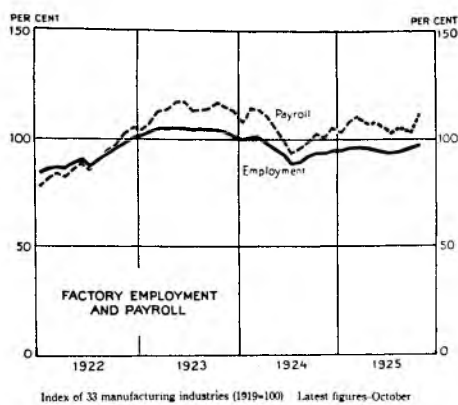
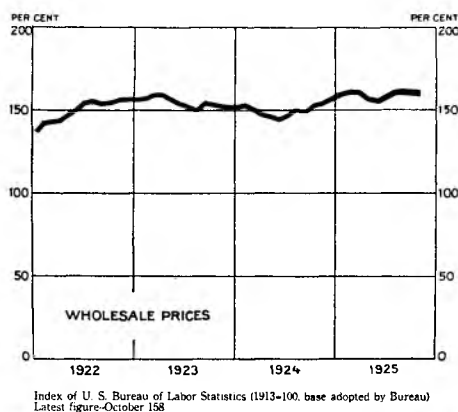
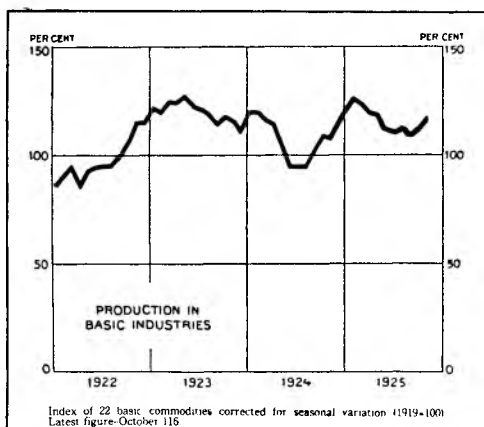
* Amount per \$100 of loans.

† Amount per \$100 of security holdings.

‡ Total losses charged off less recoveries on assets previously charged off.

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



Industrial activity and the volume of wholesale and retail trade increased in October. Wholesale prices declined somewhat to the level prevailing at midyear.

PRODUCTION. The Federal Reserve Board's index of production in basic industries, which makes allowance for seasonal changes, rose by about 4 per cent in October, reflecting increases in the output of most of the 22 commodities included in the index. Particularly large increases in activity were shown for the iron and steel and textile industries, and the output of bituminous coal and of lumber was in large volume. Production of automobiles in October was the largest on record. Payrolls at factories, including industries not covered by the production index, increased in October to the highest level since early in 1924. The value of building contracts awarded declined further in October, contrary to the usual seasonal tendency in building activity between September and October, but the total was considerably larger than in the corresponding month of any other year. Estimates by the Department of Agriculture in November indicate a corn crop of 3,013,000,000 bushels and a cotton crop of 15,298,000 bales, compared with 2,437,000,000 bushels and 13,628,000 bales in 1924. Marketing of crops was seasonally larger in October than in September, but averaged nearly 10 per cent less than a year ago.

TRADE. Wholesale trade, according to the Federal Reserve Board's combined index of sales in six leading lines, reached a seasonal peak in October and was in larger volume than for any month of the past five years. Sales at department stores and mail order houses, owing partly to favorable weather conditions, showed considerably more than the usual increase in October and were the largest on record for that month. Stocks of dry goods, shoes and hardware at wholesale firms were smaller at the end of October than on September 30th, but stocks of groceries were larger. Merchandise stocks at department stores showed slightly more than the usual increase in October, and were somewhat larger than at the end of October a year ago.

Freight car loadings reached a seasonal peak in October and totaled more than in any previous month, notwithstanding reduced shipments of anthracite and of grains and grain products.

PRICES. The Bureau of Labor Statistics index of wholesale prices, after remaining relatively constant for three months, declined from 160 in September to 158 in October, reflecting declines in the prices of agricultural products, particularly grains, livestock, meats, cotton and sugar. Since November 1st prices of grains, wool, sugar, pig iron and rubber have increased.

BANK CREDIT. Between the middle of October and the middle of November, loans for commercial and industrial purposes at member banks in leading cities continued in a volume about \$450,000,000 larger than at midsummer. Loans on securities increased further and total loans on November 11th were about \$1,000,000,000 larger than at the opening of the year. Demand deposits increased further during October and early November to a level near the high point of last January. At the Reserve banks total bills and securities in November were in the largest volume for the year and about \$200,000,000 larger than a year ago. Member bank borrowings declined somewhat from the high point reached early in October, while acceptance holdings continued to increase and on November 18th were larger than at any previous time for the year. The growth in Reserve bank credit since midsummer was chiefly in response to the seasonal increase of money in circulation, which on November 1st was about \$180,000,000 larger than on August 1st. During the latter part of October and early part of November, open market rates for commercial paper and bankers' acceptances remained substantially unchanged at the levels reached during the early Autumn. Discount rates at the Federal Reserve Banks of Boston, Cleveland, Philadelphia and San Francisco were advanced from 3½ to 4 per cent during November.