

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

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DISTRICT SUMMARY.—Business followed seasonal trends rather closely in the Fifth Federal reserve district during July and early August, but the volume of trade was perhaps not up to the level of July and August last year. On the whole, however, the outlook for fall trade improved distinctly between the middle of July and the middle of August, chiefly due to an improvement in agricultural prospects. The Department of Agriculture's first cotton condition report of this season estimated the probable yield in 1927 at approximately four and a half million bales below the crop of 1926, although in the Fifth district August 1st prospects were better than they were a year earlier. The opening of the South Carolina tobacco markets, with prices averaging 20 cents and upward, together with an expected increase in tobacco production in the district, brought assurance of a profitable season for the district's tobacco growers. All crops made good progress since July 15th, and while some crops are not expected to yield as high as in 1926, the total value of this year's farm products will probably exceed the value of the 1926 crops by a considerable amount. Other favorable influences at work in the district are the activity of the textile mills, the large volume of business the West Virginia coal mines are doing, and an abundance of credit to care for all legitimate demands of agriculture and commerce. Bank deposits at record levels testify to the favorable economic position of the banks' customers generally, and debits figures above those of the same period a year ago prove that a very large volume of business is being done.

The most unfavorable factor in the present situation is the decrease in construction work, with consequent increase in unemployment in the building trades and a falling off of retail trade. Business failures in July were above those of July 1926 in both number and liabilities. Retail trade as reflected in department store sales declined 7.7 per cent in July in comparison with July a year ago, although wholesale trade was about up to seasonal levels. Collections were slower in July than in July 1926 in both wholesale and retail fields.

RESERVE BANK OPERATIONS.—In nearly all years there is an increased demand for reserve bank credit in the Fifth district between the middle of July and the middle of August incident to the opening of South Carolina and some North Carolina tobacco markets and to the marketing of other early agricultural products. This year, however, in spite of large sales at good prices on the tobacco markets which have opened, the demand for credit at the reserve bank actually declined during the month under review. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond decreased from \$23,411,000 on July 15th to \$20,923,000 on August 15th, and the actual circulation of Federal reserve notes dropped between the same dates from \$60,176,000 to \$59,379,000. Total bill holdings of the Federal Reserve Bank of Richmond declined from \$33,339,000 at the middle of July to \$29,548,000 at the middle of August. Contrary to the seasonal trend, member bank reserve deposits rose from \$69,266,000 on July 15th to \$70,119,000 on August 15th. The several changes enumerated slightly reduced the cash reserves of the Richmond reserve bank, which dropped from \$89,157,000 at the middle of July to \$88,713,000 at the middle of August, and the ratio of cash reserves to note and deposit liabilities combined declined from 67.75 per cent to 67.02 per cent during the same period. Effective August 16th, the Bank reduced the rediscount rate on all classes of paper from 4 per cent to 3½ per cent.

On August 15, 1926, rediscounts held by the Federal Reserve Bank of Richmond for member banks totaled \$43,510,000, more than double the \$20,923,000 held by the bank on August 15th this year. Notes in actual circulation a year ago totaled \$72,896,000, compared with \$59,379,000 outstanding on the corresponding date this year. On the other hand, the number of checks used this year is considerably greater. Total bill holdings last year aggregated \$55,415,000, compared with \$29,548,000 this year. Member bank reserve deposits totaled \$65,733,000 on August 15, 1926, and \$70,119,000 on August 15, 1927. The cash reserves of the Federal Reserve Bank of Richmond amounted to \$84,902,000 a year ago and \$88,713,000 this year, while the ratios of cash reserves to note and deposit liabilities combined were 59.81 at the middle of August last year and 67.02 on August 15th this year.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	August 10, 1927	July 13, 1927	August 11, 1926
1. Total Loans and Discounts (including all rediscounts)	\$ 531,568,000	\$ 523,984,000	\$ 519,974,000
2. Total Investments in Bonds and Securities	158,164,000	152,720,000	140,225,000
3. Reserve Balance with Federal Reserve Bank	44,648,000	42,476,000	42,313,000
4. Cash in Vaults	13,328,000	13,962,000	15,286,000
5. Demand Deposits	402,460,000	394,027,000	387,565,000
6. Time Deposits	235,443,000	229,229,000	209,308,000
7. Borrowed from Federal Reserve Bank.....	2,991,000	9,809,000	15,309,000

The accompanying table shows the principal items of condition of sixty-seven regularly reporting member banks as of three dates, August 10, 1927, July 13, 1927, and August 11, 1926, thus affording an opportunity for comparing the latest available figures with those of the preceding month this year and the corresponding month last year. 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.

Comparing the figures in the table reported for August 10th with those for July 13th, both this year, a seasonal expansion in credit extended to customers is noted, due probably to the opening of early markets for agricultural products, although this is not reflected in borrowing from the Reserve bank as stated elsewhere. Total loans and discounts for customers increased \$7,584,000 during the month, and at the same time the reporting banks increased their investments in bonds and securities by \$5,444,000. Reserve balances at the Reserve bank rose \$2,172,000 between July 13th and August 10th, but cash in vaults declined \$634,000. Demand deposits increased \$8,433,000 and time deposits rose \$6,214,000, a total deposit gain of \$14,647,000 during the past month. The increase in deposits enabled the reporting banks to grant the additional credit to customers previously mentioned, and also made possible a reduction of \$6,818,000 in the bank's volume of rediscounts at the Federal Reserve Bank of Richmond, contrary to the usual trend at this season.

Between August 11, 1926, and August 10, 1927, all items except two in the statement increased. Total loans and discounts for customers rose \$11,594,000 during the year, and investments in bonds and securities increased by \$17,939,000. Aggregate reserve balance at the Reserve bank rose \$2,335,000 during the year under review, but cash in vaults declined \$1,958,000. Total deposits increased \$41,030,000 between August 11th last year and August 10th this year, demand deposits gaining \$14,895,000 and time deposits \$26,135,000. The gain in deposits during the year not only proved sufficient to meet the demand from customers for increased credit, but enabled the banks to reduce their rediscounts at the Federal Reserve Bank of Richmond by \$12,318,000, a reduction of 80 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	August 10, 1927	July 13, 1927	August 11, 1926
Asheville, N. C.....	\$ 26,683,000	\$ 30,815,000	\$ 34,603,000
Baltimore, Md.	394,135,000	401,153,000	386,570,000
Charleston, S. C.....	21,729,000	25,637,000	21,405,000
Charleston, W. Va.....	36,807,000	35,982,000	31,385,000
Charlotte, N. C.....	45,966,000	48,450,000	42,750,000
Columbia, S. C.....	19,512,000	20,990,000	16,523,000
Cumberland, Md.	9,170,000	9,796,000	8,073,000
Danville, Va.	7,464,000	9,080,000	8,247,000
Durham, N. C.....	27,867,000	26,634,000	23,434,000
Greensboro, N. C.....	20,330,000	23,579,000	21,331,000
Greenville, S. C.....	17,326,000	21,947,000	18,564,000
Hagerstown, Md.	9,524,000	10,548,000	9,828,000
Huntington, W. Va.	23,630,000	24,446,000	22,344,000
Lynchburg, Va.	17,162,000	18,635,000	16,607,000
Newport News, Va.....	8,246,000	8,634,000	18,960,000
Norfolk, Va.	67,621,000	68,192,000	71,663,000
Raleigh, N. C.....	22,480,000	27,603,000	23,332,000
Richmond, Va.	114,837,000	123,160,000	115,847,000
Roanoke, Va.	25,875,000	28,415,000	26,199,000
Spartanburg, S. C.....	11,232,000	11,972,000	10,798,000
Washington, D. C.....	214,988,000	239,185,000	214,126,000
Wilmington, N. C.	14,813,000	16,587,000	16,837,000
Winston-Salem, N. C.....	39,249,000	38,044,000	32,173,000
District Totals	\$ 1,196,646,000	\$ 1,269,484,000	\$ 1,191,599,000

Debits to individual, firm and corporation accounts in the leading trade centers of the Fifth Federal reserve district are shown in the accompanying table for three periods of four weeks each, ended August 10, 1927, July 13, 1927, and August 11, 1926. The figures for the latest available four weeks period, ended August 10th, may be compared with those reported for the preceding four weeks ended July 13th this year and with those for the corresponding four weeks ended August 11, 1926.

Aggregate debits of \$1,196,646,000 in the reporting banks during the four weeks ended August 10th show a seasonal decrease under the total of \$1,269,484,000 reported for the preceding like period, ended July 13th, the semi-annual and quarterly payments occurring on and around July 1st increasing debits totals for the period containing that date. The decline was smaller than in most years, and was uniformly distributed throughout the district, Charleston, W. Va., Durham and Winston-Salem reporting the only increases during the later four weeks.

In comparison with the four weeks ended August 11, 1926, when debits totaling \$1,191,599,000 were reported, the total of \$1,196,646,000 reported for the four weeks ended August 10th shows a small gain of \$5,047,000. Increases and decreases were almost equal in number among the reporting cities this year, twelve showing larger and eleven showing smaller 1927 figures.

SAVINGS DEPOSITS—Month by month savings and time deposits figures continue to climb. At the end of July aggregate deposits in thirteen mutual savings banks in Baltimore totaled \$167,669,978, compared with \$167,218,144 on June 30, 1927, and \$155,195,164 on July 31, 1926. Time deposits in sixty-seven regularly reporting member banks totaled \$235,443,000 on August 10th, compared with \$229,229,000 on July 13th this year and \$209,308,000 on August 11, 1926.

BUSINESS FAILURES—“Following the seasonal tendency, the number of commercial failures in the United States declined during July, a total of 1,756 being reported,” according to *Dun's Review* for August 6th. “This marks the fourth consecutive monthly reduction and the decrease from the 2,465 defaults of last January—the high point for this year—approximates 29 per cent. Comparing with the 1,833 insolvencies of June, the present number is smaller by about 4 1/3 per cent, but it is 9 1/3 per cent above the 1,605 failures of July 1926. In considering the increase over the total for that period, however, some allowance should be made for the larger number of firms and individuals now engaged in business, which naturally enhances the possibilities of financial embarrassment.

In contrast with the decline in the number of commercial defaults last month from the total for June, the liabilities show a considerable rise, owing to some large insolvencies. Thus, the July indebtedness of \$43,149,974 is about 25 per cent above the amount for the immediately preceding month, the increase being principally in the classification embracing agents, brokers, real estate, etc. The present indebtedness is the largest since last April, when about \$53,000,000 was reported. Comparing with the \$29,680,000 of July 1926, an increase last month of approximately 45 per cent is shown.”

Business failures in the Fifth district in July numbered 114, the lowest figure recorded for any month since last September, but an increase over the 105 failures reported in July 1926. In aggregate liabilities involved, \$4,065,583 reported for July this year compares more unfavorably with \$2,225,430 reported for June 1927 and only \$1,692,277 in July 1926.

LABOR—The labor situation changed very little during the past month. In the cities there is a surplus of labor in most lines of trade, but there is apparently no unusually large number of idle workers. The surplus appears larger because of comparison with recent abnormal years when labor was exceptionally well employed. A very large volume of construction work is still under way in the district, in spite of a decline from last year's record level, and the manufacturing plants of the district as a whole were probably never busier than at present. Miners in West Virginia are employed above the seasonal average as a result of the strike of bituminous miners in union fields. Farmers in the Carolinas are probably in position to hire more labor for harvesting their crops than they were last year, and the city surplus will make it easier for them to secure the necessary help. On the whole, the labor situation is distinctly less favorable from the point of view of the workers than a year ago, but the concensus of opinion seems to be that there is no serious unemployment problem in the Fifth district at the present time.

COAL—In spite of the continuation of the bituminous coal strike, the production of soft coal in July ran well over eight million tons per week, and during the week ended July 30th totaled 8,594,000 net tons, the highest figure for any week since the strike began on April 1st. According to the Bureau of Mines, Department of Commerce, stocks of coal on hand on July 1st were the largest on record for that date of any previous year, and during April, May and June the non-union bituminous mines and the union mines still working lacked only a little more than one million tons per week of keeping up with current demand from consumers. During the period between April 1st and July 1st, stocks of coal in the two Carolinas and Virginia actually increased, and the decrease in Maryland in reserve stocks was less than 30 per cent. Coal prices are little higher than a year ago, and are low in comparison with other strike years. Retail yards have supplies of all types and sizes, and fill orders immediately for their customers. On the whole, the strike this year has

had little influence outside of the mine districts and has attracted comparatively no attention from the public.

TEXTILES—Cotton mills in the Fifth reserve district consumed 239,653 bales of cotton in July, compared with 273,414 bales used in June this year and 195,944 bales consumed in July a year ago. The mills usually consume less cotton in July than in June, a number of mills closing a few days to give their employees a summer vacation. Last month North Carolina mills used 130,660 bales, South Carolina mills used 100,391 bales, and Virginia mills 8,602 bales. Most of the mills have sufficient orders to run them well into the fall months, and goods are being shipped as manufactured, practically no stocks being accumulated in warehouses. Stimulated by steady advances in raw cotton prices, buyers have placed forward orders in larger volume than for several years. Much of the business being done at present is at figures claimed to be below replacement costs, but most of the mills are making some profit, since the goods shipped were made up from cotton bought at lower prices than those now prevailing. Some advances in cloth and yarn prices have been made in recent weeks, but the manufacturers contend that the advances did not cover the gains made by raw cotton.

BUILDING OPERATIONS FOR THE MONTHS OF JULY 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.....	580	530	1,244	1,149	\$ 3,044,760	\$ 3,004,080	\$ 492,600	\$ 613,680	\$— 80,400	— 2.2%	1
2	Cumberland, Md...	23	19	9	8	112,822	35,941	7,720	5,100	79,501	193.7	2
3	Frederick, Md.....	10	6	1	4	11,480	18,650	400	980	7,750	— 39.5	3
4	Hagerstown, Md...	17	23	9	8	25,470	119,885	27,150	1,870	69,135	— 56.8	4
5	Danville Va.....	16	13	6	9	36,517	27,140	46,767	2,938	53,206	176.9	5
6	Lynchburg, Va....	15	20	31	35	10,500	46,594	10,742	19,020	44,372	— 67.6	6
7	Norfolk, Va.....	84	86	76	75	263,545	199,420	65,625	58,979	70,771	27.4	7
8	Petersburg, Va....	2	3	5	7	5,500	11,105	1,750	4,581	8,436	— 53.8	8
9	Richmond, Va.....	87	136	78	82	673,640	500,979	73,997	91,055	155,603	26.3	9
10	Roanoke, Va.....	44	80	48	39	137,476	242,425	19,725	15,940	101,234	— 39.2	10
11	Bluefield, W. Va..	9	14	6	5	82,425	34,900	4,645	9,700	42,470	95.2	11
12	Charleston, W. Va.	40	31	19	12	80,570	1,804,606	24,200	9,225	1,709,061	— 94.2	12
13	Clarksburg, W. Va	26	10	18	9	97,837	9,980	19,995	2,975	104,877	809.5	13
14	Huntington, W.Va.	44	58	2	3	170,180	68,885	45	5,700	95,640	128.2	14
15	Parkersburg, W.Va	21	23	1	9	92,650	289,200	300	6,200	202,450	— 68.5	15
16	Asheville, N. C.	24	64	83	58	168,902	408,135	60,622	12,840	191,451	— 45.4	16
17	Charlotte, N. C.	69	39	21	17	456,645	585,494	9,127	60,325	180,047	— 27.9	17
18	Durham, N. C.	46	45	13	10	141,465	203,675	8,515	11,900	65,595	— 30.4	18
19	Greensboro, N. C.	45	70	47	28	237,385	446,825	9,596	8,250	208,094	— 45.7	19
20	High Point, N. C...	52	60	8	12	177,625	218,010	3,950	17,300	53,735	— 22.8	20
21	Raleigh, N. C.....	27	43	17	7	72,686	471,820	43,218	14,583	370,499	— 76.2	21
22	Salisbury, N. C.	16	9	4	6	60,315	83,300	4,560	11,150	29,575	— 31.3	22
23	Wilmington, N. C.	9	9	6	11	37,700	24,900	3,300	8,700	7,400	22.0	23
24	Winston-Salem, N. C.	116	88	79	45	514,325	377,620	54,861	31,495	160,071	39.1	24
25	Charleston, S. C.	16	11	22	33	20,250	13,850	17,485	15,933	7,952	26.7	25
26	Columbia, S. C.	19	13	37	31	83,100	43,650	8,050	27,813	19,687	27.5	26
27	Greenville, S. C....	15	10	27	22	51,800	140,500	12,805	13,130	89,025	— 57.9	27
28	Spartanburg, S. C.	22	15	11	15	50,315	72,200	4,725	7,550	24,710	— 31.0	28
29	Washington, D. C.	110	322	359	278	2,134,125	4,106,865	378,710	599,685	2,193,715	— 46.6	29
	Totals.....	1,604	1,850	2,287	2,027	\$ 9,052,010	\$13,610,704	\$1,415,185	\$1,688,597	—\$ 4,832,106	— 31.6%	

— 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.

For the tenth consecutive month, the volume of construction work provided for in permits issued in twenty-nine Fifth district cities in July was below the work provided for in permits issued during the corresponding month of the preceding year. Permits for new construction issued last month in the reporting cities numbered 1,604, with estimated valuation of \$9,052,010, compared with 1,814 permits and a valuation of \$13,322,479 in June this year, and 1,850 permits and \$13,610,704 valuation in July last year. For alteration and repair work, 2,287 permits issued last month exceeded 2,027 permits for this class of work in July last year, but July valuation figures totaling \$1,415,185 were below the July 1926 total of \$1,688,597. In combined valuation for both new and repair or alteration work, the twenty-nine cities totaled \$10,467,195 last month and \$15,299,301 in July a year ago, a decrease during the 1927 month of \$4,832,106, or 31.6 per cent. Eleven of the reporting cities showed higher valuation figures for July 1927 than a year ago, but eighteen cities reported lower figures. Larger figures for July 1927 were reported by three cities each in Virginia and West Virginia, two each in North Carolina and South Carolina, and one in Maryland.

Building contracts awarded in the Fifth district in July totaled \$34,241,200, including both urban and rural construction. Of this amount, \$8,951,675 was for residential work, according to statistics collected by the F. W. Dodge Corporation.

COTTON—Spot cotton prices in the Carolinas advanced approximately 2 cents per pound, or \$10 a bale, during the past month. In our *Review* last month, we quoted the average price paid for upland short staple, middling basis, as 16.69 cents per pound during the week ended July 16th. On Monday, August 8th, the Department of Agriculture's first condition report of the season was issued, and as the estimate of probable production was much lower than the trade had expected, New York and New Orleans future quotations jumped \$10 a bale, the limit of a day's trading. The following day quotations advanced approximately \$5 a bale more. Since that time there has been a natural reaction, and some of the advance has been lost, but quotations are still about \$10 a bale above the price immediately preceding the Department's report. The average price paid for middling in the Carolinas during the week ended August 13th was 18.44 cents per pound, some lots being sold for as much as 19.50 cents.

The first condition report of this year, issued by the Department of Agriculture on August 8th, estimated probable production at 13,492,000 bales, based upon an August 1st condition of 69.5 per cent on 42,683,000 acres. This figure compares with a final production of 17,977,374 bales in 1926, an estimated decrease this year of about 4,500,000 bales. The Department stated in its report that the outstanding factor in the cotton situation this year is the weevil menace. Infestation is reported to be approximately three times as heavy as a year ago.

Cotton consumption in American mills in July was seasonally below consumption in June, but was higher than in July 1926. The Bureau of the Census reported 569,250 bales of lint consumed last month, compared with 662,630 bales used in June this year and 461,743 bales in July 1926. Total consumption for the cotton year ended on July 31, 1927, amounted to 7,202,724 bales, compared with 6,455,852 bales consumed during the corresponding period ended July 13, 1926. Cotton on hand at manufacturing establishments on July 31st this year totaled 1,404,358 bales, compared with 1,607,676 bales held on June 30th this year and 1,096,647 bales held on July 31st last year. Bales in public warehouses and compresses numbered 1,822,671 at the end of July, 2,164,108 bales at the end of June, and 1,935,913 bales on July 31, 1926. Exports of cotton totaled 389,358 bales in July, compared with 366,722 bales sent abroad in July last year, and exports during the cotton year totaled 11,183,938 bales compared with 8,155,570 bales exported in the year ended July 31, 1926. Imports last month totaled 31,147 bales, compared with 12,090 bales imported in July 1926, while total imports for the cotton year just closed totaled 399,960 bales, compared with 325,511 bales brought in during the previous year. Consumption of cotton in the growing states totaled 415,278 bales in July, compared with 334,434 bales used in July last year. Last month's consumption in the cotton growing states amounted to 72.95 per cent of National consumption, compared with 72.42 per cent of National consumption used in the cotton growing states in July last year.

TOBACCO—Tobacco markets in the South Carolina belt opened on August 9th with very large sales. The crop matured early this year, and farmers had an unusually large part of the crop cured when the markets opened. Approximately 5,500,000 pounds were sold in South Carolina and about 2,000,000 pounds in North Carolina markets on the opening day. Average prices were in the neighborhood of 20 cents per pound, which was very satisfactory for the comparatively low grades offered so early in the season. South Carolina's crop, estimated at 68,705,000 pounds, shows a material increase over last year's crop of 57,510,000 pounds and a five-year average production of 60,600,000 pounds. In North Carolina the month of July changed the prospects for tobacco from poor to very satisfactory, but heavy rains early in August probably damaged the crop somewhat. The color of the leaf is unusually good, with good body, but the leaves are somewhat small, due to cool nights. The August 1st condition of the crop indicated a probable production of 421,742,000 pounds, compared with 393,190,000 pounds grown last year. Virginia's tobacco crop made rapid progress during July and early August, with best prospects in the flue-cured or Bright districts. The August 1st condition pointed to a production of 138,038,000 pounds this year, compared with 132,352,000 pounds produced last year. With favorable weather during the balance of August the yield and quality of the crop promises to be excellent. Fifth district tobacco growers appear to be in a more favorable position than a year ago. The condition of the tobacco crops of Kentucky and Tennessee, on the other hand, is below that of last year.

AGRICULTURAL NOTES—MARYLAND farm prospects are less favorable than those of other Fifth district states, and probably are poorer than a year ago. Corn is late, and the crop will be short, with danger of frost damage unless warm weather continues well into the fall. The hay crop is good, which will offset the corn shortage to some extent. The wheat crop turned out about 10,500,000 bushels, a fairly good yield although considerably under the high yield of last year. The early potato crop was about 10 per cent larger than the ten-year average and prices were well maintained during the shipping season, the crop turning out profitably to the growers. Maryland's fruit crop will be considerably below the ten-year average. The tobacco crop of the state is expected to yield about 25,600,000 pounds, in comparison with 28,000,000 pounds last year.

VIRGINIA crops showed general improvement during July. Warm weather with frequent rains caused rapid growth of corn, tobacco, peanuts and late hay crops. The Virginia wheat crop was disappointing, yielding 8,638,000 bushels this year in comparison with 11,336,000 bushels last year and 10,049,000 bushels the average for the past five years. Corn improved in July, but the outlook in Northern, Western and Southwestern counties is still very poor. East of the Blue Ridge mountains corn is making rapid growth and now promises a good yield. The August 1st condition indicated a crop of 43,160,000 bushels, compared with 46,585,000 bushels gathered last year and a five-year average of 44,560,000 bushels. The early potato crop made one of the largest yields on record, and the total production was much larger than was expected. Prices were very good during the first half of the summer but declined rapidly after the middle of July. The late potato crop, which makes up approximately 30 per cent of the total, is making good growth and promises a fine yield. Production of white potatoes is estimated at 17,606,000 bushels this year, compared with 11,658,000 bushels last year. Sweet potato vines have made a heavy growth, and prospects for the crop appear good, but it is possible that the yield may be lower than the vines indicate. Frequently in wet seasons the yield of sweet potatoes is disappointing. Early hay crops were very good, and late crops promise excellent yields. The peanut crop of Virginia improved slightly during July, but growth is still backward, the stand is poor and there is some complaint of grassy fields. The crop is expected to yield 122,056,000 pounds, compared with 131,100,000 pounds in 1926. The production of all fruit crops, with the exception of grapes, will be below the ten-year average as most fruits were damaged by the late spring frost. The production of apples, peaches and pears are about one-third of last year's large yields.

NORTH CAROLINA crops are generally good this year, and all of them improved during July. Rains were favorable for corn, and the outlook for this crop is quite favorable. The yield this year is estimated at 48,481,000 bushels. The hay crop is excellent, and pastures have been good since June 1st. The peanut crop got off to a bad start in the spring, which resulted in irregular stands, but the crop improved considerably in July, and a production of 214,313,000 pounds was indicated by the August 1st condition. Apples almost amount to a failure this year. The production forecast of 2,151,000 bushels is only a little more than a third of last year's crop and is less than half the five-year average. The peach crop of 1,291,000 bushels was also much below last year's yield. The cotton crop of North Carolina appeared to promise an excellent yield on August 1st, but the weevil is a real menace. The condition of the crop is fairly uniform throughout the state, and cultivation is generally good, but weevils have been found in practically all counties, and the lateness of the crop and recent heavy rains are both favorable to weevil development and damage.

SOUTH CAROLINA crops were reported as good to excellent on August 1st by the Agricultural Statistician of the state. A condition of 77 per cent of a normal for corn indicated a crop of around 24,000,000 bushels this year, compared with 22,103,000 last year. Sweet potatoes promise well, a crop of 5,141,000 bushels comparing favorably with 4,160,000 bushels last year. The peanut crop is estimated at 10,688,000 pounds, compared with 6,500,000 pounds harvested in 1926. Due to a very favorable season, the expected yield of hay of 293,000 tons is the best in years, and compares with 202,000 tons cut last year. The August 1st condition of South Carolina's cotton crop was better than the condition a year earlier, but the crop varies widely in the state, ranging all the way down from 85 per cent in Anderson county to 39 per cent in Beaufort, Horry and Jasper. In the Southern, Eastern and Central counties boll weevil infestation is more than 50 per cent. The weevil is present in all counties, but in the heavy producing Piedmont section is least numerous, and yields in those counties promise to be much larger than last year, when production was cut down by a severe drought. The final production this year will depend upon the actual weevil damage, which cannot be accurately estimated at this time.

WHOLESALE TRADE, JULY 1927

Percentage increase in July 1927 sales, compared with sales in July 1926:					
33 Groceries	12 Dry Goods	5 Shoes	15 Hardware	5 Furniture	13 Drugs
— 8.0	6.3	16.3	— 1.2	12.6	— 2.9
Percentage increase in July 1927 sales, compared with sales in June 1927:					
— 7.0	8.7	19.0	— 5.2	1.4	— .1
Percentage increase in total sales since Jan. 1, 1927, compared with sales during the corresponding seven months of 1926:					
— 6.4	— 1.3	1.4	4.3	— 5.1	— 2.4
Percentages increase in stock on July 31, 1927, compared with stock on July 31, 1926:					
3.6(12)*	— 3.5(4)*	.7(4)*	— 8.0(7)*
Percentages increase in stock on July 31, 1927, compared with stock on June 30, 1927:					
— 2.9(12)*	2.3(4)*	3.7(4)*	— 2.7(7)*
Percentage of collections in July to total accounts receivable on July 1, 1927:					
61.8(20)*	28.4(8)*	27.5(4)*	31.0(10)*	28.2(3)*	58.3(8)*

— Denotes decreased percentage.

* Number of reporting firms in parenthesis.

Wholesale trade in the Fifth reserve district in dry goods, shoes and furniture was in larger volume in July this year than in July a year ago, but grocery, hardware and drug sales were in smaller volume during the 1927 month, according to reports sent to the Federal Reserve Bank of Richmond by eighty-three firms. The same lines showing increased sales in July in comparison with July 1926 also showed rises or declines in last month's sales in comparison with those of June this year. During the first seven months of 1927, shoe and hardware sales by the reporting firms exceeded sales during the corresponding seven months of 1926, but grocery, dry goods, furniture and drug sales were less this year.

Stocks of goods on the shelves of the reporting firms were larger in groceries and shoes at the end of July 1927 than a year earlier, and dry goods and shoe stocks were larger than a month earlier, June 30, 1927. Grocery and hardware stocks declined between June 30th and July 31st, both this year, and on the latter date dry goods and hardware stocks were smaller than those reported on July 31, 1926.

The percentage of collections in July to accounts receivable on July 1st were lower this year in all lines except shoes than in July 1926, furniture experiencing the greatest decline. The figures were also lower in July than in June this year in all lines except drugs, in which exactly the same percentage was collected in both June and July.

FIGURES ON RETAIL TRADE

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

Percentage increase in July 1927 sales, compared with sales in July 1926:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
-11.8	.2	6.4	2.7	7.7
Percentage increase in total sales since January 1st, over sales during the first seven months of 1926:				
4.2	2.8	2.4	1.4	2.6
Percentage increase in July 1927 sales over average July sales during the three years 1923-1925, inclusive:				
5.1	5.4	9.3	3.1	1.8
Percentage increase in stock on hand July 31, 1927, over stock on July 31, 1926:				
1.9	.9	1.5	3.3	.02
Percentage increase in stock on hand July 31, 1927, over stock on June 30, 1927:				
2.2	1.4	6.1	5.9	4.0
Percentage of sales in July 1927 to average stock carried during that month:				
19.0	22.3	21.9	18.4	20.3
Percentage of total sales since January 1st to average stock carried during each of the seven elapsed months:				
171.4	185.5	185.5	146.0	174.8
Percentage of outstanding orders on July 31st to total purchases of goods in 1926:				
8.0	6.5	7.7	4.8	7.5
Percentage of collections in July 1927 to total accounts receivable on July 1st:				
21.5	28.1	28.3	30.8	25.0

— Denotes decreased percentage.

Retail trade in the Fifth reserve district in July, as measured by sales in thirty leading department stores, averaged 7.7 per cent less than in July 1926, and was also seasonally below the volume of trade in June this year. Total sales during the first seven months of this year averaged 2.6 per cent below sales during the corresponding seven months last year. July 1927 sales were 1.8 per cent above average July sales during the three years 1923-1925, inclusive.

Stocks on the shelves of the reporting stores, at retail prices, were almost exactly the same at the end of July as at the same time a year ago, an increase of two-hundredths of 1 per cent being reported. Stocks at the end of July 1927 were 4.0 per cent less than stocks on June 30, 1927, a seasonal decline.

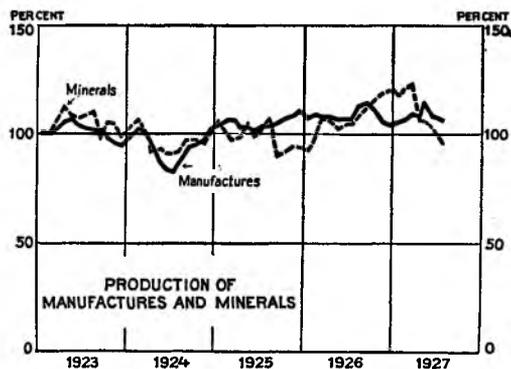
The percentage of sales during July to stocks carried during the month averaged 20.3 per cent, and the percentage of total sales during the seven elapsed months this year to average stocks carried during each month was 174.8 per cent, indicating an annual turnover of 3 times.

Collections by twenty-nine of the thirty reporting stores during July totaled 25.0 per cent of outstanding receivables as of July 1st, a lower rate than was reported for June this year and also below the average of 27.1 per cent collected in July last year. Richmond's percentage of collections was higher this year than a year ago, but the other cities reported lower collections for July 1927.

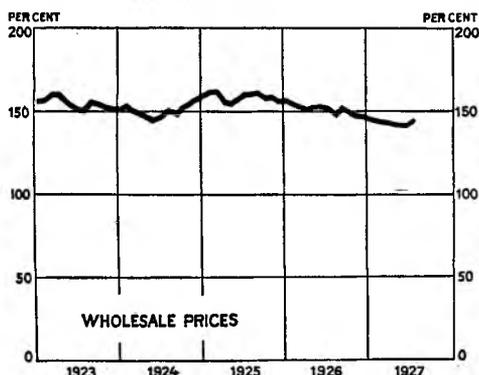
(Compiled August 20, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES.

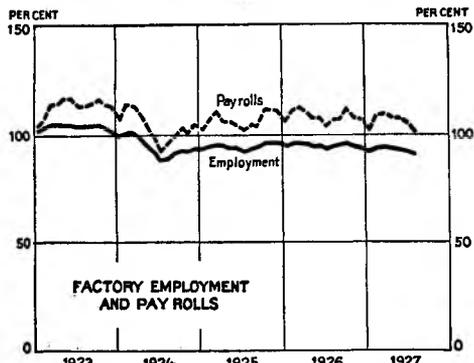
(Compiled by the Federal Reserve Board)



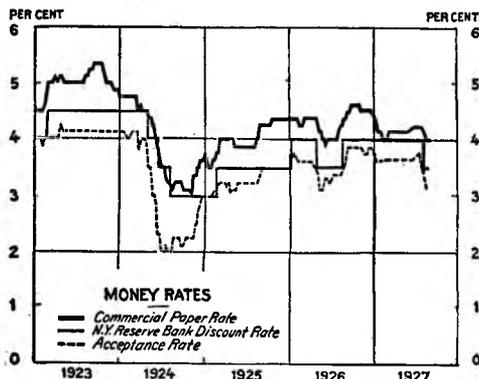
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, July, Manufactures 107, minerals 97.



Index of United States Bureau of Labor Statistics (1913 = 100, base adopted by Bureau). Latest figure, July 144.6.



Federal Reserve Board's indexes of factory employment and payrolls (1919 = 100). Latest figures, July, employment 90.7, payrolls 101.1.



Weekly rates in New York money market: commercial paper rate on 4 to 6 months paper and acceptance rate on 90-day paper.

Industrial production declined in July to a level below that of a year ago, while the Department of Labor's index of wholesale prices advanced for the first time since last Autumn. Demand for bank credit showed a seasonal increase, but easy conditions prevailed in the money market.

PRODUCTION. Output of manufacturers declined in July and was in practically the same volume as a year ago, and the production of minerals, which was further reduced during the month, was at the lowest level since early in 1926, when the anthracite strike was in progress. Iron and steel production in July was in the smallest volume since 1925 and continued at practically the same level during the first three weeks of August. Automobile output for July and the early weeks of August was considerably below that of the corresponding months of last year. Production of rubber tires, nonferrous metals and food products, and activity in woolen mills, were smaller in July than in the preceding months. Cotton consumption was smaller than in June but continued unusually large for this season of the year. Production of leather, shoes and lumber increased in July as compared with June. Factory employment and payrolls showed seasonal decreases in July and were smaller than in any month since 1924. Employment in coal mining has been reduced in recent months and reports indicate some unemployment in certain of the building trades, owing to the decline in the construction of houses. Building contract awards in July and in the first three weeks of August continued larger than a year ago, the increase reflecting chiefly a growth in awards for engineering projects. The August 1st cotton report of the Department of Agriculture indicated a production of 13,492,000 bales, or 25 per cent less than the record yield of last year. The indicated production of corn, though considerably larger than the expectation in July, was 262,000,000 bushels lower than the harvested crop of 1926. The August estimate of 851,000,000 bushels of wheat indicated an increase of 18,000,000 bushels over the 1926 crop yield.

TRADE. Distribution of merchandise at wholesale and retail showed about the usual seasonal decline in July. Compared with a year ago sales of wholesale firms and of department stores were slightly smaller, owing largely to the fact that there was one less business day in July of this year than in July 1926. Sales of mail order houses and chain stores were somewhat larger than a year ago. Inventories of department stores continued to decline in July and at the end of the month were slightly smaller than a year ago, and wholesale stocks also continued smaller than last year. Shipments of commodities by freight decreased, contrary to the usual seasonal trend, and were smaller in July and in the first two weeks of August than in the same period of last year.

PRICES. The Bureau of Labor Statistics index of wholesale prices advanced slightly in July, reflecting chiefly increases in the price of corn, live stock, cotton and leather, while prices of wheat, silk, metals and building materials declined. Since the latter part of July prices of corn, cotton and cattle have continued upward and those of wheat, nonferrous metals and rubber have also advanced, while hogs, lumber and hides have declined.

BANK CREDIT. There was an increase in the volume of commercial loans at member banks in leading cities between July 20th and August 17th as is usual at the beginning of the crop moving season. Loans on securities, as well as commercial loans, increased, while investment holdings declined and total loans and investments were about \$60,000,000 larger than a month earlier. Total borrowings of member banks at reserve banks increased slightly between July 20th and August 24th. There was a growth of discounts at the Federal Reserve Bank of New York, partly offset by the decline in other districts. There was little change in the System's holdings of acceptances and a growth in the portfolio of United States securities. Money rates on all classes of paper in the open market declined sharply in August and were at a lower level than a year ago. Discount rates at eight Federal reserve banks were reduced from 4 to 3 1/2 per cent.