

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

JUNE 30, 1926

DISTRICT SUMMARY—May business was in larger volume than prospects at the end of April led observers to expect, and on the whole exceeded the volume of business done in May last year. Debits to individual accounts each business day during the four weeks ended June 9th slightly exceeded average daily debits during the preceding period, ended May 12th, and were 6 per cent greater than debits during the corresponding period a year ago, ended June 10, 1925. Business failures in the Fifth District during May were fewer than in either April 1926 or May 1925, and last month's liabilities were also lower than those of the preceding month or the same month a year ago. Coal production in the District, although at a lower rate than in earlier months, was above seasonal average in May. Building permits issued in May exceeded those of May 1925 in both number and valuation. Retail trade in department stores was nearly 10 per cent above trade in May 1925, and was 12.5 per cent above average May trade during the five years 1920-1924, inclusive. Wholesale trade was also larger than in May a year ago in four of six reporting lines, the two decreases being less than 1 per cent.

In spite of the large volume of business done in May, however, the outlook for future business did not improve. The textile industry is apparently no nearer a solution of its problem than it was a month ago, and operating time was reduced further during May. The returns from this year's agricultural operations will play the leading part in determining the volume of business during the latter half of the year, and on the whole present indications are less favorable than in other recent years. Cotton is late and stands are poor, and in the Carolinas great damage has been done in some sections by a long drought. The Spring has been unusually cool and dry, and all crops except apples—and in some cases truck and small grains—have been greatly retarded in development. It should be remembered, however, that crops that appear virtually lost in June can with favorable weather make a considerable recovery before harvest time, and therefore present conditions should not be regarded as conclusive. Much depends upon the

weather during the next few weeks, and upon prices next Fall for cotton and tobacco.

RESERVE BANK OPERATIONS—During the month between May 15th and June 15th, both this year, the volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond declined from \$48,916,000 to \$45,576,000, a seasonal recession, but the total of bills held by the Reserve Bank rose from \$56,388,000 to \$57,590,000 as a result of an increase during the month from \$7,472,000 to \$12,014,000 in acceptances purchased in the open market. Member bank reserve deposits declined from \$65,355,000 on May 15th to \$65,045,000 on June 15th, a mere daily change. The volume of Federal reserve notes in actual circulation continued to decline, dropping from \$74,013,000 to \$71,989,000 during the month under review. The several changes enumerated lowered the cash reserves of the Federal Reserve Bank of Richmond from \$88,025,000 on May 15th to \$76,709,000 on June 15th, and reduced the ratio of cash reserves to note and deposit liabilities combined from 60.09 per cent to 55.58 per cent.

Between June 15, 1925, and June 15th this year, changes in the condition statement of the Federal Reserve Bank of Richmond were comparatively slight. Rediscounts for member banks, which totaled \$52,707,000 on June 15, 1925, dropped to \$45,576,000 on June 15, 1926, and total bill holdings declined from \$62,610,000 to \$57,590,000 between the same dates. Member bank reserve deposits totaled \$64,040,000 on June 15th, 1925, and \$65,045,000 on June 15th this year. Federal reserve note circulation was slightly higher on June 15th than a year ago, an aggregate of \$71,206,000 in actual circulation on June 15th last year comparing with \$71,989,000 in circulation on the corresponding date this year. Cash reserves of the Federal Reserve Bank of Richmond a year ago totaled \$78,208,000, but on June 15th this year had dropped to \$76,709,000, while the ratio of cash reserves to note and deposit liabilities combined declined during the year from 57.40 per cent to 55.58 per cent.

The National Summary will be found on page 8

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 16, 1926	May 12, 1926	June 17, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 516,144,000	\$ 521,854,000	\$ 488,487,000
2. Total Investments in Bond and Securities	132,815,000	135,658,000	138,502,000
3. Reserve Balance with Federal Reserve Bank	39,742,000	38,682,000	38,170,000
4. Cash in Vaults	13,547,000	13,783,000	14,190,000
5. Demand Deposits	365,036,000	372,844,000	342,647,000
6. Time Deposits	207,321,000	207,029,000	200,554,000
7. Borrowed from Federal Reserve Bank.....	15,346,000	16,147,000	23,061,000

In the accompanying table, the chief items of condition for sixty-eight regularly reporting member banks are shown as of three dates, June 16th and May 12th, both this year, and June 17, 1925, thus affording an opportunity for comparing the latest available figures with those of the preceding month and the preceding year. It should be understood that the figures mentioned for the different dates show the condition of the reporting banks on the report dates only, and do not necessarily indicate that they were the highest or lowest figures that occurred during the period reviewed.

During the month between the middle of May and the middle of June the pressure for credit in agricultural sections normally lightens somewhat, crops being planted, fertilizer purchases arranged, and sales of truck crops giving farmers some ready cash. This year the season is unusually late, and the demand for credit has therefore not declined seasonally, but country banks have reduced their borrowing somewhat from their city correspondents, enabling the latter to reduce their rediscounts at the Reserve Bank. Between May 12th and June 16th, the sixty-eight reporting member banks reduced their outstanding loans and discounts to customers from \$521,854,000 to \$516,144,000, and their rediscounts at the Reserve bank from \$16,147,000 to \$15,346,000. At the same time the sixty-eight banks built up their reserve deposits at the Reserve bank from \$38,682,000 to \$39,742,000, and their time deposits rose from \$207,029,000 to \$207,321,000. Demand deposits, however, did not increase as they do in most years at this season, but instead declined from \$372,844,000 to \$365,036,000, and the reporting banks reduced their investments in bonds and securities from \$135,658,000 to \$132,815,000 during the month under review. Cash in vaults changed little, dropping from \$13,783,000 on May 12th to \$13,547,000 on June 16th.

Compared with the figures reported on June 17, 1925, those of this year show a considerably larger volume of credit extended to customers by the reporting banks. Total loans and discounts, which stood at \$488,487,000 on June 17th last year, rose to \$516,144,000 on June 16th this year, while aggregate borrowing by the sixty-eight reporting banks at the Reserve bank declined between the same dates from \$23,061,000 to \$15,346,000. Total investments in bonds and securities by the reporting banks dropped from \$138,502,000 to \$132,815,000 during the year, and cash in vaults also declined, from \$14,190,000 to \$13,547,000. On the other hand, demand deposits rose from \$342,647,000 to \$365,036,000 and time deposits from \$200,554,000 to \$207,321,000, these deposit gains necessitating larger reserve deposits, which rose from \$38,170,000 on June 17, 1925, to \$39,742,000 on June 16, 1926.

SAVINGS DEPOSITS—There was a seasonal decline in total deposits in fourteen regularly reporting mutual savings banks in Baltimore during the month of May, but at the end of that month the total was greater than on any other end of month date on record except April 30th this year. At the close of business May 31st, aggregate deposits in the fourteen banks amounted to \$154,327,333, compared with \$154,783,083 on April 30th this year and \$149,012,030 on May 31, 1925. Time deposits in sixty-eight regularly reporting member banks in thirteen leading Fifth District cities totaled \$207,321,000 on June 16th, exceeding the record total of \$207,029,000 on May 12th this year and also the total of \$200,554,000 on deposit in the same institutions on June 17, 1925.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

The accompanying table shows total debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Reserve District during three periods of four weeks each. The figures for the latest available period, ended June 9th, may be compared with those reported for the preceding four weeks ended May 12th this year and with those of the corresponding four weeks ended June 10, 1925.

Aggregate debits during the four weeks ended June 9th amounting to \$1,220,528,000 showed a decrease of 1.5 per cent under the total of \$1,239,007,000 for the preceding like period, ended May 12th, but the later period contained over 4 per cent fewer business days than the earlier period, due to the Memorial Day holiday and in Virginia and South Carolina to the Jefferson Davis Birthday holiday. Nine of the twenty-three reporting cities showed higher figures during the four weeks ended June 9th than during the period ended

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	June 9, 1926	May 12, 1926	June 10, 1925
Asheville, N. C.	\$ 36,653,000	\$ 36,344,000	\$ 24,986,000
Baltimore, Md.	393,350,000	406,450,000	379,378,000
Charleston, S. C.	25,117,000	24,164,000	20,603,000
Charleston, W. Va.	33,094,000	32,242,000	30,085,000
Charlotte, N. C.	45,227,000	49,442,000	43,091,000
Columbia, S. C.	18,414,000	17,468,000	16,306,000
Cumberland, Md.	7,941,000	8,729,000	8,380,000
Danville, Va.	7,570,000	7,737,000	7,421,000
Durham, N. C.	24,408,000	20,646,000	22,091,000
Greensboro, N. C.	23,536,000	27,073,000	19,853,000
Greenville, S. C.	16,803,000	19,436,000	19,766,000
Hagerstown, Md.	9,153,000	9,664,000	8,881,000
Huntington, W. Va.	22,939,000	23,610,000	24,222,000
Lynchburg, Va.	19,025,000	19,325,000	17,436,000
Newport News, Va.	9,475,000	8,658,000	7,891,000
Norfolk, Va.	68,626,000	73,713,000	63,815,000
Raleigh, N. C.	18,907,000	13,895,000	25,249,000
Richmond, Va.	115,358,000	115,370,000	109,383,000
Roanoke, Va.	27,359,000	26,445,000	24,065,000
Spartanburg, S. C.	13,493,000	14,132,000	12,402,000
Washington, D. C.	231,961,000	228,423,000	219,343,000
Wilmington, N. C.	18,729,000	19,457,000	16,480,000
Winston-Salem, N. C.	33,390,000	36,584,000	30,088,000
Total for 23 Cities.....	\$1,220,528,000	\$1,239,007,000	\$1,151,215,000

May 12th, while 14 cities reported lower totals for the more recent period. Most of the changes either way were comparatively small.

Debits during the four weeks ended June 9th this year exceeded the total of \$1,151,215,000 reported for the corresponding four weeks in 1925 by 6 per cent, nineteen of the twenty-three centers showing higher figures for the period ended June 9, 1926, than for the like period ended June 10, 1925. Asheville led all reporting cities with a percentage gain of 46.6 per cent. An average increase of 6 per cent in debits this year in comparison with a decrease of approximately 3 per cent in the Federal Reserve Board's wholesale price index makes a very favorable showing for the volume of business done in the Fifth District during the past month in comparison with the same month of 1925.

BUSINESS FAILURES—Reviewing business failure returns for May in its issue of June 5th *Dun's Review* says, "The business mortality in the United States decreased substantially in May, both as to number of failures and amount of liabilities. Thus, 1,730 commercial defaults were reported, with an indebtedness of \$33,543,318, these totals showing reductions of about 11.5 and 13.1 per cent, respectively, from the figures for the shorter month of April. During that period, failures numbered 1,957 and involved \$38,487,321, while in March the number was 1,984 and the liabilities \$30,622,547. Aside from the latter sum, the indebtedness for May is the lightest reported for a single month since last October, while the number of defaults for May is the smallest for all months since last November. Comparing with the record for May of last year, when the number of failures was 1,767 and the liabilities \$37,026,552, the present returns show a slight numerical decrease and a reduction of about 9.4 per cent in the indebtedness. The improvement over the statistics for April of the current year extends to both the manufacturing and trading classifications, the falling off in number of manufacturing insolvencies being especially marked. As to the liabilities, the trading division shows the largest decrease."

Failures in the Fifth District during May followed the same trend as in the nation, falling below the figures of both April 1926 and May 1925 in both number of insolvencies and liabilities involved. May 1926 witnessed 118 failures in the District, with liabilities totaling \$1,963,570, compared with 134 failures and liabilities of \$3,320,683 reported for April this year and 131 failures for \$5,752,331 reported in May last year. In percentage improvement, the Fifth District shows up better than the national average.

COAL—Following a seasonal trend, the rate of production of bituminous coal turned upward during the first week in May, West Virginia's output increasing perhaps more than any other state, enabling it to go ahead of Pennsylvania in total production during the month. National production of soft coal during the first 132 working days of the current calendar year totaled 233,395,000 net tons, the second largest output for the corresponding period of the past seven years, 1923 with 241,584,000 net tons alone exceeding this year's figure.

The production of anthracite coal since the termination of the miners' strike has been at a higher

rate than during the preceding year, and reserve stocks are being steadily rebuilt. It remains to be seen, however, whether production this summer can accumulate sufficient surplus to carry the country through next winter without resort again to substitutes for hard coal.

TEXTILES—Operations in textile mills were further curtailed during May when the consumption of cotton by mills in the Fifth District amounted to only 209,204 bales, a decrease of 10.9 per cent under the 234,684 bales used in April and 18.0 per cent less than the 255,077 bales consumed in March this year. May consumption was also 2.2 per cent below the 213,830 bales used in May 1925. North Carolina mills used only 117,805 bales of cotton in May this year, South Carolina mills used 81,904 bales, and Virginia mills 9,495 bales, the North Carolina figures slightly exceeding consumption in May 1925 but the 1926 figures for South Carolina and Virginia falling considerably below those of the preceding year. Correspondents among textile executives write that business is exceedingly hard to secure, practically all orders being of a filling in nature, and complaint of unprofitable operations is quite general.

BUILDING OPERATIONS FOR THE MONTHS OF MAY 1926 AND 1925.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1926	1925	1926	1925			
		1926	1925	1926	1925							
1	Baltimore, Md.....	598	675	1,403	1,250	\$ 4,209,600	\$ 3,295,800	\$ 674,760	\$ 643,680	\$ 944,880	24.0%	1
2	Cumberland, Md...	33	27	15	16	203,802	357,720	13,165	13,910	— 154,663	— 41.6	2
3	Frederick, Md.....	11	8	1	4	196,765	45,450	1,100	5,700	146,715	286.8	3
4	Hagerstown, Md...	26	36	25	16	32,925	93,630	129,235	9,015	59,515	58.0	4
5	Danville Va.....	11	5	35	4	59,435	10,695	17,546	8,500	57,786	301.0	5
6	Lynchburg, Va.....	32	31	43	20	89,296	51,630	32,162	18,858	50,970	72.3	6
7	Norfolk, Va.....	62	121	65	48	242,320	248,174	31,601	41,412	— 15,665	— 5.4	7
8	Petersburg, Va.	7	10	5	4	30,550	17,375	6,141	1,350	17,966	95.9	8
9	Richmond, Va.....	153	182	83	108	798,579	961,113	72,415	111,893	— 202,012	— 18.8	9
10	Roanoke, Va.....	121	94	59	53	722,380	356,740	10,326	105,454	270,512	58.5	10
11	Bluefield, W. Va...	24	22	7	12	50,950	97,550	3,950	3,475	— 46,125	— 45.7	11
12	Charleston, W. Va.	55	34	18	15	101,752	73,625	7,497	23,075	12,549	13.0	12
13	Clarksburg, W. Va	23	13	16	26	25,275	9,250	11,800	6,350	21,475	137.7	13
14	Huntington, W. Va. *	92	*	7	*	272,380	*	11,090	*	*	*	14
15	Parkersburg, W. Va	42	19	4	8	147,750	219,825	1,950	1,145	— 71,270	— 32.3	15
16	Asheville, N. C.	102	45	68	46	577,924	299,160	15,014	17,375	276,403	87.3	16
17	Charlotte, N. C.	76	64	8	19	760,599	1,082,050	10,300	39,275	— 350,426	— 31.3	17
18	Durham, N. C.	40	34	26	11	579,150	299,878	37,885	11,200	305,957	98.4	18
19	Greensboro, N. C.	57	67	43	31	139,536	443,335	128,825	30,765	— 205,739	— 43.4	19
20	High Point, N. C....	83	76	15	7	327,720	315,735	9,750	4,150	17,585	5.5	20
21	Raleigh, N. C.....	41	78	12	8	637,425	366,949	18,954	6,100	283,330	75.9	21
22	Salisbury, N. C.	23	16	7	19	98,745	35,450	15,190	13,520	64,965	132.7	22
23	Wilmington, N. C.	9	11	5	5	17,200	32,700	6,700	5,000	— 13,800	— 36.6	23
24	Winston-Salem, N. C.	89	89	53	82	410,190	288,411	38,260	33,913	126,126	39.1	24
25	Charleston, S. C.	8	22	25	56	87,700	22,130	107,510	25,862	147,218	306.8	25
26	Columbia, S. C.	12	24	30	56	25,500	101,550	11,795	34,257	— 98,512	— 72.5	26
27	Greenville, S. C....	18	26	28	18	48,305	188,940	48,285	8,150	— 100,500	— 51.0	27
28	Spartanburg, S. C.	31	24	30	27	63,460	95,006	16,105	13,406	— 28,847	— 26.6	28
29	Washington, D. C.	274	139	382	510	4,323,670	5,649,182	936,585	532,018	— 920,945	— 14.9	29
	Totals.....	2,061	1,992	2,511	2,479	\$15,008,503	\$15,059,053	\$2,414,806	\$1,768,808	\$ 595,448	3.5%	

* Huntington's 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.

Twenty-eight Fifth District cities for which both 1926 and 1925 building permit figures are available issued 2,061 permits for new construction in May this year, exceedingly slightly the 1,992 permits issued in May 1925, but total estimated valuation figures of \$15,008,503 for May 1926 were slightly below the total of \$15,059,053 reported for May last year. In alteration and repair work, permits issued this year numbered 2,511 compared with 2,479 issued in May 1925, while valuation figures for the work totaled \$2,414,806 this year and \$1,768,808 last year. Total valuation figures for both new construction and alteration or repair work amounted to \$17,423,309 in May this year, an increase of \$595,448 or 3.5 per cent, over the total for all classes of permits of \$16,827,861 in May 1925. A majority of the twenty-eight reporting cities exceeded their May 1925 valuation figures, sixteen cities reporting higher figures this year while twelve cities reported reduced totals. The largest percentage increases were due rather to comparatively low figures in May last year than to exceptionally high figures this year, but increases representing real gains were reported for Baltimore, Frederick, Roanoke, Asheville, Durham, Raleigh, Salisbury, and Winston-Salem.

The F. W. Dodge Corporation reports contracts awarded for construction in the Fifth District totaling \$31,859,429 in May 1926, of which \$15,390,459 was for residential contracts, compared with total awards for \$39,005,445 in April, of which \$19,997,145 was for residential work.

COTTON—Influenced by favorable weather conditions, large stocks of cotton on hand, and declining consumption both at home and abroad, cotton prices have worked down to the lowest level reached since the end of April 1922. In our May 31st *Review*, we traced weekly average spot cotton prices in the Carolinas through the week ended May 15th, the average for that week being 17.22 cents per pound for middling short staple. During the following week the average declined to 17.03 cents, and remained approximately stationary at 17.08 cents during the seven days ended May 29th. A temporary upward swing during the first week in June carried the average price to 17.19 cents, but the rise was not sustained, the average for the latest week for which data are available, ended June 12th, dropping to 16.97 cents, the first time spot cotton prices have gone below 17 cents in four years.

Cotton consumption continued to decline during May, falling below that of April this year and May last year. The Census Bureau's June 14th report gives May 1926 consumption as 516,758 bales, compared with 575,799 bales used in April this year and 531,668 bales in May a year ago. Total consumption for the ten months of the present cotton year—August 1, 1925 to June 1, 1926—amounted to 5,471,565 bales, compared with 5,225,408 bales consumed during the corresponding ten months of the preceding cotton year. Cotton on hand at manufacturing establishments at the end of May totaled 1,449,932 bales, compared with 1,639,174 bales a month earlier this year and 1,343,019 bales on May 31, 1925. Public warehouses and compresses held 2,964,824 bales in storage on May 31st, compared with 3,530,811 bales on April 30, 1926, and 1,139,652 bales so held on May 31, 1925. Active spindles dropped to 32,267,410 during May, compared with 32,893,042 spindles active in April this year and 33,136,926 spindles active in May a year ago. April exports of 419,459 bales showed a decided drop below the 516,494 bales shipped over seas in April, but exceeded shipments of 330,967 bales in May 1925. Imports in May totaled 13,626 bales, in April this year 33,464 bales, and in May last year 14,219 bales.

Consumption of cotton in cotton growing states totaled 363,475 bales in May, a lower amount than the total of 404,014 bales consumed in April but more than the 359,010 bales used in cotton growing states in May 1925.

The condition of this year's cotton crop is quite spotted in the Fifth District, and is not up to the national average. No official reports have been issued this year on the growing crop, but the best information available seems to indicate that in the cotton growing states as a whole the weather has recently been favorable for growth, and the plants have made distinct progress, although the crop is still decidedly late. In the Fifth District, the weather has been either too dry for proper germination of seed or too cool for development of plants already up. Parts of the Carolinas have had reasonably satisfactory weather, but some of the best cotton growing counties are suffering from a severe drought. In South Carolina the counties needing rain are the same counties that suffered most from the long drought of last summer, and this year conditions are worse than they were a year ago, the lack of moisture having been felt earlier in the season. Cotton can recover a great deal of lost ground, however, if conditions are favorable during the balance of the season, but it is yet difficult to estimate with any degree of accuracy the probable yield.

AGRICULTURAL NOTES—MARYLAND fruit prospects are bright. Apples and peaches set well, the fruit is large for this season of the year, and the June drop left plenty of fruit on the trees to assure an excellent yield. Other leading crops have been retarded by cool and dry weather, however, and in general the farm outlook in Maryland is less favorable than at the same time last year. Corn planting was late, the weather was unusually cold, and much damage was done by cut worms. Considerable replanting has been done. Tobacco growers were forced to transplant when the weather was too dry, and the stands are consequently poor. Plants set out were low in quality in many cases. Hay and pasture condition is very low, averaging about 20 points below last year. Truck crops are doing moderately well. Strawberry returns were fairly satisfactory and potatoes are making fairly good growth on an increased acreage.

VIRGINIA farm work and the growth of all crops were greatly retarded by unfavorable weather during May, and the condition of all crops on June 1st was below the ten year average, according to the monthly report of the Virginia Crop Reporting Service. The work of planting corn, peanuts and tobacco, most of which is usually completed by June 1st, was delayed, and a large percentage of these crops still remained to be planted after that date. The corn crop came up fairly well, but owing to the unfavorable weather conditions growth has been very slow and there has been damage from cut worms, making considerable replanting necessary. Dry weather in the tobacco section delayed planting, and growers who set out plants during May had great difficulty in getting a stand. Rains during the last of May and since the first of June were beneficial, and farmers have been able to make considerable progress with their plowing and planting since that time. Rain has not been sufficient to meet the crop needs, however, and the rains that have fallen have been more or less local showers. Hay crops throughout the state are in very poor conditions, averaging 57 per cent of a normal on June 1st in comparison with the ten year average of 80 per cent on the same date. Pastures declined in condition during May because of the exceedingly dry weather. In many sections farmers had to feed their stock, and many stated that this was the first time they had ever fed cattle during the month of May. The poor condition of pasturage has retarded the growth of lambs and prevented cattle from making the usual improvement. Virginia fruit prospects vary widely, apples promising a larger than average crop, while most other fruits have been so seriously damaged by cold weather, late frosts, and lack of moisture that

very small yields are indicated. Apples seem to be setting unusually well, especially in commercial orchards, the June 1st condition averaging 70 per cent in comparison with the ten year average of 53 per cent. The production of the two most important varieties, York Imperial and Winesap, is expected to be quite large, Winesaps having set unusually well. The peach crop suffered severely from frosts, but most of the damage was to farm orchards and commercial growers expect a moderate yield. Blackberries and huckleberries have set well and with favorable weather may produce a good crop, but the strawberry crop was less than was expected. Prices for strawberries were good, however, and growers probably got as much money for their crops as a larger yield would have brought.

NORTH CAROLINA has received some good rains and fairly warm weather since June 1st, and farm conditions have distinctly improved, according to the June 11th report of the Crop Reporting Service of the State Department of Agriculture. Rain has fallen in all sections east and north of Raleigh, but the southern Piedmont and many western counties report that they are still greatly in need of rain. The principal damage from the cool and dry weather was its effects on seed germination, especially on cotton, retarded plant growth, and reduction in quality of truck and fruit. Corn is reported in better condition than other crops, with good stands the rule and little replanting necessary. Corn prospects are considered bright. Wheat averages from fair to very good. The expected yield per acre is slightly below the yield last year, but a larger acreage this season is expected to increase total production for the state about 8 per cent. Tobacco has suffered probably as much as any other crop from the dry weather. Stands are poor and irregular, and when plants were set out it was generally necessary to water them. The recent rains were best in the tobacco section, however, and although they were insufficient to supply the needs of the crop, they improved the crop distinctly and farmers report good growth toward the middle of June. The season is from ten days to three weeks late, however. Commercial potato crops averaged about 100 to 105 bushels per acre, but many of the potatoes are smaller than usual as a result of the excessively dry weather. Shipments are moving in quantities. Other truck crops in eastern counties were held back by the drought and are considerably backward for the season, but have improved with recent rains. Some are still in need of rain, but prospects are generally fair. A good crop of apples is expected, present conditions averaging 8 points above the condition on June 1st last year. The best conditions are in commercial orchards in the northwestern counties. Hay prospects are very poor, and pastures are extremely dry and short.

SOUTH CAROLINA small grains produced one of the best crops on record this year, but other farm prospects in the state are the poorest in the Fifth District. The northern and northwestern counties have suffered a drought probably more severe than that of last summer, and stands of all crops in those sections are very poor. The coastal counties have good crops, and the tobacco crop is making fairly satisfactory progress, but present indications are for lower yields in all crops this year except grains.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Thirty-One Representative Department Stores for the
Month of MAY 1926

Percentage increase in May 1926 sales over sales in May 1925:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
8.2	6.9	11.1	9.9	9.3
Percentage increase in cumulative sales from January 1st through May, over sales during the corresponding five months in 1925:				
1.6	2.0	8.0	3.6	4.2
Percentage increase in May 1926 sales over average May sales during the five years 1920-1924, inclusive:				
0.5	33.5	23.7	8.3	12.5
Percentage increase in stock on hand May 31, 1926, over stock on May 31, 1925:				
5.5	5.5	7.3	— 2.4	5.1
Percentage increase in stock on hand May 31, 1926, over stock on April 30, 1926:				
— 3.5	— 0.4	— 4.2	— 3.5	— 3.5
Percentage of sales during May 1926 to average stock carried during that month:				
27.0	26.1	29.1	23.9	27.3
Percentage of cumulative sales since January 1st to average stock carried during each of the five months:				
126.2	129.5	136.4	111.3	128.0
Percentage of outstanding orders on May 31st, to total purchases of merchandise in 1925:				
4.2	3.8	5.0	5.0	4.6
Percentage of collections in May, to total accounts receivable on May 1st this year:				
25.2	27.7	39.0	32.8	29.3

— Denotes decreased percentage.

Retail trade during May in the Fifth Reserve District, as reflected in sales by thirty-one large department and general stores widely scattered throughout the District, averaged 9.3 per cent larger in dollar amount

than sales made by the same stores in May 1925, twenty-three of the thirty-one stores reporting higher figures this year. Cumulative sales during the five elapsed months of 1926 exceeded sales during the corresponding period last year by 4.2 per cent, and May 1926 sales were 12.5 per cent greater than average May sales during the five years 1920-1924, inclusive.

Stocks of merchandise on the shelves of the reporting stores declined 3.5 per cent between April 30th and May 31st, but on the latter date averaged 5.1 per cent larger than on May 31, 1925. The percentage of sales to average stocks carried during May was 27.3 per cent, and the percentage of total sales since January 1st to average stock carried during each of the five months was 128.0 per cent, indicating an annual turnover rate of 3.07 times, almost exactly the same figure attained during the corresponding period of 1925.

May collections were slower than those of April, but were slightly better than in May last year. The percentage of collections in May 1926 to outstanding receivables on May 1st was 29.3 per cent, compared with 31.1 per cent of outstanding receivables collected during April this year and 29.2 per cent collected in May 1925.

WHOLESALE TRADE, MAY 1926

Percentage increase in sales in May 1926, compared with sales in May 1925:					
36 Groceries	14 Dry Goods	11 Shoes	18 Hardware	5 Furniture	13 Drugs
— 0.7	10.8	18.0	7.6	0.8	— 0.1
Percentage increase in sales in May 1926, compared with sales in April, 1926:					
— 0.8	— 2.4	2.2	— 0.1	13.8	— 5.2
Percentage increase in sales from Jan. 1, 1926, through May, compared with sales during the same five months in 1925:					
— 1.4	— 1.5	6.0	— 1.8	— 3.0	4.3
Percentage increase in stock on May 31, 1926, compared with stock on May 31, 1925:					
3.9(10)	—18.2(6)	— 1.3(5)	0.01(6)	---
Percentage increase in stock on May 31, 1926, compared with stock on April 30, 1926:					
— 4.3(10)	— 8.9(6)	4.0(5)	— 5.6(6)	---
Percentage of collections in May to total accounts receivable on May 1, 1926:					
67.5(22)	32.7(9)	33.1(9)	33.3(13)	44.3(3)	56.7(9)

— Denotes decreased percentage.

NOTE: The number of firms reporting stock and collection data in each group is shown immediately following the percentages.

Ninety-seven wholesale firms in six important lines of trade reported on their May business. Increased sales during the month in comparison with sales during May 1925 were shown in dry goods, shoes, hardware and furniture, but sales of groceries and drugs were slightly below sales during the corresponding month last year. In comparison with sales made in April this year, May sales gained in shoes and furniture, but declined in groceries, dry goods, hardware and drugs. Total sales since January 1st were larger in shoes and drugs than during the corresponding five months in 1925, but grocery, dry goods, hardware and furniture sales were smaller this year than last.

Stocks on hand increased in shoes during May, but declined in groceries, dry goods and hardware. On May 31st, stocks in grocery and hardware lines were larger than a year ago, but stocks of dry goods and shoes were smaller.

Collections during May were slower than in April in all lines except groceries. The percentage of collections during May to outstanding receivables on the first of the month naturally varied widely between the several lines, ranging from 67.5 per cent in groceries down in the order named through drugs, furniture, hardware and shoes to dry goods, which averaged 32.7 per cent.

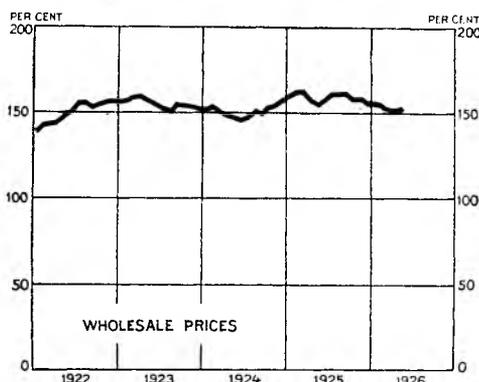
(Compiled June 21, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

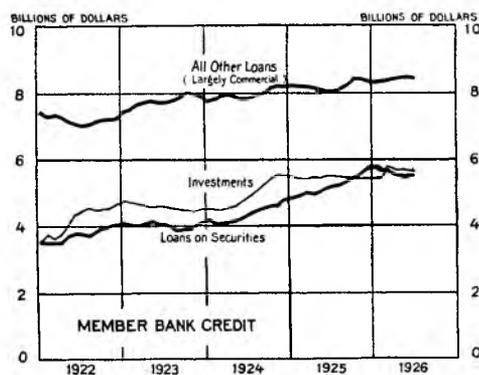
(Compiled by the Federal Reserve Board)



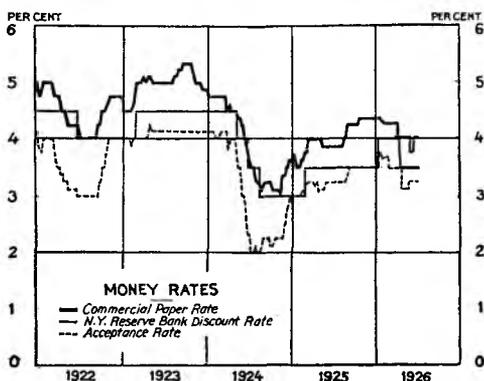
Federal Reserve Board's indexes of factory employment and pay rolls (1919-100). Latest figures, May, employment 94.8, pay rolls 108.8.



Index of U. S. Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure-May 151.7.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in June.



Weekly rates in New York money market; commercial paper rate on 4 to 6 months paper and acceptance rate on 90 day paper.

Production in basic industries and factory employment declined further in May, while wholesale prices advanced slightly for the first time in seven months. The volume of trade at wholesale and at retail increased, partly as the result of more favorable weather conditions.

PRODUCTION. Activity in most lines of industry was smaller in May than in April. The reduction was reflected in a decreased volume of output as well as in a decline in the number of factory workers and in total wage payments. The largest declines occurred in the textile, leather and shoe and iron and steel industries. Production of automobiles continued large in May. In the lumber, cement, brick and glass industries activity was maintained and there were seasonal increases in the output of certain food products. The volume of building contracts awarded declined further in May, but continued larger than in May of last year. Figures for the first three weeks of June indicate further decreases and the volume of contracts awarded was smaller in that period than in the corresponding weeks of 1925. Recent declines in contracts as compared with last year have been particularly large in Middle Western and Southeastern districts. Reports by the Department of Agriculture indicate that the composite condition of crops on June 1st was eight per cent below the average condition on that date for the past ten years and somewhat lower than the average condition a year ago. On the basis of the June 1st condition the estimated yield of winter wheat was 543,000,000 bushels, as compared with an estimate of 549,000,000 bushels made a month earlier and a final yield of 398,000,000 bushels in 1925.

TRADE. With more favorable weather in May than in the preceding month, the volume of wholesale and retail trade increased and was larger than in May of last year. Department store sales exceeded those of earlier months of this year and total sales for the first five months were larger than for the corresponding period of any preceding year. Merchandise stocks carried by wholesale firms were slightly smaller at the end of May than a month earlier. Stocks of groceries, hardware and drugs were larger than a year ago, but those of meats, dry goods and shoes were smaller. Shipments of miscellaneous commodities were especially large.

PRICES. The general level of wholesale commodity prices, according to the index of the Bureau of Labor Statistics, rose slightly in May for the first time since last August. Price advances were shown both for agricultural and non-agricultural commodities. Among the principal advances were those in the prices of gasoline, live stock and meat, while prices of grains and cotton declined.

BANK CREDIT. Growth in loans on securities and commercial loans carried total loans and investments of reporting member banks in leading cities in the middle of June to a new high point above the total reached at the close of last year. At the Reserve banks changes in the volume of credit outstanding during the month ending June 23rd reflected chiefly the financial operations of the United States Treasury around the middle of June. The temporary abundance of funds caused by the redemption of maturing United States obligations on June 15th caused a sharp decline in borrowings of member banks, particularly in New York City. As checks in payment of income taxes were cleared and collected, however, borrowings at the Reserve banks rose to their previous level. Money rates in general showed little change during the month. Rates on call and time loans were slightly lower around the middle of June, but in the third week were higher than in the latter part of May. Rates on acceptances and on commercial paper remained practically unchanged.