

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY—July is a between seasons month, and business is usually in smaller volume than in earlier or later months. This year July trade followed the seasonal trend and was less active than in June, but the recession was perhaps less marked than in most years. Debits to individual accounts figures for recent weeks, while seasonally below those of the preceding month, were above those of 1925, indicating clearly the increased volume of trade done this year in July and early August. Confidential reports received from thirty-one of the Fifth District's leading department stores tell the same story, July 1926 sales exceeding those of July 1925 by 3.1 per cent. Business failures in July were fewer in number and lower in liabilities involved than those of July a year ago. Building permits issued were slightly below those issued in July last year, but a large volume of work was provided for, the unfavorable contrast resulting only from comparison with the record figures of 1925. Labor is seasonally employed, wages continue for the most part at the high levels set during and soon after the war, and the general prosperity would seem to be attested by steadily rising bank deposits and the volume of banking transactions.

Prospects for fall trade in the Fifth District improved distinctly between the middle of July and the middle of August. Estimates of probable production for nearly all leading crops were higher on August 1st than a month or even two weeks earlier, the gains arising from more or less general rains during the latter part of July. Favorable weather continued through the first half of August throughout most of the District. Perhaps the one event of the past four weeks that did most to change the outlook in the Fifth District was the opening of the South Carolina tobacco markets, which occurred on August 10th. Prices on the opening averaged around 22 cents per pound, and have since gone above that figure. This year's prices are at least a third higher than those of 1925, and are also above those of any recent year. In spite of lower yields of tobacco this year, it now appears likely that the money returns to growers may exceed receipts for last year's crop.

was a seasonal increase in Reserve bank credit extended to member banks, chiefly due to increased needs incident to the opening of the tobacco markets in South Carolina and the marketing of other early agricultural products. Total rediscounts for member banks held by the Federal Reserve Bank of Richmond rose from \$41,111,000 on July 15th to \$43,510,000 on August 15th, and the volume of Federal Reserve notes in actual circulation, after declining steadily since the first of the year, turned upward and increased by almost exactly the amount shown in the rediscount increase, note circulation rising from \$70,591,000 on July 15th to \$72,896,000 on August 15th. Total bill holdings of the Federal Reserve Bank of Richmond rose between the two dates from \$50,153,000 to \$55,415,000. Member bank reserve deposits declined slightly, dropping from \$67,459,000 to \$65,753,000. As a result of the changes in the items enumerated, the cash reserves of the Federal Reserve Bank declined from \$89,467,000 on July 15th to \$84,902,000 on August 15th, and the percentage of cash reserves to note and deposit liabilities combined dropped from 63.35 per cent to 59.81 per cent.

In comparison with the figures on the Reserve Bank's statement for August 15, 1925, those for August 15, 1926, show increases during the period in Federal reserve notes in actual circulation and reserve deposits of member banks, but the volume of rediscounts for member banks, total bill holdings of the Reserve bank, cash reserves and the reserve percentage were smaller on the 1926 date than a year ago. Between the two dates mentioned, the volume of rediscounts declined from \$50,872,000 to \$43,510,000, and total bill holdings, including both rediscounts for members and bankers' acceptances purchased in the open market, dropped from \$56,447,000 to \$55,415,000. The cash reserves of the Federal Reserve Bank of Richmond decreased from \$85,559,000 on August 15th last year to \$84,902,000 on August 15th this year, and the percentage of reserves to note and deposit liabilities combined dropped from 61.18 per cent to 59.81 per cent. On the other hand, the volume of Federal Reserve notes in actual circulation rose from \$70,819,000 on August 15, 1925, to \$72,896,000 on August 15, 1926, and member bank reserve deposits at the Reserve bank increased from \$65,378,000 to \$65,753,000 during the same period.

RESERVE BANK OPERATIONS—Between July 15th and August 15th, both this year, there

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	August 11, 1926	July 14, 1926	August 12, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 519,974,000	\$ 512,649,000	\$ 503,838,000
2. Total Investments in Bonds and Securities	140,225,000	139,194,000	131,849,000
3. Reserve Balance with Federal Reserve Bank	42,313,000	41,017,000	38,844,000
4. Cash in Vaults.....	15,286,000	14,109,000	16,869,000
5. Demand Deposits.....	387,565,000	378,285,000	356,337,000
6. Time Deposits	209,308,000	209,082,000	202,250,000
7. Borrowed from Federal Reserve Bank....	15,309,000	14,345,000	17,498,000

The accompanying table shows the principal items of condition for sixty-eight regularly reporting member banks as of three dates, August 11, 1926, July 14, 1926, and August 12, 1925, thus affording an opportunity for comparing the latest available figures with those of the preceding month this year and the corresponding month last year. It should be understood that the figures shown reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

All items on the statement as of August 11, 1926, show increases over the figures for the previous month, July 14, 1926, some expansion in the volume of business in the reporting banks at this time being a seasonal development as a result of the opening of early markets for agricultural products. Total loans to customers rose from \$512,649,000 on July 14, 1926, to \$519,974,000 on August 11th, and the reporting banks also increased their investments in bonds and securities from \$139,194,000 to \$140,225,000 during the four weeks. Reserve balances at the Reserve bank rose from \$41,017,000 last month to \$42,313,000 this month, and cash in vaults rose from \$14,109,000 to \$15,286,000. Deposits registered material increases, demand deposits rising from \$378,285,000 to \$387,565,000 between July 14th and August 11th, and time deposits increasing from \$209,082,000 to \$209,308,000. Borrowing by the reporting banks at the Reserve bank increased slightly, rising from \$14,345,000 on July 14th to \$15,309,000 on August 11th.

Between August 12, 1925, and August 11, 1926, most items on the reporting banks' statements increased. Total loans and discounts for customers, which stood at \$503,838,000 on the 1925 date, rose to \$519,974,000 this year, and investments in bonds and securities increased from \$131,849,000 to \$140,225,000. During the period under review the reserve balances of the reporting banks rose from \$38,844,000 to \$42,313,000. Both demand and time deposits increased since the middle of August last year, demand deposits rising from \$356,337,000 to \$387,565,000 and time deposits rising from \$202,250,000 to \$209,308,000. On the other hand, cash in vaults declined from \$16,869,000 to \$15,286,000 between August 12, 1925, and August 11, 1926, and borrowing at the Reserve Bank by the reporting members declined from \$17,498,000 to \$15,309,000.

SAVINGS DEPOSITS—Aggregate deposits in fourteen regularly reporting mutual savings banks in Baltimore totaled \$155,255,756 at the close of business July 31, 1926, a slightly lower figure than the total of \$155,264,025 on deposit on June 30th this year but a higher figure than the total of \$149,932,660 reported by the same institutions on July 31, 1925. During six of the past seven years deposits in mutual savings banks declined slightly between June 30th and July 31st. Time deposits in sixty-eight reporting member banks increased during the past month, however, rising from \$209,082,000 on July 14th to \$209,308,000 on August 11th. On August 12, 1925, time deposits in the sixty-eight member banks totaled \$202,250,000.

BUSINESS FAILURES—"The July insolvency report is favorable," says *Dun's Review* for August 7th. "Not only is the number of commercial failures for that period less than the totals for all months since last October, but it is moderately below the number for July 1925. This showing appears the more satisfactory when further increase in number of firms in business is considered. For seven months of the current year, defaults have been slightly fewer than those for the comparative months of 1925, while the liabilities reveal a decrease of more than 12 per cent. The July indebtedness rose moderately above that for June, but is below the amounts for all other months back to last October, and is materially under the aggregate for July 1925. Moreover, it actually is the smallest reported for July in six years." Failures in July in the United States numbered 1,605, compared with 1,708 in June this year and 1,685 in July last year, while liabilities amounted to \$29,680,009 in July 1926, \$29,407,523 in June 1926, and \$34,505,191 in July 1925.

Failures in the Fifth District during July numbered 105, an increase over the 96 failures reported in June but approximately a third less than 156 failures in July 1925. Liabilities totaling \$1,692,277 in July this year compare favorably with \$1,719,126 reported for June 1926 and \$3,207,713 in July 1925.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	August 11, 1926	July 14, 1926	August 12, 1925
Asheville, N. C.	\$ 34,603,000	\$ 39,076,000	\$ 24,843,000
Baltimore, Md.	386,570,000	451,685,000	393,399,000
Charleston, S. C.	21,405,000	22,789,000	18,418,000
Charlestown, W. Va.	31,385,000	35,507,000	30,908,000
Charlotte, N. C.	42,750,000	44,142,000	40,265,000
Columbia, S. C.	16,523,000	15,747,000	12,961,000
Cumberland, Md.	8,073,000	10,056,000	8,511,000
Danville, Va.	8,247,000	9,372,000	8,425,000
Durham, N. C.	23,434,000	26,242,000	23,075,000
Greensboro, N. C.	21,331,000	23,959,000	16,216,000
Greenville, S. C.	18,564,000	19,208,000	19,405,000
Hagerstown, Md.	9,828,000	10,321,000	9,374,000
Huntington, W. Va.	22,344,000	23,847,000	23,227,000
Lynchburg, Va.	16,607,000	19,995,000	17,028,000
Newport News, Va.	18,960,000	12,736,000	7,876,000
Norfolk, Va.	71,663,000	74,070,000	55,585,000
Raleigh, N. C.	23,332,000	34,401,000	29,685,000
Richmond, Va.	115,847,000	130,054,000	113,086,000
Roanoke, Va.	26,199,000	27,988,000	22,485,000
Spartanburg, S. C.	10,798,000	12,207,000	11,405,000
Washington, D. C.	214,126,000	243,432,000	203,886,000
Wilmington, N. C.	16,837,000	17,696,000	15,258,000
Winston-Salem, N. C.	32,173,000	36,447,000	33,068,000
Totals	\$1,191,599,000	\$1,340,977,000	\$1,138,389,000

Debits to individual, firm and corporation accounts in the leading trade centers of the Fifth Federal Reserve District are shown in the accompanying table for three periods of four weeks each, ended August 11, 1926, July 14, 1926, and August 12, 1925. The figures for the latest available four weeks period, ended August 11th, may be compared with those reported for the preceding four weeks ended July 14th this year and with those for the corresponding four weeks ended August 12, 1925.

Aggregate debits of \$1,191,599,000 in the reporting banks during the four weeks ended August 11th show a seasonal decrease under the total of \$1,340,977,000 reported for the preceding like period, ended July 14th, the semiannual and quarterly payments occurring on and around July 1st increasing debits totals for the period containing that date. The decline was uniformly distributed throughout the District, only two of the twenty-three reporting cities showing higher figures for the more recent four weeks.

In comparison with the corresponding four weeks in 1925, ended August 12th, when debits totaling \$1,138,389,000 were reported, the total of \$1,191,599,000 for the four weeks ended August 11, 1926, shows an increase of \$53,210,000, fourteen of the twenty-three cities showing higher figures this year. A majority of the cities reporting lower figures this year are cotton or textile centers.

LABOR—Labor continues seasonally employed throughout the Fifth District, no important developments having been reported during the past month. Workers are available for practically all needs except in some agricultural sections, but there is no unusual number of unemployed laborers. Wages are stationary, and no disputes of more than local importance are noticeable at present. On the whole, supply and demand appear practically balanced in the labor market, and relations between employers and employees seem to be harmonious.

COAL—Total production of bituminous coal amounted to 43,472,000 net tons in July, an average daily output of 1,672,000 tons, compared with 41,992,000 tons mined in June, a daily average of 1,615,000 tons. Total production this calendar year to August 7th was 321,118,000 net tons, a higher figure than production during the corresponding period of 1925, 1924, 1922, 1921 and 1920, but a lower figure than production in the first 185 days of 1923, when stocks were being rebuilt after the long strike of 1922. Anthracite production in July totaling 8,429,000 net tons was lower than June production, but the shortage of anthracite as a result of last winter's long strike has been largely caught up. On July 1st reserve stocks of bituminous coal were about normal for that date, and totaled approximately 39,000,000 net tons, estimated to be sufficient to supply the country's needs about 34 days. Retail yards are well stocked with both hard and soft coal, and in most cities the first of the usual late summer and fall increases in prices have been put into effect. The British

coal miners' strike has increased the demand for American coal materially, and retailers state that probably more householders are filling their bins before coal weather than is usually the case. West Virginia continues to lead the country in output of bituminous coal, and Hampton Roads ports lead in exports by a wide margin.

TEXTILES—Conditions in the textile industry appear to be somewhat better than a month ago, although there has been little change in the conservative attitude of buyers. Reduced operations at the mills have kept down surplus stocks, however, and buyers are beginning to find it more difficult to secure immediate shipments of their orders. The industry suffered a temporary setback when the cotton crop condition report was issued by the Department of Agriculture on August 9th, but the market has begun to recover and the Southern Yarn Spinners Association reports that inquiries for certain numbers of yarn have again become active. The Fifth District mills consumed 195,944 bales of cotton in July, compared with 212,398 bales consumed in June this year and 189,871 bales used in July 1925. All of the Fifth District cotton manufacturing states consumed less cotton in July than in June, but July consumption in Virginia and North Carolina was above July 1925 consumption. Virginia and the two Carolinas used 42.5 per cent of all the cotton consumed in the United States during July this year, compared with 39.2 per cent of July 1925 consumption used in the same states. Early reports for August indicate that some of the mills have increased running time after the curtailment of the past two months.

BUILDING OPERATIONS FOR THE MONTHS OF JULY 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.....	530	475	1,149	845	\$ 3,004,080	\$ 2,802,400	\$ 613,680	\$ 845,400	\$— 30,040	— 0.8%	1
2	Cumberland, Md....	19	29	8	10	35,941	70,015	5,100	12,775	— 41,749	— 50.4	2
3	Frederick, Md.....	6	5	4	4	18,650	164,600	980	10,500	— 155,470	— 88.8	3
4	Hagerstown, Md....	23	31	8	17	119,885	347,705	1,870	52,900	— 278,850	— 69.6	4
5	Danville Va.....	13	10	9	14	27,140	76,342	2,938	17,485	— 63,749	— 67.9	5
6	Lynchburg, Va.....	20	21	35	14	46,594	59,065	19,020	9,310	— 2,761	— 4.0	6
7	Norfolk, Va.....	86	124	75	60	199,420	511,960	58,979	32,672	— 286,233	— 52.6	7
8	Petersburg, Va.....	3	1	7	9	11,105	895	4,581	6,951	7,840	99.9	8
9	Richmond, Va.....	136	143	82	89	500,979	665,677	91,055	100,722	— 174,365	— 22.8	9
10	Roanoke, Va.....	80	78	39	37	242,495	144,160	15,940	14,600	99,675	62.8	10
11	Bluefield, W. Va...	14	21	5	3	34,900	74,025	9,700	2,625	— 32,050	— 41.8	11
12	Charleston, W. Va.	31	35	12	12	1,804,606	93,774	9,225	21,695	1,698,362	1,470.8	12
13	Clarksburg, W. Va.	10	10	9	8	9,980	3,200	2,975	2,285	7,470	136.2	13
14	Huntington, W. Va.	58	142	3	9	68,885	352,465	5,700	8,500	— 286,380	— 79.3	14
15	Parkersburg, W. Va.	23	18	9	7	289,200	99,425	6,200	2,950	193,025	188.5	15
16	Asheville, N. C.....	64	57	58	62	408,135	333,630	12,840	33,069	54,276	14.8	16
17	Charlotte, N. C.....	39	63	17	7	585,494	375,090	60,325	23,460	247,269	62.0	17
18	Durham, N. C.....	45	35	10	17	203,675	252,506	11,900	22,550	— 59,481	— 21.6	18
19	Greensboro, N. C.....	70	62	28	24	446,825	314,111	8,250	21,481	119,483	35.6	19
20	High Point, N. C....	60	75	12	12	218,010	254,810	17,300	8,350	— 27,850	— 10.6	20
21	Raleigh, N. C.....	43	50	7	5	471,820	191,793	14,583	3,250	291,360	149.4	21
22	Salisbury, N. C.....	9	12	6	13	83,300	141,200	11,150	7,300	— 54,050	— 36.4	22
23	Wilmington, N. C....	9	11	11	7	24,900	48,900	8,700	6,900	— 22,200	— 39.8	23
24	Winston-Salem, N. C.	88	68	45	61	377,620	247,315	31,495	50,705	111,095	37.3	24
25	Charleston, S. C....	11	19	33	56	13,850	57,943	15,933	26,837	— 54,997	— 64.9	25
26	Columbia, S. C.....	13	16	31	51	43,650	386,490	27,813	15,365	— 330,392	— 82.2	26
27	Greenville, S. C.....	10	14	22	23	140,500	201,600	13,130	31,610	— 79,580	— 34.1	27
28	Spartanburg, S. C....	15	33	15	33	72,200	121,821	7,550	18,015	— 60,086	— 43.0	28
29	Washington, D. C....	322	413	278	187	4,106,865	5,545,860	599,685	270,300	—1,109,610	— 19.1	29
	Totals.....	1,850	2,071	2,027	1,696	\$13,610,704	\$13,938,777	\$1,688,597	\$1,680,562	\$— 320,038	— 2.0%	

—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.

Building operations provided for in permits issued in the Fifth District in July showed a decline from June this year and July last year in both number of projects and estimated valuation. Twenty-nine reporting centers issued 1,850 permits for new construction in July 1926, compared with 2,009 permits issued in June this year and 2,071 permits issued in July 1925, while July valuation figures of \$13,610,704 compare with \$17,108,197 in June 1926 and \$13,938,777 in July 1925. A moderate decline in July figures from those of June is seasonal, however. Alteration and repair permits issued in July numbered 2,027, with estimated valuation of \$1,688,597, compared with 1,696 permits and a valuation of \$1,680,562 for the same class of work in July last year. Combined valuation for all classes of work totaled \$15,299,301 in July in the twenty-nine cities, a decrease of 2 per cent under the total

of \$15,019,339 for July 1925. Larger valuation figures for July 1926 were reported by ten of the twenty-nine cities, five of the ten being in North Carolina. The most notable increase was reported by Charleston, W. Va., with a gain of 1,470.8 per cent over the figures of July 1925. In most of the reporting cities the shortage of building resulting from the World War appears to have been about made up, and in some cases too much construction of certain types of work has probably been done recently. Rents have declined moderately in many cities as a surplus of apartments, flats and houses became available, but there have not been sufficient reductions to stop further apartment and flat building. Suburban work is active around all cities, easier transportation with lower taxes and room for gardens and yards influencing many city workers to go outside the city limits.

COTTON—Spot cotton prices in the Carolinas averaged slightly higher during the past four weeks than during the preceding like period. The average price paid on the leading markets during the week ended July 17th was 16.82 cents per pound for middling upland short staple, but the week ended July 24th averaged 17.07 cents and the last week of July averaged 17.63 cents. The first week in August witnessed a slight recession to an average of 17.53 cents, but in the latest week for which figures are available, ended August 14th, the average price paid was 17.90 cents. All of these are official figures and show prices actually paid to growers, but very little cotton is sold by the growers at this season and therefore the prices indicated are more or less nominal.

The Census Bureau's cotton consumption report for July was issued on August 14th, and gave the number of bales used as 460,918, a lower number than the 518,504 bales consumed in June this year or the 483,926 bales used in July last year. Total consumption for the cotton year ended July 31 was placed at 6,450,987 bales, compared with 6,193,417 bales consumed in the preceding year, ended July 31, 1925. Stocks of cotton on hand July 31st in manufacturing establishments totaled 1,096,521 bales, compared with 1,267,796 bales so held on June 30, 1926, and 865,842 bales on July 31, 1925. Cotton in public warehouses and compresses totaled 1,936,662 bales on July 31st, 2,407,816 bales on June 30th, and 514,006 bales on July 31, 1925. Spindles active in July numbered 31,082,482, compared with 31,770,900 in June this year and 31,737,346 in July last year. Exports in July rose to 365,522 bales from 346,774 bales exported in June 1926 and 202,468 bales sent abroad in July a year ago. Imports of 12,090 bales in July were below 22,137 bales in June this year and 19,927 bales in July 1925. Cotton consumed in cotton growing states totaled 334,752 bales, or 72.6 per cent of national consumption, compared with 327,040 bales, or 67.6 per cent of national consumption, used in the same states in July a year ago.

On August 9th the Department of Agriculture issued its August 1st condition report. The condition figure was given as 69.8 per cent of a normal, a lower figure than was reported at the middle of July, but the decline in condition was less than usual during that period and the Department therefore raised its estimate of probable production from 15,368,000 bales based on the July 16th condition to 15,621,000 bales on the basis of the August 1st condition. The Department of Agriculture also issued two other possible production figures, one of 14,425,000 bales based on average conditions during the balance of the growing season as poor as those of 1921, 1922 and 1923, and one of 17,510,000 bales based on conditions as favorable as those of 1924 and 1925.

In the Fifth District, the Virginia condition of 72 on August 1st showed a slight improvement over the condition of 71 on July 16th this year but was below the 75 condition on August 1, 1925. North Carolina's condition figure also rose during the last half of July, from 68 to 70, but on August 1st was below the 75 reported on the same date a year ago. South Carolina's condition of 53 on August 1st was not only lower than the 55 reported on July 16th and the 62 reported on August 1, 1925, but was lowest for any state in the United States. The poor condition figures in the Fifth District are due to dry weather, all cotton sections having suffered more or less during the early weeks of the season. In northwestern South Carolina a severe drought prevented planting at the proper time, and many seed never came up when they were planted. The dry section in South Carolina is particularly hard hit this year because this same section experienced a similar drought in the spring and summer of 1925.

TOBACCO—SOUTH CAROLINA tobacco markets opened on August 10th, and around 2,500,000 pounds were sold the first day. Prices averaged approximately 22 cents, some piles selling as high as 80 cents per pound. On the whole, opening prices were fully a third higher than at the opening last year. The Cooperative Association has retired from the field this year, and auction markets are handling the entire crop. South Carolina's tobacco yield is expected to be about 52,000,000 pounds this year in comparison with 71,000,000 pounds harvested in 1925, but if present prices continue, returns to growers promise to be about the same as last year.

VIRGINIA'S tobacco production this year is estimated at approximately 120,000,000 pounds, compared with 129,500,000 pounds in 1925, but if the prices being paid in South Carolina indicate the probable prices for the Virginia crop, this year's yield should be more profitable than that of last year.

NORTH CAROLINA, the largest tobacco growing state in the Fifth District, expects a crop of approximately 324,000,000 pounds this year, compared with about 378,000,000 pounds in 1925. The North Carolina markets will open early in September.

MARYLAND tobacco prospects at the first of August indicated a production of 26,826,000 pounds for 1926, compared with 24,690,000 pounds raised last year.

AGRICULTURAL NOTES—Agricultural conditions improved in the Fifth Federal Reserve District between the middle of July and the middle of August, nearly all sections receiving some rain. Crops are generally from ten days to two weeks late, however, and the ultimate yields will depend more than is usually the case upon favorable weather the next few weeks and the date of the first killing frost.

MARYLAND estimates of probable production this year are nearly all higher than last year, and higher also than the five-year averages. Maryland's corn crop is estimated at 21,938,000 bushels, compared with 25,560,000 bushels gathered last year, and this year's hay crop is expected to be 428,000 tons compared with 570,000 tons in 1925. All other leading crops show probable yields for this year higher than for last year. The wheat yield of Maryland for 1926 was 12,181,000 bushels and for 1925 it was 10,920,000 bushels. Irish potatoes will produce 4,228,000 bushels this year, compared with 3,212,000 bushels last year. Sweet potatoes will yield 1,439,000 bushels compared with 1,290,000 bushels in 1925. The commercial apple crop of Maryland is estimated at 490,000 barrels for 1926 and 324,000 barrels in 1925.

VIRGINIA crops compare favorably on the whole with last year, although they are late and much depends upon favorable weather the balance of the season. The probable yield of corn this year is 41,696,000 bushels, compared with 36,058,000 bushels gathered in 1925. The tobacco crop is below that of last year, but at present it seems highly probable that higher prices will make this year's crop more profitable to the growers. Irish potatoes are expected to yield 12,740,000 bushels and sweet potatoes 4,954,000 bushels, both exceeding the production of 11,340,000 bushels of Irish potatoes and 3,996,000 bushels of sweet potatoes grown in 1925. The oat crop of 4,486,000 bushels is below the yield of 5,826,000 bushels in 1925, but a crop of wheat totaling 11,509,000 bushels this year is much above the total of 8,946,000 bushels harvested last year. Hay prospects for 878,000 tons are above the crop of 768,000 tons cut in 1925, and this year's crop was cured in splendid condition. The peanut crop of Virginia, estimated at 109,793,000 pounds, is below the final estimate of 131,100,000 pounds in 1925. Fruit prospects in Virginia are far above those of a year ago. The commercial apple crop is now estimated at 3,107,000 barrels, compared with 1,440,000 barrels in 1925.

NORTH CAROLINA crops benefitted materially from rains during the last half of July and early August, and present prospects indicate yields that compare favorably with last year. North Carolina estimates of production for this year are not at hand at present, however.

SOUTH CAROLINA crops, with the exception of cotton and tobacco, are more promising than they were a year ago, and in the case of tobacco higher 1926 prices will probably about balance the lower yield. The South Carolina corn crop averages above that of last year, and a crop of 22,000,000 bushels is expected, in comparison with 19,483,000 bushels in 1925. The sweet potato crop is estimated at 4,029,000 bushels this year and 2,860,000 bushels last year. Peanuts promise a crop of 7,904,000 bushels, compared with 6,020,000 bushels in 1925. The small grain crop of the state was exceptionally good this year.

WEST VIRGINIA crops average somewhat better than in 1925. The corn crop is below that of last year, the yield of oats is approximately the same, and hay yields are below those of 1925. Tobacco, Irish and sweet potato, wheat and commercial apple yields are expected to be better this year than in 1925, the gain in the apple crop being almost 100 per cent.

WHOLESALE TRADE, JULY 1926

Percentage increase in sales in July 1926, compared with sales in July 1925:					
35 Groceries	12 Dry Goods	8 Shoes	18 Hardware	5 Furniture	12 Drugs
— 5.5	—10.2	10.5	10.9	—49.9	— 6.5
Percentage increase in July 1926 sales, compared with sales in June 1926:					
— 2.0	4.4	— 9.6	3.0	—25.9	2.8
Percentage increase in total sales since Jan. 1st, compared with sales during the same seven months in 1925:					
— 1.8	— 4.1	6.9	.8	—11.4	1.9
Percentage increase in stock on July 31, 1926, compared with stock on July 31, 1925:					
— 1.4(11)	— 6.7(5)	16.4(4)	6.9(8)
Percentage increase in stock on July 31, 1926, compared with stock on June 30, 1926:					
— 3.1(11)	5.0(4)	6.9(4)	2.0(6)
Percentage of collections in July to total accounts receivable on July 1, 1926:					
62.1(21)	29.4(8)	26.4(6)	33.0(13)	45.0(3)	62.6(8)

— Denotes decreased percentage.

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

Ninety wholesale firms sent reports on their July business to the Federal Reserve Bank of Richmond. Shoe and hardware jobbers averaged increases in sales in July over July a year ago, but sales declined in groceries, dry goods, furniture and drugs. The marked decline in furniture sales was due chiefly to unusually large sales by one factory in July 1925. July sales were above June 1926 sales in dry goods, hardware and drugs, but were smaller in groceries, shoes and furniture. Total sales this year were smaller in groceries, dry goods and furniture than in the first seven months of 1925, but shoe, hardware and drug sales increased this year.

Stocks of dry goods, shoes and hardware increased during July 1926, and at the end of the month stocks of shoes and hardware in jobbers' hands were above stocks on July 31, 1925. Grocery stocks declined in July, and on July 31st stocks of both groceries and dry goods were smaller than those on July 31st last year.

Collections in July improved slightly over June collections in furniture and drugs, but collections in groceries, dry goods, shoes and hardware were slower, chiefly due to seasonal dullness. The percentage of total collections in July to accounts receivable on July 1st varied widely of course, ranging downward from 62.6 per cent for drugs through groceries, furniture, hardware and dry goods to 26.4 per cent for shoes.

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

Percentage increase in July 1926 sales over sales in July 1925:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
.6	8.8	5.1	1.5	3.1
Percentage increase in cumulative sales from January 1st through July, over sales during the corresponding seven months in 1925:				
.9	4.5	6.3	3.7	3.5
Percentage increase in July sales over average July sales during the five years 1920-1924, inclusive:				
7.1	25.6	28.3	5.6	16.3
Percentage increase in stock on hand July 31, 1926, over stock on July 31, 1925:				
— 3.3	7.7	10.4	— 1.2	2.4
Percentage increase in stock on hand July 31, 1926, over stock on June 30, 1926:				
— 5.5	— .6	— 7.0	— 6.4	— 5.7
Percentage of sales during July 1926 to average stock carried during that month:				
20.9	22.3	23.6	19.5	21.8
Percentage of cumulative sales since January 1st to average stock carried during each of the seven months:				
174.2	182.6	190.6	154.1	178.5
Percentage of outstanding orders on July 31st to total purchases of goods in 1925:				
7.3	8.0	8.5	7.4	7.8
Percentage of collections in July to total accounts receivable on July 1st:				
27.1	26.4	37.6	32.0	27.1

— Denotes decreased percentage.

Retail trade in department stores was seasonally in smaller volume in July than in June, but thirty-one leading stores in the Fifth District reported July sales 3.1 per cent greater than sales in July 1925. July sales also averaged 16.3 per cent above average July sales during the five years 1920-1924, inclusive, and total sales since January 1st this year were 3.5 per cent above sales during the corresponding seven months of 1925.

Stocks on hand at the end of July this year were 2.4 per cent larger, at selling value, than stocks a year ago, the increase being due to increases in Richmond and Washington. Baltimore and the Other Cities stocks were smaller at the end of July than at the same time last year. Stocks declined 5.7 per cent between the end of June and the end of July, a seasonal development at midsummer, but outstanding orders for merchandise increased sharply with the making of fall commitments.

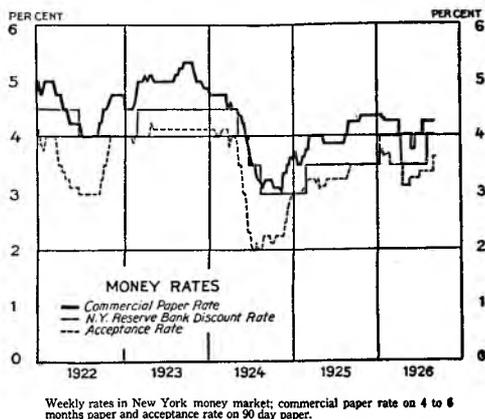
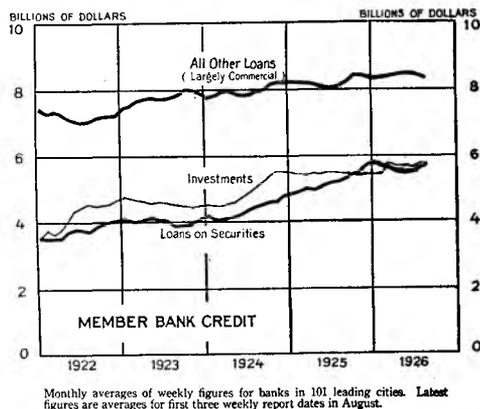
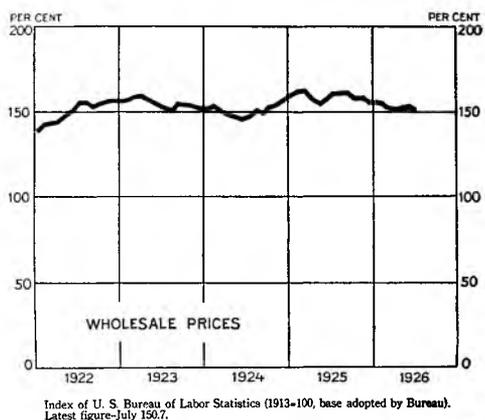
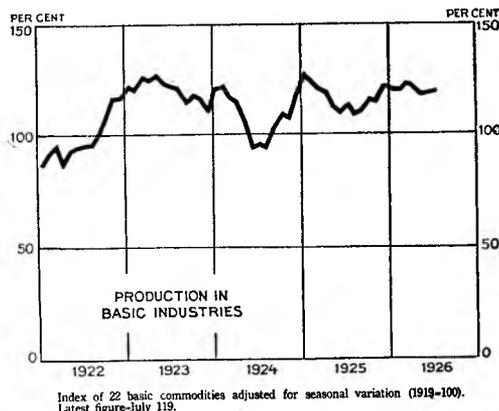
The rate of stock turnover was slower in July than in recent months, but this is a normal midsummer dullness and was not marked this year. The percentage of sales in July to average stock carried was 21.8 per cent, and the percentage of cumulative sales since the first of the year to average stock carried during each of the seven months was 178.5 per cent, indicating an annual turnover of 3.06 times.

Collections were comparatively slow in July, averaging 27.1 per cent of outstanding receivables on July 1st compared with 28.4 per cent of outstanding receivables collected in June this year and 28.9 per cent collected in July 1925.

(Compiled August 20, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



Production in basic industries and factory employment and payrolls declined slightly in July, but the decrease in production was smaller than is usual at this season. Wholesale prices, after a further decline in July, were at the lowest level in nearly two years.

PRODUCTION. The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, increased about one per cent in July. Declines in the output of iron and steel and anthracite, and in the activity of textile mills, were larger than the usual seasonal reductions, while production of flour, copper, zinc, cement and petroleum increased. The manufacture of automobiles declined further and was smaller than a year ago. Factory employment and payrolls showed the usual seasonal decline in July, which is due largely to closing for stock taking and repairs and to summer vacations. Declines were noted in nearly all the important industries for which reports are received, with the exception of leather and shoes and certain food products and building materials. Building contracts awarded in thirty-seven States east of the Rocky Mountains declined in July for the fourth consecutive month and, as in June, were smaller than a year ago. Figures for the first three weeks in August were also below those for the corresponding period of last year. The principal decreases were in the New York and Atlanta districts. The composite condition of all crops, as reported by the Department of Agriculture, shows an improvement of 2 per cent in July owing largely to the increase in the expected production of wheat. Cotton production, on the basis of August 16 conditions, is estimated at 15,248,000 bales, compared with an output of 16,104,000 bales in 1925.

TRADE. The volume of trade at wholesale and retail showed a further seasonal decline in July but continued to be large. Retail trade was larger than a year ago, while wholesale trade was slightly smaller. Sales of department stores and mail order houses declined less than is usual at this season and were 4 per cent and 13 per cent, respectively, larger than in July of last year. Merchandise inventories at department stores continued to decline in July and at the end of the month were in about the same volume as last year. Stocks of meat, dry goods and shoes carried by wholesale firms were smaller than a year ago, but stock of groceries, hardware and drugs were larger. Shipments of goods by railroads were maintained at a high level during July for nearly all types of commodities. Loadings of grain were larger than for any month since October 1924, and were in record volume for July.

PRICES. The Bureau of Labor Statistics index of wholesale commodity prices declined about one per cent in July to the lowest level since September 1924. Price declines were shown for most commodity groups, particularly farm products and foods, while prices of steel and other metals advanced. In the first three weeks of August the prices of grains, cotton and rubber declined further, while cattle, hogs, potatoes, coal and coke advanced in prices.

BANK CREDIT. Between the middle of July and the middle of August, total loans and investments of member banks in leading cities increased slightly, reflecting a growth in the seasonal demand for credit for commercial purposes. Loans on securities on August 18 were in about the same volume as a month earlier, while the banks' investments declined. Between July 21 and August 18, discounts for member banks and the holdings of acceptances increased considerably, while United States security holdings were somewhat reduced, with the consequence that the total volume of Reserve bank credit increased by about \$50,000,000. Money market conditions became firmer in August. The rate on commercial paper, which was 4 per cent in June and July, increased to 4½-4¾ per cent, and the rate on 90-day bankers acceptances advanced to 3¾ per cent. The discount rate of the Federal Reserve Bank of New York was advanced on August 13 from 3½ to 4 per cent.