

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

OCTOBER 31, 1926

DISTRICT SUMMARY—Business in the Fifth Reserve District during September was in large volume. Retail and wholesale trade for the fall season have begun well. Most of the leading crops are better than a year ago, and the District's tobacco crop is much more profitable than in 1925. Building construction is holding up remarkably after two record years, and workers in the building trades are therefore steadily employed. Practically all manufacturing establishments are operating full time, and some factories are expanding. Bank deposits, considerably above those of October a year ago, testify to the purchasing power of the public. The British coal strike has resulted in an increase in the demand for coal in this country and production in West Virginia has been in large volume. Debits to individual accounts figures are above those of 1925. Business failures in the Fifth District in September were fewer than for any other month in two years. Labor is fully employed for this time of the year.

In spite of all the favorable factors enumerated, the extent to which the indicated volume of business will develop is highly problematical because the collapse of the cotton market, as a result of what may turn out to be a record crop, has cast a shadow over prospects for fall trade. Although the Carolinas have larger crops of cotton this year than in 1925, the increase in yield will not balance the drop in prices, and the purchasing power in sections of the Carolinas is probably lower this fall than in the fall of 1925.

RESERVE BANK OPERATIONS—Some further seasonal expansion in Reserve bank credit occurred between September 15th and October 15th. Rediscounts for member banks at the Federal Reserve Bank of Richmond rose during the month from \$46,014,000 to \$47,855,000, and

the volume of Reserve notes in actual circulation increased from \$76,099,000 to \$80,081,000. Total bill holdings of the Richmond bank rose from \$57,306,000 on September 15th to \$61,152,000 on October 15th, holdings of bankers acceptances purchased in the open market having increased from \$11,292,000 to \$13,288,000 during the month. Member bank reserve deposits rose from \$67,873,000 on September 15th to \$68,812,000 on October 15th. As a result of the several changes in the items mentioned, the cash reserves of the Federal Reserve Bank of Richmond rose between the middle of September and the middle of October from \$90,499,000 to \$94,556,000, but the ratio of cash reserves to combined note and deposit liabilities declined from 62.57 per cent to 61.57 per cent.

On October 15, 1926, member banks were borrowing slightly less from the Federal Reserve Bank of Richmond than was the case a year ago, and the demand for currency was also somewhat smaller, due probably to lateness of the crops. On October 15th last year rediscounts for member banks at the Richmond bank totaled \$49,213,000, compared with \$47,855,000 this year, and the circulation of Reserve notes was \$84,739,000 on October 15, 1925, compared with \$80,081,000 on October 15, 1926. Total bill holdings of the Federal Reserve Bank of Richmond rose during the year from \$54,400,000 to \$61,152,000 as a result of an increase from approximately \$5,000,000 to \$13,000,000 in acceptances purchased in the open market. Reserve deposits of member banks, which aggregated \$71,445,000 last year, totaled \$68,812,000 at the middle of October this year. The cash reserves of the Richmond bank totaled \$107,172,000 on October 15, 1925, and \$94,556,000 on the corresponding date this year, while the ratio of cash reserves to note and deposit liabilities combined declined during the year from 66.38 per cent to 61.57 per cent.

The National Summary will be found on page 8

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Oct. 13, 1926	Sept. 15, 1926	Oct. 14, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 529,272,000	\$ 520,485,000	\$ 527,971,000
2. Total Investments in Bonds and Securities	139,294,000	140,049,000	128,829,000
3. Reserve Balance with Federal Reserve Bank	40,649,000	41,766,000	43,002,000
4. Cash in Vaults	15,020,000	14,061,000	15,250,000
5. Demand Deposits	388,682,000	381,731,000	383,746,000
6. Time Deposits	209,133,000	209,232,000	199,385,000
7. Borrowed from Federal Reserve Bank.....	22,698,000	22,247,000	24,604,000

In the accompanying table, which shows the principal items of condition for sixty-eight regularly reporting member banks in thirteen of the leading trade centers of the Fifth Federal Reserve District, figures as of three dates are given, thus affording an opportunity for comparing the latest available figures, those for October 13, 1926, with those reported a month earlier, September 15, 1926, and those of a year ago, October 14, 1925.

During the month between September 15th and October 13th, the reporting banks extended additional credit to customers, and in turn called upon the Reserve bank for further assistance, but the loans and discounts for customers increased nearly \$9,000,000 while the borrowing by the reporting banks at the Reserve bank rose less than \$500,000 during the month. Investments in bonds and securities declined approximately \$750,000 and time deposits dropped \$100,000, but demand deposits rose about \$7,000,000. The sixty-eight member banks drew upon their reserves to meet their customers' needs, reducing their reserve deposits at the Reserve bank by a little more than \$1,000,000. In order to meet the increased demand for currency at crop marketing time, the reporting banks increased their cash in vault by \$1,000,000 during the past month.

In comparison with the items of condition reported on October 14, 1925, the figures for October 13, 1926, show an increase in loans to customers of about \$1,225,000 and a gain in investments in bonds and securities of nearly \$10,500,000 during the year. On the other hand, the reporting banks are now borrowing approximately \$2,000,000 less at the Reserve bank than they were a year ago, while their demand deposits and time deposits rose approximately \$5,000,000 and \$10,000,000, respectively, during the past twelve months. Nevertheless aggregate reserve balances of the sixty-eight reporting banks were approximately \$2,225,000 less at the middle of October this year than on the same date last year, and cash in vaults declined during the same period by over \$225,000. On the whole, the figures indicate that both the banks and their customers occupy a stronger position this fall than they did last fall.

SAVINGS DEPOSITS—Fourteen regularly reporting mutual savings banks in Baltimore had deposits aggregating \$156,255,880 at the close of business September 30, 1926, the highest end of month total on record. At the end of August deposits in the same banks totaled \$155,189,787, and a year ago, on September 30, 1925, the total was \$149,832,622. Time deposits in sixty-eight reporting member banks declined slightly between the middle of September and the middle of October, falling from \$209,232,000 on September 15th to \$209,133,000 on October 13th, but on the latter date the aggregate of deposits was approximately ten million dollars above \$199,385,000 of time deposits reported by the same banks on October 14, 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 five weeks, ended October 13th and September 8th, 1926, and October 14, 1925. The figures for the latest available five weeks period may be compared with those reported for the preceding five weeks and with those for the corresponding five weeks last year.

Debits during the five weeks ended October 13th aggregated \$1,562,969,000, an increase of \$204,915,000 over the total of \$1,358,054,000 reported for the preceding like period, ended September 8th, but the later period contained one more business day and in addition witnessed a large volume of quarterly payments on and around October 1st. All of the twenty-three reporting centers showed larger figures for the five weeks ended October 13th than for the preceding five weeks.

In spite of the generally lower price level existing this year, aggregate debits in the reporting cities of \$1,562,969,000 during the five weeks ended October 13th exceeded the total of \$1,544,328,000 reported by the same cities for the corresponding period ended October 14th last year. Fifteen of the reporting cities showed higher figures during the 1926 period, while eight centers reported lower

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED		
	Oct. 13, 1926	Sept. 8, 1926	Oct. 14, 1925
Asheville, N. C.	\$ 40,628,000	\$ 40,297,000	\$ 35,999,000
Baltimore, Md.	463,483,000	426,072,000	490,686,000
Charleston, S. C.	33,678,000	29,309,000	31,833,000
Charleston, W. Va.	42,352,000	38,631,000	41,345,000
Charlotte, N. C.	62,428,000	51,501,000	61,344,000
Columbia, S. C.	26,682,000	19,477,000	26,031,000
Cumberland, Md.	10,720,000	9,101,000	10,855,000
Danville, Va.	11,222,000	8,242,000	10,528,000
Durham, N. C.	37,945,000	33,279,000	28,993,000
Greensboro, N. C.	29,700,000	25,989,000	27,497,000
Greenville, S. C.	26,362,000	19,547,000	26,438,000
Hagerstown, Md.	12,542,000	11,783,000	12,283,000
Huntington, W. Va.	29,973,000	28,116,000	30,503,000
Lynchburg, Va.	25,141,000	19,627,000	23,294,000
Newport News, Va.	13,808,000	12,243,000	11,288,000
Norfolk, Va.	92,595,000	78,857,000	77,921,000
Raleigh, N. C.	26,807,000	21,848,000	33,506,000
Richmond, Va.	180,022,000	142,589,000	180,974,000
Roanoke, Va.	33,430,000	31,462,000	31,083,000
Spartanburg, S. C.	16,217,000	12,919,000	21,505,000
Washington, D. C.	274,128,000	237,797,000	258,174,000
Wilmington, N. C.	26,653,000	20,119,000	28,379,000
Winston-Salem, N. C.	46,453,000	39,249,000	43,869,000
Totals.....	\$1,562,969,000	\$1,358,054,000	\$1,544,328,000

totals this year. Lower cotton prices probably accounted for most of the decline in several cities, and less construction work reduced some other totals. Durham and Norfolk reported the largest percentage gains this year, the increases probably being due chiefly to construction work in Durham and to exceptionally active coal shipping through Norfolk.

BUSINESS FAILURES—The insolvency returns for September and for the third quarter of the year are distinctly encouraging. A compilation made by *R. G. Dun & Co.* shows that there has been a progressive decrease in the number of commercial failures in the United States during each of the last six months, and the September total of 1,437 is the smallest reported for any month in exactly two years. The reduction from the 1,465 insolvencies of September 1925 is only slight, but allowance should be made for the larger number of firms now in business, which obviously increases the possibilities of financial embarrassment. From the year's high point of 2,296 failures, reported last January, the September total discloses a falling off of about 37½ per cent, while last month's liabilities of \$29,989,817 are nearly 31 per cent under January's mark of some \$43,600,000. Moreover, the September indebtedness is slightly less than the \$30,687,319 of that month of 1925.

Numbering 4,635, commercial defaults in the United States for the third quarter of this year are slightly below the 4,663 insolvencies for the corresponding period of 1925. They are, moreover, almost 24 per cent under the 6,081 failures of the first quarter of the current year. When the statistics of liabilities are examined, especially gratifying results are revealed. The \$87,799,486 of indebtedness reported for the third quarter is the smallest for all quarters back to the third quarter of 1920, and shows a reduction of fully 15 per cent from the \$102,351,371 of the third quarter of 1925.

In the Fifth District, the 85 failures in September were the lowest in number reported for any month since September 1924, when 84 insolvencies occurred. In September last year there were 101 failures in the District. Liabilities last month totaling \$1,604,500 exceeded the \$1,433,713 reported for August this year, but were considerably below the \$2,330,536 reported for September 1925.

COAL—Bituminous coal production increased in September for the fourth consecutive month, totaling 48,976,000 net tons in comparison with 46,352,000 tons mined in August. Total production during the calendar year 1926 to October 9th amounted to 422,355,000 net tons, which is above production during the corresponding period of 1925, 1924, 1922 and 1921, but below the output of 1923 and 1920. West Virginia led all states in production of bituminous coal in September, but Pennsylvania took the lead during the week ended October 2nd. Exports of coal continued heavy in September, Hampton Roads ports alone handling 1,512,209 tons and the entire country sending abroad 2,769,253 tons. Total exports for 1926 to September 30th were 11,602,469 tons, of which 7,703,743 tons passed through Hampton Roads. Retail coal prices were further advanced in most yards during September and early October, as is customary at that season.

TEXTILES—In the face of official cotton crop estimates of near record production this year following a comparatively large carryover of cotton from the 1925 crop, the textile industry has been seriously handicapped during recent weeks. Mills hesitate to make up goods for stock in the face of possible further reductions in raw material prices, and buyers are holding off their commitments until they can be reasonably sure that bottom prices have been reached. In spite of these obstacles to trade, however, mill executives profess to believe that when prices have settled more definitely a large volume of business will develop, and meanwhile the mills continue to receive a considerable volume of orders for immediate or near-by shipments. Cotton consumption in the Fifth District mills increased materially last month, September consumption being 240,748 bales compared with 205,019 bales used in August. September consumption this year was also ahead of 184,972 bales used in September 1925, when operating time was somewhat restricted by low water in the streams which furnish water power. North Carolina mills consumed 130,360 bales in September, South Carolina mills 99,575 bales, and Virginia mills 10,813 bales, all three states exceeding the figures of both August 1926 and September 1925. Consumption in the Fifth District in September totaled 58½ per cent of consumption in cotton growing states and 42 per cent of National consumption, compared with 57 per cent and 41 per cent, respectively, consumed in the District in August.

BUILDING OPERATIONS FOR THE MONTHS OF SEPTEMBER 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.....	581	608	1,117	839	\$ 3,863,016	\$ 3,284,304	\$ 568,680	\$ 510,840	\$ 636,552	16.8%	1
2	Cumberland, Md....	32	23	10	9	64,862	55,075	7,850	4,550	13,087	21.9	2
3	Frederick, Md.....	4	7	5	3	20,060	19,525	5,400	972	4,963	24.2	3
4	Hagerstown, Md....	33	34	3	12	60,160	32,005	1,400	14,580	14,975	32.1	4
5	Danville Va.....*	12	.....	17	.....	6,760	30,847	8,265	3,950	— 19,772	— 56.8	5
6	Lynchburg, Va.....	39	24	36	20	69,207	74,226	22,723	6,445	11,259	14.0	6
7	Norfolk, Va.....	67	75	70	57	129,141	110,090	39,610	25,265	33,396	24.7	7
8	Petersburg, Va.....	5	2	4	9	31,600	10,650	1,095	11,317	10,728	48.8	8
9	Richmond, Va.....	144	150	110	88	378,448	593,434	76,563	113,490	— 251,913	— 35.6	9
10	Roanoke, Va.....	108	88	34	47	228,325	260,694	6,995	8,305	— 33,679	— 12.5	10
11	Bluefield, W. Va...	19	15	5	1	54,670	13,445	4,012	1,400	43,837	29.5	11
12	Charleston, W. Va.	40	41	7	9	73,698	48,360	9,725	32,525	2,538	3.1	12
13	Clarksburg, W. Va	22	15	5	8	47,235	19,040	1,950	6,595	23,550	92.0	13
14	Huntington, W. Va.	* 51	.....	* 3	.....	* 57,295	.....	* 500	.....	.....	.....	14
15	Parkersburg, W. Va.	36	31	2	8	60,620	76,940	1,000	9,685	— 25,005	— 29.0	15
16	Asheville, N. C.	67	59	51	40	2,617,984	779,900	32,460	17,275	1,853,269	232.5	16
17	Charlotte, N. C.	53	35	13	9	626,450	164,260	12,975	19,800	455,365	247.4	17
18	Durham, N. C.	42	42	4	20	237,320	3,167,650	4,350	19,881	— 2,945,861	— 92.4	18
19	Greensboro, N. C. ...	61	47	32	29	335,458	229,780	43,843	16,056	133,465	54.3	19
20	High Point, N. C. ...	76	75	17	11	258,575	287,345	13,275	17,200	— 32,695	— 10.7	20
21	Raleigh, N. C.	38	56	17	7	208,186	151,158	43,279	9,650	90,657	56.4	21
22	Salisbury, N. C.	11	8	8	10	43,225	30,200	2,105	5,500	9,630	27.0	22
23	Wilmington, N. C. ...	10	7	9	5	76,000	23,100	10,400	7,700	55,600	180.5	23
24	Winston-Salem, N. C.	86	80	70	110	757,390	542,420	22,185	61,882	175,273	29.0	24
25	Charleston, S. C. ...	30	17	25	38	29,945	15,790	17,695	7,723	24,127	102.6	25
26	Columbia, S. C.	11	10	38	62	52,125	50,749	10,145	15,162	— 3,641	— 5.5	26
27	Greenville, S. C.	9	16	57	25	55,200	144,150	26,445	7,590	— 70,095	— 46.2	27
28	Spartanburg, S. C. ...	31	31	17	24	160,125	103,885	4,235	6,170	54,305	49.3	28
29	Washington, D. C. ...	396	497	497	204	4,216,780	4,398,275	533,430	335,140	16,795	.4	29
	Totals.....	2,051	2,093	2,263	1,704	\$14,762,565	\$14,717,297	\$1,532,090	\$1,296,648	\$ 280,710	1.8%	

* These 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.

Building operations continue in the Fifth District in very large volume, in spite of signs of over building in some sections. The accompanying table shows that only 42 fewer permits for new construction were issued in 27 cities in September than in September 1925, and the valuation figure last month for new work exceeded the September 1925 figure by \$45,268. In alteration and repair work, this year's figures exceeded last year's in both number of permits and valuation. In total valuation for all classes of work in 28 cities, the September 1926 figures averaged 1.8 per cent above those of September 1925, only 8 cities reporting lower figures for the 1926 month. Charlotte led with a gain of 247.4 per cent, but Asheville's increase of 232.5 per cent over a very large total in September last year was more notable. Other increases of more than 50 per cent in valuation were reported by Clarksburg, Greensboro, Raleigh, Wilmington and Charleston, S. C. The outstanding declines were

in Durham, where an extremely large volume of work at Duke University raised the September 1925 figures abnormally, and in Richmond, where there appear to be signs of recession in the record volume of the past two years.

COTTON—Since our September 30th *Review* was written, spot cotton prices have fallen approximately \$20 a bale. The average price paid growers in the Carolinas dropped from 16.01 cents per pound during the week ended September 18th to 12.13 cents during the week ended October 16th. The drastic decline carried prices to the lowest level since the middle of August 1921, and was caused by the increased estimates of production shown by the Department of Agriculture released on September 23rd and October 8th, the latter of which predicted a larger crop than that of last year.

The Department of Agriculture's cotton report of October 8th, based upon the October 1st condition of the crop, estimated the condition at 61.3 per cent of a normal and gave 16,627,000 bales as the probable production figure this year. The estimate of production exceeded the September 15th figures by over 800,000 bales, and was more than 500,000 bales above the unusually large crop of 1925. Weather in September was highly favorable for cotton development throughout the belt, and the crop overcame much of its late start and the unfavorable weather of August.

The Census Bureau's ginning report to October 1st showed 5,639,284 bales, compared with 2,510,818 bales ginned to September 16th this year and 7,126,248 bales to October 1, 1925. This year 3,128,466 bales were ginned during the latter half of September compared with 2,844,182 bales ginned during the corresponding period last year.

Cotton consumption in American mills increased in September, the consumption being 571,105 bales compared with 500,652 bales used in August 1926 and 483,082 bales in September 1925. Total consumption since August 1st was 1,071,757 bales, compared with 934,318 bales consumed during the same two months in 1925. Manufacturing establishments held 937,129 bales of cotton on September 30th, compared with 920,944 bales on August 31st and 869,419 bales on September 30th last year. Public compresses and warehouses held 3,293,217 bales in storage on September 30th, 1,715,593 bales on August 31st, and 3,114,992 bales on September 30, 1925. Exports in September totaled 794,584 bales, compared with 391,329 bales sent abroad in August 1926 and 752,324 bales in September 1925. Imports declined in September to 10,007 bales from 13,280 bales in August this year and 15,121 bales in September last year. Spindles active in September numbered 32,134,682 against 31,321,936 in August and 31,571,554 in September 1925.

The Carolinas are expected to make larger cotton crops this year than last, but the Virginia crop is smaller. South Carolina has the best crop since 1920, the state showing up well except in the northwestern counties, and a production of 1,120,000 bales is forecast in comparison with 889,000 bales in 1925. In North Carolina this year's crop estimated at 1,200,000 bales compares with 1,102,000 bales ginned last year, and in Virginia a 1926 yield of 44,000 bales compares with 53,000 bales last year. Ginnings in the three Fifth District states were less to October 1st than a year ago, indicating the lateness of this year's crop. Much of the late start of the crop has been made up, however, by favorable weather from September 1st through the first half of October and while the entire crop is not yet safe, it is so far advanced that material damage by frost seems unlikely. Farmers are having some trouble in securing labor for picking, and the grades of some cotton may be lowered by allowing it to remain in the fields too long. The farmers and business men in the sections dependent upon cotton are alarmed over the prices consequent upon the estimated size of the crop.

TOBACCO—Most of the South Carolina tobacco markets have closed for the season, but a few of them will remain open some time longer to clean up the crop. September auction sales in the state totaled 29,589,715 pounds for growers, bringing the total for the season up to 50,377,306 pounds in comparison with the October 1st prediction for a crop of 61,589,000 pounds this year and a crop in 1925 of 71,040,000 pounds. The average price paid for tobacco in South Carolina in September was \$23.73 per hundred pounds, and the average for the season to October 1st was \$24.21 per hundred. In spite of a ten and a half million pound reduction in this year's crop, prices are so much better this year than last that the 1926 crop will yield the growers approximately \$2,500,000 more than the 1925 crop.

North Carolina tobacco markets sold 72,859,038 pounds of producers' tobacco in September, for an average of \$24.80 per hundred pounds, compared with 72,000,329 pounds sold at an average of \$17.40 per hundred in September 1925. Wilson led in September with sales aggregating 13,019,380 pounds, with Greenville second with 11,558,678 pounds. The top price for the month was paid at Carthage, which sold 320,298 pounds at \$29.42 per hundred, while Fuquay Springs sold 467,972 pounds for \$27.51 per hundred, and Williamston sold 1,916,727 pounds for an average of \$27.36 per hundred. The North Carolina crop is forecast at 360,095,000 pounds for 1926, compared with 378,490,000 pounds harvested in 1925, but the crop this year is above the average in color and quality and is bringing very much higher prices than last year.

Virginia's tobacco prospects improved slightly during September, and on October 1st a crop of 140,650,000 pounds was indicated, compared with 129,497,000 pounds harvested last year. Virginia markets opened early in October, and the tobacco sold has brought the high prices indicated by the earlier returns to growers in the Carolinas. With both a larger yield and higher prices this year, Virginia tobacco growers will receive much larger returns from their 1926 crop than from that of 1925.

AGRICULTURAL NOTES—MARYLAND agricultural prospects did not change materially during September, but on the whole there was a slight improvement, according to the Agricultural Statistician. The corn crop is disappointing, hay crops are short, and tobacco is curing badly. The commercial tomato crop is very short, but improved prices have helped the growers to some extent. Late potatoes range from medium fair to very good, and sweet potatoes are better than average. Pastures are unusually good for this season. Large wheat yields and heavy crops of orchard fruits, particularly apples, are the outstanding points of interest on this year's crops. Farm labor is shorter than a month ago.

VIRGINIA crops will produce larger yields this year than was expected two months ago, according to the Virginia Crop Reporting Service, and yields of most crops will exceed 1925 yields. September weather was favorable for farm work, but the first half of October brought frequent rains and some light frosts, retarding farm work to some extent. The corn crop has been cut and some of it husked. The crop turned out spotty, some sections having poorer crops than last year while others have the best crops for several years. The total yield is above that of 1925. Hay and pastures improved distinctly during the first half of October, but the weather was unfavorable for curing hay. Late potatoes are poor in the whole state except the eastern and southeastern districts, but sweet potatoes are yielding very well and production will be above last year. Harvesting of the unusually large apple crop has been retarded by lack of pickers. Few sales of apples have been made and consequently a considerable portion of the crop, especially the lower grades, may not be packed. The quality of the apple crop is good and the fruit is well sized and of good color. The peanut crop is unusually late, and the yield is not expected to equal that of last year, although some good crops have been reported.

NORTH CAROLINA crop prospects on the whole did not change materially during September. No official information is available on agricultural conditions in the state later than September 1st, however, except on cotton and tobacco, both of which crops have been discussed elsewhere in this *Review*.

SOUTH CAROLINA prospects for agricultural yields improved slightly during September, as a result of open, dry weather. A uniformly good corn crop has been made and old corn is being harvested. The best yield in years was indicated by the October 1st condition. Sweet potatoes promise a crop approximately 60 per cent above last year's yield, and the hay crop is much larger than in 1925. The peanut crop is considerably better than a year ago. With the exception of tobacco, the money value of which will exceed last year, all crops promise increased yields over those of 1925, but on account of low prices the cotton crop will be less remunerative to the growers.

WEST VIRGINIA has one of the largest fruit crops in the history of the state, and, on the basis of the October 1st condition, larger yields for this year than in 1925 are also expected in buckwheat, Irish and sweet potatoes, tobacco, sorghum syrup, wheat and pastures. Prospects are for reduced yields this year in corn, oats and hay. The corn crop is maturing slowly and some frost damage has been reported in late fields, but generally the crop is in good condition.

WHOLESALE TRADE, SEPTEMBER 1926

Percentage increase in September 1926 sales, compared with sales in September 1925:						
36 Groceries	12 Dry Goods	9 Shoes	16 Hardware	5 Furniture	13 Drugs	
— .6	1.8	14.4	8.0	— 6.8	— .6	
Percentage increase in September 1926 sales, compared with sales in August 1926:						
15.8	9.7	11.9	18.9	1.7	15.8	
Percentage increase in total sales since January 1st, compared with sales during the same nine months in 1925:						
— 1.7	— 3.3	8.6	2.3	— 8.4	.9	
Percentage increase in stock on September 30, 1926, compared with stock on September 30, 1925:						
1.2(12)	— 8.3(5)	24.1(5)	5.8(8)	.....	.....
Percentage increase in stock on September 30, 1926, compared with stock on August 31, 1926:						
10.2(11)	.9(5)	— 6.9(5)	— 2.8(7)	.....	.....
Percentage of collections in September to total accounts receivable on September 1, 1926:						
67.8(22)	29.5(8)	21.2(6)	35.6(12)	36.7(3)	58.3(9)	

— Denote decreased percentage.

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

Ninety-one reports from wholesalers and jobbers in six important lines show that the usual expansion in trade occurred in September in comparison with August, increased sales in each of the six lines being reported. In comparison with sales in September 1925, sales last month were larger in dry goods, shoes and hardware, but were smaller in groceries, furniture and drugs. Total sales during the first nine months of this year were larger in shoes, hardware and drugs than during the like period of 1925, while grocery, dry goods and furniture sales were smaller.

Stocks of groceries increased materially during September, dry goods stocks increased very slightly, while shoe and hardware stocks declined during the month. At the end of September stocks carried by grocery, shoe and hardware firms were larger than on September 30th a year ago, but dry goods stocks declined during the year in value, perhaps largely due to lower prices this season on cotton goods.

Collections in September improved over August in every line except shoes, and on the whole were about up to seasonal average.

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

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in September 1926 sales over sales in September 1925:	3.0	11.9	2.6	4.7	3.8
Percentage increase in cumulative sales from January 1st through September, over sales during the corresponding nine months in 1925:	1.4	5.7	6.4	3.7	3.9
Percentage increase in September sales over average September sales during the five years 1920-1924, inclusive:	— 1.6	38.3	22.7	5.9	11.9
Percentage increase in stock on hand September 30, 1926, over stock on September 30, 1925:	— 3.6	6.9	11.2	— 2.5	2.3
Percentage increase in stock on hand September 30, 1926, over stock on August 31, 1926:	16.0	11.3	16.7	11.2	15.2
Percentage of sales during September 1926 to average stock carried during that month:	23.7	26.8	26.0	20.9	24.5
Percentage of cumulative sales since January 1st to average stock carried during each of the nine months:	217.9	230.5	238.0	194.4	223.5
Percentage of outstanding orders on September 30th to total purchases of goods in 1925:	8.5	10.1	7.3	10.3	8.3
Percentage of collections in September to total accounts receivable on September 1st:	19.9	24.6	33.2	27.7	23.9

— Denotes decreased percentage.

Retail trade for the fall season as reflected in sales by thirty-one leading department and general stores in the Fifth Reserve District, opened up normally in September, sales for that month exceeding sales for August this year by 19 per cent and also averaging 3.8 per cent above September 1925 sales. September 1926 sales were 11.9 per cent greater than average September sales during the five years 1920-1924, inclusive, and cumulative sales from January 1st through September were 3.9 per cent greater in dollar amount than total sales during the first nine months of 1925.

Stocks increased seasonally by 15.2 per cent during September with the receipt of fall merchandise, and at the end of the month were 2.3 per cent above stocks on hand on September 30, 1925. The percentage of sales to stocks carried in September was 24.5 per cent, while total sales this calendar year amounted to 223.5 per cent of average stock carried during each of the nine elapsed months, indicating an annual rate of turnover of 2.98 times.

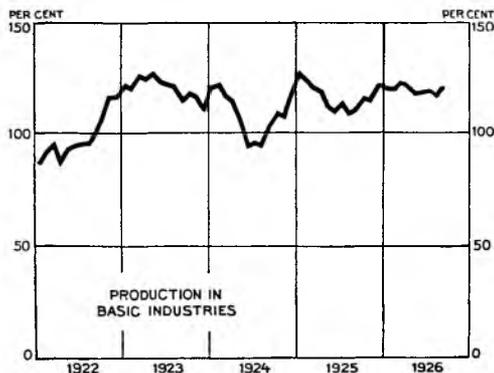
Collections in September totaled 23.9 per cent of receivables outstanding on the first of the month, a lower figure than 24.4 per cent attained in August, 27.1 per cent in July, and 24.8 per cent in September last year.

Outstanding orders for merchandise at the end of September totaled 8.3 per cent of aggregate purchases of merchandise in 1925.

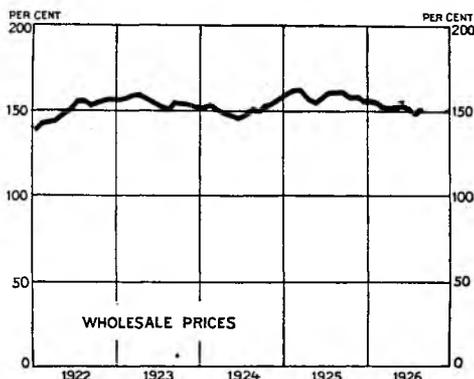
Compiled October 20, 1926.

BUSINESS CONDITIONS IN THE UNITED STATES.

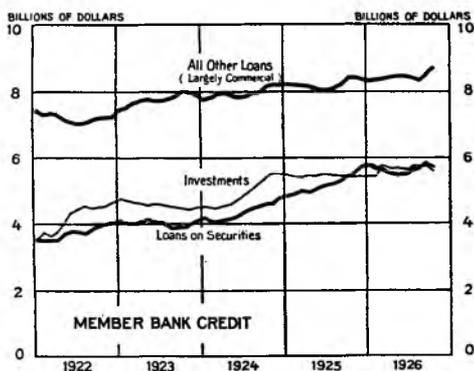
(Compiled by the Federal Reserve Board)



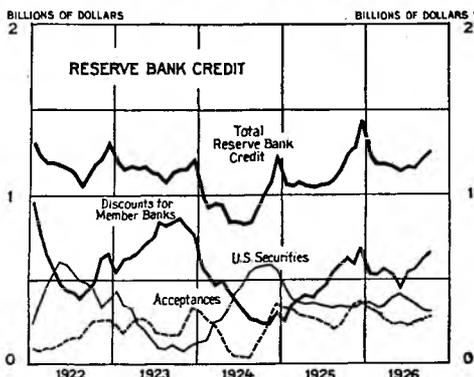
Index of 22 basic commodities adjusted for seasonal variation (1919-100). Latest figure-September 121.



Index of U. S. Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure-September 150.5.



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



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures, averages of first 22 days of October.

Industrial and trade activity increased in September and is at present in considerably larger volume than in midsummer. The price of cotton has declined sharply within recent weeks while prices of most groups of commodities have advanced. The volume of bank credit has increased seasonally and money rates have remained firm.

PRODUCTION. Production in basic industries and factory employment and payrolls, according to the Federal Reserve Board's indexes, after changing but little for about four months, advanced in September to the highest point since last spring. The increase has been particularly large in textile mill activity. Consumption of cotton has increased considerably, woolen mill activity is the largest since January, and employment has increased in nearly all branches of the textile industry. Iron and steel production was maintained from early in August until the latter part of October at a level higher than for the corresponding period of previous years. Automobile output was reduced in September but continued larger than a year ago. Mining of coal has steadily increased since midsummer, and the weekly run of crude petroleum from wells in October reached the highest level since June of last year. Building contracts awarded during August and September were only slightly smaller in value than the awards for the corresponding period of last year and in the first half of October far exceeded those of a year ago. A substantial decline in contracts for residential structures has been largely offset by increases in awards for industrial and engineering projects. The Department of Agriculture's October 18th estimate placed cotton production at 17,454,000 bales, an increase of about three quarters of a million over the estimate made on the first of the month and 1,350,000 bales more than last year's crop.

TRADE. Wholesale and retail trade increased in September and was slightly larger than last year. Inventories of department stores increased slightly more than is usual in September, and at the end of the month were in about the same volume as a year ago. Railroad freight car loading reached new high weekly records in September, and shipments were maintained during the early weeks of October in much larger volume than in previous years. A great part of the increase as compared with last year is due to shipments of coal and ore, but loadings of manufactured commodities have also been larger.

PRICES. The general level of wholesale prices advanced slightly in September and October, notwithstanding the drop in the price of cotton to the lowest level since 1921. The Bureau of Labor Statistics index of wholesale prices was about one per cent higher in September than in August, reflecting advances in both agricultural and in non-agricultural commodities. In recent weeks prices of corn, nonferrous metals and paper have declined, while prices of live stock, meats, poultry and dairy products and bituminous coal have increased.

BANK CREDIT. Between September 22nd and October 20th, the seasonal increase in the demand for credit for agricultural and commercial purposes was reflected in a continued growth in the commercial loans of member banks in leading cities. Loans on securities and holdings of investments declined, but the banks' total loans and investments were about \$60,000,000 larger on October 20th than four weeks earlier. At the Reserve banks, the volume of member bank borrowing, after considerable fluctuations in response to temporary conditions, was in October at about the same average level as in September. There was little change in the banks' holdings of United States securities, while acceptance holdings continued to increase, as is usual at this season. Except for a temporary firming around the first of October, there has been little change in the condition of the money market rates on commercial paper and on acceptances rates have remained at the levels established in September.