

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

JANUARY 31, 1926

STATISTICAL RECORD	1925	1924
Debits to Individual Accounts (23 Cities).....	\$15,819,532,000	\$14,268,512,000
Number of Business Failures, Fifth District.....	1,493	1,440
Liabilities Involved in Failures.....	\$ 35,245,288	\$ 73,303,170
Cotton Consumption, Fifth District Mills, Bales.....	2,537,393	2,210,411
Cotton Grown in Fifth District, Bales.....	2,015,000	1,671,000
Tobacco Grown in Fifth District, Pounds.....	582,795,000	489,138,000
Building Permits for New Construction, (28 Cities).....	23,497	24,889
Value of Permits for New Construction.....	\$ 177,223,973	\$ 158,767,248
Total Sales, 29 Department Stores.....	\$ 99,546,486	\$ 94,537,638
Total Sales, 101 Jobbers and Wholesalers.....	\$ 101,629,679	\$ 101,974,172

Business in the Fifth Federal Reserve District in December was fully up to seasonal average, although the increase in trade over that of December 1924 was less marked than the increase in November over November of the previous year. Fall trade in 1925 opened earlier than in 1924, partly because weather conditions stimulated early fall buying last year and partly because there was no pre-election uncertainty as was the case in 1924. The year 1925 turned out better in the Fifth District in practically all lines than did 1924, agriculture being the only important industry in which there was a recession. Even in agriculture there was distinct improvement in certain sections and crops. Both tobacco and cotton production in the two Carolinas exceeded 1924 production, but tobacco prices were a little lower than during the preceding year. Maryland's crops except Irish potatoes and hay, exceeded the previous year's yields, and good prices were secured for most of them. West Virginia's important crops, except hay and apples, exceeded those of 1924. South Carolina and Virginia suffered most from last summer's dry weather, and farm conditions are less favorable in those states.

Conditions in the textile field improved last year over conditions existing in 1924, as is indicated by a 1925 increase of 326,982 bales in cotton consumption by Fifth District mills. Buying of textiles was on a hand-to-mouth basis all year, and power shortage cut operating time seriously last summer and fall, but a large volume of orders for prompt shipment was placed, and the mills kept moderately busy without the necessity of accumulating stocks of manufactured goods. As 1925 closed, there were signs of a distinct broadening in the demand for

textiles, and forward orders were beginning to reach the mills.

The coal producing region of the Fifth District experienced better business during the entire year 1925, but the improvement was especially marked during the last four months, during which the substitution of bituminous for anthracite coal greatly increased the demand for West Virginia and Virginia coals. Plenty of labor and excellent railroad facilities enabled the Fifth District mines to produce a very large tonnage, and until December West Virginia led all states in coal mined. The prosperity in mining sections was felt in nearby states through increased orders to jobbers, wholesalers, and manufacturers.

The volume of construction work in the Fifth District during 1925 was somewhat below 1924 in the number of permits issued, but total valuation figures for new work in 1925 set a new record, totaling \$177,223,973 in twenty-eight cities. This compares with a total of \$158,767,248 issued in the same cities in 1924.

Debits to individual, firm and corporation accounts at clearing house banks in twenty-three of the District's leading cities totaled \$15,819,532,000 in 1925, an increase of more than a billion and a half dollars over the total of \$14,268,512,000 in 1924.

Labor has probably never been more steadily employed than in 1925, except during and immediately after the World War when there was a shortage of available workers. Textile operatives lost considerable time last summer on account of power shortage, but all other groups were able to secure work at good wages during the entire year. The active construc-

tion program of course accounted for much of the employment in one form or another.

Retail trade in 1925, as reflected by department store sales, exceeded that of 1924 by approximately 5 per cent, and the volume of wholesale trade in six leading lines was only a little less than during the earlier year. A considerable part of the decrease was doubtless due to lower prices last year on cotton goods.

CONDITION OF SEVENTY-ONE REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	January 13, 1926	December 16, 1925	January 14, 1925
1. Total Loans and Discounts (Including all rediscounts).....	\$ 527,812,000	\$ 531,218,000	\$ 474,100,000
2. Total Investments in Bonds and Securities.....	131,447,000	132,171,000	129,547,000
3. Total Loans and Investments.....	659,259,000	663,389,000	603,647,000
4. Reserve Balance with Federal Reserve Bank.....	40,014,000	41,387,000	41,053,000
5. Cash in Vaults.....	14,941,000	16,019,000	14,523,000
6. Demand Deposits.....	387,163,000	378,999,000	369,097,000
7. Time Deposits.....	201,710,000	201,103,000	179,211,000
8. Borrowed from Federal Reserve Bank.....	18,064,000	25,104,000	9,565,000

The accompanying table shows the principal items of condition reported by seventy-one identical member banks as of three dates, January 13, 1926, December 16, 1925, and January 14, 1925, thus affording an opportunity for comparing the latest available figures with those reported a month earlier and those of a year ago. Since last month the number of reporting banks has decreased from seventy-two to seventy-one, but this was due to a consolidation of two reporting banks and does not affect the comparison of the figures for January and December. The figures shown reflect conditions on the dates used in the comparison, but it should not be thought that they are necessarily the highest or lowest figures that occurred during the periods under review.

Between December 16, 1925 and January 13, 1926, total loans to customers in the seventy-one reporting banks declined from \$531,218,000 to \$527,812,000, and the reporting banks in turn reduced their rediscounts at the Reserve bank from \$25,104,000 to \$18,064,000. Total investments in bonds and securities dropped from \$132,171,000 to \$131,447,000 during the month under review, and the reporting banks' reserves at the Reserve bank declined from \$41,387,000 to \$40,014,000. The need for currency having materially declined after the holiday shopping period, cash in the vaults of the reporting banks dropped from \$16,019,000 on December 16, 1925, to \$14,941,000 on January 13, 1926. Deposits increased between the middle of December and the middle of January, demand deposits rising from \$378,999,000 on December 16th to \$387,163,000 on January 13th, and time deposits rising from \$201,103,000 to \$201,710,000 between the same dates. So marked an increase in deposits at a time when outstanding loans were being reduced is noteworthy.

A comparison of the figures reported for January 13th this year with those reported on January 14, 1925, shows an increase in credit extended to customers during the year. Total loans and discounts rose from \$474,100,000 on January 14th last year to \$527,812,000 on January 13th this year. Deposits also increased, but not sufficiently to meet the increase in outstanding loans to customers, which made it necessary for the reporting banks to increase their rediscounts at the Reserve bank. Demand deposits rose during the year from \$369,097,000 to \$387,163,000, and time deposits increased from \$179,211,000 to \$201,710,000. Rediscounts for the seventy-one reporting member banks at the Reserve bank totaled \$9,565,000 on January 14, 1925, and \$18,064,000 on January 13, 1926. The other items in the table changed little during the year. Total investments in bonds and securities rose from \$129,547,000 to \$131,447,000 and cash in vaults increased from \$14,523,000 to \$14,941,000. Reserve balances of the reporting banks declined from \$41,053,000 to \$40,014,000, probably only a daily fluctuation.

RESERVE BANK OPERATIONS—Between December 15, 1925 and January 15, 1926, the volume of rediscounts for member banks at the Federal Reserve Bank of Richmond remained practically the same, rising from \$39,974,000 on the earlier date to \$39,983,000 on the later date. However, the total of bills held by the Richmond bank rose from \$43,275,000 to \$44,855,000 during the same period, due to an increase in acceptances of member banks purchased in the open market. Reserve deposits of member banks showed only a daily fluctuation during the month under review, declining from \$66,813,000 to \$66,711,000, but with the lessened demand for currency after the holidays the volume of Federal Reserve notes in circulation dropped from \$92,484,000 on December 15th to \$84,835,000 on January 15th. The changes enumerated reduced the cash reserves of the Federal Reserve Bank of Richmond from \$115,278,000 on December 15th to \$104,545,000 on January 15th, and lowered the ratio of cash reserves to combined liabilities for deposits and Federal Reserve note circulation from 72.10 per cent to 67.51 per cent.

Member banks are now using Reserve bank credit more extensively than they were a year ago. On January 15, 1925, the volume of rediscounts for members at the Federal Reserve Bank of Richmond totaled \$25,483,000, but stood at \$39,983,000 on January 15th this year. Federal Reserve notes in circulation a year ago amounted to \$79,683,000, in comparison with \$84,835,000 on January 15th this year. Member reserves aggregated \$65,586,000 on January 15, 1925 and \$66,711,000 on the corresponding date in 1926. Total bill

holdings of the Federal Reserve Bank of Richmond, including both rediscounts and open market purchases, amounted to \$26,584,000 on January 15th last year and \$44,855,000 on January 15th this year, rediscounts having risen \$14,500,000 and bills purchased \$3,772,000. As a result of the changes in the items mentioned, the cash reserves of the Federal Reserve Bank of Richmond declined between January 15, 1925 and January 15, 1926, from \$122,222,000 to \$104,545,000, and the ratio of cash reserves to combined deposit and note liabilities dropped from 83.03 per cent to 67.51 per cent.

SAVINGS DEPOSITS—Total deposits in fourteen mutual savings banks in Baltimore amounted to \$152,148,807 on December 31, 1925, the highest figure on record. A year ago, on December 31, 1924, deposits in the same banks totaled \$146,163,741. Time deposits also increased in seventy-one regularly reporting member banks during the past year, rising from a total of \$179,211,000 on January 14, 1925, to \$201,710,000 on January 13, 1926.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDING			ANNUAL TOTALS	
	Jan. 13, 1926	Dec. 9, 1925	Jan. 14, 1925.	1925	1924
Asheville, N. C.....	\$ 35,406,000	\$ 34,465,000	\$ 26,421,000	\$ 326,853,000	\$ 282,184,000
Baltimore, Md.....	519,545,000	530,839,000	460,296,000	5,072,348,000	4,526,648,000
Charleston, S. C.....	31,480,000	30,557,000	37,092,000	313,821,000	309,580,000
Charleston, W. Va.....	50,212,000	44,802,000	50,822,000	439,110,000	423,535,000
Charlotte, N. C.....	63,157,000	57,393,000	58,425,000	590,421,000	527,206,000
Columbia, S. C.....	21,329,000	21,691,000	23,752,000	236,744,000	251,723,000
Cumberland, Md.....	10,364,000	11,411,000	9,927,000	109,680,000	108,890,000
Danville, Va.....	13,234,000	15,108,000	14,049,000	122,351,000	119,890,000
Durham, N. C.....	33,423,000	38,173,000	25,809,000	306,722,000	244,629,000
Greensboro, N. C.....	34,856,000	24,882,000	29,619,000	269,475,000	275,440,000
Greenville, S. C.....	33,876,000	30,224,000	31,121,000	284,914,000	267,880,000
Hagerstown, Md.....	13,105,000	12,675,000	11,505,000	132,581,000	122,190,000
Huntington, W. Va.....	31,803,000	33,300,000	36,281,000	320,206,000	313,988,000
Lynchburg, Va.....	28,989,000	24,399,000	26,310,000	244,347,000	232,161,000
Newport News, Va.....	11,176,000	13,456,000	8,885,000	105,948,000	85,153,000
Norfolk, Va.....	93,984,000	101,907,000	89,438,000	864,612,000	827,768,000
Raleigh, N. C.....	33,965,000	33,906,000	32,795,000	405,905,000	336,975,000
Richmond, Va.....	184,091,000	200,425,000	158,800,000	1,709,420,000	1,518,344,000
Roanoke, Va.....	34,908,000	32,240,000	33,532,000	317,402,000	300,092,000
Spartanburg, S. C.....	20,281,000	20,332,000	19,488,000	191,792,000	172,206,000
Washington, D. C.....	284,690,000	286,608,000	260,552,000	2,781,220,000	2,393,674,000
Wilmington, N. C.....	28,273,000	24,783,000	26,384,000	251,833,000	241,755,000
Winston-Salem, N. C.....	46,744,000	43,604,000	38,465,000	421,827,000	386,601,000
Totals.....	\$1,658,891,000	\$1,667,180,000	\$1,509,818,000	\$15,819,532,000	\$14,268,512,000

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Reserve District, three equal periods of five weeks being given to allow for comparison of the latest available figures with those of the preceding like period and the corresponding period last year. In addition, total debits are shown by cities for the calendar year 1925 and 1924.

During the five weeks ending January 13, 1926, debits in the twenty-three cities totaled \$1,658,891,000, a decrease of \$8,289,000 under the total of \$1,667,180,000 reported during the five weeks ending December 9, 1925. A decline is usual during the period containing the quiet week between Christmas and New Year's, but in spite of the seasonal tendency increases in debits during the period ending January 13th were reported by twelve of the twenty-three cities. The four largest cities—Baltimore, Washington, Richmond and Norfolk—reported lower figures, however.

In comparison with debits aggregating \$1,509,818,000 reported during the five weeks ending January 14, 1925, the total of \$1,658,891,000 reported during the corresponding period this year shows an increase of \$149,073,000, or 9.9 per cent. Eighteen of the twenty-three cities show higher figures for the period ending January 13, 1926.

Total debits in the reporting cities during 1925 reached the impressive figure of \$15,819,532,000, an increase of more than a billion and a half dollars over the total of \$14,268,512,000 reported by the same cities in 1924. Twenty-one of the twenty-three cities gained in 1925, Durham leading in percentage increase with 25.4 per cent, and Newport News and Raleigh following with increases of 24.4 per cent and 20.5 per cent, respectively. Nine cities gained more than 10 per cent, these being the three named above, and Washington with a gain of 16.2 per cent, Asheville 15.8 per cent, Richmond 12.6 per cent, Baltimore 12.1 per cent, Charlotte 12.0 per cent, and Spartanburg 11.4 per cent.

BUSINESS FAILURES—Business failures in the United States during December 1925 numbered 1,878, with liabilities amounting to \$36,528,160, compared with 2,040 failures and liabilities amounting to \$45,279,281 in December 1924, a decrease of 7.9 per cent in number and a decline of 19.3 per cent in liabilities during the more recent month. In the Fifth District, December 1925 insolvencies numbered 106 and liabilities were \$3,596,748, compared with December 1924 insolvencies numbering 152 and liabilities totaling \$2,771,624, a decrease in number of 30.3 per cent but an increase in liabilities of 29.8 per cent.

Dun's Review of January 9th, in reviewing failure statistics for 1925 in comparison with earlier years, states that only in 1922 and 1915 was the number of defaults reported in the United States during a single year in excess of that shown during the year just closed. Total liabilities in 1925, however, were smaller than in any year since 1920. Failures in 1925 numbered 21,214, with aggregate liabilities of \$443,744,272, compared with 20,615 failures for \$543,225,449 in 1924. The feature of the insolvency returns for 1925 is the comparatively favorable showing for the fourth quarter and the closing month of the year. During the final three months of last year, insolvencies were fewer in number than in any other fourth quarter since 1920, and the amount of indebtedness was smaller than in any corresponding period since 1919. In the Fifth Reserve District, failures in 1925 numbered 1,493, compared with 1,440 in 1924, but liabilities last year totaled only \$35,245,288, compared with \$73,303,170 in 1924, in which year a single manufacturing failure involved approximately \$40,000,000.

LABOR—Unfavorable weather for outdoor work prevailed in the Fifth District between the middle of December and the middle of January, and consequently unemployment and part time work increased. However, the number of unemployed persons is not above seasonal average, and except in the Piedmont section of South Carolina there is no considerable number of idle workers at any one place. Factory work was not appreciably influenced by the severe weather of the past month, and industries continued full time operations. Coal mining in West Virginia was very active, providing steady work for the miners. Textile mills increased operations with the cancellation of power restrictions, giving their operatives additional opportunities for employment. Tobacco factories are busy, and are using their usual quota of workers. Additions to a number of Fifth District textile mills and tobacco factories are under way, and a continuation of a very large building program appears to insure work for the building trades through the balance of the winter, if the weather permits outside work. The amount of construction work under way and provided for is felt not only among the building trades, but spreads throughout many industries, giving employment to workers in plants supplying all kinds of building materials, employees in furniture factories, etc.

COAL—In spite of the reduced output between Christmas and New Year's, bituminous coal production in December of 52,816,000 net tons exceeded production in November by approximately 2,000,000 tons, according to the January 16th report of the Bureau of Mines, Department of Commerce. West Virginia mined approximately 13,000,000 net tons, but for the first time this coal year was exceeded in production by the 14,000,000 tons mined in Pennsylvania. During the calendar year 1925 a total of 522,967,000 net tons of soft coal was mined, compared with 483,687,000 tons brought up in 1924. The 1925 production exceeded that of 1924, 1922 and 1921, but was less than that of 1920 and 1923, during the latter of which years reserves were being rebuilt after the long strike of 1922. Bituminous coal continues available at retail yards, and no price changes have been reported since last fall. Anthracite coal is no longer available, and industries dependent upon it are being seriously inconvenienced. The Fifth District is a relatively light consumer of hard coal, however, and on the whole the District has probably derived more benefit from the increased demand for bituminous coal than it has lost from the high price and scarcity of anthracite.

TEXTILES—The outlook in the textile field improved during December and the first half of January. Power companies removed all further restrictions on operating time about the first of the year, and cotton prices have been steadier than at any time for many months. Stocks of goods in secondary hands are comparatively low. As a result of all these influences, the demand for textiles has broadened considerably, and jobbers and retailers are beginning to show a willingness to place orders farther in advance than during last summer and fall, when the size of the 1925 cotton crop was highly problematical. Many immediate shipment orders are being placed, and some mills are sold out two or three months ahead. Cotton consumed by the mills in the Fifth District in December totaled 229,242 bales, exceeding November consumption by 10,807 bales, an exceptionally good record in view of the time lost at Christmas, when the mills usually close two or three days. December consumption this year exceeded consumption in December 1924 by 21,862 bales and consumption in December 1923 by 47,200 bales. During the calendar year 1925, the mills in the two Carolinas and Virginia consumed 2,537,393 bales, compared with 2,210,411 bales used in 1924, an increase during 1925 of 326,982 bales, or 14.8 per cent, a very satisfactory showing on the whole, in view of the power shortage which reduced the running time of many mills from a day to two and a half days each week during the summer and fall of last year. Consumption of cotton in the District last year was approximately half a million bales greater than the number of bales grown in the District, an interesting fact that is not generally realized.

BUILDING OPERATIONS FOR THE MONTHS OF DECEMBER, 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.....	465	570	900	934	\$ 1,709,160	\$ 4,623,360	\$ 497,640	\$ 568,320	\$-2,984,880	- 57.5%	1
2	Cumberland, Md...	19	17	5	3	350,500	31,391	2,545	630	321,024	1,002.5	2
3	Frederick, Md.....	4	8	3	0	10,900	11,640	10,425	0	9,685	83.2	3
4	Hagerstown, Md...	14	15	5	5	17,765	20,080	36,760	988	33,457	158.8	4
5	Danville Va.....	* 10	.....	* 12	.....	* 58,210	.....	* 60,000	.....	.....	.....	5
6	Lynchburg, Va.....	7	11	15	12	12,530	31,825	11,392	22,525	— 30,428	— 56.0	6
7	Norfolk, Va.....	67	103	34	63	104,655	623,667	43,310	60,446	— 536,148	— 78.4	7
8	Petersburg, Va....	4	0	2	5	5,200	0	250	1,225	4,225	344.9	8
9	Richmond, Va.....	98	121	58	58	1,112,850	1,305,627	129,474	69,382	— 132,685	— 9.6	9
10	Roanoke, Va.....	60	72	16	19	144,495	1,125,275	17,445	10,533	— 973,868	— 85.7	10
11	Bluefield, W. Va...	6	17	2	7	35,500	23,925	535	5,125	6,985	24.0	11
12	Charleston, W. Va.	24	25	9	7	23,705	49,250	4,430	4,200	— 25,315	— 47.4	12
13	Clarksburg, W. Va	12	18	7	8	5,210	23,660	3,375	2,285	— 17,360	— 66.9	13
14	Huntington, W. Va.	54	100	5	15	97,725	264,855	6,272	12,330	— 173,188	— 62.5	14
15	Parkersburg, W. Va	19	10	2	4	67,250	15,650	2,800	840	53,560	324.8	15
16	Asheville, N. C....	37	26	45	48	452,845	397,783	12,427	21,207	46,282	11.0	16
17	Charlotte, N. C....	32	40	9	3	312,720	398,812	3,635	3,100	— 85,557	— 21.3	17
18	Durham, N. C.....	30	18	6	5	165,825	15,600	16,700	7,575	159,350	687.6	18
19	Greensboro, N. C.	73	36	14	17	1,298,265	130,850	16,400	12,655	1,171,160	816.1	19
20	High Point, N. C...	51	35	8	8	142,665	82,615	17,100	3,400	73,750	85.7	20
21	Raleigh, N. C.....	26	42	8	7	207,525	175,501	4,158	2,995	33,187	18.6	21
22	Salisbury, N. C....	5	6	3	2	2,525	7,075	2,200	300	— 2,650	— 35.9	22
23	Wilmington, N. C.	10	8	4	5	27,700	220,000	15,550	8,400	— 185,150	— 81.1	23
24	Winston-Salem, N. C.	71	41	26	48	133,775	166,840	5,365	20,106	— 47,806	— 25.6	24
25	Charleston, S. C. ...	11	5	16	7	9,685	13,900	6,235	2,600	— 580	— 3.5	25
26	Columbia, S. C.	12	14	25	45	38,942	49,470	11,882	20,517	— 19,163	— 27.4	26
27	Greenville, S. C....	11	13	7	0	51,800	48,810	1,260	0	4,250	8.7	27
28	Spartanburg, S. C.	7	14	18	15	200,000	198,515	5,450	1,960	4,975	2.5	28
29	Washington, D. C.	122	356	251	208	3,451,400	3,091,559	169,230	444,466	84,605	2.4	29
Totals.....		1,351	1,741	1,503	1,558	\$10,193,117	\$13,147,535	\$1,054,245	\$1,308,110	\$-3,208,283	- 22.2%	

* 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.

Permits for new construction issued in twenty-eight reporting cities of the Fifth District during December totaled 1,351, with estimated valuation of \$10,193,117, compared with 1,913 permits and valuation of \$14,449,809 in November 1925, and 1,741 permits and valuation of \$13,147,535 in December 1924. Alteration and repair permits issued in December totaled 1,503, valued at \$1,054,245, compared with 1,774 permits and valuation of \$1,428,789 in November 1925, and 1,558 permits and valuation of \$1,308,110 in December 1924. In total valuation for both new work and alterations or repairs, December 1925 showed \$11,247,362, compared with \$15,878,598 in November 1925, and \$14,455,645 in December 1924. The weather in December was unfavorable for beginning construction work, which probably accounted for part of the decrease in permits and valuation under November 1925 and December 1924, but in addition the volume of new work being begun appears to have settled definitely below the exceptionally high figures reported during 1924.

The total number of building permits issued in twenty-eight cities during 1925 was 23,497, compared with 24,889 permits issued in the same cities during 1924. During the first half of 1925 the number of permits issued ran ahead of the same period in 1924, but during the late summer and fall the number fell below the record figures of the preceding year. Total valuation figures of \$177,223,973 in 1925 exceeded the total of \$158,767,248 reported in 1924, the year just closed being the record year in the District in point of valuation. The volume of construction work provided for last year was quite generally distributed throughout the Fifth District, but perhaps on the whole the greatest activity was shown in the North Carolina cities, if their population be taken into account.

COTTON—Cotton prices registered a net increase during the past month of approximately a cent a pound. Between December 12th and 19th, spot cotton prices in the Carolinas dropped from 18.45 cents per pound to 18.15 cents, and continued downward to 18.02 cents during the week ending December 26th, the lowest weekly average since May 6, 1922. Prices turned upward at the end of December, and averaged 18.50 cents per pound during the week ending January 2nd. The average for the week ending January 9th rose to 19.06 cents, and for the latest period for which figures are available, the week ending January 16th, the average price was 19.18 cents. Early in the week ending January 23rd a further increase was indicated, partly in response to a Department of Agriculture report which stated that the number of weevils thus far surviving the rigors of winter is exceedingly high. Another influence which has been influential in causing price increases is a realization of the existence of much low grade cotton in the 1925 yield.

Cotton consumed in American mills during December totaled 575,271 bales, compared with 543,098 bales used in November 1925 and 533,789 bales in December 1924. Total consumption for the present cotton year—August 1st through December 31st—totald 2,593,979 bales, in comparison with 2,359,007 bales used during the corresponding five months of 1924. According to the *Census Bureau's* January 14th report, cotton on hand in consuming establishments amounted to 1,717,972 bales on December 31, 1925, compared with 1,456,166 bales on November 30th and 1,319,736 bales on December 31st a year ago. Warehouses and compresses held 5,608,066 bales at the end of December, 5,206,283 bales at the end of November, and 4,616,919 bales at the end of December 1924. December imports totaled 34,474 bales, compared with 27,000 bales imported in November and 48,663 bales in December 1924. Exports in December totaled 984,061 bales, compared with 1,206,786 bales sent abroad in November and 1,075,923 bales in December 1924. Active spindles numbered 33,000,874 in December, 32,892,324 in November, and 32,720,568 in December 1924. Cotton consumption in growing states totaled 399,908 bales in December, 382,186 bales in November, and 355,262 bales in December of the previous year.

TOBACCO—Producers' sales of leaf tobacco on the auction markets in Virginia during December amounted to 24,584,402 pounds, according to the sales report issued by the State Agricultural Statistician. The average December price was \$16.38 per hundred pounds. In December 1924, sales totaling 20,706,099 pounds were made, at an average of \$20.58 per hundred. Prices of all types of tobacco have averaged lower this season than for the past few years, with the exception of Sun-Cured tobacco, which has brought better prices than for a number of years. Bright tobacco sold in December totaled 13,212,769 pounds, compared with 12,075,112 sold in December 1924. Dark sales totaled 9,164,535 pounds in December 1925 and 7,064,535 pounds in December 1924. Sun-Cured sales totaled 1,594,920 pounds in December 1925 and 1,193,810 pounds in December 1924. Prices in December 1925 and 1924 were as follows: Bright, \$15.47 and \$21.06; Dark, \$17.53 and \$20.68; and Sun-Cured, \$17.37 and \$15.25. Sales on the auction floors to January 1st amounted to 60,876,639 pounds, and with the receipts of the Co-operative Tobacco Association included, total 77,324,411 pounds, compared with total receipts of 79,257,040 pounds to the same date a year earlier. Danville led the Bright markets in December sales with 6,689,105 pounds, Lynchburg led the Dark markets with 3,015,630 pounds, and Richmond sold all of the Sun-Cured type, 1,594,920 pounds. According to estimates by the warehousemen, grades in December were 20 per cent good, 33 per cent medium, and 47 per cent common, compared with 28 per cent good, 35 per cent medium, and 37 per cent common in December 1924.

The report of the Agricultural Statistician for North Carolina states that 48,852,879 pounds of growers' tobacco were sold on auction floors in that state during December 1925, compared with 29,327,163 pounds sold in December 1924. The average price in December was \$23.14 per hundred pounds, compared with \$23.60 per hundred in December a year ago. Total sales for the season to January 1st were 303,158,756 pounds, compared with 208,385,480 pounds to the same date the preceding year. Warehousemen state that the grades sold in December were only medium. Wilson sold 10,229,119 pounds in December, leading all markets, with Greenville and Winston-Salem in second and third places with sales of 7,411,079 pounds and 6,803,844 pounds, respectively. Season sales to January 1st at Wilson totaled 62,546,216 pounds.

AGRICULTURAL NOTES—The weather in December and early January was unfavorable for farm work, with the ground frozen much of the time and snow in January. The extreme cold damaged truck crops to some extent, but the snow was beneficial to all grains and put the ground in excellent condition for plowing a little later in the season. Tobacco marketing was rushed last month as much as the weather permitted, and nearly all of the North Carolina crop has been sold. Marketing in both North Carolina and Virginia will probably be finished quickly as soon as the weather and roads permit hauling.

In order that our readers may have comparative figures of production in convenient form for the states comprising the Fifth Federal Reserve District, we are including a table herewith showing the yield of the principal crops in the several states, giving figures for 1925 and 1924. The figures are taken from official national or state agricultural department reports, and are final estimates.

Crops	Yrs.	Maryland	W. Virginia	Virginia	N. Carolina	S. Carolina
Corn (bus.)	1925	25,560,000	18,469,000	36,058,000	42,014,000	19,483,000
	1924	16,647,000	11,960,000	31,479,000	41,706,000	19,800,000
Cotton (bales)	1925	.....	.....	50,000	1,090,000	875,000
	1924	.....	.....	39,000	825,000	807,000
Tobacco (lbs.)	1925	24,690,000	6,975,000	119,070,000	361,020,000	71,040,000
	1924	22,528,000	6,200,000	136,500,000	278,320,000	45,590,000
I. Potatoes (bus.)	1925	3,212,000	4,089,000	11,340,000	4,524,000	2,175,000
	1924	3,990,000	4,275,000	18,340,000	6,195,000	3,330,000
S. Potatoes (bus.)	1925	1,290,000	276,000	3,996,000	7,040,000	2,860,000
	1924	1,120,000	330,000	4,200,000	7,360,000	3,400,000
Oats (bus.)	1925	1,856,000	5,292,000	5,826,000	4,902,000	7,182,000
	1924	1,632,000	3,960,000	5,311,000	4,644,000	7,020,000

Crops	Yrs.	Maryland	W. Virginia	Virginia	N. Carolina	S. Carolina
Wheat (bus.)	1925	10,920,000	1,728,000	8,946,000	4,466,000	506,000
	1924	8,058,000	1,586,000	8,442,000	4,968,000	627,000
Hay (tons)	1925	574,000	967,000	768,000	557,000	63,000
	1924	745,000	1,218,000	1,404,000	805,000	168,000
Peanuts (lbs.)	1925	.....	.....	131,100,000	223,400,000	6,020,000
	1924	.....	.....	78,000,000	177,450,000	14,300,000
Apples (bus.)	1925	1,870,000	4,185,000	7,844,000	3,192,000	386,000
	1924	1,810,000	7,000,000	14,500,000	6,350,000	600,000
Apples (Commercial)	1925	324,000	825,000	1,386,000	160,000	.....
	1924	314,000	800,000	2,520,000	307,000	.....
Sorghum Syrup (gals.)	1925	.....	640,000	858,000	1,904,000	780,000
	1924	.....	736,000	1,140,000	2,697,000	1,302,000

WHOLESALE TRADE, DECEMBER, 1925

Percentage increase (or decrease) in sales in December 1925, compared with sales in November 1925:						
40 Groceries	15 Dry Goods	11 Shoes	19 Hardware	5 Furniture	13 Drugs	
— 0.2	—36.9	—32.5	— 3.6	—24.3	— 1.3	
Percentage increase (or decrease) in sales in December 1925, compared with sales in December 1924:						
5.9	—16.3	—17.2	— 3.3	2.3	3.1	
Percentage increase (or decrease) in total sales in 1925, compared with sales in 1924:						
3.0	— 6.4	1.0	— 5.3	8.7	3.8	
Percentage increase (or decrease) in stock on December 31, 1925, compared with November 30, 1925:						
— 6.6 (12)	— 4.4 (8)	6.0 (5)	5.9 (5)	.....	.....
Percentage increase (or decrease) in stock on December 31, 1925, compared with December 31, 1924:						
— 1.8 (12)	— 9.6 (8)	—12.7 (5)	— 8.6 (6)	.....	.....

— 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 December, as indicated by reports from 103 firms in six leading lines, was in smaller volume than in November, a regular seasonal development. Merchants order holiday goods before December as a rule, and unless retail trade in that month considerably exceeds expectations the retailers do not buy extensively. In comparison with December 1924 sales, those made in December 1925 were greater in groceries, furniture and drugs, but less in dry goods, shoes and hardware. Total sales for 1925 exceeded 1924 sales in groceries, shoes, furniture and drugs, but hardware and dry goods sales last year were below those of 1924, the decline in dry goods probably being due in large part to the lower prices on cotton goods.

Grocery and dry goods stocks declined in December, while stocks of shoes and hardware increased. At the end of the year stocks in all four lines for which information was available were less than stocks on hand December 31, 1924, a very healthy condition in which to begin the new year.

Collections were better in December than in November, and also than in December 1924. Of ninety-six reporting firms which classified their collections last month and in December 1924, 89.6 per cent reported them either *Good* or *Fair* in comparison with 80.2 per cent so reporting a year earlier. The classifications were as follows:

	December Collections Reported As									
	<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	8	6	25	26	5	5	0	1	38	38
Dry Goods	0	1	12	8	2	5	0	0	14	14
Shoes	0	0	9	7	1	3	0	0	10	10
Hardware	3	3	12	11	1	3	1	0	17	17
Furniture	0	0	5	4	0	1	0	0	5	5
Drugs	6	4	6	7	0	1	0	0	12	12
December Totals	17	14	69	63	9	18	1	1	96	96

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

Percentage increase in December 1925 sales over sales in December 1924:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
5.6	9.4	7.5	2.7	6.4
Percentage increase in total sales during 1925 over total sales in 1924:				
4.2	9.8	6.5	3.2	5.4
Percentage increase in December 1925 sales over average December sales during the years 1920-1924, inclusive:				
8.3	33.7	24.3	4.0	16.6
Percentage increase in stock on hand December 31, 1925, over stock on December 31, 1924:				
8.3	4.1	4.7	— 7.3	5.0
Percentage increase in stock on hand December 31, 1925, over stock on November 30, 1925:				
—16.9	—15.4	—16.9	—26.0	—17.7
Percentage of sales during December to average stock carried during that month:				
45.3	50.2	55.1	41.4	48.6
Percentage of sales during the entire year 1925, to average stock carried each month:				
331.9	338.4	368.8	273.6	337.5
Percentage of outstanding orders on December 31st, to total purchases of merchandise in 1924:				
4.1	3.4	4.9	2.3	4.2

— Denotes decreased percentage.

Twenty-eight department stores in the Fifth District sold 6.4 per cent more goods in December 1925 than in December 1924, and 16.6 per cent more than the average for December 1920-1924, inclusive. Total sales in 1925 were 5.4 per cent larger than total 1924 sales.

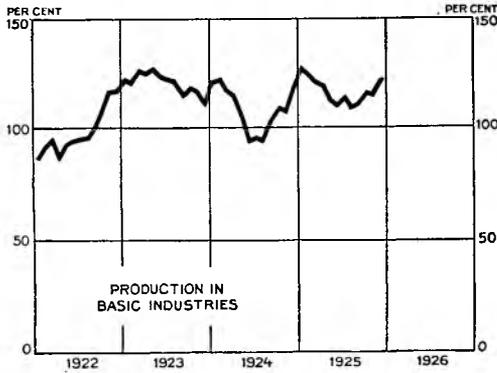
Stocks on hand in the reporting stores at the end of December 1925 were 5.0 per cent larger than stocks on December 31, 1924, but were 17.7 per cent smaller than those on November 30, 1925.

The percentage of sales to average stock carried during the month averaged 48.6 per cent for the District, Washington stores leading with 55.1 per cent. Total sales for 1925 equalled 337.5 per cent of average monthly stock carried during the year, Washington leading with 368.8 per cent. The rate of turnover was more rapid in the District during 1925 than in 1924 except in Baltimore, where it was practically the same.

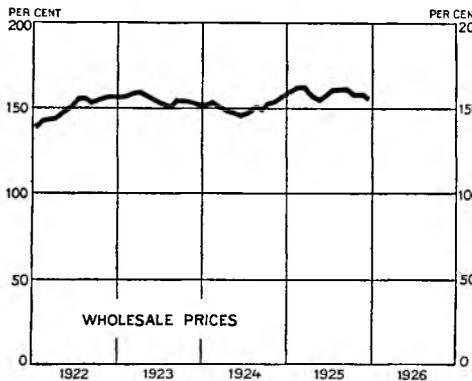
(Compiled January 21, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

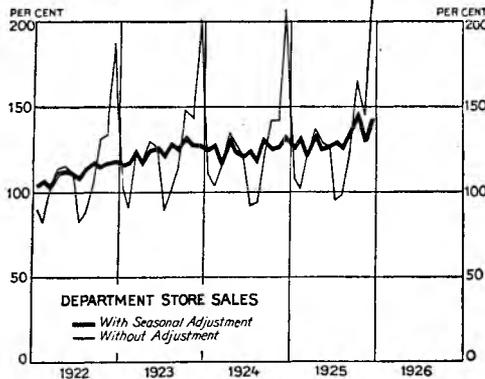
(Compiled by the Federal Reserve Board)



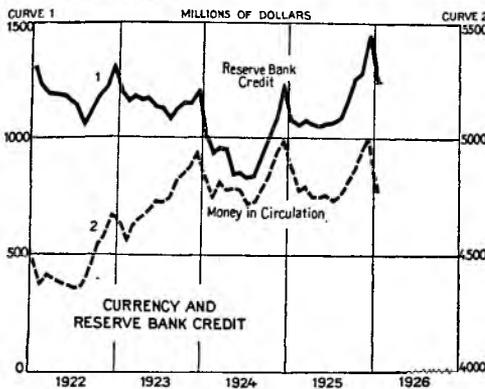
Index of 22 basic commodities adjusted for seasonal variation (1919-100). Latest figure-December 122.



Index of U. S. Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure-December 156.



Index of sales of 359 stores (1919-100). Latest figures-December, adjusted index 142, unadjusted 228.



Money in circulation data are averages of first-of-month figures and reserve bank credit data are monthly averages of daily figures.

Production and distribution of commodities was in larger volume in December than in November, and the volume of retail trade was larger than in any previous month. Wholesale prices declined to the level prevailing last spring, which was the low point for the year.

PRODUCTION. The Federal Reserve Board's index of production in basic industries advanced 6 per cent in December to the highest level in ten months. The rise in this index has been nearly continuous since last August, when the volume of production was at the low point for 1925. In December production of iron and steel and bituminous coal and factory consumption of cotton increased considerably, and the production of lumber, cement and copper was maintained at relatively high levels. The volume of factory employment and pay rolls, after increasing during the late summer and autumn months, continued practically unchanged in November and December, with increases in some important industries offsetting seasonal declines in others. Building contracts awarded during December were the largest recorded for that month and exceeded in value those awarded in November, although a seasonal decrease in building activity usually occurs at that time of the year.

TRADE. Sales at department stores, chain stores and mail order houses in December indicated the largest volume of Christmas trade on record. Trade at wholesale declined seasonally, but continued larger than last year. Stocks at department stores showed less than the usual decline in December and were 4 per cent larger at the end of 1925 than a year earlier. Freight car loadings continued large during December, with shipments of merchandise and miscellaneous commodities, coke and coal particularly heavy.

PRICES. The general level of prices, as measured by the wholesale price index of the Bureau of Labor Statistics, declined by about 1 per cent in December and was at the end of the year somewhat lower than a year earlier. The average of wholesale prices for the year 1925 as a whole, however, was the highest in five years and the changes in the price level during the year were smaller than in any year in more than a decade. Among agricultural commodities, the prices of live stock and dairy products declined in December, while grain prices advanced. Among non-agricultural commodities the principal declines were in the prices of cotton goods, paper and rubber, while somewhat higher prices were shown for silk, coal and lumber. In the first three weeks of January quotations on hogs, coke and hardwood lumber advanced, while prices on corn, cattle and rubber declined.

BANK CREDIT. Changes in the demand for currency have been the principal factor influencing the volume of Reserve bank credit in use since the middle of November. During the five weeks between November 18th and December 23rd the Reserve banks paid out to domestic circulation a net amount of about \$320,000,000 of currency in the form of gold and gold certificates, Federal Reserve notes and other kinds of money, and during the following four weeks the return flow of currency from circulation amounted to about \$430,000,000. These currency movements were reflected in corresponding changes in the volume of Reserve bank discounts for member banks. At member banks in leading cities total loans and investments, which had increased almost continuously during 1925, reached the highest level on record at the end of December, but declined by about \$200,000,000 during the first two weeks of the new year. Both the increase in bank loans in the latter part of December and the decline after the turn of the year were largely in loans on securities, particularly at member banks in New York city. These changes in the demand for loans at member banks were related both to the changes in customers' currency requirements and to the end of year disbursements by many industrial and financial institutions. Conditions in the money market, which had become firmer in the last half of December, were easier in January. Rates on bankers acceptances increased following the advance in the buying rate of the New York Federal Reserve Bank effective January 8th, while rates on commercial paper showed little change during the period.

RATIOS OF CAPITAL ASSETS TO CURRENT LIABILITIES

At the meeting of the Federal Advisory Council on December 1, 1925, consideration was given to the cause and probable effect of the present trend towards lower ratios of capital assets to current liabilities in the banking institutions of the country. It is evident that there has been a downward tendency in the proportion of capital funds of National banks to liabilities, and the accompanying chart would indicate that the ratio has reached the lowest point of the period covered, 1865 to 1925, inclusive.

The following table shows the ratio of capital to deposits of national banks for two recent dates, figures being given by Federal reserve districts.

INVESTED CAPITAL PER \$100 OF INDIVIDUAL DEPOSITS, NATIONAL BANKS, OCTOBER 31, 1914 AND JUNE 30, 1925

	All Banks		Banks in Reserve Cities*		Country Banks	
	October 31, 1914	June 30, 1925	October 31, 1914	June 30, 1925	October 31, 1914	June 30, 1925
Total	\$34	\$18	\$37	\$18	\$32	\$17
Boston	38	19	31	17	43	20
New York	33	17	28	13	26	14
Philadelphia	33	21	37	22	32	21
Cleveland	36	20	45	22	31	19
Richmond	39	21	44	22	36	21
Atlanta	46	17	43	18	46	17
Chicago	30	16	31	15	27	17
St. Louis	41	19	51	20	35	18
Minneapolis	23	14	27	14	21	14
Kansas City	29	14	29	14	30	15
Dallas	49	21	42	18	53	23
San Francisco	33	15	38	15	29	15
New York City.....	—	—	37	18	—	—
City of Chicago.....	—	—	36	16	—	—

* Exclusive of the cities of New York and Chicago.

RATIO OF CAPITAL FUNDS AND OF CAPITAL TO DEPOSITS FOR ALL NATIONAL BANKS.
 (Annual Figures, 1865 to 1925)

PER CENT

