

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS

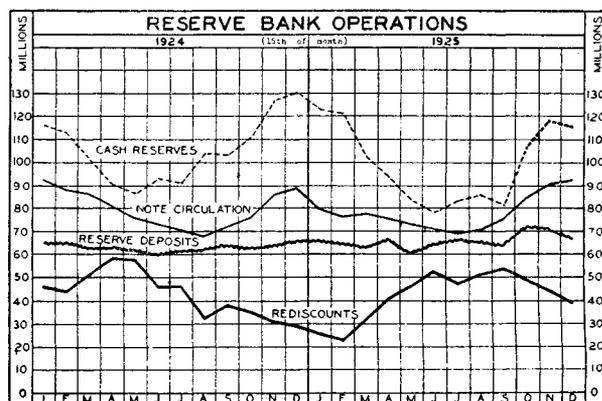


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

DECEMBER 31, 1925

Business barometers in the Fifth Reserve District indicate a very satisfactory volume of trade during November and early December. The Christmas trade was fully under way and was in larger volume than last year, as is shown by an increase of 5.5 per cent in department store sales in November in comparison with sales in November 1924. Wholesale trade in November was seasonally below that of October, but as a consequence of the activity in retail circles the wholesalers received a larger volume of refill orders than during the corresponding period a year earlier. The purchasing power of the District as indicated by both demand and time deposits in member banks exceeds that of a year ago by a considerable margin. Debits to individual, firm and corporation accounts, one of the best indicators of the current volume of trade, are running from 12 to 15 per cent above debits in 1924. Business failures in the Fifth District in November were fewer in number than in either October 1925 or November 1924, and liabilities also were comparatively low. Labor is well employed for this season, and a continuation of a very active building program appears to guarantee a sufficient amount of employment for the near future to provide for practically all workers. West Virginia is profiting as a result of the increased demand for bituminous coal, and this improvement over conditions existing last year is being felt by many wholesalers situated outside of the state but selling to West Virginia merchants. Conditions in the textile field, while still far from ideal, are improving, the mills are increasing operating time, and more forward orders are being secured than in recent months. Except in the northwestern counties of South Carolina and a few other sections of limited area, agricultural conditions are fair to good, and the yields of many crops turned out better than earlier season conditions led the growers to expect. On the whole, 1925 is closing well, and the leading industries of the Fifth District appear to be confident that the outlook for the earlier months of 1926 is excellent.



RESERVE BANK OPERATIONS—Between November 15th and December 15th, this year, rediscounts for member banks declined at the Federal Reserve Bank of Richmond from a total of \$44,527,000 to \$39,974,000, but the seasonal demand for currency increased the volume of Federal Reserve notes in actual circulation from \$90,074,000 to \$92,484,000. Member bank reserve deposits declined during the month from \$70,657,000 to \$66,813,000, and the cash reserves of the Federal Reserve Bank of Richmond dropped from \$117,505,000 to \$115,278,000. The changes during the month in the items enumerated so nearly balanced each other that the ratio of cash reserves to combined note and deposit liabilities changed less than two-tenths of 1 per cent, rising from 71.91 per cent on November 15th to 72.10 per cent on December 15th.

On December 15, 1924, rediscounts for member banks at the Federal Reserve Bank of Richmond totaled \$29,681,000; Federal reserve notes in actual circulation amounted to \$89,136,000; member bank reserve deposits aggregated \$65,168,000; and the cash reserves of the Federal Reserve Bank of Richmond totaled \$130,386,000. The ratio of cash reserves to combined note and deposit liabilities was 84.18 per cent on December 15th last year.

CONDITION OF SEVENTY-TWO REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	December 9, 1925	November 11, 1925	December 10, 1924
1. Total Loans and Discounts (including all rediscounts)	\$ 529,476,000	\$ 524,775,000	\$ 474,396,000
2. Total Investments in Bonds and Securities	129,579,000	127,994,000	130,449,000
3. Total Loans and Investments	659,055,000	652,769,000	604,845,000
4. Reserve Balance with Federal Reserve Bank	41,697,000	41,930,000	38,951,000
5. Cash in Vaults	16,064,000	15,224,000	15,797,000
6. Demand Deposits	390,948,000	382,990,000	368,543,000
7. Time Deposits	202,480,000	201,244,000	177,122,000
8. Borrowed from Federal Reserve Bank	18,976,000	20,916,000	6,373,000

The accompanying table shows the principal items of condition reported by seventy-two identical member banks as of three dates, December 9, 1925, November 11, 1925, and December 10, 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. The figures shown reflect conditions on the dates used in the comparisons, but are not necessarily the highest or lowest figures that occurred during the period under review.

Between November 11th and December 9th, both this year, total loans to customers in the reporting banks increased \$4,701,000, rising from \$524,775,000 to \$529,476,000, and at the same time investments in bonds and securities rose from \$127,994,000 to \$129,579,000. Reserve deposits maintained by the reporting banks at the Reserve bank showed no more than a daily fluctuation, declining from \$41,930,000 to \$41,697,000. Cash in vaults registered a seasonal increase, rising from \$15,224,000 on November 11th to \$16,064,000 on December 9th. Both demand and time deposits increased during the month, the former rising from \$382,990,000 to \$390,948,000 and the latter from \$201,244,000 to \$202,480,000. An increase in time deposits is unusual at this season, when savings accounts are drawn upon for Christmas shopping. The volume of borrowing from the Reserve bank done by the seventy-two reporting members dropped from \$20,916,000 to \$18,976,000 during the month.

Comparing the figures reported for December 9th this year with those reported a year ago, increases are shown in all items except investments in bonds and securities, which declined from \$130,449,000 on December 10, 1924, to \$129,579,000 on December 9, 1925. Total loans rose during the year from \$474,396,000 to \$529,476,000; reserve balances rose from \$38,951,000 to \$41,697,000; cash in vaults rose from \$15,797,000 to \$16,064,000; demand deposits rose from \$368,543,000 to \$390,948,000; and time deposits rose from \$177,122,000 to \$202,480,000. Borrowing by the reporting banks at the Reserve bank totaled only \$6,373,000 on December 10, 1924, but amounted to \$18,976,000 on December 9, 1925.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	December 9, 1925	November 11, 1925	December 10, 1924
Asheville, N. C.	\$ 27,860,000	\$ 25,630,000	\$ 20,373,000
Baltimore, Md.	446,043,000	370,839,000	371,900,000
Charleston, S. C.	24,874,000	26,541,000	24,121,000
Charleston, W. Va.	36,611,000	33,135,000	35,567,000
Charlotte, N. C.	47,045,000	47,526,000	45,030,000
Columbia, S. C.	16,620,000	18,831,000	19,739,000
Cumberland, Md.	9,700,000	8,272,000	8,425,000
Danville, Va.	12,410,000	10,433,000	13,484,000
Durham, N. C.	31,929,000	28,032,000	22,373,000
Greensboro, N. C.	20,522,000	19,885,000	25,655,000
Greenville, S. C.	24,525,000	24,330,000	25,210,000
Hagerstown, Md.	10,481,000	9,968,000	9,137,000
Huntington, W. Va.	27,191,000	25,542,000	26,384,000
Lynchburg, Va.	20,060,000	18,469,000	19,210,000
Newport News, Va.	11,414,000	8,736,000	8,538,000
Norfolk, Va.	86,812,000	73,518,000	82,468,000
Raleigh, N. C.	26,083,000	27,696,000	23,799,000
Richmond, Va.	166,050,000	150,686,000	132,778,000
Roanoke, Va.	26,155,000	25,962,000	26,040,000
Spartanburg, S. C.	17,156,000	14,875,000	17,504,000
Washington, D. C.	228,255,000	225,262,000	197,434,000
Wilmington, N. C.	20,399,000	21,887,000	21,469,000
Winston-Salem, N. C.	35,444,000	35,337,000	30,598,000
Total for 23 Cities.....	\$1,373,639,000	\$1,251,392,000	\$1,207,236,000

Debits to individual, firm and corporation accounts in twenty-three leading cities of the Fifth Reserve District showed a seasonal increase during the four weeks ending December 9th in comparison with the four weeks ending November 11th, both dates this year, the total rising from \$1,251,392,000 to \$1,373,639,000. Eighteen of the twenty-three cities reported higher figures for the more recent four weeks.

The total of debits reported for the four weeks ending December 9th this year was 13.8 per cent larger than the total of \$1,207,236,000 reported for the four weeks ending December 10th last year, seventeen of the twenty-three cities reporting gains. The six reductions were due directly to the long drought of the past summer, which reduced the yield of tobacco in Virginia and cotton in the Piedmont section of the Carolinas.

SAVINGS DEPOSITS—There was a slight decline during November in deposits in fourteen mutual savings banks in Baltimore, but a similar decline occurred during the corresponding month each year since 1920. Aggregate deposits amounted to \$150,891,556 on November 30, 1925, compared with \$151,139,262 on October 31, 1925, and \$144,936,000 on November 30, 1924. Time deposits in seventy-two regularly reporting member banks rose during the past month, contrary to seasonal expectations, and on December 9th totaled \$202,480,000 in comparison with totals of \$201,244,000 on November 11th this year and \$177,122,000 on December 10th last year.

BUSINESS FAILURES—According to *Dun's Review* of December 5th, insolvencies in the United States in November 1925 numbered 1,672, with liabilities of \$35,922,421, compared with 1,581 defaults and liabilities of \$29,543,870 in October this year, and 1,653 defaults and liabilities of \$31,123,910 in November last year. With the exception of November 1924, insolvencies last month were fewer in number than for any other November since 1920, and the increase over that month last year was only 1.1 per cent. The increase in number last month over October was 5.8 per cent, but such a gain in November is usual as the end of the year approaches. The indebtedness involved continued heavy, due mainly to some large defaults. The liabilities for November this year were 15.4 per cent larger than they were a year ago, but with that exception were less than for November in any preceding year since 1920.

Fifth District failures in November numbered 91, with liabilities of \$1,631,370, compared with 149 failures for \$2,524,656 in October 1925, and 111 failures for \$1,715,396 in November 1924. The number of insolvencies was lower in the Fifth District during November than in any other month since September 1924, and November liabilities were the second lowest this year, August being the single month for which lower figures were reported.

LABOR—Changes in labor circles since our last month's *Review* was written were practically all seasonal. Cold weather somewhat further reduced outdoor activities, and the completion of harvesting lessened the demand for agricultural workers. Manufacturers are operating full time, with consequent steady employment for factory hands. Miners in West Virginia are more fully employed than for years, and textile operatives have recently put in more nearly full time than since last spring. There is no serious amount of unemployment in the Fifth District except in the Piedmont section of South Carolina, where tenant farmers made such poor crops this year that they need work to carry them through the winter. Inability to secure such work near home is causing many laborers to leave the farms for grading and construction work in Florida, and some of the land owners express a fear that this shifting of tenants from farm to the cities will leave many farms uncultivated next year.

COAL—Production of bituminous coal during the week ended December 5th is estimated by the Bureau of Mines, Department of Commerce, at 12,768,000 net tons, the highest weekly tonnage recorded since December 11, 1920. Total production in November of approximately 50,780,000 net tons was slightly below the October output, but November contained only thirty days, had five Sundays and Thanksgiving Day, and Armistice and Election Days were partly observed as holidays, while October had thirty-one days, only four Sundays, and no holidays. Total production of bituminous coal during the present calendar year to December 5th was 480,679,000 net tons, an increase of 36,698,000 tons, or 8.3 per cent, over production during the corresponding period in 1924. West Virginia led all states in November by producing approximately 12,450,000 tons, but Pennsylvania was only about 250,000 tons behind in output. At retail yards in the Fifth District bituminous coal is available in sufficient quantities to meet all demands, but anthracite coal cannot be secured. Many Virginia consumers of hard coal are experimenting with Virginia anthracite, a coal said to grade between ordinary bituminous and Pennsylvania anthracite, and fairly satisfactory results with it have been reported. No changes in retail prices were noted during the past month.

TEXTILES—Fifth District textile mills increased operating time during November, fall rains having raised the water level in streams sufficiently to justify the electric power companies reducing the restrictions laid on the mills during recent months. Many mills are now running full time, and none of them are being shut down more than one day each week in comparison with a maximum of two and a half days per week two months ago. The mills in the Fifth District consumed 218,435 bales of cotton in November, compared with 205,929 bales in October this year and 204,762 bales in November 1924. Mill executives continue to report hand to mouth buying in volume, but few forward orders. The jobbers and retailers are thought by some mill owners to be postponing orders until prices settle after the various Government crop and ginning reports are issued in December, but others are not hopeful of receiving any appreciable volume of forward

orders at a time when the supply of cotton is known to be sufficient to meet all needs as they arise. Plans are being made for the enlargement of a number of important mills in the Carolinas, which attests the confidence with which the future is faced by Southern textile interests.

BUILDING OPERATIONS FOR THE MONTHS OF NOVEMBER, 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.....	565	550	832	1,407	\$ 5,176,320	\$ 3,128,040	\$ 403,200	\$ 750,600	\$ 1,700,880	43.9%	1
2	Cumberland, Md....	20	32	5	3	64,285	193,829	2,169	400	— 127,775	— 65.8	2
3	Frederick, Md.....	6	11	3	6	11,545	43,475	2,175	9,400	— 39,155	— 74.1	3
4	Hagerstown, Md....	16	32	8	10	24,230	31,435	26,580	2,375	17,000	50.3	4
5	Danville Va.....	* 16		* 11		* 45,231		* 5,571				5
6	Lynchburg, Va.....	16	14	17	14	10,715	27,761	7,917	7,395	— 16,524	— 47.0	6
7	Norfolk, Va.....	75	89	42	38	94,499	235,120	25,280	30,905	— 146,246	— 55.0	7
8	Petersburg, Va....	3	2	3	5	8,700	4,700	2,675	1,560	5,115	81.7	8
9	Richmond, Va.....	106	184	60	82	353,554	842,482	107,967	128,987	— 509,948	— 52.5	9
10	Roanoke, Va.....	72	80	19	50	270,245	190,455	10,415	7,880	82,325	41.5	10
11	Bluefield, W. Va..	13	14	1	4	214,400	66,970	200	160	147,470	219.7	11
12	Charleston, W. Va.	48	34	12	9	85,838	41,810	10,185	8,800	45,413	89.7	12
13	Clarksburg, W. Va	17	31	8	10	16,150	95,825	3,575	2,280	— 78,380	— 79.9	13
14	Huntington, W. Va.	85	111	4	20	391,860	371,987	4,440	9,545	14,768	3.9	14
15	Parkersburg, W. Va	27	31	4	15	47,400	70,565	2,400	5,890	— 26,655	— 34.9	15
16	Asheville, N. C.	51	19	37	28	570,209	223,913	9,722	42,060	313,958	118.0	16
17	Charlotte, N. C.	44	61	7	17	153,687	841,300	3,460	47,113	— 731,266	— 82.3	17
18	Durham, N. C.	30	11	3	2	82,475	43,275	10,050	1,200	48,050	108.0	18
19	Greensboro, N. C.	50	46	28	34	1,172,745	251,713	23,928	31,235	913,725	322.9	19
20	High Point, N. C.	38	45	7	10	198,725	142,625	3,525	5,800	53,825	36.3	20
21	Raleigh, N. C.	36	62	8	9	47,350	196,180	10,900	7,750	— 145,680	— 71.4	21
22	Salisbury, N. C.	13	28	6	3	34,700	51,495	1,290	575	— 16,080	— 30.9	22
23	Wilmington, N. C.	13	8	3	6	35,450	23,200	4,000	5,200	11,050	38.9	23
24	Winston-Salem, N. C.	89	73	52	103	536,725	195,025	46,347	32,345	355,702	156.4	24
25	Charleston, S. C.	11	4	29	21	25,230	3,000	11,920	5,085	29,065	359.5	25
26	Columbia, S. C.	22	14	47	48	146,657	41,000	12,091	11,165	106,583	204.3	26
27	Greenville, S. C.	5	15	16	17	72,525	49,700	4,115	18,725	8,215	12.0	27
28	Spartanburg, S. C.	24	32	57	35	88,610	229,435	20,043	8,339	— 129,121	— 54.3	28
29	Washington, D. C.	418	572	456	187	4,514,980	3,631,942	658,220	201,479	1,339,779	34.9	29
	Totals.....	1,913	2,205	1,774	2,193	\$14,449,809	\$11,268,257	\$1,428,789	\$1,384,248	\$ 3,226,093	25.5%	

* 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.

Construction work in the Fifth District continued quite actively during November, and a sufficient number of permits for additional work were issued to furnish steady employment during the winter for a large number of workmen. Twenty-eight cities in the District issued 1,913 permits for new construction, compared with 2,205 permits issued for similar work in November last year, a decline of 13.2 per cent during the 1925 month, but the estimated valuation figures totaled \$14,449,809 in November compared with \$11,268,257 in November 1924, an increase this year of 28.2 per cent. Permits for alterations and repairs totaled 1,774 in November, with estimated valuation of \$1,428,789, compared with 2,193 permits and estimated valuation of \$1,384,248 issued for alteration and repair work in November 1924. Combined valuation for all classes of work totaled \$15,878,598 in November 1925 and \$12,652,505 in November 1924, an increase during the 1925 month of 25.5 per cent. Baltimore, Greensboro and Washington each reported permits for new work estimated at more than a million dollars, while Asheville and Winston-Salem valuations exceeded half a million. The chief declines were reported by Norfolk, Richmond, Charlotte, Raleigh and Spartanburg. Charleston, S. C., with a gain of 359.5 per cent, showed the largest percentage increase in valuation during November in comparison with November last year, but the increase was due to exceptionally low 1924 figures rather than to high totals this year.

COTTON—Spot cotton prices fluctuated through a range of approximately a cent a pound between the middle of November and the middle of December, ending with the lowest weekly average price received by growers since May 1922. In our *Review* last month we quoted the average price paid on Carolina markets for middling cotton during the week ending November 14th at 18.69 cents per pound. The average rose to 19 cents during the week ending November 21st and to 19.52 cents during the last week in November. The week ending December 5th witnessed a drop in the average to 18.76 cents, and the average for the latest week for which figures are available, ending December 12th, declined to 18.45 cents.

The Department of Agriculture issued its final cotton production estimate for 1925 on December 8th, and placed the yield at 15,603,000 equivalent 500 pounds bales, in comparison with 13,628,000 bales grown in 1924. North Carolina's yield was estimated at 1,090,000 bales in comparison with 825,000 bales grown in 1924, South Carolina's yield was given as 875,000 bales in comparison with 807,000 bales grown in 1924, and Virginia's yield was given as 50,000 bales in comparison with 39,000 bales grown in 1924. Virginia and North Carolina yields are above the average for 1920-1924, inclusive, but South Carolina's crop is slightly below the five year average. The Department of Agriculture stated in its report that weather during the last half of November was unusually favorable for picking in most states and growers have picked or expect to pick some cotton that a few weeks ago they feared would be lost. The agricultural statistician of North Carolina states that probably on the whole the drought of the past summer was helpful in that it checked the propagation of boll weevils, and the same statement holds true for South Carolina.

The Census Bureau announced on December 8th that cotton ginnings to December 1st totaled 13,857,686 bales, compared with 12,237,659 bales ginned to the same date in 1924. North Carolina's ginnings to December 1st totaled 1,030,868 bales, South Carolina ginnings were 893,408 bales, and Virginia ginnings were 44,660 bales. South Carolina ginnings exceeded the estimated production for this year, but the ginning figures represented actual running bales while the production estimate was made in equivalent 500 pounds bales, containing 478.1 pounds of lint cotton and 21.9 pounds of bagging and ties.

Cotton consumed in American mills during November totaled 543,098 bales, compared with 543,679 bales consumed during the longer month of October and with 495,182 bales used in November 1924. Total consumption for this cotton year to date—August 1st to November 30, 1925—amounted to 2,018,708 bales, compared with 1,825,218 bales consumed during the corresponding four months of 1924. According to the *Census Bureau's* December 14th report, consuming establishments held 1,456,166 bales on November 30th, compared with 1,216,437 bales on October 31, 1925, and 1,049,327 bales on November 30, 1924. Compresses and public warehouses held 5,206,283 bales on November 30, 1925, compared with 4,499,382 bales so held on October 31, 1925, and 4,802,943 bales on November 30, 1924. Imports in November totaled 27,000 bales, compared with 12,402 bales in October this year and 17,549 bales in November last year, while exports totaled 1,206,786 bales in November, 1,421,482 bales in October, and 1,306,550 bales in November 1924. Since August 1st exports totaled 3,696,417 bales, in comparison with 3,268,188 bales sent abroad during the corresponding four months last year. Cotton consumed in cotton growing states during November totaled 382,136 bales, compared with 366,099 bales consumed in October 1925 and 347,823 bales in November 1924.

TOBACCO—NORTH CAROLINA auction markets sold 86,139,078 pounds of producers' tobacco during November, for an average price of \$26.17 per hundred pounds, compared with 45,180,070 pounds sold by practically the same markets in November 1924 for \$28.44 per hundred. Total sales on the auction markets in North Carolina to December 1st totaled 254,306,077 pounds, representing about 78 per cent of the total crop grown this year. The average price for the season has been \$23.37 per hundred pounds. November sales consisted mostly of average grades, and prices were somewhat lower than in October. Wilson led in volume of sales in November with 16,011,793 pounds, Winston-Salem being second with 11,175,547 pounds. Windsor led in average price, selling 153,008 pounds for \$35.72 per hundred, while Farmville, Fuquay Springs, Greenville, Robersonville, Williamston and Wilson averaged over \$30.00 per hundred pounds.

VIRGINIA markets sold 26,077,069 pounds of growers' tobacco in November, compared with 20,325,340 pounds sold during that month last year. Danville, with sales of 10,202,668 pounds, led in volume, while Petersburg with sales of 1,103,155 pounds at \$19.34 per hundred pounds led the Bright markets in price. Appomattox, with sales of 63,087 pounds at \$21.53 per hundred, led the Dark markets. The average price for Bright tobacco during November was \$17.24 per hundred, and for Dark tobacco was \$19.60. Richmond sold 339,425 pounds of Sun-cured for an average of \$15.43 per hundred. Prices for Bright tobacco were lower in both October and November than in 1924, but Dark and Sun-cured tobacco prices were better this year. According to estimates of warehousemen, November sales graded 22 per cent good, 31 per cent medium, and 47 per cent common, compared with 28 per cent good, 38 per cent medium, and 34 per cent common last year.

AGRICULTURAL NOTES—Late November and December are comparatively inactive months on farms in the Fifth District. Since our last month's *Review* was written farmers have been finishing up harvesting operations, selling tobacco, cutting and hauling fire wood for the winter, and in the cotton growing sections cleaning fields to prevent hibernation of boll weevils. Quite an effort has been made in the Southern section of the District to persuade farmers to cut, pile and burn cotton stalks, and much good has probably been accomplished. The yield of most crops turned out somewhat better than conditions a month or two ago gave reason to expect, and except in a few spots of comparatively small area the farmers of the Fifth District have had a moderately successful year. Next month we hope to have complete figures on the 1925 yields of the District's chief crops for publication in comparison with yields in 1924.

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

Percentage increase in November 1925 sales over sales in November 1924:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
4.0	8.5	8.9	— 0.8	5.5	
Percentage increase in sales from January 1st through November, over sales during the same eleven months in 1924:					
4.0	9.9	6.3	2.2	5.1	
Percentage increase in November 1925 sales over average November sales during the years 1920-1924, inclusive:					
1.9	21.6	16.7	— 7.5	7.5	
Percentage increase in stock on hand November 30, 1925, over stock on November 30, 1924:					
6.1	4.1	0.3	— 0.5	3.2	
Percentage increase in stock on hand November 30, 1925, over stock on October 31, 1925:					
— 0.4	2.4	7.5	0.3	2.4	
Percentage of sales during November 1925 to average stock carried during that month:					
29.7	26.5	31.0	20.6	28.7	
Percentage of sales from January 1st through November 30th, to average stock carried during the eleven months:					
282.7	284.0	307.5	223.9	282.8	
Percentage of outstanding orders on November 30th, to total purchases of merchandise in 1924:					
5.5	7.4	5.8	3.9	5.7	

— Denotes decreased percentage; other figures show gains.

Department store sales in the Fifth District were 5.5 per cent greater in dollar amount during November 1925 than in November 1924, and were also 7.5 per cent greater than average November sales during the five years 1920-1924, inclusive. Washington stores led in percentage increase over sales during November last year with a gain of 8.9 per cent, with Richmond following closely with an increase of 8.5 per cent. In cumulative sales this calendar year the District shows a gain of 5.1 per cent over sales during the first eleven months of 1924, Richmond leading with an increase of 9.9 per cent.

Stocks on the shelves in the reporting stores at the end of November were 2.4 per cent larger at selling values, than at the end of October this year and 3.2 per cent larger than on November 30th last year. Washington stocks, with an increase of 7.5 per cent, increased most during November, but Baltimore with an increase of 6.1 per cent showed the greatest increase in comparison with stocks on the shelves a year ago. Outstanding orders for merchandise on November 30th averaged 5.7 per cent of total purchases in 1924, Richmond leading with 7.4 per cent.

The percentage of sales to average stock on hand during November was not quite as high as the corresponding figure for October, November's average being 28.7 per cent compared with 32.3 per cent reported last month for October. The percentage of cumulative sales from January 1st through November 30th to average stock carried during each of the eleven months was 282.8 per cent, indicating an annual rate of turnover of a little more than three times. Washington stores are leading in turnover.

WHOLESALE TRADE, NOVEMBER, 1925

Percentage increase (or decrease) in sales in November 1925, compared with sales in October 1925:						
41 <i>Groceries</i>	15 <i>Dry Goods</i>	11 <i>Shoes</i>	18 <i>Hardware</i>	6 <i>Furniture</i>	13 <i>Drugs</i>	
— 5.9	—30.2	—28.7	—13.3	—10.6	—10.0	
Percentage increase (or decrease) in sales in November 1925, compared with sales in November 1924:						
4.9	— 3.5	1.1	1.6	12.5	2.1	
Percentage increase (or decrease) in sales since January 1, 1925, compared with sales during the corresponding eleven months of 1924:						
2.7	— 5.8	1.9	— 5.4	13.9	3.9	
Percentage increase (or decrease) in stock on November 30, 1925, compared with October 31, 1925:						
3.9(11)	— 8.5(8)	9.1(5)	2.0(5)	—10.9(2)	
Percentage increase (or decrease) in stock on November 30, 1925, compared with November 30, 1924:						
1.2(11)	—14.9(8)	—17.5(5)	—15.5(5)	— 0.7(2)	

— Denotes decreased percentage.

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

The approach of the annual inventory period reduced sales in November below the total of sales in October, according to figures received from one hundred and four wholesale firms in five leading lines. Every line reported upon showed lower November sales, groceries as usual being influenced least by the seasonal

trend. In comparison with sales in November 1924, however, November sales this year were higher in every line reported upon except dry goods, in which line the decline of 3.5 per cent was probably due largely to lower prices on all cotton goods this year. Cumulative sales since January 1st were larger in groceries, shoes, furniture and drugs than sales during the corresponding eleven months in 1924, while dry goods and hardware sales were lower this year.

Stocks on hand in grocery, shoe and hardware establishments were larger on November 30th than on October 31st, but dry goods and furniture stocks declined during the month. All lines except groceries reported smaller stocks on November 30, 1925, than on November 30, 1924.

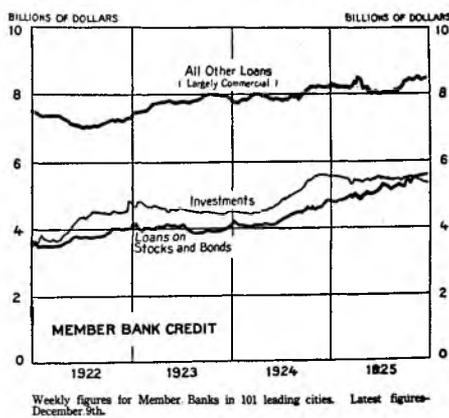
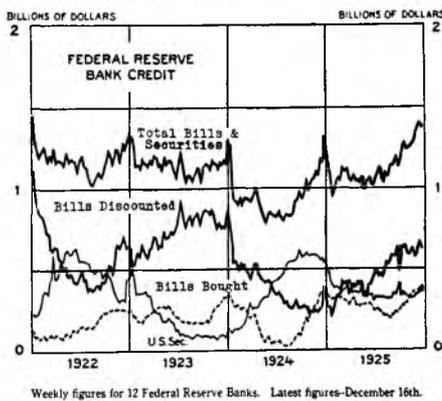
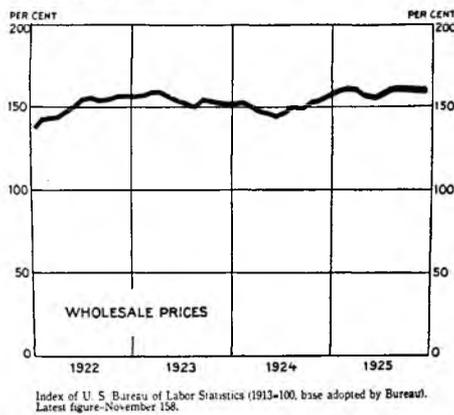
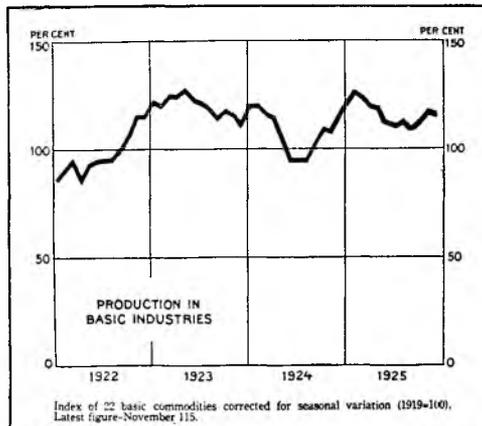
Taking the average for the entire District, collections were somewhat slower in November than in October, but were distinctly better than in November a year ago. The greatest improvement during the year occurred in West Virginia, and the northwestern counties of South Carolina experienced the most marked adverse change. The classification of collections for November made by ninety-eight identical firms was as follows:

<i>Lines</i>	<i>November 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	7	25	25	6	6	1	1	39	39
Dry Goods	0	1	11	9	4	5	0	0	15	15
Shoes	0	0	8	6	2	4	0	0	10	10
Hardware	3	2	10	8	2	5	0	0	15	15
Furniture	2	1	4	5	0	0	0	0	6	6
Drugs	4	4	8	7	1	2	0	0	13	13
November Totals.....	16	15	66	60	15	22	1	1	98	98

(Compiled December 19, 1925)

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



Production of basic commodities in November continued in about the same volume as the month before, and the general level of prices remained unchanged. Activity of wholesale and retail trade was below the record level of October, but was larger than in November of last year.

PRODUCTION. Output of basic industries included in the Federal Reserve Board's index of production was at about the same rate in November as in October, but owing to a smaller number of working days the index declined by about 1 per cent. Increases occurred in average daily production of pig iron, steel ingots, copper and bituminous coal, and in the consumption of cotton, while the production of flour, sugar and meat products declined. Automobile production in November was seasonally less than in October, but continued large for this time of the year. Employment and payrolls in manufacturing industries showed small increases in November as compared with October. Employment and workmen's earnings increased in machinery industries, while in food products and tobacco and in the clothing industries there were seasonal declines. Building contracts awarded were smaller in November than in October, but were large when compared with the volume for November of previous years. Final estimates by the Department of Agriculture in 1925 indicate that the acreage of all crops harvested was slightly larger than in 1924, but that the aggregate production of crops was in about the same volume. Yields of cotton, corn and tobacco were considerably larger than last year, while the production of wheat, oats, potatoes and hay was smaller.

TRADE. Sales in leading lines of wholesale trade showed the usual decline in November from the seasonally high levels in October, but continued larger than in the corresponding month of any of the past five years. Total volume of trade at department stores and mail order houses was smaller than in October owing largely to the smaller number of business days in November. Compared with earlier years, however, department store sales were the largest on record for November and sales at mail order houses were the largest for that month in the past six years. Merchandise stocks at department stores showed considerably more than the usual increase in November and were 4 per cent larger than in November of last year. Distribution of commodities by railroads during November reached new high levels for the month. Movements of merchandise and miscellaneous commodities, coal and coke were larger, while those of livestock, grain and forest products were somewhat smaller than in November of the two preceding years.

PRICES. Wholesale prices, according to the index of the Bureau of Labor Statistics, remained the same in November as in October. Prices of livestock, meats and cotton goods declined, but those decreases were offset in the general averages by advances in the prices of grains, fuel, lumber and rubber. In the first three weeks of December prices of wheat, flour and hardwood lumber were slightly higher than in November, while quotations on cattle, cotton, coke, copper and hides were lower.

BANK CREDIT. At member banks in leading cities, the volume of credit outstanding on December 9th was near the high level reached early in November. Loans for commercial and agricultural purposes declined somewhat during the period and there was also a decrease in the banks' security holdings. Continued growth of loans on securities, however, was sufficient to offset these reductions and the total of loans and investments remained practically unchanged. At the Reserve banks the seasonal demand for currency and credit resulted in an increase of total bills and securities in December to the highest level in nearly four years. This increase in Reserve bank credit in use has been in the form of discounts for member banks, as the volume of purchased bills held changed but little between the middle of November and the middle of December, and holdings of United States securities also remained constant, except for a temporary increase connected with Treasury financing on December 15th. Money in circulation increased by \$71,000,000 between November 1st and December 1st, and the continued demand for currency in December was reflected at the Reserve banks both in increased Federal Reserve note circulation and in a decline in cash reserves. During the latter part of November and the early part of December open market rates for commercial paper and acceptances remained substantially unchanged. Later in December increased demand for credit and currency, largely seasonal in character, was reflected in firmer money conditions.

SELECTION AND DUTIES OF FEDERAL RESERVE BANK DIRECTORS

The taking of office at the beginning of the New Year by a number of new Federal Reserve Bank directors makes it appropriate to review the method by which directors of the Reserve Banks are chosen, the type of men who serve, and their powers and duties.

Method of Selection.

Each of the 12 Federal Reserve Banks has a Board of nine Directors which is responsible, under the general supervision of the Federal Reserve Board in Washington, for the policy and administration of the Bank. Of the nine directors, six are elected by the member banks and three are appointed by the Federal Reserve Board. Of the six elected by member banks three *may* be bankers, but the other three *must* be actively engaged in commerce, agriculture or industry in the district, and while serving as Reserve Bank directors may not serve as directors or officers of any other bank. Of the three directors appointed by the Federal Reserve Board, one acts as chairman of the board, must be a man of banking experience, and devotes his entire time to the Federal Reserve Bank, carrying in addition the title and duties of Federal Reserve Agent. The other two appointed by the Federal Reserve Board must have no other banking connection while serving as directors. Hence they are usually business men.

Business Men in Majority.

Thus, of the nine directors of each Reserve Bank, five are ordinarily business men, three are active bankers (frequently with business interests in addition), and one is chairman and Federal Reserve Agent. Directors hold office for three years and may be reappointed or re-elected.

Of the present 108 directors of the 12 Reserve Banks, 12 are the Chairmen of the Boards and 36 are active bankers. The remaining 60, constituting the majority, have the following occupations:

19 manufacturers	2 lawyers
14 merchants	2 railroads
4 farmers	1 cattleman
4 lumbermen	1 contractor
2 insurance	1 public utilities
3 investment bankers	1 mining
3 retired business men	1 savings bank officer
2 publishers	

In each of the 12 Federal Reserve Districts it is men with this wide range of interests and familiar with conditions in the district who are responsible for the management of the Reserve Bank.

Directors of the Richmond Bank.

The directors of the Federal Reserve Bank of Richmond for 1926 are the following:

Elected by member banks

James C. Braswell	Banker
David R. Coker	Farmer and merchant
Edwin C. Graham	Wholesale merchant
L. E. Johnson	Banker
Charles E. Rieman	Banker
Edmund Strudwick	Insurance and farmer

Appointed by Federal Reserve Board

Frederic A. Delano	General consulting engineer
William W. Hoxton	Chairman and Federal Reserve Agent
Robert Lassiter	Cotton manufacturer

Of these directors Mr. Braswell, just elected by the member banks, is beginning his first term. Mr. Graham has been re-elected after five years of service, and Mr. Lassiter has been reappointed by the Federal Reserve Board after three years of service.

In addition to the directors of the 12 Reserve Banks, each of the 23 branches has a board of seven directors, residents of the branch territory, of whom 4 are appointed by the Federal Reserve Bank of the District and 3 by the Federal Reserve Board. The directors of branches have a range of occupations and interests similar to that indicated above for the directors of the Banks. Their jurisdiction in credit matters is limited to passing upon loans to member banks in the territory served by the branch. In the Richmond district there is only one branch, that at Baltimore. The following are its directors for 1926:

Edmund P. Cohill	Farmer
Albert H. Dudley	Managing director
William H. Matthai	Manufacturer
C. G. Osburn	Banker
Levi B. Phillips	Banker
John G. Rouse	Wholesale merchant
H. B. Wilcox	Banker

Local and National Interest.

The Board of Directors of each Reserve Bank appoints its officers and is responsible for its policy and management, subject to the general supervision of the Federal Reserve Board. A certain co-ordination is necessary between the 12 Reserve Banks in important matters of policy. The law therefore provides that decisions of any Reserve Bank as to changes in the discount rate must be approved by the Federal Reserve Board. Transactions in bankers acceptances and short time government securities in the open market are co-ordinated through a committee of Reserve Bank officers appointed by the Federal Reserve Board and acting under the approval and authority of the directors of those Reserve Banks which may from time to time participate in such transactions.

Under the terms of the Federal Reserve Act and current procedure, the management of the Federal Reserve System is so designed as to bring to bear upon any important question of policy both local and national points of view, together with the opinions of men of many different occupations and interests. æ