

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

JULY 31, 1927

DISTRICT SUMMARY. Business in the Fifth Federal reserve district was relatively better in June than in May, although there was a seasonal decline in the total volume. At the turn of the year, both favorable and unfavorable influences are at work, and it is difficult to strike a balance between them. The greatest improvement in comparison with conditions a year earlier is noted in the textile industry, which at present occupies a more favorable position than for several years. The agricultural outlook in the district is also probably better than it was last year, except for growers of fruit, but it is difficult to draw conclusions on probable yields so early in the growing season. West Virginia's coal industry is producing a larger tonnage than would be marketable without the influence of the strike of miners in the central competitive field, and the tobacco industry of the district is in process of expansion. Member banks are borrowing less at the reserve bank than in July 1926, and deposits in member banks are at record levels, testifying to the ability of the public to purchase merchandise in large quantities. Wholesale trade is about at seasonal levels, and the wholesale dry goods trade in distinctly improved this year.

Most of the unfavorable factors may be traced back to a district wide recession in construction work in comparison with last year. For nine consecutive months the volume of work provided for in building permits issued in the district's leading cities has been less than during the corresponding months of the previous year. Labor is not so well employed as a year ago, and in most of the cities there is a considerable amount of unemployment. This situation is reflected in retail trade, which last month and during the first half of this year ran moderately behind the volume of trade reported in 1926. Business failures have increased this year in both number of insolvencies and in liabilities involved. Debits to individual accounts in clearing house banks, while increasing seasonally during the past five weeks in comparison with the preceding like period this year, were lower than during the corresponding five weeks of 1926, chiefly due to a large decrease in Baltimore.

RESERVE BANK OPERATIONS.

Between June 15th and July 15th, this year, rediscounts for member banks held by the Federal Reserve

Bank of Richmond rose from \$19,590,000 to \$23,411,000, an unusual expansion in credit needs at this season of the year. Country banks reduced their borrowing somewhat during the month, but city banks increased their rediscounts enough to counterbalance the reduction in rural sections. Federal reserve notes in actual circulation continued to decline, falling from a total of \$61,880,000 at the middle of June to \$60,176,000 at the middle of July. Total bill holdings of the Federal Reserve Bank of Richmond rose from \$27,919,000 on June 15th to \$33,339,000 on July 15th, the increase being composed of approximately \$4,000,000 in rediscounts and \$1,500,000 in bankers' acceptances purchased from member banks and in the open market. Member bank reserve deposits decreased slightly last month, declining from \$70,888,000 on June 15th to \$69,266,000 on July 15th. The several changes in the items mentioned caused a reduction in the cash reserves of the Federal Reserve Bank of Richmond from \$98,738,000 at the middle of June to \$89,157,000 at the middle of July, and lowered the ratio of cash reserves to note and deposit liabilities combined from 74.11 per cent to 67.75 per cent.

Rediscounts held for member banks amounting to \$23,411,000 on July 15, 1927, showed a marked drop from rediscounts totaling \$41,111,000 held by the Federal Reserve Bank of Richmond on July 15, 1926. Notes in circulation totaling \$60,176,000 on the 1927 date were also considerably less in volume than \$70,591,000 in circulation a year ago. The circulation of the country at large also is materially less at this time. Total bill holdings of the Reserve bank declined during the year from \$50,153,000 to \$33,339,000, approximately the same amount of reduction shown in rediscounts for member banks. Reserve deposits of member banks rose during the year from \$67,459,000 to \$69,266,000, an increase made necessary by larger deposits in member banks. The cash reserves of the Richmond reserve bank changed little during the year, declining from \$89,467,000 on July 15, 1926, to \$89,157,000 on July 15, 1927. The ratio of reserves to note and deposit liabilities combined rose between the 1926 and 1927 dates from 63.35 per cent to 67.75 per cent, the higher figure this year being chiefly due to a smaller note circulation.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	July 13, 1927	June 15, 1927	July 14, 1926
1. Total Loans and Discounts (including all rediscounts)	\$523,984,000	\$520,040,000	\$512,649,000
2. Total Investments in Bonds and Securities	152,720,000	146,033,000	139,194,000
3. Reserve Balance with Federal Reserve Bank	42,476,000	42,520,000	41,017,000
4. Cash in Vaults.....	13,962,000	13,038,000	14,109,000
5. Demand Deposits	394,027,000	385,965,000	378,285,000
6. Time Deposits	229,229,000	225,567,000	209,082,000
7. Borrowed from Federal Reserve Bank..	9,809,000	4,774,000	14,345,000

The chief items of condition for sixty-seven regularly reporting member banks are shown in the accompanying table, three dates being included to allow for comparison of the latest available figures, those of July 13, 1927, with those of June 15, 1927, and July 14, 1926, the preceding month and the preceding year, respectively. It should be understood that the figures shown reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

A comparison of the July 13th figures with those of the preceding month shows some increase in loans to customers, an unseasonal development. Total loans and discounts in the reporting banks increased \$3,944,000 between June 15th and July 13th, while investments in bonds and securities rose by \$6,687,000. Reserve deposits of the reporting banks at the Federal reserve bank showed only a daily fluctuation during the period under review, declining by \$44,000, but cash in vaults dropped \$924,000. Demand deposits increased \$8,062,000 and time deposits gained \$3,662,000 between June 15th and July 13th. The reporting banks more than doubled their borrowing at the reserve bank during the past month, rediscounts by the sixty-seven institutions at the Federal Reserve Bank of Richmond rising by \$5,035,000, doubtless incident to July settlements including the payment of dividends.

Between July 14, 1926, and July 13, 1927, the sixty-seven reporting member banks increased their loans to customers by \$11,335,000, and raised their investments in bonds and securities by \$13,526,000. They also increased their reserve deposits at the Federal reserve bank by \$1,459,000. At the same time, the reporting institutions reduced their own borrowing at the reserve bank by \$4,536,000. These changes in the items mentioned were made possible by deposit gains during the year under review, demand deposits having increased \$15,742,000 and time deposits \$20,147,000 between July 14th last year and July 13th this year. Cash in the vaults of the reporting banks remained practically the same during the year, declining \$147,000.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED			SEMI-ANNUAL TOTALS	
	July 13, 1927	June 8, 1927	July 14, 1926	1927	1926
Asheville, N. C.....	\$ 39,512,000	\$ 47,165,000	\$ 47,365,000	\$ 220,428,000	\$ 222,630,000
Baltimore, Md.	497,091,000	440,792,000	559,785,000	2,443,522,000	2,628,144,000
Charleston, S. C.....	32,631,000	30,614,000	28,710,000	166,385,000	163,927,000
Charleston, W. Va.....	45,719,000	42,040,000	43,651,000	225,894,000	221,819,000
Charlotte, N. C.....	60,536,000	60,409,000	56,446,000	314,513,000	305,589,000
Columbia, S. C.....	25,464,000	29,515,000	19,774,000	141,363,000	109,736,000
Cumberland, Md.	12,211,000	11,017,000	12,410,000	54,249,000	53,440,000
Danville, Va.	11,118,000	9,506,000	11,344,000	58,629,000	54,728,000
Durham, N. C.....	32,487,000	32,304,000	33,602,000	166,459,000	159,229,000
Greensboro, N. C.....	29,541,000	28,690,000	30,884,000	152,664,000	162,100,000
Greenville, S. C.....	27,076,000	25,848,000	24,341,000	136,909,000	143,472,000
Hagerstown, Md.	12,838,000	12,411,000	12,859,000	65,331,000	62,841,000
Huntington, W. Va.....	30,770,000	26,978,000	29,747,000	149,159,000	153,940,000
Lynchburg, Va.	22,565,000	22,397,000	25,074,000	117,378,000	126,681,000
Newport News, Va.....	10,761,000	10,882,000	15,046,000	63,035,000	59,214,000
Norfolk, Va.	85,835,000	86,719,000	91,628,000	448,015,000	460,706,000
Raleigh, N. C.....	37,583,000	24,449,000	41,369,000	148,428,000	163,897,000
Richmond, Va.	154,289,000	145,043,000	160,376,000	807,985,000	813,591,000
Roanoke, Va.	34,915,000	32,887,000	35,081,000	171,587,000	168,712,000
Spartanburg, S. C.....	15,231,000	16,041,000	15,903,000	85,737,000	91,643,000
Washington, D. C.....	296,596,000	299,779,000	308,697,000	1,495,125,000	1,471,637,000
Wilmington, N. C.....	20,510,000	22,286,000	21,937,000	119,288,000	130,500,000
Winston-Salem, N. C....	48,613,000	46,091,000	44,976,000	252,097,000	233,901,000
District Totals.....	\$1,583,892,000	\$1,503,863,000	\$1,671,005,000	\$8,004,180,000	\$8,162,077,000

The accompanying table shows total debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Federal reserve district during three periods of five weeks each, and in addition the table this month shows semiannual totals in the several cities for the first half of 1927 in comparison with corresponding figures for the first half of 1926. The figures for the latest available five weeks period, ended July 13th, may be compared with those reported for the preceding five weeks ended June 8th this year and with those of the corresponding five weeks ended July 14, 1926.

Aggregate debits of \$1,583,892,000 in the reporting banks during the five weeks ended July 13th show a seasonal increase over the total of \$1,503,863,000 reported for the preceding like period, ended June 8th, the semiannual and quarterly payments occurring on and around July 1st increasing debits totals materially. The increase during the more recent period was rather smaller than in most years, and only sixteen of the twenty-three reporting cities showed higher figures.

In comparison with the corresponding five weeks in 1926, ended July 14th, when debits totaling \$1,671,005,000 were reported, the total of \$1,583,892,000 for the five weeks ended July 13, 1927, shows a decline of \$87,113,000, sixteen of the twenty-three cities reporting lower figures this year. The following cities reported higher figures during the 1927 period: Charleston, S. C., Charleston, W. Va., Charlotte, Columbia, Greenville, Huntington and Winston-Salem.

Total debits for the first half of 1927 amounted to \$8,004,180,000, compared with \$8,162,077,000 reported during the first half of 1926. Twelve cities showed higher figures while eleven cities showed lower figures during the first half of this year in comparison with the corresponding six months of 1926, but the decreases were larger than the increases, chiefly due to a drop of \$184,622,000 in Baltimore, and the district total for the past six months was \$157,897,000 lower than the total in the first six months of 1926. The 1927 total of debits is \$344,691,000 above the total for the first half of 1925, however.

SAVINGS DEPOSITS—Savings and time deposits reached new high levels at the end of June. Thirteen mutual savings banks in Baltimore had deposits aggregating \$167,218,144 at the close of business June 30, 1927, compared with \$165,558,711 at the end of May this year and \$155,193,114 at the end of June 1926. Sixty-seven regularly reporting member banks had aggregate time deposits amounting to \$229,229,000 on July 13th this year, compared with \$225,567,000 on June 15, 1927, and \$209,082,000 on July 14, 1926.

BUSINESS FAILURES—*Dun's Review* for July 2nd comments upon the June failure record as follows: "Insolvencies in the United States during the month of June numbered 1,833, with liabilities of \$34,465,165, these figures contrasting with 1,852 similar defaults for \$37,784,773 in May this year and 1,708 in June 1926, involving \$29,407,523. The increase in the number of defaults in June this year over a year ago is 7.3 per cent, practically the same as in May. There has been a normal decline in practically every month this year from January, the decrease amounting to 25.6 per cent, exactly the same as in 1926, while in 1925 it was 24.6 per cent.

"For the first six months of this year insolvencies numbered 12,292, with liabilities of \$291,527,518, in contrast with 11,476 a year ago, involving \$209,888,501. There were only two years, the first half of 1922, and 1915, in which the number of commercial defaults exceeded those of this year, and likewise as to the indebtedness involved, only in 1924, 1922 and 1921 did liabilities for the first six months exceed the aggregate this year. In connection with the larger number of defaults this year consideration must be given to the larger number of firms in business."

June failures in the fifth district numbered 142, compared with 125 in May this year and 96 in June 1926. Last month's liabilities of \$2,255,430 compare favorably with \$5,707,404 reported for May 1927, but exceed \$1,719,126 in June last year. Fifth district failures in the first six months of 1927 numbered 863, with liabilities totaling \$23,131,574, compared with 772 insolvencies in the first half of 1926, with aggregate liabilities of \$14,369,247.

LABOR—The labor situation is spotted, some sections reporting a considerable volume of unemployment while others report only a normal number of idle workmen. Almost all industrial plants in the fifth district are operating full time and are using their regular quotas of workers, but in a number of the district's cities there is a smaller amount of construction work under way than at this time in recent years, and it is in these cities in which there is complaint of unemployment. There does not appear to be an unusually large number of workmen who are involuntarily idle anywhere in the district, however, although the situation in scattered centers compares unfavorably with the recent more or less abnormal years.

COAL—Bituminous coal production in June 1927 totaled approximately 36,627,000 net tons, compared with 41,992,000 net tons mined in June 1926, according to the weekly report of the Bureau of Mines, Department of Commerce, for July 16th. Production has steadily increased since the beginning of the strike in union bituminous fields on April 1st, and last month was only 12.8 per cent less than total production in June last year. On April 1st, when the strike began, reserve stocks were reported to be the highest on record for that date, and since that time the mines still in operation

have been able to keep practically up with current consumption, thus making it unnecessary to draw upon reserve stocks to any appreciable extent. West Virginia continues to lead all states in coal mined, running between two and a half to three million tons per week. Coal at retail can be had in practically all prepared sizes and on immediate delivery, with prices averaging from 50c to \$1.00 a ton higher than a year ago. Anthracite coal, of which comparatively little is used in the fifth district, is cheaper than last year, when the shortage resulting from the strike of 1925-1926 had not been made up.

TEXTILES—Cotton consumed in the three textile manufacturing states of the fifth district during June this year totaled 273,414 bales, of which North Carolina mills used 149,810 bales, South Carolina mills 111,751 bales, and Virginia mills 11,853 bales. In the longer month of May the fifth district mills consumed 264,507 bales, and in June 1926 used 212,398 bales. The mills are operating approximately full time, and having in hand a larger volume of forward orders than for several years, they are shipping the goods as made and are accumulating little stock in their warehouses. Due to the steady rise in cotton prices during recent months, many mills report that they are shipping goods on orders previously accepted at less than replacement costs, although some profit is being made on the business, the goods coming from cotton bought before the advance in price. Most of the textiles recently sold appear to have gone into the hands of consumers, stock figures received from wholesale dry goods jobbers and department stores indicating little accumulation of goods in secondary hands. On the whole, the fifth district textile industry appears to be in about the most favorable position it has occupied since early 1920.

BUILDING OPERATIONS FOR THE MONTHS OF JUNE 1927 AND 1926.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1927	1926	1927	1926			
		1927	1926	1927	1926							
1	Baltimore, Md.....	568	620	1,421	1,375	\$ 3,217,800	\$ 3,610,428	\$1,016,648	\$ 833,520	\$— 209,508	— 4.7%	1
2	Cumberland, Md...	17	25	8	5	66,250	90,771	7,975	1,420	— 17,966	— 19.5	2
3	Frederick, Md.....	14	34	1	10	23,520	149,514	50	20,860	— 146,804	— 86.2	3
4	Hagerstown, Md...	34	28	12	16	53,910	71,405	4,845	9,232	— 21,882	— 27.1	4
5	Danville Va.....	20	15	16	7	126,785	104,829	13,290	2,590	— 32,656	— 30.4	5
6	Lynchburg, Va.....	28	39	29	29	51,169	138,120	6,680	10,766	— 91,037	— 61.1	6
7	Norfolk, Va.....	106	78	89	96	260,990	570,435	87,305	37,682	— 259,822	— 42.7	7
8	Petersburg, Va.....	5	4	13	11	11,165	8,950	48,810	4,950	46,075	331.5	8
9	Richmond, Va.....	93	146	69	78	1,086,618	686,130	177,069	138,518	439,039	53.2	9
10	Roanoke, Va.....	58	96	28	41	233,247	353,940	11,325	10,760	— 120,128	— 32.9	10
11	Bluefield, W. Va...	14	20	8	7	80,950	41,925	2,035	7,730	— 33,330	— 67.1	11
12	Charleston, W. Va.	54	61	16	29	77,650	214,754	5,850	36,625	— 167,879	— 66.8	12
13	Clarksburg, W. Va	25	31	23	30	107,200	125,595	5,065	7,300	— 20,630	— 15.5	13
14	Huntington, W. Va.	46	70	4	7	76,767	136,595	600	3,650	— 62,878	— 44.8	14
15	Parkersburg, W. Va	18	29	9	9	134,600	188,575	6,400	6,600	— 54,175	— 27.8	15
16	Asheville, N. C.....	26	109	111	65	2,780,167	939,470	36,645	31,800	1,795,542	175.8	16
17	Charlotte, N. C.....	64	54	12	16	324,960	1,029,306	12,208	44,150	— 736,288	— 68.6	17
18	Durham, N. C.....	49	44	4	16	221,050	423,630	223,100	9,400	— 11,120	— 2.6	18
19	Greensboro, N. C.	42	75	44	30	310,860	735,378	33,635	14,493	— 405,376	— 54.1	19
20	High Point, N. C...	61	76	8	15	203,900	816,275	8,462	19,850	— 623,763	— 74.6	20
21	Raleigh, N. C.....	37	46	9	4	173,000	357,175	6,750	2,950	— 180,375	— 50.1	21
22	Salisbury, N. C.....	16	6	7	8	64,225	13,240	3,390	200	— 54,175	403.1	22
23	Wilmington, N. C.	8	9	6	5	13,400	30,800	10,400	12,300	— 19,300	— 44.8	23
24	Winston-Salem, N. C.	109	58	55	40	831,911	138,792	60,886	13,735	740,270	485.3	24
25	Charleston, S. C. ...	10	13	28	25	24,725	29,380	18,015	8,685	— 4,675	— 12.3	25
26	Columbia, S. C.	23	14	41	22	123,250	333,463	23,565	342,253	— 528,901	— 78.3	26
27	Greenville, S. C.....	10	12	35	24	59,650	71,750	17,635	12,220	— 6,685	— 8.0	27
28	Spartanburg, S. C.	27	35	28	24	71,075	127,187	8,919	34,785	— 81,978	— 50.6	28
29	Washington, D. C.	232	162	405	444	2,511,685	5,520,385	451,195	543,595	—3,101,100	— 51.1	29
	Totals.....	1,814	2,009	2,539	2,488	\$13,322,479	\$17,108,197	\$2,308,744	\$2,222,619	—\$ 3,699,593	— 19.1%	

— 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.

Construction work provided for in permits issued in June in the fifth district was in larger volume than that of May this year, but for the ninth consecutive month was below that of the corresponding month of the preceding year. Permits for new construction issued last month by building inspectors in twenty-nine fifth district cities numbered 1,814, with estimated valuation of \$13,322,479, compared with 1,711 permits and a valuation of \$10,347,903 in May and 2,009 permits and \$17,108,197 valuation in June last year. For alteration and repair work, 2,539 permits issued last month exceeded 2,488 permits for this class of work in June last year, and June valuation figures totaling

\$2,308,744 also exceeded the June 1926 total, \$2,222,619. In combined valuation for both new and repair or alteration work, the twenty-nine cities totaled \$15,631,223 last month and \$19,330,816 in June a year ago, a decrease during the 1927 month of \$3,699,593, or 19.1 per cent. Nine of the reporting cities showed higher valuation figures for June 1927 than a year ago, but twenty cities reported lower figures, indicating clearly that the recession in construction activity noted in recent months was district wide. Larger figures for June 1927 were reported by four cities in North Carolina, three in Virginia, and one each in West Virginia and South Carolina.

Building contracts awarded in the fifth district in June total \$35,502,523, including both urban and rural construction. Of this amount, \$11,295,833 was for residential work, according to statistics collected by the F. W. Dodge Corporation.

COTTON—The upward movement of cotton prices continued between the middle of June and the middle of July, the total rise slightly exceeding a cent a pound, or \$5 per bale. In our *Review* last month we quoted 15.66 cents per pound as the average price paid on Carolina markets during the week ended June 11th. From this price there was a gradual rise to 16.69 cents per pound during the week ended July 16th, the latest period for which statistics are available. The past month witnessed the official announcement of a substantial acreage reduction this year, and June consumption figures were larger than the trade had expected.

Cotton consumption in American mills in June was the highest on record for that month, and was the second largest for any month. The Bureau of the Census reported 662,630 bales of lint consumed last month, compared with 633,024 bales used in May this year and 518,607 in June 1926. Total consumption for the eleven months of the season to date—August 1, 1926, to June 30, 1927—amounted to 6,633,474 bales, compared with 5,994,109 bales consumed in the corresponding period ended June 30, 1926. Cotton on hand at manufacturing establishments on June 30, 1927, amounted to 1,607,676 bales, compared with 1,794,284 bales held on May 31st this year and 1,268,707 bales held at the end of June last year. Bales in public warehouses and compresses numbered 2,164,108 at the end of June this year, 2,868,947 at the end of May, and 2,410,261 on June 30, 1926. Exports of cotton in June totaled 481,943 bales, compared with 628,132 bales sent abroad in May 1927 and 346,533 bales exported in June last year. Exports during the eleven months of the present cotton year totaled 10,794,580 bales, compared with 7,788,848 bales shipped out of the country during the eleven months ended June 30, 1926. Imports in June totaled 36,055 bales, compared with 21,347 bales in May 1927 and 22,137 bales in June 1926, while total imports during the past eleven months amounted to 368,813 bales, in comparison with 313,421 bales imported during the corresponding period of the previous year. Active spindles in June 1927 numbered 32,753,428, compared with 32,906,580 in May this year and 31,755,874 in June last year. Consumption in the cotton growing states totaled 474,577 bales in June, or 71.6 per cent of National consumption, compared with 365,782 bales, or 70.5 per cent of National consumption, used in the cotton growing states in June 1926.

Prospects for the cotton crop this year are problematical. In addition to the usual difficulty in estimating probable yields this early in the season, the Department of Agriculture has been restricted in the number and kinds of condition reports it may issue, and the only data now available comes from private agencies. On July 10th, the Department of Agriculture issued a preliminary acreage report as of July 1st, at which time a reduction of 12.4 per cent under the 1926 acreage was reported. In the fifth district, South Carolina showed a reduction of 5 per cent, the smallest reported for any state. North Carolina's reduction this year is 10 per cent, and Virginia's acreage is 23 per cent below that of last year. In South Carolina the crop got off to a better start than in several years, but frequent rains in June caused rapid and sappy growth. Plants are blooming freely, but weevils are numerous in eastern and southern counties and are a real menace to the crop. Less fertilizer was used under this year's crop in South Carolina than any other of the past four years, although fertilizer was cheaper this year. In North Carolina the crop is reported in fairly good condition, but the plants are small. The stand is better than last year, but the weevil infestation appears to be more general and intensive than for several years, due to excessive rain and grassy condition of the fields. In Virginia, many of the more northern counties, which began raising cotton four or five years ago, have practically abandoned the crop this year. The stand is fairly good, although considerable replanting was necessary. Growth is quite backward as a result of the cold weather in May and early June, but weather conditions late in June and the first half of July were better and the crop is beginning to make more progress.

AGRICULTURAL NOTES—MARYLAND crops have improved somewhat during recent weeks, although the weather remained too cool for the season. Wheat was harvested under almost ideal conditions and the crop ranged from fair to good. Yields, however, are not up to last year, when a record average of 23 bushels per acre was harvested. The early potato crop, which is moving to market, is reported as turning out one of the best yields in years and will be profitable to growers unless prices decline greatly as the season advances. Fruit yields promise not more than half a crop this year. Corn remains the most dubious of the State's crops. The cool weather has greatly retarded development, but the color of the plant is good and if favorable weather occurs during the

balance of the season much of the retardation may be made up. Haylands and pastures are in excellent shape.

VIRGINIA agricultural prospects improved during the first half of July, according to the Virginia Crop Reporting Service. Frequent rains and warm weather caused crops to grow rapidly. The corn crop is now unusually good in Southern and Eastern districts, but in the Northern, Western and Southeastern districts corn is still backward. Fields have been well cultivated, and good weather during the next six weeks would probably bring good yields. In the Southern half of the state most of the wheat crop has been threshed, and the yield was disappointing. The hay crop has been good, with favorable conditions for cutting and curing. Late hay crops are making rapid growth and should make good yields. Tobacco has grown rapidly since the recent rains and growers now expect good yields. The acreage planted in flue-cured tobacco is approximately the same as last year, but in fire-cured sections the acreage has been reduced probably 25 per cent as a result of the dissatisfaction over prices received for dark tobacco last season. The peanut crop is backward, with poor stands and some grassy fields, but prospects are better than a month ago. Fruit prospects are very poor except in a few districts. The commercial apple crop is expected to be less than half of the 1926 crop. Farm gardens have improved wonderfully and are now providing a variety of vegetables for home use.

NORTH CAROLINA farm conditions are vastly better than on June 1st, following the breaking of a long drought. The condition of corn is about normal, and considerable improvement is expected later in the season. The wheat crop was quite disappointing in both yield and quality, but hay crops are very good, due to June and July rains. Tobacco is irregular in growth and quality, but about the same yield as last year is expected on an increased acreage. The prices of most truck crops were good during the spring. The commercial Irish potato crop is perhaps the largest for many years. Sweet potato and peanut crops are somewhat below normal in condition, but larger acreages were planted in both crops. The state's peach and apple crops are distinctly below the production of 1926, but it is possible that more peaches may be shipped than is now expected.

SOUTH CAROLINA acreage estimates, released on July 11 and relating to July 1st, show an increased acreage over last year in all important crops except cotton. Conditions of the growing crops were much better than at this time last year and equal to or above the five-year averages in most instances. Ample rainfall during June caused rapid growth of all vegetation and the state of cultivation is not so good as on June 1st. This year's corn crop is expected to make larger yields than last year, but not quite up to the five-year average. An upward revision of the wheat acreage and a better outturn at the thresher than was indicated by condition reports give a crop larger than previous forecasts. The yield of 11 bushels per acre this year is 5 bushels less than last year's excellent yield, but is exactly the ten-year average for the state. This year's tobacco acreage is 125 per cent of the 1926 acreage, and a crop condition of 75 per cent on July 1st indicates a yield of 69,069,000 pounds in comparison with 57,510,000 pounds last year and a five-year average production of 60,600,000 pounds. Pastures are in excellent condition.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of June, 1927

Percentage increase in June 1927 sales, compared with sales in June 1926:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 3.3	— 2.0	— 3.3	— .4	— 2.9
Percentage increase in total sales since January 1st, over sales in the first half of 1926:				
— 3.2	3.2	— 1.9	— 1.2	— 1.9
Percentage increase in June 1927 sales over average June sales during the three years 1923-1925, inclusive:				
— 5.6	17.9	3.9	2.8	.7
Percentage increase in stock on hand June 30, 1927, over stock on June 30, 1926:				
— 4.7	.5	.3	2.8	— 1.5
Percentage increase in stock on hand June 30, 1927, over stock on May 31, 1927:				
— 8.1	— 4.9	— 4.4	— 5.0	— 6.1
Percentage of sales in June 1927 to average stock carried during that month:				
25.8	29.3	28.6	21.4	26.6
Percentage of total sales since January 1st to average stock carried during each of the six elapsed months:				
152.1	163.0	162.8	127.1	154.0
Percentage of outstanding orders on June 30th to total purchases of goods in 1926:				
6.1	3.4	6.3	4.6	5.8
Percentage of collections in June 1927 to total accounts receivable on June 1st:				
23.7	27.5	30.3	31.2	26.7

— Denotes decreased percentage.

Retail trade in thirty of the fifth district's leading department stores in June was in smaller volume than during the corresponding month a year ago, eighteen stores reporting lower sales dur-

ing the past month. The average decline in June sales under sales in June 1926 was 2.9 per cent, and cumulative sales in the thirty stores during the first half of this year averaged 1.9 per cent less than total sales during the first half of last year. June sales averaged 7/10s of 1 per cent above average June sales during the three years 1923-1925, inclusive, but outside of Baltimore most of the stores showed a higher average increase than the district figure.

Stocks of merchandise on the shelves of the reporting stores were 1.5 per cent lower in selling value at the end of June 1927 than a year earlier, and were 6.1 per cent smaller than a month earlier.

The percentage of sales in June to average stocks carried was 26.6 per cent for the district as a whole, and the percentage of total sales during the first half of this year to average stocks carried during each of the six months was 154.0 per cent, indicating an annual turnover of 3.08 times. During the first six months of 1926 the turnover was at a rate of 3.12 times.

Collections by twenty-nine of the thirty reporting stores during June totaled 26.7 per cent of outstanding receivables as of June 1st, a slightly higher percentage than was reported in May this year but a lower figure than 28.4 per cent collected in June 1926.

WHOLESALE TRADE, JUNE 1927

Percentage increase in June 1927 sales, compared with sales in June 1926:					
<i>34 Groceries</i>	<i>12 Dry Goods</i>	<i>6 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>
— 4.3	2.1	— 4.6	5.9	—17.8	1.1
Percentage increase in June 1927 sales, compared with sales in May 1927:					
2.1	— 2.4	—17.7	— 7.9	—33.6	— 3.4
Percentage increase in total sales since Jan. 1, 1927, compared with sales during the first half of 1926:					
— 6.2	— 2.4	— .3	5.1	— 7.4	— 2.3
Percentage increase in stock on June 30, 1927, compared with stock on June 30, 1926:					
3.0(11)	— 2.4(5)	5.5(4)	— 5.0(8)
Percentage increase in stock on June 30, 1927, compared with stock on May 31, 1927:					
— 5.4(11)	19.6(5)	— 1.9(4)	2.3(8)
Percentage of collections in June to total accounts receivable on June 1, 1927:					
66.4(21)	31.2(8)	32.0(5)	38.2(12)	33.8(3)	58.3(8)

— Denotes decreased percentage.

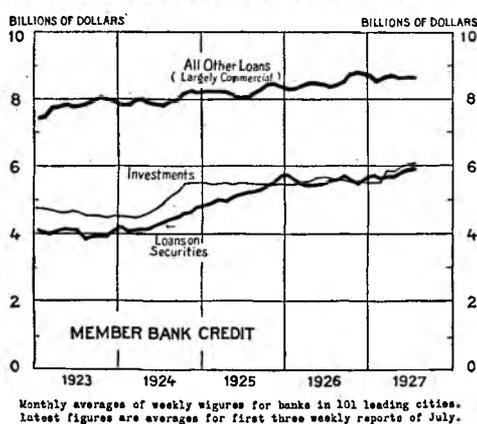
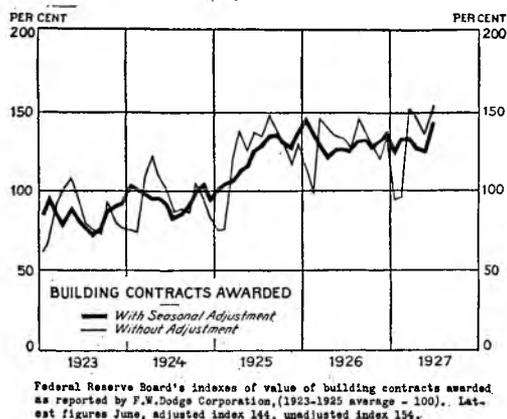
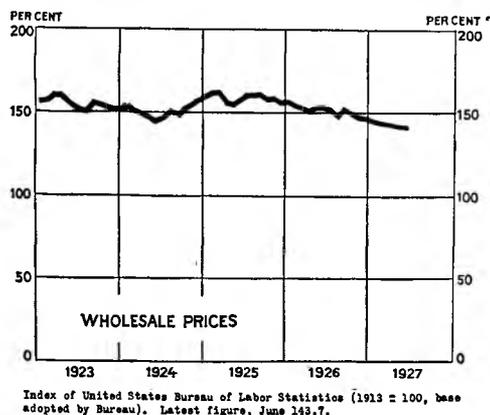
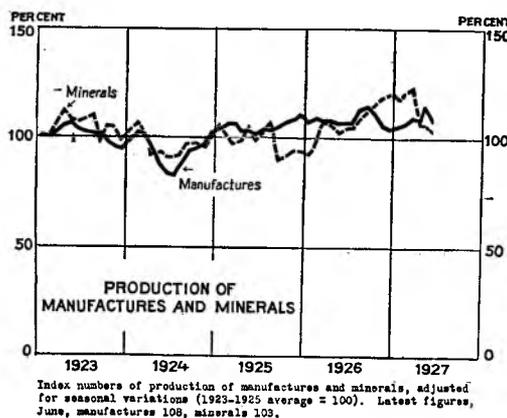
NOTE: The number of firms reporting stock and collection data in each group is shown immediately following the percentages.

Eighty-six wholesale firms reported on their June business in comparison with the preceding month this year and the corresponding month last year. Dry goods, hardware and drug firms sold more merchandise in June 1927 than in June a year ago, but grocery, shoe and furniture sales last month were in smaller volume. June 1927 sales of groceries exceeded May 1927 sales, but the other five lines reported lower figures for June than for the preceding month. Total sales during the half-year just closed exceeded sales in the first six months of 1926 in hardware, but grocery, dry goods, shoe, furniture and drug sales were less than in 1926. Stocks of dry goods and hardware increased during June, while grocery and shoe stocks declined. At the end of June this year, stocks of groceries and shoes on the shelves of the reporting firms were larger than on June 30, 1926, but dry goods and hardware stocks were smaller than a year earlier. The percentages of collections during June to outstanding receivables as of June 1st were higher in every line of trade reported upon except furniture than in June last year.

(Compiled July 20, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



The output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

PRODUCTION. Production of iron and steel and automobiles declined considerably in June and curtailment in these industries continued during the early part of July. There were also decreases in June in silk deliveries, sugar refining and production of lumber, copper and anthracite coal. Cotton and woolen mills continued active for this season of the year and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production and the manufacture of building materials showed increases. Production of manufactures, as a group, was slightly larger in June than in the same month of 1926, but output of materials, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of the year and with June of last year, in the New York and Chicago Federal reserve districts. Contracts were awarded during the first half of July in practically the same volume as in the corresponding period of last year. On the basis of conditions on July 1st forecasts of the Department of Agriculture indicate increases as compared with the 1926 harvested production in the output of wheat, oats, barley, rye, hay and potatoes, and decreases in corn, tobacco and the principal fruit crops. Cotton, for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of 2 per cent. A reduction of 371,000,000 bushels in the estimated production of corn compared with 1926 indicates the smallest crop since 1901.

TRADE. Wholesale trade in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago while those of mail order houses and chain stores were larger. Sales of meats, dry goods and hardware at wholesale were smaller than in June of last year, while sales of groceries, shoes and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June 1926. Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago. Daily average freight car loadings failed to show the customary seasonal increase between May and June and were in smaller volume from early in May to the middle of July than during the corresponding period of last year. Shipments of almost all groups of commodities have been smaller than a year ago. The largest declines occurred in the shipment of coal and coke.

PRICES. The general level of wholesale commodity prices, according to the Bureau of Labor Statistics index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, non-ferrous metals, building materials and rubber, and advances in grains, cotton, hides and skins, and anthracite coal. During the first three weeks of July prices of wheat, bituminous coal, iron and steel and rubber declined, while those of livestock, cotton, wool, copper and hides advanced.

BANK CREDIT. The demand for member bank credit decreased from the latter part of June to the middle of July and on July 20th the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural and industrial purposes decreased by about \$45,000,000. Demand for reserve bank credit in connection with settlements at the end of the fiscal year and increased currency requirements over the holiday period carried total discounts for member banks on July 6th to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was a decreased demand for member bank accommodation and on July 20th total discounts were in somewhat smaller volume than four weeks earlier. Holdings of United States securities showed a slight increase during July. Conditions in the money market, after seasonal firmness at the end of June, were easier in July.