

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY—August business in the Fifth Federal Reserve District was up to seasonal average, and on the whole prospects for the balance of the year seem to have improved during the month. A moderate expansion in loans to customers by member banks and a seasonal rise in the circulation of Federal Reserve notes show that fall trade is opening normally. Labor continues well employed, assuring a large purchasing power for the next few months. The failure record for the District compared favorably in August with the record of last August and with other recent months. Coal production is very large as a result of seasonal demand in this country and the influence of the British coal strike abroad. Textile mills are still operating from hand to mouth, but stocks have been kept low. Valuation figures for building permits issued in August in twenty-eight Fifth District cities exceeded the figures for all other months this year except March, and were 41 per cent larger than in August 1925. Official estimates on this year's cotton crop indicate increased production in both Carolinas but the season is late and the crop is subject to serious damage by an early frost and prices are lower than a year ago. The tobacco crop of the Fifth District promises to be a very profitable one. Although crops are generally somewhat later than usual, the entire agricultural situation in the District is distinctly improved over last year and last month, with probably greatest improvement over 1925 in South Carolina and least improvement in Maryland. Wholesale trade developed seasonally in August and compared fairly well with trade in August 1925, while department store sales in August exceeded sales in August 1925 by nearly 7 per cent. Collections were slower than in July, but this is a seasonal development. Contrary to these developments, however, debits to individual accounts during the four weeks ended September 8th were below aggregate debits for the corresponding period of the preceding year for the first time in two years.

RESERVE BANK OPERATIONS—Increased demands for funds incident to crop marketing swelled the volume of Reserve bank credit extended to member banks in the Fifth District during the past month, the volume of rediscounts held by the Federal Reserve Bank of Richmond rising from

\$43,510,000 on August 15th to \$46,014,000 on September 15th. Crop marketing requires a relatively large amount of cash in comparison with the total volume of business, and the volume of Federal Reserve notes in actual circulation rose between the middle of August and the middle of September from \$72,296,000 to \$76,099,000. Total bill holdings of the Federal Reserve Bank of Richmond advanced from \$55,415,000 on August 15th to \$57,306,000 on September 15th. Member banks in the Fifth District increased their reserve deposits at the Reserve bank during the month under review from \$65,753,000 to \$67,873,000. As a result of the changes mentioned, with some reduction in Government security holdings by the Reserve bank, the cash reserves of the Federal Reserve Bank of Richmond rose from \$84,902,000 on August 15th to \$90,499,000 on September 15th, and between the same dates the ratio of cash reserves to note and deposit liabilities combined rose from 59.81 per cent to 62.57 per cent.

The usual early fall increase in Reserve bank credit has thus far been slightly less marked than a year ago, probably due to the lateness of this year's leading money crops. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond at the middle of September last year totaled \$53,924,000, but on September 15th this year totaled only \$46,014,000. The circulation of Federal Reserve notes, however, increased slightly during the year, rising from \$75,758,000 on September 15, 1925, to \$76,099,000 on September 15, 1926. Total bill holdings of the Federal Reserve Bank of Richmond declined during the year from \$58,577,000 to \$57,906,000, an increase in bankers acceptances purchased in the open market partly offsetting the decline in rediscounts for member banks. Reserve deposits of member banks rose from \$63,750,000 on September 15, 1925, to \$67,873,000 on September 15, 1926, an increase partly due to higher reserve requirements because of increased deposits and partly due to the easier position occupied this year by the member banks. The cash reserves of the Federal Reserve Bank of Richmond stood at \$81,703,000 on September 15th last year, but rose to \$90,499,000 at the middle of September this year, and the ratio of cash to note and deposit liabilities combined increased during the same period from 58.17 per cent to 62.57 per cent.

The National Summary will be found on page 8

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Sept. 15, 1926	Aug. 18, 1926	Sept. 16, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 520,485,000	\$ 514,930,000	\$ 515,230,000
2. Total Investments in Bonds and Securities	140,049,000	141,629,000	130,532,000
3. Reserve Balance with Federal Reserve Bank	41,766,000	41,962,000	38,607,000
4. Cash in Vaults	14,061,000	13,589,000	13,823,000
5. Demand Deposits	381,731,000	375,455,000	365,518,000
6. Time Deposits	209,232,000	209,825,000	198,324,000
7. Borrowed from Federal Reserve Bank.....	22,247,000	17,567,000	24,895,000

In the accompanying table, the principal items of condition reported by sixty-eight regularly reporting member banks in thirteen leading cities of the Fifth District are shown, figures being included as of the close of business September 15, 1926, August 18, 1926, and September 16, 1925. Thus an opportunity is offered to compare the figures reported on the latest available date with those of the preceding month this year and the corresponding date a year ago. It should be understood that the figures mentioned refer to the report dates only, and are not necessarily the highest or lowest figures that occurred between the dates compared.

Between August 18th and September 15th, both this year, total loans and discounts to customers of the sixty-eight reporting banks rose from \$514,930,000 to \$520,485,000, a seasonal increase due partly to loans for crop marketing and partly to commercial loans to merchants in connection with their receipt of fall merchandise. Total investments in bonds and other securities declined during the month from \$141,629,000 to \$140,049,000, and the reserve balances of the reporting banks at the Reserve bank declined from a total of \$41,962,000 to \$41,766,000. Cash in vaults increased slightly, rising from \$13,589,000 on August 18th to \$14,061,000 on September 15th. Demand deposits rose from \$375,455,000 to \$381,731,000 between August 18th and September 15th, chiefly as a result of the increased loans to customers, but time deposits declined during the same period from \$209,825,000 to \$209,232,000. The increase in loans to customers necessitated further rediscounting at the Reserve bank, and the total borrowing of the sixty-eight member banks at the Federal Reserve Bank of Richmond rose from \$17,567,000 on August 18th to \$22,247,000 on September 15th.

A comparison of the figures reported on September 15, 1926, with those as of September 16, 1925, shows the banks to be in a stronger position this year. Loans to customers on September 15th this year totaled \$520,485,000, compared with \$515,230,000 on September 16th last year, and total investments in bonds and securities aggregated \$140,049,000 this year in comparison with \$130,532,000 at the middle of September last year. Aggregate reserve balances at the Reserve bank and cash in vaults stood at \$41,766,000 and \$14,061,000, respectively, on September 15, 1926, compared with a reserve balance of \$38,607,000 and cash in vaults totaling \$13,823,000 on September 16, 1925. Demand deposits totaled \$381,731,000 on September 15th this year and \$365,518,000 on September 16th last year, and time deposits rose during the year to \$209,232,000 from \$198,324,000 reported at the middle of September 1925. Borrowing by the sixty-eight reporting banks at the Federal Reserve Bank of Richmond totaled \$22,247,000 on September 15, 1926, compared with \$24,895,000 on September 16, 1925.

SAVINGS DEPOSITS—Aggregate deposits in fourteen regularly reporting mutual savings banks in Baltimore declined slightly last month, but the decrease was less than usually occurs during August. Deposits dropped from \$155,255,756 on July 31st to \$155,189,787 on August 31st. A year ago, on August 31, 1925, aggregate deposits in the fourteen banks totaled \$149,571,500. Time deposits in sixty-eight reporting member banks also declined last month, decreasing from \$209,825,000 at the close of business August 18th to \$209,232,000 on September 15th, but on the latter date were materially above the total of \$198,324,000 in time deposits reported by the same banks on September 16, 1925.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

The accompanying table shows the total of debits to individual, firm and corporation accounts in the leading trade centers of the Fifth Federal Reserve District for three equal periods of four weeks, ended September 8th and August 11, 1926, and September 9, 1925. The figures for the latest available four weeks period, ended September 8th, may be compared with those reported for the preceding four weeks ended August 11th this year and with those for the corresponding four weeks ended September 9, 1925. The period ended September 8th this year contained one business day less than the period ended August 11th, the Labor Day holiday occurring on September 6th.

Aggregate debits of \$1,085,367,000 in the reporting banks during the four weeks ended September 8th show a somewhat larger decline under the total of \$1,191,599,000 reported for the like period

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	Sept. 8, 1926	Aug. 11, 1926	Sept. 9, 1925
Asheville, N. C.	\$ 31,822,000	\$ 34,603,000	\$ 26,356,000
Baltimore, Md.	341,878,000	386,570,000	379,484,000
Charleston, S. C.	23,525,000	21,405,000	24,199,000
Charleston, W. Va.	30,892,000	31,385,000	31,854,000
Charlotte, N. C.	41,269,000	42,750,000	38,211,000
Columbia, S. C.	15,586,000	16,523,000	16,342,000
Cumberland, Md.	7,243,000	8,073,000	7,705,000
Danville, Va.	6,328,000	8,247,000	7,701,000
Durham, N. C.	27,049,000	23,434,000	23,711,000
Greensboro, N. C.	21,401,000	21,331,000	17,361,000
Greenville, S. C.	15,240,000	18,564,000	17,350,000
Hagerstown, Md.	9,376,000	9,828,000	9,404,000
Huntington, W. Va.	22,568,000	22,344,000	23,231,000
Lynchburg, Va.	15,687,000	16,607,000	18,259,000
Newport News, Va.	9,721,000	18,960,000	6,900,000
Norfolk, Va.	63,287,000	71,663,000	55,032,000
Raleigh, N. C.	16,537,000	23,332,000	20,082,000
Richmond, Va.	117,277,000	115,847,000	128,448,000
Roanoke, Va.	25,611,000	26,199,000	22,477,000
Spartanburg, S. C.	10,205,000	10,798,000	11,409,000
Washington, D. C.	184,836,000	214,126,000	183,090,000
Wilmington, N. C.	16,463,000	16,837,000	15,946,000
Winston-Salem, N. C.	31,566,000	32,173,000	27,979,000
Totals.....	\$1,085,367,000	\$1,191,599,000	\$1,112,531,000

ended August 11th than is usual at this season, but the relatively large decrease is possibly due to the late agricultural season, which is delaying the marketing of important crops, especially cotton. Eighteen of the twenty-three reporting cities show lower figures for the more recent weeks. A considerable part of the decline was of course due to the shorter period covered, the Labor Day holiday reducing the actual number of business days during the more recent period from 24 to 23 days, a decline of more than 4 per cent.

Aggregate debits of \$1,122,531,000 during the four weeks ended September 9, 1925, exceeded the total of \$1,085,367,000 reported for the corresponding period ended September 8th this year. The 1926 period was the first one to fall below the corresponding period of the preceding year since the fall of 1924. Thirteen cities reported lower figures this year, while ten showed higher totals.

BUSINESS FAILURES—"Extending the improvement of the four immediately preceding months, commercial failures in the United States for August show a further reduction," according to *Dun's Review* of September 4th. "The number of defaults reported for August is 1,593, which is slightly below the July total of 1,605 and compares with 1,708 insolvencies in June 1,730 in May and 1,957 in April. It was during the latter month that the progressive decrease in number of failures began, the March aggregate being 1,984. The August defaults show some numerical increase over those for the corresponding month of 1925, when the total was 1,513, and also are in excess of the number for August of both 1924 and 1923. The present showing is, however, relatively satisfactory when the larger number of firms in business now is considered. Not only is the number of insolvencies for August less than that for recent preceding months, but the liabilities are also smaller. The indebtedness of \$28,129,660 reported last month compares with \$29,680,008 in July, about \$29,400,000 in June, fully \$33,500,000 in May and approximately \$38,500,000 in April. The high point of the year was \$43,661,444 last January. Moreover, last month's liabilities, despite the increased number of failures, is materially below the \$37,158,861 of August 1925, and is, in fact, less than the amounts for August of all years since 1919, when the commercial mortality was at an unusually low level."

There were 107 business failures in the Fifth District in August, with liabilities totaling \$1,438,713, compared with 98 failures and \$1,565,924 in liabilities in August 1925. Aggregate liabilities in August were the lowest reported for any month since September 1924, and were the lowest August figures since 1920.

COAL—Bituminous coal production in August totaled 46,352,000 net tons, compared with 43,472,000 tons mined in July and 41,992,000 tons in June. Total production this calendar year to September 11th was 374,753,000 net tons, compared with 336,108,000 tons produced during the same period last year. The increase this year is due to two factors, one the anthracite strike which increased the demand for bituminous coal in the early months of the year, and the other the continuation of the British coal strike, which materially increased foreign demands for American coal dur-

ing recent months. Nearly 9,000,000 tons of coal were exported prior to September 1st, of which over 6,000,000 tons were shipped through Hampton Roads. Including coastwise shipments and bunker coal, Hampton Roads handled 17,794,072 net tons between January 1st and August 31st this year, compared with 14,061,275 tons handled during the corresponding eight months in 1925. Retail coal yards are busy filling orders, but coal in all sizes and quantity is immediately available. Prices have been practically stationary since the first advances of the fall season went into effect six weeks or two months ago.

TEXTILES—Reports from cotton mill executives early in September were more optimistic in tone than in recent months, although curtailment of operations continues and nearly all buying is of the hand to mouth sort. Our correspondents nearly all profess to see somewhat brighter prospects for fall and winter business, however, and mills are keeping stocks of manufactured goods low. The Southern Yarn Spinners Association reports more numerous inquiries and considerable interest in spots and near-by deliveries. The Association reports buyers having increased difficulty in filling their needs. Cotton consumption in the Fifth District mills totaled 205,019 bales in August, compared with 195,944 bales used in July this year and 170,194 bales in August 1925. North Carolina and Virginia mills consumed less cotton in August than in July, but South Carolina mills used over 10,000 bales more during the later month. Total consumption in August in the Fifth District was 41 per cent of National consumption and 57 per cent of consumption in cotton growing states.

BUILDING OPERATIONS FOR THE MONTHS OF AUGUST 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.....	501	679	1,278	1,157	\$ 5,624,880	\$ 5,686,320	\$1,471,800	\$ 222,840	\$ 1,187,520	20.1%	1
2	Cumberland, Md....	28	23	10	10	56,827	46,860	10,975	5,900	15,042	28.5	2
3	Frederick, Md.....	4	10	3	2	9,895	31,445	1,690	1,250	21,110	64.6	3
4	Hagerstown, Md....	19	32	7	4	135,265	50,990	1,065	3,325	82,015	151.0	4
5	Danville Va.....	9	17	13	13	717,841	34,837	732,726	10,830	1,404,900	3,076.4	5
6	Lynchburg, Va.....	30	13	30	21	66,170	18,860	20,297	31,650	35,957	71.2	6
7	Norfolk, Va.....	56	135	65	53	78,985	257,213	26,388	24,737	176,577	62.6	7
8	Petersburg, Va....	5	3	8	4	25,440	5,650	13,390	720	32,460	51.0	8
9	Richmond, Va.....	92	125	64	73	441,365	547,035	83,490	125,724	147,904	22.0	9
10	Roanoke, Va.....	86	81	33	31	1,054,237	145,290	9,570	11,895	906,622	576.8	10
11	Bluefield, W. Va...	13	13	6	2	107,554	18,592	6,065	15,150	79,877	236.7	11
12	Charleston, W. Va.	18	25	16	7	64,030	88,118	24,800	6,050	5,338	5.7	12
13	Clarksburg, W. Va	17	22	17	12	37,650	37,130	4,965	8,050	2,565	5.7	13
14	Huntington, W. Va.	* 60		* 1		* 270,484		* 1,500				14
15	Parkersburg, W. Va	21	26	6	10	130,500	94,125	2,050	4,815	33,610	34.0	15
16	Asheville, N. C....	54	43	46	38	347,955	253,400	21,005	11,363	104,197	39.4	16
17	Charlotte, N. C....	42	53	20	13	683,110	806,220	27,920	13,270	108,460	13.2	17
18	Durham, N. C.....	20	36	13	16	117,340	164,785	21,725	24,225	49,945	26.4	18
19	Greensboro, N. C.	51	45	37	33	186,414	237,420	59,480	25,508	17,034	6.5	19
20	High Point, N. C...	62	67	7	7	269,515	195,025	14,050	7,200	81,340	40.2	20
21	Raleigh, N. C.....	48	55	12	11	223,795	133,134	6,725	8,075	89,311	63.2	21
22	Salisbury, N. C....	10	13	3	21	22,625	50,150	2,100	7,836	33,261	57.4	22
23	Wilmington, N. C.	8	9	11	10	17,100	38,250	10,800	11,700	22,050	44.1	23
24	Winston-Salem, N. C.	94	53	38	67	566,865	235,160	65,650	49,031	348,324	122.6	24
25	Charleston, S. C...	22	9	31	44	14,570	18,650	11,470	11,212	3,822	12.8	25
26	Columbia, S. C....	17	23	37	40	43,350	209,329	11,250	11,335	166,064	75.3	26
27	Greenville, S. C....	12	10	36	16	88,550	72,200	28,465	16,060	28,755	32.6	27
28	Spartanburg, S. C.	25	27	25	20	69,900	104,198	18,215	3,883	19,966	18.5	28
29	Washington, D. C.	338	182	477	523	8,549,640	5,463,640	422,435	500,475	3,007,960	50.4	29
	Totals.....	1,702	1,829	2,349	2,258	\$19,751,368	\$15,044,026	\$3,130,561	\$1,174,109	\$ 6,663,794	41.1%	

—Denotes decrease

* Huntington's figures not included in totals.

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.

The number of building permits issued in twenty-eight leading Fifth District cities in August was lower than in either July this year or August last year, but valuation figures, chiefly due to large gains in Baltimore, Danville, Roanoke and Washington, exceeded the figures of August 1925 and were above all earlier months this year except March. Permits for new construction in August totaled 1,702 with estimated valuation of \$19,751,368, compared with 1,829 permits and \$15,044,026 valuation for similar work in August last year. Alteration and repair permits issued in August totaled 2,349, with the very high valuation total of \$3,130,561, compared with 2,258 permits and \$1,174,109 in August 1925. Combined valuation for all classes of work totaled \$22,881,929 in August 1926 and \$16,218,135 in August 1925, an increase this year of \$6,663,794, or 41.1 per cent. In addition to the large gains men-

tioned above, Hagerstown, Bluefield and Winston-Salem each reported valuation figures more than 100 per cent above those of August 1925.

COTTON—According to figures gathered by the Cotton Quotation Service of the Department of Agriculture, spot cotton prices in the Carolinas declined nearly 2 cents per pound between August 14th and September 18th. During the week ended August 14th, the average price paid growers for middling cotton was 17.90 cents per pound, but in the next five weeks the averages were respectively 16.93 cents, 17.36 cents, 17.43 cents, 17.26 cents and 16.01 cents, the latter average for the week ended September 18th being the lowest price reported since February 11, 1922.

Cotton consumption in American mills in August totaled 500,652 bales, exceeding the total of 460,918 bales used in July this year and 448,665 bales in August 1925. The Census Bureau's consumption report as of September 1st, issued on September 14th, reports cotton on hand in manufacturing establishments at the end of August as 920,944 bales, compared with 1,096,521 bales so held on July 31st this year and 680,527 bales on August 31, 1925. At the end of August, public warehouses and compresses held 1,715,593 bales, compared with 1,936,662 bales on July 31, 1926, and 1,040,178 bales on August 31, 1925. Spindles active in August numbered 31,321,936, compared with 31,082,482 in July this year and 31,269,774 in August a year ago. Cotton exported amounted to 391,329 bales in August 1926, compared with 365,522 bales sent abroad in July 1926 and 315,825 bales in August 1925. August imports also increased, rising to 13,280 bales from 12,090 bales imported in July this year and 9,266 bales received from over seas in August last year. Cotton consumed in cotton growing states totaled 359,708 bales in August, 334,752 bales in July, and 302,604 bales in August 1925.

In our Review last month we discussed the Department of Agriculture's cotton condition report as of August 1st, at which time a condition of 69.8 per cent was expected to result in a production for 1926 of 15,621,000 bales. The reports of August 16th and September 1st indicated considerable deterioration in crop prospects, however, and forecast figures were lowered to 15,248,000 bales on August 16th and 15,166,000 bales on September 1st. The first half of September was generally favorable for cotton development, however, and the Department's report as of September 16th estimated the condition at 59.5 per cent and the probable production as 15,810,000 bales, only 294,000 bales under the large crop of 16,104,000 bales ginned in 1925.

The Census Bureau's ginning report to September 16th shows how late the crop is this year and clearly indicates the unusual hazards the crop still has to overcome. Ginnings to September 16th this year of 2,511,317 bales compares with 4,282,066 bales in 1925 and 2,665,793 bales in 1924 ginned prior to the middle of September.

During August and early September prospects for cotton improved in South Carolina, the condition figure rising from 53 per cent on August 1st to 55 per cent on September 16th, but North Carolina's condition declined between August 1st and September 16th from 70 per cent to 69 per cent and Virginia's condition dropped from 72 per cent to 66 per cent. South Carolina's probable production this year is 1,057,000 bales, compared with 889,000 bales ginned last year. The crop in the middle belt and in the south and east is better than last year, and the improvement since the middle of August in the upper counties of South Carolina appears to indicate a larger crop there also, but much of the cotton in that section is very late, is poorly fruited, and is dependent upon favorable weather to an unusual degree. North Carolina's crop estimate on September 16th, was 1,199,000 bales, compared with 1,102,000 bales grown in 1925. The crop is from two to three weeks late, and insect damage and shedding are noticeable. Weevils did comparatively little damage prior to September, but may do serious harm to the late crop before the end of the season. Virginia's prospective yield of 47,000 bales compares unfavorably with 53,000 bales produced in 1925. The crop has improved somewhat since the August rains, but the growth is backward and the crop is so late that much of it is in danger of an early frost. The crop is fully two weeks later than last year.

TOBACCO—SOUTH CAROLINA tobacco markets sold 20,787,591 pounds of producer's tobacco in August at an average price of \$24.89 per hundred pounds, compared with 23,238,117 pounds sold for \$17.81 per hundred in August 1925. The crop this year is estimated at 57,548,000 pounds, about 13,000,000 pounds less than the crop last year, but if August prices are maintained the balance of the season this year's crop will probably exceed last year's crop in value between two and three million dollars.

NORTH CAROLINA had only seven markets open in August. Sales for growers totaled 9,983,519 pounds, at an average of \$24.78 per hundred pounds, compared with 11,812,188 pounds for \$18.23 per hundred sold on the same markets in August 1925. Markets in the New Bright belt opened on September 7th, and prices were from 35 to 50 per cent above those of last year, some scattered piles selling as high as 100 per cent above 1925 prices.

VIRGINIA markets are not yet open. Tobacco improved distinctly during the latter half of August, and on September 1st a crop of 135,626,000 pounds was forecast, compared with 129,497,000 pounds

grown in 1925. The greatest improvement was in the Bright crop, although the prospects in the Dark and Sun-cured sections are also quite encouraging. Bright tobacco is of exceptionally good quality this year, and Sun-cured is above the average, but in the Dark belt much of the leaf is large and coarse, so the quality will not equal that of the Bright types.

AGRICULTURAL NOTES—MARYLAND. Heavy rains in August hurt Maryland peaches, melons, shocked grain, tomatoes and tobacco, but helped late corn, potatoes and grasses. Most crops are below their ten year average of condition. On the whole, Maryland's agricultural prospects appear below those of 1925, although prospective yields this year of potatoes, sweet potatoes, tobacco, apples, peaches and pears are above those of last year. Tomatoes for canning indicate only about 50 per cent of a normal yield and in the big producing areas on the Eastern Shore are ripening very slowly, with considerable scalding and rotting.

VIRGINIA crops all improved after the rains of the latter half of August, and prospects on September 1st were for larger yields in nearly all crops than last year. Corn prospects are now excellent, a crop of 44,212,000 bushels forecast this year comparing with 36,058,000 bushels harvested in 1925. The oat crop turned out above expectations, the heads being well filled. The oat straw was quite short, however, and a large part of the crop had to be cut for hay. Late potatoes improved slightly during late August and early September, but prospects are still below the average. The total yield of potatoes this year is forecast at 11,934,000 bushels, compared with 11,340,000 bushels last year. Sweet potatoes made considerable improvement during the latter half of August, and a fair crop is expected. The commercial crop is later than usual, however. A production of 5,120,000 bushels is predicted this year, compared with 3,996,000 bushels gathered in 1925, most of the increase being due to increased plantings. Total production of hay this year is expected to be 884,000 tons, compared with 768,000 tons last year. Pastures improved wonderfully between August 15th and September 15th, and are now in excellent condition. Good fall grazing appears assured. The commercial apple crop in Virginia is expected to amount to 3,325,000 barrels, compared with 1,400,000 barrels last year and 1,478,000 barrels the average production during the five years 1921-1925. Most orchards have unusually heavy crops of apples, although occasionally some are found which bore heavily last year that have a light set of fruit. The season is later than last year, consequently harvest will be delayed from ten days to two weeks. The apple market has been very slow developing and thus far few sales have been reported. The fruit is coloring well and with the ample supply of moisture in the soil will be well sized. As there has been less injury from diseases and insects than usual the quality will be unusually fine.

NORTH CAROLINA crop prospects, after an adverse spring and very dry summer, have improved markedly since the middle of August, and now promise comparatively good yields in nearly all crops. The cotton crop appears likely to break all previous record for North Carolina, a good and profitable tobacco crop seems assured, and corn shows a condition equal to any corn crop in several years. The fruit crop is unusually good. Pastures and hay crops are now doing well, and soy beans and cowpeas are looking better than for several years. Pecan trees promise a heavy yield.

SOUTH CAROLINA prospects are better in every crop this year except tobacco than in 1925, and in the case of tobacco this year's prices will make that crop more profitable. Prospective yields are materially higher than a year ago, and prices are the principal concern of the farmers at present. The per acre yield of small grain crops was the highest in the history of the state, the peach crop was the largest on record, the corn crop of 24,552,000 bushels is 5,000,000 bushels above last year's yield, and hay, sweet potatoes, sugar cane, sorghum for syrup, cowpeas, soy and velvet beans range in condition from good to excellent and promise fine yields.

WEST VIRGINIA crop prospects improved during the past month as a result of rains, but on the whole conditions in the state appear to be somewhat less favorable than a year ago. Lower yields are forecast this year for corn, oats and hay, while larger yields are expected of buckwheat, potatoes, sweet potatoes, tobacco, and sorghum. Most of the indicated increases are chiefly due to larger acreage this year, however, rather than to improved condition of the growing crops.

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

Confidential reports from 31 leading department stores scattered throughout the Fifth Reserve District showed sales in August 6.8 per cent above sales in August a year ago, and 15 per cent above average August sales during the five years 1920-1924, inclusive. Total sales from January 1st through August this year were 3.9 per cent above aggregate sales during the first eight months of 1925.

Stocks of merchandise on the shelves of the reporting stores declined slightly in August, the decrease averaging one-half of 1 per cent, but at the end of August stocks averaged 1.5 per cent above

Percentage increase in August 1926 sales over sales in August 1925:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
3.7	7.7	12.1	2.0	6.8
Percentage increase in cumulative sales from January 1st through August, over sales during the corresponding eight months in 1925:				
1.2	4.9	6.9	3.5	3.9
Percentage increase in August sales over average August sales during the five years 1920-1924, inclusive:				
3.7	35.0	23.6	11.7	15.0
Percentage increase in stock on hand August 31, 1926, over stock on August 31, 1925:				
— 4.0	5.0	9.1	— 1.0	1.5
Percentage increase in stock on hand August 31, 1926, over stock on July 31, 1926:				
— 1.4	— .3	.2	.6	— .5
Percentage of sales during August 1926 to average stock carried during that month:				
21.6	22.2	23.2	20.4	22.1
Percentage of cumulative sales since January 1st to average stock carried during each of the eight months:				
195.9	204.8	213.8	174.5	200.6
Percentage of outstanding orders on August 31st to total purchases of goods in 1925:				
8.3	9.2	9.1	7.2	8.7
Percentage of collections in August to total accounts receivable on August 1st:				
20.3	23.2	34.3	28.9	24.4

— Denotes decreased percentage.

those of August 31, 1925. Outstanding orders for fall merchandise at the end of August totaled 8.7 per cent of last year's purchases, a seasonal increase over outstanding orders at the end of July.

The rate of stock turnover was slightly more rapid during August than in July, sales last month averaging 22.1 per cent of stocks carried. Cumulative sales since the first of the year amounted to 200.6 per cent of average stock carried during each of the eight months, indicating an annual turnover rate of 3.009 times. The rate of turnover during the first eight months of 1925 was 2.982 times.

Collections in August averaged 24.4 per cent of receivables outstanding on August 1st, a slightly smaller percentage than 27.1 per cent of outstanding receivables collected in July this year and 24.6 per cent collected in August 1925.

WHOLESALE TRADE, AUGUST 1926

Percentage increase in August 1926 sales, compared with sales in August 1925:					
35 Groceries	12 Dry Goods	8 Shoes	17 Hardware	5 Furniture	13 Drugs
— 2.6	— 4.6	8.9	7.1	10.6	— 1.4
Percentage increase in August 1926 sales, compared with sales in July 1926:					
— 2.8	65.4	48.4	8.1	60.6	2.8
Percentage increase in total sales since Jan. 1st, compared with sales during the same eight months in 1925:					
— 1.9	— 4.2	7.3	1.6	— 8.6	1.4
Percentage increase in stock on August 31, 1926, compared with stock on August 31, 1925:					
1.0(12)	— 9.75(5)	22.2(5)	3.5(9)
Percentage increase in stock on August 31, 1926, compared with stock on July 31, 1926:					
2.3(12)	.3(5)	— 5.6(4)	1.4(9)
Percentage of collections in August to total accounts receivable on August 1, 1926:					
64.3(21)	28.4(8)	24.5(6)	26.4(12)	34.5(3)	57.3(9)

— Denotes decreased percentage.

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

Reports received from 35 wholesale grocers, 12 dry goods jobbers, and 13 wholesale drug firms show lower sales on the average in August 1926 than in August a year ago, but 8 shoe jobbers, 17 wholesale hardware firms and 5 furniture factories report larger sales in August this year than last. In comparison with July sales this year, August sales registered increases in all lines reported upon except groceries. Cumulative sales during the eight elapsed months this year exceeded sales in the corresponding period of 1925 in shoes, hardware and drugs, but grocery, dry goods and furniture sales were lower this year.

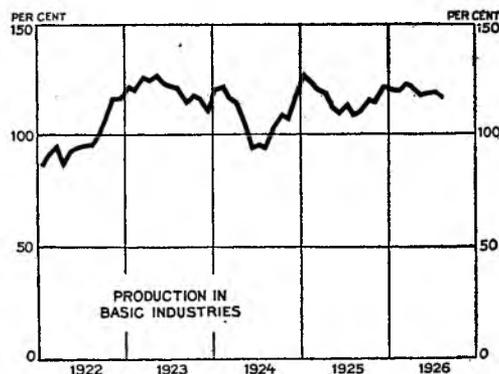
Stocks increased during August in groceries, dry goods and hardware, but declined slightly in shoes. At the end of August 1926, stocks of groceries, shoes and hardware were larger than at the end of August 1925, but dry goods stocks declined during the year.

Collections in August were slower than in July in dry goods, shoes, hardware, furniture and drugs, but were slightly better in groceries. Slower collections in August is seasonal, however.

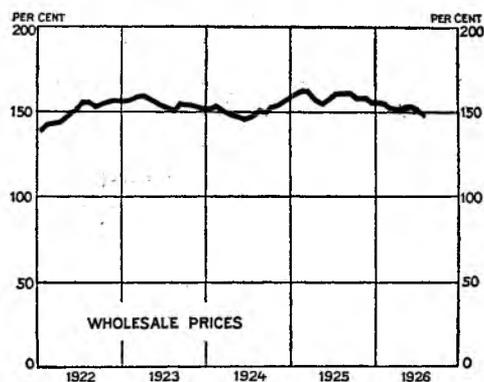
(Compiled September 20, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

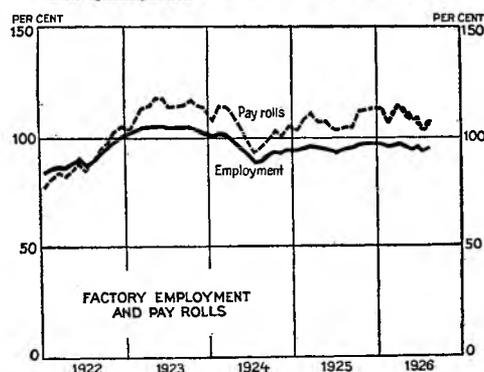
(Compiled by the Federal Reserve Board)



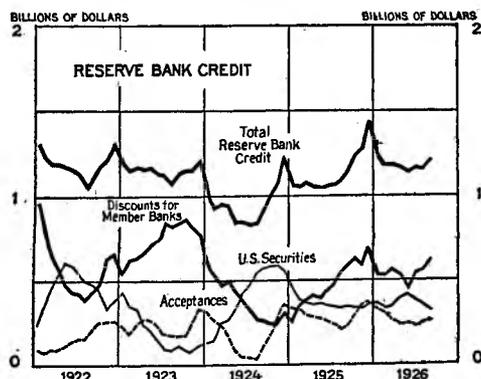
Index of 22 basic commodities adjusted for seasonal variation (1919=100). Latest figure—August 116.



Index of U. S. Bureau of Labor Statistics (1913=100, base adopted by Bureau). Latest figure—August 149.2.



Federal Reserve Board's indexes of factory employment and pay rolls (1919=100). Latest figures, August, employment 94.4, pay rolls 107.7.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures, averages of first 23 days of September.

Industrial activity and distribution of commodities continued in large volume in August at a level higher than a year ago. The general level of wholesale prices receded further in August, reflecting price declines for agricultural commodities.

PRODUCTION. The index of production in basic industries, which is adjusted for the usual seasonal variations, declined slightly in August, but this decline was accounted for by the fact that there were five Sundays in August against four in July. Textile mill activity and production of steel ingots, zinc and petroleum increased, while the output of pig iron, lumber, coal, copper, cement and sugar was smaller than the month before. Automobile production increased considerably in August and was larger than in any month since April. Factory employment and pay rolls, after declining in July, increased in August, as is usual at this season of the year. Building activity, as measured by contract awards in 37 states east of the Rocky Mountains, was in larger volume in August than in July or in any other previous month with the exception of August 1925. In eastern and southeastern states the volume of building was smaller in August than a year ago, while in the middle west contracts awarded were larger. Contracts for residential structures were smaller than last year, while those for industrial buildings and for public works and public utilities were substantially larger. Crop conditions improved in August, according to a statement by the Department of Agriculture. September forecasts of yields of corn, barley, hay, tobacco, and most fruit and vegetable crops were above those made in August, while expected yields of oats and spring wheat were slightly less. A cotton crop of 15,810,000 bales was indicated on the basis of the condition of the crop at the middle of September. The crop, however, is later than last year and ginnings up to September 16 amounted to only 2,511,000 bales, compared with 4,282,000 bales prior to September 16, 1925.

TRADE. Volume of wholesale trade and of sales at department stores increased in August and retail sales were larger than a year ago. Stocks of dry goods and shoes carried by wholesale firms were smaller at the end of August than last year, while those of groceries and hardware were larger. Inventories of department stores increased in preparation for autumn trade, but this increase was less than is usual at this season and at the end of the month stocks were smaller than a year ago. Freight car loadings in August continued higher than in the corresponding months of previous years and for the weeks of August 28 and September 4 exceeded all previous weekly records. Loadings of grain continued large and shipments of merchandise in less-than-carload lots, miscellaneous commodities, ore and coke were considerably larger than in the corresponding period of previous years.

PRICES. Wholesale commodity prices, according to the index of the Bureau of Labor Statistics, declined over 1 per cent in August, reflecting largely price decreases for grains, livestock and meat products. Prices of clothing materials, fuels and metals increased between July and August, while prices of cotton, wool, sugar, building materials and rubber showed little change. In the first half of September prices of grains, cattle, sugar, bituminous coal and coke advanced, while prices of raw cotton, silver and bricks declined.

BANK CREDIT. Increased demand for bank credit in connection with the harvesting and marketing of crops and autumn trade, together with an increase in loans on securities, was reflected in a considerable growth between the middle of August and the middle of September in loans of member banks in leading cities. The banks' holdings of investments also increased, though there was a decrease in investments at banks in New York City, and total loans and investments on September 15 were larger than at any previous time. The volume of reserve bank credit increased by about \$90,000,000 between August 18 and September 22, partly in response to seasonal demands for currency. Discounts for member banks rose in September to the highest figure for the year, and acceptance holdings also increased, while United States securities declined by about \$55,000,000. Money rates continued to rise in September. Rates on commercial paper advanced by one-fourth per cent to 4½-4¾ per cent, and rates on security loans also averaged higher than in August.