

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

JANUARY 31, 1927

STATISTICAL RECORD	1926	1925
Debits to Individual Accounts (23 Cities).....	\$16,429,388,000	\$15,819,533,000
Number of Commercial Failures, 5th District.....	1,441	1,493
Liabilities Involved in Failures.....	\$ 28,741,221	\$ 35,245,288
Cotton Consumption, Fifth District Mills, Bales.....	2,768,596	2,537,393
Cotton Grown in Fifth District, Bales.....	2,335,000	2,044,000
Tobacco Grown in Fifth District, Pounds.....	620,352,000	612,270,000
Building Permits for New Work, 28 Cities.....	20,984	22,924
Value of Permits for New Work, 28 Cities.....	\$ 168,521,274	\$ 175,616,198
Contracts Actually Awarded, Fifth District.....	11,649	13,456
Costs of Contracts Awarded, Fifth District.....	\$ 416,801,400	\$ 411,046,400
Total Sales, 31 Department Stores.....	\$ 108,802,790	\$ 105,674,102
Total Sales, 84 Jobbers and Wholesalers.....	\$ 83,597,079	\$ 83,744,992

Business in December in the Fifth Federal reserve district was good. Retail trade, as reflected by sales of thirty-one large department and general stores, was approximately 2 per cent above the volume of trade in December 1925, and total debits to individual accounts figures for the five weeks ended January 12, 1927, exceeded by 6.3 per cent those for the preceding five weeks, ended December 8, 1926. Business failures in the Fifth district in December were slightly more numerous than in December of the preceding year, but the liabilities involved in last month's insolvencies were smaller. Labor is seasonally employed at the wage levels of the past several years, and increased bank deposits testify to the continued large purchasing power of the banking public. Lower outstanding loans to customers of member banks and reduced rediscounts at the Reserve bank show that sufficient credit is available for legitimate needs of the district. Building permits were fewer in number and less in estimated valuation in December than for any other recent December, but there is still a very large volume of construction work under way. Textile mills appear to be in a stronger position at present than they were two or three months ago, since the steady decline in cotton prices appears to have been checked. Tobacco prices continue high for Bright grades, which make up the larger part of the district's crop.

An examination of the statistical record of the year 1926 shown at the top of this section indicates that on the whole the year was a good one in the Fifth reserve district. Debits to individual accounts totals, a good indicator of the volume of business done in the twenty-three reporting cities, exceeded the totals of 1925 by more than half a billion dollars and were over two billion dollars above the figures for 1924. Commercial

failures-in the district were fewer in number and lower in liabilities in 1926 than in 1925, although bank failures increased considerably last year, due in part to accumulated trouble dating back to the years immediately following the World War. Cotton consumption by Fifth district mills increased nearly 15 per cent last year, and the mills did a sufficiently large volume of hand to mouth business to prevent the piling up of much surplus stock. Building operations in the district continued in very large volume during the year, although both the number of permits issued for new work and the estimated valuation figures were lower than in 1925. Retail sales in 1926 exceeded sales in 1925, and wholesale trade was in fair volume. Agricultural yields were excellent in the district as a whole, except in certain sections that were disastrously effected by extreme dry weather last summer. The tobacco crop of the district exceeded that of 1925, and the 1926 prices for Bright tobacco averaged much above those of the previous year. Cotton production in the three cotton growing states of the Fifth district was above that of 1925, but the price was very low, and the cotton growers and the sections chiefly dependent upon their trade came to the end of 1926 in worse condition than a year earlier. The coal mining industry in West Virginia enjoyed an exceptionally large volume of business in 1926, due to the anthracite strike during the opening months and to the British coal strike the balance of the year. Except for the unfavorable position of cotton growers, conditions in the district were generally satisfactory at the beginning of 1927. Inventories are comparatively low and credit is available to meet any legitimate demands, and the attitude of the public toward the near future is favorable.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Jan. 12, 1927	Dec. 8, 1926	Jan. 13, 1926
1. Total Loans and Discounts (including all rediscounts)	\$519,291,000	\$516,252,000	\$527,812,000
2. Total Investments in Bonds and Securities	132,834,000	131,624,000	131,447,000
3. Reserve Balance with Federal Reserve Bank	41,373,000	40,573,000	40,014,000
4. Cash in Vaults	14,844,000	16,284,000	14,941,000
5. Demand Deposits	392,966,000	385,158,000	387,163,000
6. Time Deposits	211,895,000	206,244,000	201,710,000
7. Borrowed from Federal Reserve Bank.....	6,310,000	8,116,000	18,064,000

The accompanying table shows totals for the principal items of condition reported by sixty-seven member banks of the Fifth Federal reserve district on three dates, January 12, 1927, December 8, 1926, and January 13, 1926. These data, which ordinarily afford an opportunity for making a close comparison of the latest available figures with those of a month and a year earlier, are not quite so comparable this month, due to a combination of two reporting banks in one of the reporting cities with a third bank not hitherto included in the list of banks submitting their weekly figures to the reserve bank.

Between December 8, 1926, and January 12, 1927, total loans and discounts for customers at the sixty-seven reporting banks increased \$3,039,000 and investments in bonds and securities rose \$1,210,000. Deposits also increased during the month, demand deposits rising \$7,808,000 and time deposits \$5,651,000. The increases in loans and investments, and to a considerable extent in deposits, were due to the merger previously referred to. Increased deposits at the middle of January necessitated higher reserve deposits, and these rose \$800,000 during the month. The passing of the holiday shopping season lessened the demand for currency, and the reporting banks lowered their cash in vaults by \$1,440,000. A further liquidation of indebtedness to the reserve bank occurred during the period under review, rediscounts for the sixty-seven reporting banks declining \$1,806,000.

A comparison of the January 12, 1927, figures with those of January 13, 1926, shows a smaller use of bank credit this year. Total loans and discounts for customers were \$8,521,000 lower on the later date, and the sixty-seven banks were themselves borrowing \$11,754,000 less from the reserve bank. Cash in vaults was practically the same on both the 1927 and 1926 dates. On the other hand, investments in bonds and securities rose \$1,387,000 during the year, demand deposits gained \$5,803,000, and time deposits increased \$10,185,000.

RESERVE BANK OPERATIONS—Member banks in the Fifth District continued to reduce their indebtedness at the reserve bank during the month between December 15, 1926, and January 15, 1927. The volume of rediscounts held by the Federal Reserve Bank of Richmond declined during the period under review from \$27,643,000 to \$21,860,000, and total bill holdings dropped from \$39,895,000 to \$35,607,000, the smaller decline in bill holdings on January 15th being due to an increase of about \$1,500,000 in bills purchased in the open market. Member bank reserve deposits at the reserve bank rose from \$69,940,000 on December 15th to \$70,278,000 on January 15th, the rise being only a daily fluctuation. With the passing of the holiday shopping season, there began the usual return flow of Federal reserve notes to the reserve bank for retirement, and the volume of notes in actual circulation declined from \$85,704,000 to \$78,689,000 between the middle of December and the middle of January. Two or three days before Christmas the notes in circulation totaled approximately \$91,000,000. The changes in the several items mentioned herein lowered the cash reserves of the Richmond bank from \$120,879,000 on December 15th to \$110,956,000 on January 15th, and reduced the ratio of reserves to note and deposit liabilities combined from 76.78 per cent to 72.81 per cent.

In spite of unfavorable conditions in the cotton section of the Fifth District, a comparison of the January 15th figures this year with those of a year ago shows that reserve bank credit is being used by the member banks of the district less this year. Rediscounts for member banks held by the Richmond reserve bank declined during the year from \$39,983,000 to \$21,860,000, a decrease of \$18,123,000, or 45.3 per cent. By an increase in open market purchases of bankers acceptances the reserve bank counterbalanced to some extent the decline in rediscounts, and total bill holdings of the reserve bank dropped from \$44,855,000 to \$35,607,000 between the two dates, a decrease of only \$9,248,000, or 20.6 per cent. Member bank reserve deposits rose from \$66,711,000 on January 15th last year to \$70,278,000 on January 15th this year, partly as a result of increased deposits which raised the reserve requirements. Federal reserve notes in actual circulation were considerably lower on January 15, 1927, than a year earlier, \$78,689,000 outstanding this year comparing with \$84,835,000 in circulation at the middle of January last year. The cash reserves of the Federal Reserve Bank of Richmond rose from \$104,545,000 last year to \$110,956,000 this year, and the ratio of cash reserves to note and deposit liabilities combined increased during the same period from 67.51 per cent to 72.81 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED			ANNUAL TOTALS	
	Jan. 12, 1927	Dec. 8, 1926	Jan. 13, 1926	1926	1925
Asheville, N. C.....	\$ 43,074,000	\$ 36,632,000	\$ 35,406,000	\$ 437,969,000	\$ 326,853,000
Baltimore, Md.....	545,471,000	474,332,000	519,545,000	5,204,952,000	5,072,348,000
Charleston, S. C.....	28,634,000	32,060,000	31,480,000	336,190,000	313,821,000
Charleston, W. Va.....	53,361,000	46,032,000	50,212,000	452,414,000	439,110,000
Charlotte, N. C.....	60,282,000	59,226,000	63,157,000	611,726,000	590,421,000
Columbia, S. C.....	23,080,000	22,748,000	21,329,000	229,122,000	236,744,000
Cumberland, Md.....	10,525,000	10,588,000	10,364,000	108,973,000	109,680,000
Danville, Va.....	16,966,000	20,624,000	13,234,000	129,414,000	122,351,000
Durham, N. C.....	37,069,000	44,124,000	33,423,000	357,096,000	306,722,000
Greensboro, N. C.....	31,699,000	30,754,000	34,856,000	316,179,000	269,475,000
Greenville, S. C.....	25,221,000	27,351,000	33,876,000	271,799,000	284,914,000
Hagerstown, Md.....	12,981,000	13,146,000	13,105,000	129,678,000	128,018,000
Huntington, W. Va.....	33,348,000	32,713,000	31,803,000	314,473,000	324,770,000
Lynchburg, Va.....	28,251,000	24,051,000	28,989,000	251,451,000	244,347,000
Newport News, Va.....	17,738,000	13,520,000	11,176,000	141,915,000	105,948,000
Norfolk, Va.....	100,566,000	102,750,000	93,984,000	950,512,000	864,612,000
Raleigh, N. C.....	33,364,000	26,970,000	33,965,000	312,931,000	405,905,000
Richmond, Va.....	179,001,000	165,779,000	184,091,000	1,690,293,000	1,709,420,000
Roanoke, Va.....	37,121,000	36,433,000	34,908,000	353,449,000	317,402,000
Spartanburg, S. C.....	18,285,000	16,774,000	20,281,000	173,046,000	191,792,000
Washington, D. C.....	293,619,000	291,772,000	284,690,000	2,929,590,000	2,781,220,000
Wilmington, N. C.....	23,902,000	24,229,000	28,273,000	254,931,000	251,833,000
Winston-Salem, N. C.....	47,172,000	47,289,000	46,744,000	471,285,000	421,827,000
Totals.....	\$ 1,700,730,000	\$ 1,599,897,000	\$ 1,658,891,000	\$16,429,388,000	\$15,819,533,000

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Reserve District, three equal periods of five weeks being given to allow for comparison of the latest available figures with those of the preceding like period and the corresponding period last year. In addition, total debits are shown by cities and the district for the calendar years 1926 and 1925.

During the five weeks ended January 12, 1927, the twenty-three cities reported debits aggregating \$1,700,730,000, an increase of \$100,833,000, or 6.3 per cent over the total of \$1,599,897,000 reported for the preceding five weeks, ended December 8, 1926. This increase was unusual, the period containing the dull days between Christmas and New Year's generally showing lower figures than the preceding period, but very large annual payments around January 1st more than balanced the smaller payments of the last week in December. Fourteen of the twenty-three cities reported higher figures for the period ended January 12th.

In comparison with debits aggregating \$1,658,891,000 during the five weeks ended January 13, 1926, the total of \$1,700,730,000 reported during the corresponding period this year shows an increase of \$41,839,000, or 2.5 per cent, a very satisfactory comparison in view of a generally lower price level at present than a year ago, especially for cotton and dark tobacco, and for textile mill products. Thirteen of the twenty-three cities show higher figures for the period ended January 12th this year than for the one ended January 13, 1925.

In spite of the large debits figures of 1925, those for 1926 exceeded them by more than half a billion dollars. Aggregate debits in the twenty-three cities in 1926 amounted to \$16,429,388,000, compared with a total of \$15,819,533,000 reached in 1925. The past year thus shows an increase of \$609,855,000, or 3.9 per cent, over the debits reported for 1925. Sixteen of the reporting cities attained higher figures in 1926 than in 1925, Asheville making the best showing with an increase of 36.1 per cent. Newport News gained 33.9 per cent, ranking second in improvement for the year, and four other cities gained more than 10 per cent, these being Greensboro with an increase of 17.3 per cent, Durham with 16.4 per cent, Winston-Salem with 11.7 per cent, and Roanoke with 11.4 per cent.

SAVINGS DEPOSITS—Mutual savings bank deposits in Baltimore, continuing their monthly habit of reaching new high levels, totaled \$159,964,776 at the end of December 1926, in comparison with \$158,178,254 reported by the same banks at the end of November 1926 and \$152,148,807 reported on December 31, 1925. Fourteen institutions reported, of which twelve showed higher figures at the end of 1926 than at the end of 1925. Of the two that failed to show deposit gains during the year, one is in process of liquidation and the decrease in the other one was very small. Time deposits in sixty-seven regularly reporting member banks, located in thirteen of the Fifth District cities, totaled \$211,895,000 on January 12, 1927, in comparison with \$201,710,000 on January 13th a year ago.

BUSINESS FAILURES—*Dun's Review* of January 8, 1927, in reviewing business mortality statistics for 1926, says that the distinguishing feature of the insolvency record for the year is the considerable reduction in the liabilities of commercial failure in the United States. With 21,773 defaults,

or an increase of about 2½ per cent over the number for 1925, the indebtedness for last year decreased nearly 8 per cent, to \$409,232,278. These compare with 21,214 failures and liabilities totaling \$443,744,272 in 1925, the liabilities being the smallest since 1920, but the number of insolvencies in 1926 exceeding all other years since 1922. The South Atlantic States, in which insolvencies decreased approximately 4 per cent and liabilities 8 per cent in 1926 in comparison with 1925, was the only geographical division of the country in which failures declined in number. Fewer insolvencies occurred in Maryland, Virginia, North Carolina and South Carolina, and liabilities were lower in West Virginia, Virginia and the two Carolinas. Failures in the Fifth district in 1926 numbered 1,441, with aggregate liabilities of \$28,741,221, compared with 1,493 failures and \$35,245,288 in liabilities in 1925. Last year's liabilities were the lowest since 1920, but the number of insolvencies exceeded those of 1924 by one failure and were considerably above the 1,206 failures reported in 1923.

In December 1926, bankruptcies in the United States totaled 2,069, with liabilities amounting to \$45,619,578, compared with 1,878 bankruptcies and \$36,528,160 in December 1925. In the Fifth reserve district, December 1926 insolvencies numbered 125, with liabilities of \$3,179,434, compared with 106 insolvencies and liabilities of \$3,596,748 in December 1925.

LABOR—Labor is seasonally employed. There is some unemployment among both skilled and unskilled workers, but idleness does not appear to be more extensive than is normal at this season of the year, when unfavorable weather retards all kinds of out door construction work. In the building trades there is somewhat more unemployment than a year ago, the volume of new work undertaken in the past few months having fallen below the total of new projects started in the fall of 1925, but a considerable volume of work is still under way, and the unemployment situation is not serious. The settlement of the British coal strike has lessened the demand for bituminous coal in this country to some extent, and the West Virginia coal industry is therefore not in quite as favorable a position as it was a year ago, when the anthracite strike was under way. Workers in the manufacturing plants of the district are fully employed, and the prospects for continued employment in these lines appear good. As we pointed out last month, local unemployment problems may arise here and there during the next few months, but at present there are no signs that appear to indicate any general surplus of workers in the near future.

BUILDING OPERATIONS FOR THE MONTHS OF DECEMBER 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.....	436	465	706	900	\$ 2,377,920	\$ 1,709,160	\$ 325,680	\$ 497,640	\$ 496,800	22.5%	1
2	Cumberland, Md...	6	19	3	5	8,790	350,500	1,103	2,545	— 343,152	— 97.2	2
3	Frederick, Md.....	6	4	1	3	8,372	10,900	4,000	10,425	— 8,953	— 42.0	3
4	Hagerstown, Md...	12	14	2	5	6,860	17,765	800	36,760	— 46,865	— 86.0	4
5	Danville Va.....	4	10	7	12	1,605	58,210	10,380	60,000	— 106,225	— 89.9	5
6	Lynchburg, Va.....	21	7	18	15	36,750	12,530	5,963	11,392	18,791	78.6	6
7	Norfolk, Va.....	24	67	71	34	74,525	104,655	46,099	43,310	— 27,341	— 18.5	7
8	Petersburg, Va.....	7	4	0	2	32,300	5,200	0	250	26,850	492.7	8
9	Richmond, Va.....	80	98	54	58	655,655	1,112,850	24,299	129,474	— 562,370	— 45.3	9
10	Roanoke, Va.....	44	60	13	16	180,410	144,495	2,660	17,445	21,130	13.0	10
11	Bluefield, W. Va...	2	6	1	2	350	35,500	25,000	535	— 10,685	— 29.7	11
12	Charleston, W. Va.	15	24	9	9	36,050	23,705	6,150	4,430	14,065	50.0	12
13	Clarksburg, W. Va	16	12	7	7	30,953	5,210	32,708	3,375	55,076	641.5	13
14	Huntington, W.Va.	31	54	4	5	49,027	97,725	4,100	6,272	— 50,870	— 48.9	14
15	Parkersburg, W.Va	19	19	3	2	97,150	67,250	1,150	2,800	28,250	40.3	15
16	Asheville, N. C.....	22	37	51	45	261,136	452,845	21,000	12,427	— 183,136	— 39.4	16
17	Charlotte, N. C.....	43	32	5	9	256,300	312,720	6,850	3,635	— 53,205	— 16.8	17
18	Durham, N. C.....	36	30	3	6	231,950	165,825	1,250	16,700	50,675	27.8	18
19	Greensboro, N. C.	32	73	38	14	154,090	1,298,265	41,992	16,400	— 1,118,583	— 85.1	19
20	High Point, N. C...	35	51	7	8	300,950	142,665	30,400	17,100	171,585	107.4	20
21	Raleigh, N. C.....	24	26	15	8	78,325	207,525	10,350	4,158	— 123,008	— 58.1	21
22	Salisbury, N. C.....	11	5	5	3	40,750	2,525	3,800	2,200	39,825	842.9	22
23	Wilmington, N. C.	6	10	5	4	9,800	27,700	43,050	15,550	9,600	22.2	23
24	Winston-Salem, N. C.	70	71	35	26	151,225	133,775	98,610	5,365	110,695	79.6	24
25	Charleston, S. C.....	15	11	15	16	6,480	9,685	4,065	6,235	— 5,375	— 33.8	25
26	Columbia, S. C.....	14	12	27	25	47,550	38,942	1,155	11,882	— 2,119	— 4.2	26
27	Greenville, S. C.....	2	11	12	7	7,800	51,800	1,085	1,260	— 44,175	— 83.3	27
28	Spartanburg, S. C.	9	7	15	18	17,990	200,000	4,815	5,450	— 182,645	— 88.9	28
29	Washington, D. C.	210	122	264	251	2,628,600	3,451,400	217,740	169,230	— 774,290	— 21.4	29
	Totals.....	1,252	1,361	1,396	1,515	\$ 7,789,663	\$10,251,327	\$ 976,254	\$1,114,245	—\$2,599,655	— 22.9%	

—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.

New construction work provided for by permits issued in twenty-nine Fifth District cities in December 1926 was considerably below the work provided for in December 1925 in both number of new

projects and estimated valuation. The twenty-nine cities issued 1,252 permits for new work in December 1926, with estimated valuation of \$7,789,653, compared with 1,361 permits and a valuation of \$10,251,327 in December a year earlier. Figures for alterations and repairs in December 1926 also were below those of the preceding December. In total valuation for all classes of work, December 1926 recorded \$8,765,917, compared with \$11,365,572 reported for December 1925, a decline of \$2,599,655, or 22.9 per cent. Seventeen of the twenty-nine cities reported lower figures for the 1926 month. Four high percentages of increase were reported for December by Petersburg, Clarksburg, High Point and Salisbury, but except in High Point the gains were due to very small totals in December 1925 rather than to any exceptionally large amount of work provided for last month.

Totals compiled from reports of twenty-eight cities for which statistics were available each month since January 1925 show that 1926 was not up to the 1925 level, either in number of permits issued or in the total estimated valuation of the contemplated work. The twenty-eight cities issued 20,984 permits for new construction in 1926, compared with 22,924 permits issued in 1925, a decrease last year of 1,940 permits, or 8.5 per cent. Estimated valuation totaled \$168,521,274 in 1926, compared with \$175,616,198 in 1925, a decrease during the later year of \$7,094,924, or 4 per cent. A larger number of permits and higher valuation figures were reported in March, August and September in 1926 than during the same months of 1925, but all other months showed higher figures during the earlier year. Total valuation figures in 1926 were higher than for any other year except 1925, however, exceeding those of 1924 by approximately \$10,000,000.

The F. W. Dodge Corporation reports actual contract awards in the Fifth Reserve district totaling 11,649 in 1926, at a total cost of \$416,801,400, compared with 13,456 contracts to cost \$411,046,400 actually awarded in 1925.

COAL—Production of bituminous coal in December totaled approximately 57,671,000 net tons, compared with 52,522,000 tons mined in December 1925. Production in December declined from the record output of November, but was above the figure for any previous December. Total production of soft coal during 1926 is estimated by the Bureau of Mines of the Department of Commerce at 578,290,000 net tons, the highest annual production figure since 1918, when 579,385,000 tons were mined. Coal exports during 1926 totaled 21,900,304 net tons, compared with 5,109,491 tons sent abroad in 1925. Coal shipped through Atlantic ports, including export, bunker, coastwise to New England, and to other points, totaled 57,574,098 tons, of which 30,716,282 passed through Hampton Roads, 10,352,835 tons through Baltimore, and 721,721 tons through Charleston, S. C. Fifth District ports thus handled 41,790,838 tons, or 72.6 per cent of all Atlantic port shipments.

TEXTILES—At the beginning of 1927 the textile industry in the Fifth District is still operating on a hand to mouth basis, but the consensus of opinion in the industry appears to be rather more optimistic than was the case two or three months ago. During the past month the decline in raw cotton was checked, and prices turned slightly upward. Many observers believe that the low point has been reached, and a considerable increase in orders is expected for early shipment when spring business opens up. Stocks of textiles in both primary and secondary hands have been kept as low as possible and any appreciable increase in demand from retailers must be passed back promptly to the mills. During 1926 the mills experienced one of the most difficult years on record. The year opened with a promise of a good volume of business, due to fair returns to agriculture from the 1925 operations, but the year had hardly opened before raw material prices began to fall, and buyers began to shop around for bargains. During the summer many mills were forced to curtail operations, and meanwhile cotton prices continued downward as it became increasingly evident that a large cotton crop was in prospect. There was a large movement of cotton goods through retail channels, and these goods were of course furnished by the mills, but the buying methods used were hard on the mills and kept their profits unusually low for the total business they were doing. Fifth District mills consumed 254,102 bales of cotton in December 1926, of which North Carolina mills used 138,260 bales, South Carolina mills 105,793 bales, and Virginia mills 10,049 bales. In December 1925 the three states consumed 229,242 bales. During the calendar year 1926, the three textile manufacturing states in the Fifth District consumed 2,768,596 bales of lint cotton, compared with 2,537,393 bales consumed in 1925, an increase last year of 231,203 bales, or 9.1 per cent. Cotton consumption in the District in 1926 exceeded the number of bales grown during that year in the District by nearly half a million bales, thus showing the District to be an importer rather than an exporter of cotton.

COTTON—During 1926, spot cotton prices gradually worked downward from an average of 19.64 cents per pound during the week ended January 23rd to 11.17 cents during the week ended December 11th, but at that point the price decline was checked, and an upward movement began. During the past month the average price paid growers in the Carolinas for middling upland cotton, of 7/8 inch staple, rose from the low point of 11.17 cents per pound during the week ended December 11th to an average of 12.22 cents per pound during the week ended January 15th. Much of the cotton offered for sale was of low grade, however, and brought considerably lower prices than those quoted.

Cotton consumed in American mills during December totaled 605,217 bales, compared with 583,950 bales used in November 1926 and 576,216 bales in December 1925. Total consumption for the present cotton year—August 1st through December 31st—totalled 2,829,456 bales, in comparison with

2,598,119 bales used during the corresponding five months of 1925. According to the *Census Bureau's* January 13th report, cotton on hand in consuming establishments amounted to 1,766,392 bales on December 31, 1926, compared with 1,497,844 bales on November 30th and 1,720,696 bales on December 31st a year ago. Warehouses and compresses held 5,478,998 bales at the end of December, 6,517,565 bales at the end of November, and 5,584,016 bales at the end of December 1925. December imports totaled 39,851 bales, compared with 41,441 bales imported in November and 34,474 bales in December a year ago. Exports in December totaled 1,531,297 bales, compared with 1,486,224 bales sent abroad in November and 984,061 bales in December 1925. Total exports during the five months of the present cotton year totaled 5,573,220 bales, compared with 4,680,478 bales exported during the last five months of 1925. Active spindles numbered 32,496,250 in December 1926, compared with 32,586,770 in November 1926 and 32,951,136 in December 1925. Cotton consumption in growing states totaled 439,837 bales in December, compared with 425,490 bales used in November and 400,590 bales in December 1925.

TOBACCO—VIRGINIA leaf tobacco sales during the month of December were less than in November and the tobacco sold brought lower prices except for Sun-Cured. Total sales in December of 25,623,736 pounds compared with 36,092,499 pounds sold in November and brought the total sales for this season up to 81,335,692 pounds, which is approximately 58 per cent of the estimated production for the year. The average price of Flue-Cured, or Bright, tobacco was \$23.59 in December, compared with \$26.35 in November 1926 and \$15.45 in December 1925. Fire-Cured, or Dark, tobacco brought an average of \$7.72 in December, compared with \$17.53 realized for this type in December a year ago. Sun-Cured tobacco prices rose in December from those of November, chiefly because of an improvement in the grades offered, but the December average of \$9.77 per hundred pounds was much below the average of \$17.37 paid in December 1925 for the same type. Danville sold 8,563,422 pounds of Bright tobacco in December for an average of \$26.50 per hundred pounds, leading the state markets in both number of pounds and in price paid. Lynchburg led the Dark markets, selling 1,570,082 pounds, but in price several markets averaged higher. Richmond sold 1,538,795 pounds of Sun-Cured for \$9.77 per hundred, and Abingdon sold 1,247,614 pounds of Burley for an average of \$14.79 per hundred.

NORTH CAROLINA auction warehouses sold 45,213,494 pounds of producers' tobacco in December, at an average price of \$23.67 per hundred, compared with 48,852,879 pounds sold in December 1925 at an average of \$23.14 per hundred. Season sales to December 31st totaled 340,672,271 pounds, compared with 303,158,756 pounds sold by the auction markets to December 31, 1925. Wilson led the North Carolina markets in sales in December with 8,295,644 pounds, Winston-Salem with 7,178,660 pounds ranking second, but Mebane with an average of \$29.43 and Farmville with \$27.27 per hundred pounds ranked first and second in price.

AGRICULTURAL NOTES—The past month was an inactive one on farms. Cold weather damaged truck crops somewhat during the first half of January, but there has been little snow to delay tobacco marketing this season as was the case in 1926.

In order that our readers may have comparative figures of production in convenient form for the states comprising the Fifth Federal reserve district, we are including a table herewith showing yields of the principal crops in the several states, giving figures for both 1926 and 1925. The figures were obtained from official sources, and are final estimates.

Crops	Yrs.	Maryland	W. Virginia	Virginia	N. Carolina	S. Carolina
Corn (bus.)	1926	22,049,000	16,467,000	46,585,000	50,908,000	22,103,000
	1925	24,930,000	18,980,000	36,982,000	42,846,000	19,483,000
Cotton (bales)	1926	.....	.....	55,000	1,250,000	1,030,000
	1925	.....	.....	53,000	1,102,000	889,000
Tobacco (lbs.)	1926	28,800,000	8,500,000	132,352,000	393,190,000	57,510,000
	1925	24,690,000	6,975,000	129,400,000	380,165,000	71,040,000
I. Potatoes (bus.)	1926	3,690,000	4,982,000	11,658,000	7,400,000	3,219,000
	1925	3,701,000	4,089,000	11,700,000	4,524,000	2,400,000
S. Potatoes (bus.)	1926	1,815,000	330,000	5,375,000	7,560,000	4,160,000
	1925	1,161,000	276,000	3,996,000	7,040,000	2,860,000
Oats (bus.)	1926	1,706,000	5,796,000	4,836,000	6,220,000	10,483,000
	1925	1,760,000	5,076,000	4,128,000	4,902,000	7,182,000
Wheat (bus.)	1926	11,960,000	2,352,000	11,336,000	6,303,000	800,000
	1925	10,395,000	1,809,000	8,946,000	4,466,000	506,000
Hay (tons)	1926	516,000	1,015,000	982,000	764,000	202,000
	1925	577,000	1,005,000	779,000	529,000	57,000
Peanuts (lbs.)	1926	.....	.....	131,100,000	190,120,000	6,500,000
	1925	.....	.....	143,520,000	212,750,000	4,730,000
Apples (bus.)	1926	3,500,000	10,875,000	19,902,000	5,986,000	647,000
	1925	1,900,000	4,185,000	7,844,000	3,192,000	386,000
Apples (bbls.) (Commercial crop)	1926	600,000	1,700,000	3,384,000	345,000	.....
	1925	324,000	749,000	1,440,000	160,000	.....
Sorghum Syrup (gals.)	1926	.....	776,000	1,200,000	4,004,000	1,694,000
	1925	.....	640,000	858,000	1,904,000	780,000

FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of DECEMBER 1926

Percentage increase in December 1926 sales over sales in December 1925:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
— .8	5.6	3.5	2.4	1.8	
Percentage increase in total sales during 1926 over total sales in 1925:					
.6	5.5	5.1	3.2	3.0	
Percentage increase in December sales over average December sales during the five years 1920-1924:					
7.4	42.7	29.4	7.8	13.9	
Percentage increase in stock on hand December 31, 1926, over stock on December 31, 1925:					
— 2.9	5.2	2.2	2.3	.2	
Percentage increase in stock on hand December 31, 1926, over stock on November 30, 1926:					
—19.5	—17.1	—18.6	—24.0	—19.5	
Percentage of sales in December 1926 to average stock carried during that month:					
45.5	51.3	54.0	41.1	48.7	
Percentage of total sales during 1926 to average stock carried each month:					
329.8	346.0	359.6	285.9	337.3	
Percentage of outstanding orders on December 31st to total purchases of goods in 1925:					
4.3	3.3	3.6	3.0	3.9	
Percentage of collections in December to total accounts receivable on December 1st:					
23.9	27.6	37.5	30.2	28.1	

— Denotes decreased percentage.

Retail trade, as reflected in Department store sales, was fully up to seasonal average in December. Sales reported by thirty leading stores in the Fifth reserve district exceeded November sales by 49 per cent, and also were 1.8 per cent above sales in December 1925. Aggregate sales during the year 1926 exceeded the total sales of 1925 by 3 per cent. December sales averaged 13.9 per cent above average December sales during the five years 1920—1924, inclusive.

Stocks on hand at the end of December were two-tenths of 1 per cent larger than stocks at the end of 1925, but were 19.5 below the level at the end of November 1926. Sales during December amounted to 48.7 per cent of average stock carried during the month, and total sales during the calendar year 1926 were 337.3 per cent of average stock on the shelves at the end of each of the twelve months. This figure indicates an average turnover during the year of 3.37 times, the stores in Washington leading with approximately 3.6 times.

Outstanding orders at the end of 1926 totaled 3.9 per cent of total purchases of merchandise during 1925, and collections during December equaled 28.1 per cent of total receivables outstanding on December 1st.

WHOLESALE TRADE, DECEMBER 1926

Percentage increase in December 1926 sales, compared with sales in December 1925:					
35 Groceries	12 Dry Goods	6 Shoes	16 Hardware	5 Furniture	10 Drugs
—11.8	4.1	— 4.1	1.5	—23.4	— 4.4
Percentage increase in December 1926 sales, compared with sales in November 1926:					
—11.2	—18.5	—47.9	—14.7	—52.8	— 6.0
Percentage increase in total sales during the year 1926, compared with sales in 1925:					
— 3.6	— 1.6	9.9	3.4	— 5.7	— .1
Percentage increase in stock on December 31, 1926, compared with stock on December 31, 1925:					
— 3.1 (15)	—20.8 (4)	30.4 (4)	— 1.8 (7)	....	...
Percentage increase in stock on December 31, 1926, compared with stock on November 30, 1926:					
— 6.0 (12)	— 4.1 (4)	7.1 (3)	.3 (7)	....	...
Percentage of collections in December to accounts receivable on December 1, 1926:					
67.1 (22)	36.5 (8)	33.9 (5)	43.0 (12)	37.7 (3)	55.5 (6)

— Denotes decreased percentage.

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

Wholesale trade in December, as indicated by reports from 84 firms in six leading lines, was in smaller volume than in November, a regular seasonal development. In comparison with December 1925 sales, those made in December 1926 were greater in dry goods and hardware, but less in groceries, shoes, furniture and drugs. Total sales for 1926 exceeded 1925 sales in shoes and hardware, but in the other four lines sales last year were below those of 1925, the decline in dry goods probably being due in large part to the lower prices on cotton goods.

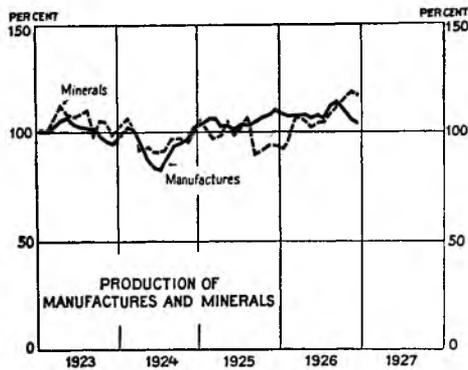
Grocery and dry goods stocks declined in December, while stocks of shoes and hardware increased. At the end of the year stocks in three of the four lines for which information was available were less than stocks on hand December 31, 1925, a very healthy condition in which to begin the new year.

Collections in December were better than in November in all lines except groceries and shoes, and the percentage for shoes was exactly the same for both months.

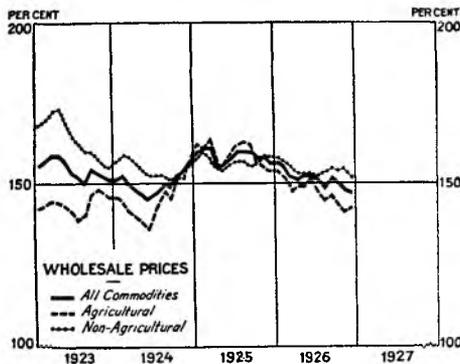
(Compiled January 20, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES.

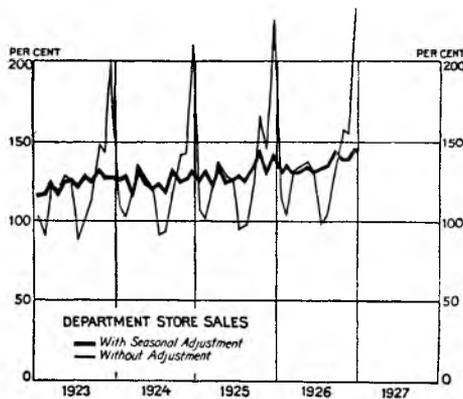
(Compiled by the Federal Reserve Board)



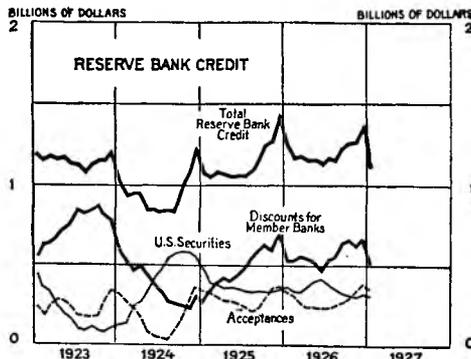
Index numbers of production of manufactures & minerals, adjusted for seasonal variations (1923-25 average 100). Latest figures, December, manufactures 104, minerals 117.



Indexes of U. S. Bureau of Labor Statistics (1913 = 100). Latest figures, December, all commodities 147.2, non-agricultural commodities 151.5, agricultural commodities 142.2.



Index of sales of 359 stores (1919 = 100). Latest figures, December, adjusted index 156, unadjusted index 233.



Monthly averages of daily figures for 12 Federal Reserve Banks. Latest figures are averages of first 23 days in January.

PRODUCTION. In December for the third consecutive month there was a decrease in industrial production, and the Board's new index with adjustment for seasonal variations was 105 on the basis of the average for 1923, 1924 and 1925 as 100. This compares with 113 in September, the high point of the year, and with 108 a year ago. The decline since the recent high point has been entirely in the manufacturing industries, as the output of minerals was at a record high level in November and showed only a slight decline in December. By far the greatest recession of recent months has been in the automobile industry, output of passenger cars and trucks in the United States decreasing from 425,000 in August to 165,000 in December. Reduction in the manufacture of automobiles is usual at the end of the year, when plants close for inventory taking and repairs, but in December 1926 the decline was considerably larger than usual. Production of iron and steel has also been sharply reduced since the middle of autumn, and activity in the woolen and worsted and silk industries has been somewhat curtailed. Production of lumber, cement and other building materials has reflected the usual winter decrease in demand. Cotton consumption, on the other hand, was larger than in any previous December. Factory employment and payrolls declined further in December, reflecting decreases in nearly all industries except cotton goods, clothing, foundries and machine shops, printing and publishing. The value of building contracts awarded in December, as in November, was larger than in the corresponding period a year earlier, but for the first three weeks of January contracts were in smaller volume than during the same weeks of 1926. This decline in January was largely concentrated in the New York and Atlanta Federal reserve districts, where building was unusually active a year ago. Residential contracts were smaller in December than a year earlier in nearly all districts, the increase in the total for the month being in other types of building.

TRADE. Retail sales in December exceeded all previous records. Sales of department stores were approximately 4 per cent larger than in December of last year, and sales of mail order houses, while slightly smaller than in 1925, were larger than in the corresponding month of any other year. Sales at wholesale, on the other hand, declined in December and were smaller than a year ago in practically all leading lines except shoes. Merchandise stocks carried by department stores were reduced slightly more than in the month than in 1925, and wholesale stocks were also slightly smaller than a year ago. Freight car loadings showed about the usual seasonal decline in December, with shipments of all groups of commodities except coal and merchandise in less than carload lots in smaller volume than a year earlier.

PRICES. Wholesale prices declined further in December, and the Bureau of Labor Statistics index at 147 for that month was at the lowest level since the middle of 1924. Prices of agricultural products, which declined considerably in October and November, increased slightly in December, owing to advances in the prices of grains and cotton. In the first three weeks of January there were further increases in grains, and advances also in cotton, hogs and flour. Prices of non-agricultural products declined in December, owing chiefly to decreases in bituminous coal, clothing materials, non-ferrous metals and building materials. In January, iron and steel prices were slightly reduced and there were further declines in bituminous coal and non-ferrous metals, while prices of cotton goods and coke advanced.

BANK CREDIT. At the reserve banks during the four weeks following the peak of the seasonal currency demand there was a return flow of Federal reserve notes and other cash from circulation amounting in the aggregate to about \$400,000,000. This return flow of currency was in about the same volume as a year ago, and together with substantial gold imports, was reflected in a reduction of the volume of reserve bank credit in use to a level on January 19th lower than at any time since the summer of 1925. Loans and investments of member banks in leading cities, after increasing to a record level at the end of the year, declined sharply in January. Commercial loans, which had reached their seasonal peak in November, were in the middle of January about \$200,000,000 below the maximum figure, but were still more than \$300,000,000 above the level of a year ago. Loans on securities at the reporting banks also declined after the turn of the year, following a large increase in December, and were slightly smaller than in January of last year. Easier money conditions prevailed in the money market in January, and rates on prime commercial paper declined from 4½ to 4¼ per cent, and those on bankers' acceptances from 3% to a range of 3½—3% per cent.