

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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DISTRICT SUMMARY. October probably measured up to seasonal average in the volume of business transacted in the Fifth Reserve District, and certain developments were somewhat more favorable than had been expected. Fall liquidation of indebtedness at member banks and at the Federal reserve bank might have been relatively slow on account of the marked decline in cotton prices, but thus far this year the payment of loans and rediscounts has been up to seasonal average. Crops were generally above the 1925 crops in yield, and the tobacco crop was more profitable than for several years. Except in western and northwestern South Carolina and a few counties in North Carolina and Virginia, agricultural conditions this year are probably at least as good as those of 1925, and the sections dependent primarily upon Bright tobacco or fruit are considerably better situated than for several years. Debits to individual accounts during the four weeks ended November 10th exceeded debits during the preceding like period, in spite of a holiday during the later period and the occurrence in the earlier period of October 1st, a quarterly payment date. Savings deposits reached record figures at the end of October, evidencing the large reserve purchasing power of the public. Labor is seasonally employed at the same wage levels of the past year. Bituminous coal production in West Virginia is exceptionally high, and coal exports are running several times normal figures, chiefly as a result of the British coal strike. Textile mills are handicapped by uncertainty over future cotton prices, but they are running practically full time on orders for early shipment and in October the Fifth District mills consumed more cotton than in October 1925. Building permit figures for October were moderately below those of a year ago, but were in large volume nevertheless, and assure workers in the building trades employment for several months. Wholesale trade was less favorable than most lines of business in October, but retail trade was at seasonal levels. The cotton price situation is the chief obstacle to an optimistic attitude toward the near future in the Fifth District, but it is too early to judge the extent to which general business will be influenced.

RESERVE BANK OPERATIONS.

Reserve bank operations at the Federal Reserve Bank of Richmond followed seasonal trends between the middle of October and the middle of November, in spite of lower cotton prices which might have been expected to retard the fall liquidation of indebtedness in the lower half of the Fifth District. Rediscounts for member banks declined from \$47,855,000 on October 15th to \$37,160,000 on November 15th, reflecting the marketing of agricultural products, but as a result of the increased demand for currency incident to crop marketing and the approach of the holiday

shopping season the volume of Federal Reserve notes in actual circulation rose during the month from \$80,081,000 to \$82,247,000. The reduction in rediscounts lowered the total bill holdings from \$61,152,000 to \$52,190,000 during the period under review. Reserve deposits of member banks changed little during the month, rising from \$68,812,000 to \$68,846,000. As a result of the several changes mentioned, the cash reserves of the Federal Reserve Bank of Richmond rose from \$94,556,000 on October 15th to \$108,791,000 on November 15th, and the ratio of reserves to note and deposit liabilities combined rose from 61.57 per cent to 68.86 per cent between the same dates.

Member banks are using Reserve bank credit considerably less at present than they were a year ago. On November 15, 1925, rediscounts held by the Federal Reserve Bank of Richmond totaled \$44,527,000, and the actual circulation of Federal Reserve notes was \$90,074,000, while on November 15th this year rediscounts totaled \$37,160,000 and Federal Reserve notes in actual circulation aggregated \$82,247,000, the figures showing declines of \$7,367,000 and \$7,827,000 in rediscounts and note circulation, respectively. Total bill holdings of the Federal Reserve Bank of Richmond rose during the year, however, from \$49,317,000 to \$52,190,000, due to an increase of approximately \$10,000,000 in bankers acceptances purchased in the open market. Member bank reserve deposits declined within the same period from \$70,657,000 to \$68,846,000, and as a result of the changes in the items enumerated the cash reserves of the Federal Reserve Bank of Richmond dropped from \$117,505,000 on November 15, 1925, to \$108,791,000 on November 15, 1926. The ratio of cash reserves to note and deposit liabilities combined, which stood at 71.91 per cent at the middle of November last year, was 68.86 per cent on November 15, 1926.

SAVING DEPOSITS

Deposits in fourteen mutual savings banks in Baltimore increased last month to the highest point on record. The fourteen banks had aggregate deposits of \$157,836,179 at the close of business October 31, 1926, compared with \$156,255,880 on deposit at the end of September this year and \$151,139,262 at the end of November last year. Time deposit figures declined slightly in sixty-eight regularly reporting member banks between October 13th and November 10th, this year, but the decrease was probably due to the shift of Christmas savings funds from time to demand deposits. The reporting member banks had time deposits aggregating \$208,972,000 on November 10, 1926, compared with \$209,133,000 on October 13, 1926, and \$201,244,000 on November 11, 1925. In Richmond alone, nearly \$2,000,000 were paid into Christmas savings clubs during 1926.

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Nov. 10, 1926	Oct. 13, 1926	Nov. 11, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 520,344,000	\$ 529,272,000	\$ 524,775,000
2. Total Investments in Bonds and Securities	135,185,000	139,294,000	127,994,000
3. Reserve Balance with Federal Reserve Bank	42,612,000	40,649,000	41,930,000
4. Cash in Vaults	14,688,000	15,020,000	15,224,000
5. Demand Deposits	386,855,000	388,682,000	382,990,000
6. Time Deposits	208,972,000	209,133,000	201,244,000
7. Borrowed from Federal Reserve Bank	16,570,000	22,698,000	20,916,000

The accompanying table shows totals of the principal items of condition reported by sixty-eight identical member banks of the Fifth Federal reserve district on three dates, November 10, 1926, October 13, 1926, and November 11, 1925. These data afford an opportunity for comparing the latest available figures with those of a month and a year earlier.

A comparison of the figures for November 10th with those of October 13th, both this year, shows the usual fall liquidation about up to seasonal levels, in spite of the retarding effect of low cotton prices. The volume of loans and discounts outstanding declined \$8,928,000 during the month under review, and the reporting banks reduced their rediscounts at the Richmond Reserve bank by \$6,128,000. During the same period, the reporting banks' investments in bonds and securities dropped \$4,109,000, but they increased their reserve deposits at the Reserve bank by \$1,963,000. Cash in the vaults of the reporting banks declined \$332,000 between October 13th and November 10th, and both demand and time deposits also declined, the former decreasing \$1,827,000 and the latter \$161,000.

That the customers of the sixty-eight reporting banks are in a stronger financial position this fall than they were a year ago is shown by a comparison of the November 10, 1926, figures with those of November 11, 1925. Total loans and discounts outstanding on the 1926 date were \$4,431,000 below the loans and discounts on the corresponding date last year, demand deposits were \$3,865,000 higher this year than last, and time deposits rose \$7,728,000 during the year. This improvement in the position of the banks' customers enabled the banks to increase their investments in bonds and securities by \$7,191,000 during the year, and to reduce their rediscounting at the Reserve bank by \$4,346,000. Reserve balances and cash in vaults changed comparative little during the year, the former increasing \$682,000 and the latter decreasing \$536,000.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	Nov. 10, 1926	Oct. 13, 1926	Nov. 11, 1925
Asheville, N. C.	\$ 31,353,000	\$ 31,245,000	\$ 25,630,000
Baltimore, Md.	390,905,000	376,970,000	370,839,000
Charleston, S. C.	39,089,000	27,262,000	26,541,000
Charleston, W. Va.	35,147,000	33,709,000	33,135,000
Charlotte, N. C.	49,148,000	50,521,000	47,526,000
Columbia, S. C.	18,676,000	21,732,000	18,831,000
Cumberland, Md.	8,633,000	8,326,000	8,272,000
Danville, Va.	15,258,000	9,216,000	10,433,000
Durham, N. C.	33,785,000	30,667,000	28,032,000
Greensboro, N. C.	24,539,000	23,534,000	19,885,000
Greenville, S. C.	21,357,000	21,143,000	24,330,000
Hagerstown, Md.	10,693,000	10,110,000	9,968,000
Huntington, W. Va.	24,354,000	24,408,000	25,542,000
Lynchburg, Va.	18,551,000	20,548,000	18,469,000
Newport News, Va.	10,712,000	11,022,000	8,736,000
Norfolk, Va.	75,639,000	76,350,000	73,518,000
Raleigh, N. C.	23,317,000	21,160,000	27,696,000
Richmond, Va.	136,130,000	145,336,000	150,686,000
Roanoke, Va.	29,511,000	27,370,000	25,962,000
Spartanburg, S. C.	13,603,000	13,170,000	14,875,000
Washington, D. C.	230,619,000	222,219,000	225,262,000
Wilmington, N. C.	21,285,000	22,258,000	21,887,000
Winston-Salem, N. C.	40,724,000	37,905,000	35,337,000
Totals	\$1,303,028,000	\$1,266,231,000	\$1,251,392,000

Debits to individual, firm and corporation accounts in twenty-three trade centers of the Fifth Federal reserve district are shown in the accompanying table. Three equal periods of four weeks

are used, ended November 10th and October 13, 1926, and November 11, 1925, thus affording an opportunity for comparing the transactions of the latest four weeks with the preceding like period this year and the corresponding period last year.

Debits in the twenty-three reporting centers totaled \$1,303,028,000 during the four weeks ended November 10, 1926, an increase of \$36,797,000, or 2.9 per cent, over the total of \$1,266,231,000 for the preceding four weeks this year, ended October 13th. In view of the large volume of quarterly payments that fell in the earlier period and the occurrence of the Election day holiday in the later period, the increase was probably up to seasonal average. Fifteen of the twenty-three reporting centers showed higher figures during the period ended November 10th than for the preceding like period this year, while eight centers reported lower totals.

The four weeks ended November 11, 1925, witnessed debits totaling \$1,251,392,000 in comparison with a total of \$1,303,028,000 reported for the four weeks ended November 10, 1926, an apparent gain this year of \$51,636,000. The 1925 period contained two holidays, however, while the 1926 period contained only one holiday. Sixteen cities reported higher figures this year than last, while seven cities reported lower figures, five of the seven being largely affected by the lower prices prevailing this year for cotton and cotton textile products.

BUSINESS FAILURES—Commercial failures in October rose to 1,763 in number, compared with 1,437 failures in September this year and 1,581 failures in October last year. Last month's indebtedness of \$33,230,720 also compares unfavorably with \$29,989,817 reported for September 1926 and \$29,543,870 for October 1925. Some increase in insolvencies during the last quarter of the year is seasonal, but the October record is more unfavorable than seasonal trends alone account for.

In the Fifth District, October insolvencies numbered 127, with aggregate liabilities of \$3,394,205, the largest number since April and the greatest total of liabilities since January. The number of failures last month was below the 149 reported in October 1925, but last month's liabilities were a third larger than the \$2,524,656 of October last year.

BUILDING OPERATIONS FOR THE MONTHS OF OCTOBER 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.....	506	706	1,228	1,234	\$ 2,417,040	\$ 4,372,080	\$ 701,520	\$ 621,360	-\$1,874,880	- 37.5%	1
2	Cumberland, Md...	35	23	5	5	55,247	28,330	1,242	5,230	22,929	68.3	2
3	Frederick, Md.	10	5	0	2	39,100	28,830	0	1,150	9,120	30.4	3
4	Hagerstown, Md....	20	29	5	9	31,720	52,715	1,875	2,755	— 21,875	- 39.4	4
5	Danville Va.	12	11	7	3	103,830	6,415	3,535	540	100,410	1,443.7	5
6	Lynchburg, Va.	22	13	40	27	20,145	30,605	22,376	18,641	— 6,725	- 13.7	6
7	Norfolk, Va.	102	87	68	46	159,248	143,478	36,833	24,085	28,518	17.0	7
8	Petersburg, Va.	4	9	9	6	13,700	230,885	18,535	840	— 199,490	- 86.1	8
9	Richmond, Va.	115	148	87	80	405,594	306,921	62,069	74,541	86,201	22.6	9
10	Roanoke, Va.	86	113	34	35	252,855	289,519	13,528	11,340	— 34,476	- 11.5	10
11	Bluefield, W. Va.	16	27	4	6	33,115	78,378	620	3,875	— 48,518	- 59.0	11
12	Charleston, W. Va.	52	34	14	20	118,995	206,468	7,325	26,720	— 106,868	- 45.8	12
13	Clarksburg, W. Va	17	26	9	8	13,420	38,900	1,400	2,450	— 26,530	- 64.2	13
14	Huntington, W.Va.	* 57	.....	* 1	.....	* 191,670	.....	* 2,500	.....	.....	.....	14
15	Parkersburg, W.Va	39	44	4	7	150,285	125,975	1,500	5,350	20,460	15.6	15
16	Asheville, N. C.	25	58	54	73	268,500	344,195	29,765	33,978	— 79,908	- 21.1	16
17	Charlotte, N. C.	71	60	17	25	778,446	1,062,875	26,280	43,940	— 302,089	- 27.3	17
18	Durham, N. C.	49	52	9	19	382,100	157,225	391,775	11,815	604,835	357.8	18
19	Greensboro, N. C.	66	63	41	34	382,685	387,843	19,775	363,254	— 348,637	- 46.4	19
20	High Point, N. C....	59	63	12	8	191,910	177,120	10,350	5,250	19,890	10.9	20
21	Raleigh, N. C.	44	54	15	11	184,275	270,732	38,040	25,395	— 73,812	- 24.9	21
22	Salisbury, N. C.	16	27	13	11	48,575	65,700	9,258	1,980	— 9,847	- 14.5	22
23	Wilmington, N. C.	21	9	5	5	377,150	25,300	9,000	3,500	357,350	1,240.8	23
24	Winston-Salem, N. C.	99	76	54	93	252,275	280,839	75,605	65,169	— 18,128	- 5.2	24
25	Charleston, S. C.	16	17	30	36	28,085	8,762	18,240	10,818	— 26,745	- 136.6	25
26	Columbia, S. C.	17	26	44	53	63,325	71,602	12,610	13,652	— 9,319	- 10.9	26
27	Greenville, S. C.	10	16	28	22	55,000	109,000	6,725	3,255	— 50,530	- 45.0	27
28	Spartanburg, S. C.	29	26	14	38	68,500	57,400	2,760	15,790	— 1,930	- 2.6	28
29	Washington, D. C.	309	173	527	472	3,632,160	3,013,390	343,055	414,255	547,570	16.0	29
	Totals.....	1,867	1,995	2,377	2,388	\$10,527,280	\$11,971,482	\$1,865,596	\$1,810,928	-\$1,389,534	- 10.1%	

* 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.

The accompanying table shows the number of building permits issued in October 1926 and October 1925 in twenty-eight leading Fifth District cities, together with estimated valuation figures for

the contemplated projects. Permits for new construction totaled 1,867 in October this year, compared with 1,995 permits issued during the corresponding month last year, while October 1926 valuation figures for new work aggregated \$10,527,280 compared with \$11,971,482 in October 1925. In alteration and repair work, the figures for both number and valuation were almost the same, 2,377 permits estimated to cost \$1,865,596 issued in October this year comparing with 2,388 permits and a valuation of \$1,810,928 issued in October a year ago. Total valuation figures for all classes of work amounted to \$12,392,876 in October 1926 and \$13,782,410 in October 1925, a decline this year of \$1,389,534, or 10.1 per cent. Eleven of the twenty-eight cities showed higher figures this year than last, while seventeen cities reported lower totals. Contracts awarded for construction work in the Fifth District in October, according to figures compiled by the F. W. Dodge Corporation, totaled \$35,249,973, of which \$8,698,408 was for residential construction.

LABOR—The labor situation in the Fifth District is good, sufficient workers being available for all needs without any marked surplus of workers at any point. Textile employees are fully employed, with some over time work. Coal miners are seasonally busy. Common labor throughout the district is busy with road, street, sewer and other construction work, and the building trades are as fully employed as usual at this season of the year. In some agricultural sections farm labor is comparatively scarce, but not to a greater extent than in most recent years. Wage levels remain unchanged in practically all lines of work, perhaps the best indicator of the balance existing in the supply of and the demand for workers.

COAL—Bituminous coal production in October totaled 54,592,000 net tons, the fifth consecutive increase over production in the preceding month. Total production this calendar year to November 6th amounts to 474,014,000 tons, the highest figure in any recent year except 1923, when reserve stocks had to be rebuilt after the long strike of 1922. Export figures continued very high in October, a total of 3,477,506 net tons going abroad, of which the three Fifth District ports at Baltimore, Hampton Roads and Charleston handled 85 per cent. Total exports this calendar year, to November 1st, reached 15,079,976 tons, nearly four times the tonnage usually sent abroad, the large 1926 figures resulting from the British coal strike. During October, West Virginia dropped slightly below Pennsylvania in coal production.

TEXTILES—Consumption of 236,566 bales of cotton by Fifth District mills in October showed a slight decline from the 240,748 bales used in September but a substantial increase over 205,929 bales consumed in October 1925. North Carolina mills used 128,999 bales in October this year, South Carolina mills used 96,996 bales, and Virginia mills 10,571 bales. Most of the Fifth District mills are running from 85 to 100 per cent full time, and some instances of overtime operations have been reported. The mill authorities are carefully limiting their operations to work on orders, thereby preventing accumulation of cloth or yarn for storage. The continued decline in cotton prices has reduced the placing of forward orders even below the low level which has prevailed for several years, but a considerable volume of hand to mouth buying is being done and the relatively low stocks of goods in secondary hands would seem to justify the expectation of improvement in demand for textile products in the near future.

COTTON—Cotton prices continued to decline during the month since our October 31st *Review* was written, but the decline was much less marked than that of the preceding month, during which it had become clear that a very large cotton crop had been grown this year. The price for spot cotton in the Carolinas fluctuated between 11.50 cents and 11.75 cents per pound during most of the month between October 15th and November 15th, averaging 11.72 cents for the week ended November 13th, the latest complete week for which figures are available.

The Department of Agriculture estimates this year's crop of cotton to be the largest on record. In its report on condition as of November 1st, the year's probable production was given as 17,918,000 bales, compared with final ginnings of 16,104,000 bales in 1925, an increase this year of approximately 1,800,000 bales, based on the November 1st estimate. The report states that October weather was generally favorable for the development of late bolls. There is some disposition to leave lower grade cotton in the fields, however, since the price has declined, and some late bolls and open cotton suffered rain and frost damage early in November, all of which may possibly have some effect on the final figures for the year.

The Census Bureau's ginning report to November 1st showed 11,250,038 bales, in comparison with 11,207,197 bales ginned to November 1, 1925. Ginning figures to October 1st this year were behind those to the same date last year, but during October the backward position of the crop was overcome, and ginnings to November 1st exceeded those of 1925 to the same date. Both the ginning report and the Department of Agriculture's estimate of probable production were higher than traders had expected, but the cotton market was not greatly influenced.

Cotton consumption by American mills totaled 568,532 bales in October this year, compared with 571,105 bales in September 1926 and 543,679 bales in October 1925. Total consumption for the

three months of this season to November 1st amounted to 1,640,289 bales, compared with 1,477,997 bales used during the corresponding three months of 1925. Cotton held by manufacturing establishments on November 1st this year totaled 1,215,873 bales, compared with 1,216,571 bales so held a year ago, but cotton in public warehouses and compresses amounted to 5,469,809 bales on November 1, 1926, compared with 4,499,000 bales in storage on November 1, 1925. Exports in October totaled 1,369,820 bales, against 794,584 bales sent abroad in September, and 1,421,482 bales exported in October last year. Exports since August 1st total 2,555,733 bales against 2,489,631 bales sent over seas during the corresponding period in 1925.

A total production of 2,418,000 bales of cotton was forecast for the Fifth District states by the Department of Agriculture in its report for November 1st. North Carolina leads the District with an indicated yield of 1,210,000 bales, South Carolina and Virginia following with 1,160,000 bales and 48,000 bales, respectively. Production in both Carolinas this year exceeds the 1925 production, but Virginia's 1926 crop appears to be approximately 5,000 bales below 1925. North Carolina's prospective increase this year is 108,000 bales and South Carolina's gain is 271,000 bales. The crop is being ginned much later this year than in 1925 in the Fifth District, and picking is also considerably behind that of last year. As a result of the low prices, especially for the poorer grades, it is possible that a considerable amount of the crop will not be picked. One report from an eminent cotton producer states that in certain places in this District cotton is bringing very much more than in others and that this difference is due to the production of superior varieties, to proper handling and proper marketing. The same authority expressed regret that many planters in the District persist in raising quantities of cotton which is of such short staple and so poorly handled that it brings the bottom of the market. One prominent textile manufacturer reports that he had bought a considerable quantity of very excellent 1 1-16 inch cotton which had been raised by foresighted planters from superior selected seed.

TOBACCO—NORTH CAROLINA apparently has the largest tobacco crop in the United States this year, the Department of Agriculture's forecast of 371,580,000 pounds for that state exceeding Kentucky's yield by approximately 3,000,000 pounds. Auction markets in North Carolina sold 107,403,917 pounds of producers' tobacco in October, at an average of \$26.73 per hundred, and total sales this season to November 1st aggregated 190,246,474 pounds at an average of \$25.90 per hundred pounds. Wilson led October sales with 20,415,266 pounds, and Greenville sold 14,221,152 pounds, but in average price paid in October Greenville led with \$30.70, Farmville ranking second with an average of \$29.54. The season opened with considerably higher prices than last year, but October did not witness as large an increase over September figures as usually occurs, and therefore prices at the end of October were very little higher than at the same time a year ago. On the whole, however, prices are remunerative and growers are pleased with the market.

VIRGINIA auction warehouses opened in October and sold 19,515,298 pounds of tobacco, compared with 10,197,129 pounds sold in October 1925. The quality sold was low, as is usual at the opening of the season, but was considerably better than last year. There has been an increase in the number of warehouses operating this year, largely as a result of the closing of the Co-operative Association receiving stations. October prices averaged \$24.51, compared with \$15.76 paid in October last year. Both the number of pounds sold and the average price paid in October were the highest for any month since 1922. Danville sold 10,048,903 pounds in October, leading all markets in poundage, but Drake's Branch led in average price with \$27.10 per hundred. South Boston was second in both pounds and price, selling 3,452,970 pounds for \$25.44 per hundred. Virginia's crop this year is estimated at 137,080,000 pounds, compared with 129,497,000 pounds grown in 1925. The state ranks third in national production this year, but grew only about 35 per cent as much as either North Carolina or Kentucky.

SOUTH CAROLINA tobacco markets were nearly all closed in October, only an occasional warehouse remaining open to clean up the crop. Production in South Carolina totaled 60,060,000 pounds this year, compared with 71,040,000 pounds in 1925 and a five-year average of 59,178,000 pounds. Prices in South Carolina were much higher this year than in 1925, and the 1926 crop was therefore more profitable, even though shorter in pounds.

MARYLAND tobacco improved notably during October, and on November 1st a crop of 28,480,000 pounds was indicated, in comparison with 24,690,000 pounds grown last year and a five-year average of 21,442,000 pounds. The quality of the Maryland tobacco is mostly medium fair to good.

AGRICULTURAL NOTES—MARYLAND crop yields this year were reasonably good, with examples of both good and poor production. Prices for major crops are reported low and the general level of the farmers' financial position is probably below that of last year. The 1926 wheat yield of 12,181,000 bushels was above either last year's crop or the five-year average, and the same may be said of both Irish and sweet potato production, which totaled 4,176,000 bushels and 1,800,000 bushels, respectively. As previously mentioned, a very large tobacco yield is reported this year, and other

increases in yield over 1925 crops occurred for oats and all orchard fruits. The corn crop was disappointing, a yield of 22,386,000 bushels comparing very unfavorably with 25,560,000 bushels harvested last year. Other decreases in 1926 yields were in rye, barley, buckwheat and hay.

VIRGINIA reports since the harvest of crops which had mostly been completed by November 1st indicate that the combined yield of all crops produced during 1926 was 9 per cent above the ten-year average, while last year the average was 16 per cent below the ten-year average, according to the Virginia Crop Reporting Service. The production of corn, wheat, white potatoes, sweet potatoes, tobacco, hay and apples was greater than in 1925. Oats, peanuts and cotton were the only major crops showing reduced yields this year in comparison with 1925. Owing to the unsettled market conditions, the income which will be derived from crops produced this year is still somewhat uncertain, but from present indications the total value of all money crops will be slightly larger than last year, largely due to the increase in the value of the Bright tobacco crop. Production estimates for some leading crops this year are: corn, 46,712,000 bushels; tobacco, 137,080,000 pounds; apples, 19,902,000 bushels; commercial apples, 3,296,000 barrels; white potatoes, 11,700,000 bushels; and cotton, 48,000 bales.

NORTH CAROLINA. Unusually favorable weather for harvesting marked the fall season to the middle of November, according to the State Agricultural Statistician. On November 1st, a corn crop of 50,468,000 bushels was indicated, compared with 42,014,000 bushels grown in 1925. The Irish potato crop was forecast at 7,447,000 bushels and the sweet potato crop at 7,872,000 bushels. An apple crop of 5,986,000 bushels and a yield of 2,900,000 gallons of sorghum syrup both exceed 1925 yields. On the other hand, the peanut crop of 209,000,000 pounds is much below the 1925 yield of 223,400,000 pounds, and this year's tobacco yield of 371,580,000 pounds is below the 378,490,000 pounds harvested last year. As mentioned elsewhere in this *Review*, North Carolina's cotton crop is 1,210,000 bales, compared with 1,102,000 bales ginned in 1925.

SOUTH CAROLINA farmers are harvesting much better yields per acre and a greater total production from practically all crops this fall than was raised during the past several years, says the Agricultural Statistician of that state. But despite the bountiful yields, the total farm income will be less this year than last, due to the low price of cotton. Good crops of food and feedstuffs and high prices for tobacco are factors tending to offset the poor returns from the cotton crop. Yields of corn, sweet potatoes, peanuts, sorghum syrup and cotton are above yields last year, tobacco being the only major crop to show a reduced yield for 1926. The sections of the state in which tobacco, peanuts and potatoes are grown extensively will not suffer from the decline in cotton as much as will the western and northern counties, in which cotton is the only important money crop.

WEST VIRGINIA has an apple crop of 10,875,000 bushels this year, over two and a half times last year's crop. The commercial crop is estimated at 1,688,000 barrels, compared with 749,000 barrels in 1925. The fruit is of exceptionally good quality, but is somewhat lacking in color. Larger yields this year than in 1925 are indicated for buckwheat, Irish potatoes, sweet potatoes, tobacco, sorghum syrup and wheat, while lower yields this year are expected from corn, oats and hay. The yield of corn was somewhat above expectations earlier in the season, but the quality of the corn is rather low and a lower percentage of the crop is merchantable than usual.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty-one Representative Department Stores for the Month of OCTOBER 1926

Percentage increase in October 1926 sales over sales in October 1925:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 5.3	— 3.8	— 2.6	— 3.7	— 4.0
Percentage increase in cumulative sales from January 1st through October, over sales during the corresponding ten months in 1925:				
.4	4.3	5.2	2.7	2.7
Percentage increase in October sales over average October sales during the five years 1920-1924, inclusive:				
7.9	36.1	23.0	4.5	15.6
Percentage increase in stock on hand October 31, 1926, over stock on October 31, 1925:				
— 1.7	7.5	9.2	— .7	2.9
Percentage increase in stock on hand October 31, 1926, over stock on September 30, 1926:				
9.8	9.8	10.8	9.4	10.1
Percentage of sales in October 1926 to average stock carried during that month:				
30.8	30.2	31.6	24.2	30.3
Percentage of cumulative sales since January 1st to average stock carried during each of the ten months:				
248.6	260.3	269.2	218.1	253.5
Percentage of outstanding orders on October 31st to total purchases of goods in 1925:				
6.6	9.4	5.7	6.3	6.5
Percentage of collections in October to total accounts receivable on October 1st:				
23.1	27.6	37.6	33.3	27.7

— Denotes decreased percentage.

Department store sales in the Fifth District in October averaged 4.0 per cent below the dollar amount of sales in October 1925, only six of thirty-one reporting stores showing increased sales for the 1926 month. The decline in sales this year was to be expected, however, since the volume of business done in October 1925 was swelled above seasonal levels because September weather was so unfavorable for early fall buying that much of it was held over until October. Cumulative sales since January 1st are still ahead of 1925 sales, the total for the ten months this year being 2.7 per cent above sales from January 1st to November 1st last year. October 1926 sales exceeded average October sales during 1920-1924, inclusive, by 15.6 per cent, most of the increase occurring in Washington and Richmond as a result of increased stocks carried since 1920.

Stocks on the shelves at the end of October 1926 averaged 2.9 per cent above stocks on hand a year earlier, and also showed a seasonal increase of 10.1 per cent during the past month this year. The percentage of sales in October to average stocks carried rose to 30.3 per cent, a seasonal increase. The percentage of total sales this calendar year up to November to average monthly stocks was 253.5 per cent, indicating an annual stock turnover of 3.04 times, exactly the same average attained in the first ten months of 1925.

Collections in October averaged 27.7 per cent of receivables outstanding on October 1st, showing a distinct improvement over 23.9 per cent of outstanding receivables collected in September.

WHOLESALE TRADE, OCTOBER 1926

Percentage increase in October 1926 sales, compared with sales in October 1925:					
36 Groceries	11 Dry Goods	7 Shoes	16 Hardware	5 Furniture	12 Drugs
— 9.9	— 10.1	.7	3.2	1.9	— 4.4
Percentage increase in October 1926 sales, compared with sales in September 1926:					
— 2.2	— 12.9	— 18.7	2.5	9.1	— 4.0
Percentage increase in total sales since January 1st, compared with sales during the same ten months in 1925:					
— 2.7	— 4.1	7.5	2.4	— 7.2	.4
Percentage increase in stock on October 31, 1926, compared with stock on October 31, 1925:					
— 3.9(12)	— 8.3(5)	33.8(4)	6.0(8)	.....	.....
Percentage increase in stock on October 31, 1926, compared with stock on September 30, 1926:					
7.3(12)	2.0(5)	1.0(4)	— .4(8)	.....	.....
Percentage of collections in October to total accounts receivable on October 1, 1926:					
63.6(21)	31.1(7)	35.4(6)	37.7(12)	41.5(3)	55.9(8)

— Denotes decreased percentage.

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

October sales reported by eighty-seven wholesale firms were on the whole disappointing. Sales of groceries, dry goods and drugs were lower than in either September 1926 or October 1925, and shoe sales were lower than in September. Furniture and hardware were the only lines reported upon which showed larger sales in October than in either September this year or October last year, and the increase in October sales over October 1925 sales reported by shoe jobbers was less than 1 per cent. Total sales for the ten elapsed months of 1926 were larger than in 1925 in shoes, hardware and drugs, but grocery, dry goods and furniture sales were behind those of 1925.

Stocks reported by grocery, dry goods and shoe firms were larger on October 31st than on September 30th this year, but were lower in hardware lines. Shoe and hardware jobbers reported large stocks than a year ago, but wholesale grocery and dry goods firms reported smaller stocks.

Collection conditions did not change materially during October, but in view of depressed conditions in cotton growing sections, collections are probably better than had been expected.

(Compiled November 20, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)

Industrial activity continued in large volume in October, while the general level of prices declined slightly. Notwithstanding the seasonal increase in borrowing for commercial purposes, the volume of bank credit outstanding declined in recent weeks, reflecting the continued liquidation of loans on securities.

PRODUCTION. Production in basis industries as measured by the Federal Reserve Board's index, which makes allowance for the usual seasonal variations, showed little change in October as compared with September. Textile mill activity and the daily average output of iron and steel was maintained during October but in November there was a decrease in steel production. The output of bituminous coal was stimulated by export and bunker demand and attained new high records in October and November, and petroleum production was also large. There was a sharp decline in automobile production and the output of cars was smaller in October than in any month since January. The volume of building activity, as indicated by the value of contracts awarded, has declined for the past three months, as is usual at this season of the year, and has been throughout the period at a slightly lower level than during the exceptionally active autumn season of 1925. Residential contracts during the same period have been smaller than a year ago, while those for engineering projects and public works have been larger.

TRADE. Distribution of commodities at wholesale declined in October, contrary to the usual trend for that month, and was in smaller volume than in October of any year since 1922. Sales of department stores showed the usual seasonal growth in October, but owing partly to less favorable weather conditions and to a smaller number of trading days, were at a somewhat lower level than in the same month of last year. Sales of mail order houses were also smaller than a year ago. Stocks of merchandise carried by wholesale firms were slightly smaller than a year ago, while department store stocks increased more than is usual in September and October and at the end of October were larger than in 1925. Freight car loadings were in record volume in October and November, because of unusually large shipments of coal and ore and a continued heavy movement of other commodities.

PRICES. Wholesale prices of nearly all groups of commodities declined in October and November. Prices of bituminous coal, however, advanced sharply as the result of foreign demand caused by the British coal strike, but recently there has been some decline in coal prices. The price of raw cotton, after falling rapidly in September and early October, has been steady in recent weeks. Prices of non-agricultural commodities, as classified in the Bureau of Labor Statistics price indexes, declined slightly between September and October, while those of agricultural products declined about two per cent to the lowest level since the summer of 1924.

BANK CREDIT. Seasonal growth in loans for commercial and agricultural purposes at member banks in leading cities has been accompanied by continued liquidation of loans on securities, with the consequence that the total volume of loans and investments of these banks in the middle of November was considerably smaller than a month earlier. At the Reserve banks the decline in the volume of member bank credit has been reflected in a reduction of the total bills and securities to a level \$37,000,000 below the corresponding date in 1925. Discounts for member banks were in about the same volume as a year ago, while holdings of acceptances and of United States securities were smaller. Easier conditions prevailed in the money market in November. Rates on prime commercial paper declined from $4\frac{1}{2}$ - $4\frac{3}{4}$ per cent in October to $4\frac{1}{2}$ per cent in November, and there was also a reduction of $\frac{1}{8}$ per cent in the rates on bankers acceptances.

NOTE: The occurrence of the Thanksgiving holiday and a Sunday in the last week of a short month made it advisable to omit the usual charts this month rather than delay the printing of the *Monthly Review*.