

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

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DISTRICT SUMMARY.—Business in the Fifth reserve district in August and early September was good in some lines and slow in others, but on the whole the volume of trade compared favorably with the seasonal average. Increased rediscounts at the Federal reserve bank and an increase in the circulation of Federal reserve notes during the past month indicate that fall trade opened up normally. Employment is slightly smaller than a year ago. Coal production in the Fifth district continues very large. Textile mills are operating full time on a volume of forward orders sufficient to run them several months, in sharp contrast to the hand to mouth operations in 1926. Official crop estimates are on the whole favorable, cotton and fruit showing the only material declines in yields from last year, and in the Fifth district the increase in cotton prices will more than compensate for the decreased production this year. This year's tobacco crop of the district bids fair to be more remunerative than last year's profitable crop. Wholesale trade in August was in larger volume than in August last year in all lines reported upon except furniture, and all lines showed a healthy seasonal increase over July business. Retail trade last month, as reflected in department store sales, exceeded the trade of July by approximately 10 per cent and was 4 per cent above that of August a year ago. Finally, debits to individual accounts in leading trade centers were larger during the five weeks ended September 14th than debits in the same cities during the corresponding five weeks of 1926.

Statistics on construction work reveal the only serious weakness in the business situation in the Fifth district. Total valuation for all permits issued in twenty-nine leading cities of the district was nearly 50 per cent less in August than in August a year ago, and this decline is felt in labor circles, by dealers in all kinds of building materials, and in retail trade as a result of the lower purchasing power of workers in building trades. August was the eleventh consecutive month during which the valuation of building permits was below that of the corresponding month of the preceding year.

RESERVE BANK OPERATIONS.—Seasonal demand for funds incident to tobacco and cotton marketing brought about an increase in rediscounts at the reserve bank between the middle of August and the middle of September this year. Rediscounts for member banks held by the Federal Reserve Bank of Richmond rose from \$20,923,000 on August 15th to \$26,837,000 on September 15th. The volume of Federal reserve notes in circulation turned upward during the past month, rising from \$59,379,000 on August 15th to \$63,296,000 on September 15th. Total bill holdings of the Federal Reserve Bank of Richmond, including bankers acceptances purchased from member banks and in the open market, rose from \$29,548,000 to \$47,241,000. Member bank reserve deposits rose from \$70,119,000 on August 15th to \$75,249,000 on September 15th. The several changes in the items enumerated reduced the cash reserves of the Federal Reserve Bank of Richmond from \$88,713,000 at the middle of August to \$82,794,000 at the middle of September, and lowered the ratio of cash reserves to note and deposit liabilities combined from 67.02 per cent last month to 59.42 per cent this month.

The Fifth District was using a much smaller volume of reserve bank credit on September 15th this year than on September 15th last year, but the total earning assets of the Federal Reserve Bank of Richmond were higher on the 1927 date, due to increases in acceptances and Government securities purchased in the open market for the Bank's investment account. Rediscounts for member banks held by the Richmond reserve bank declined during the year from \$46,014,000 to \$26,837,000, and Federal reserve notes in actual circulation dropped from \$76,099,000 to \$63,296,000. On the other hand, total earning assets of the Federal Reserve Bank of Richmond, including acceptances and Government securities purchased and rediscounts for member banks, rose from \$64,365,000 on September 15, 1926, to \$71,614,000 on September 15, 1927. The cash reserves of the Richmond bank dropped from \$90,499,000 to \$82,794,000 during the year, and the ratio of cash reserves to note and deposit liabilities combined fell from 62.57 per cent to 59.42 per cent during the same period. Member banks increased their reserve deposits at the reserve bank from \$67,873,000 at the middle of September last year to \$75,249,000 on September 15, 1927.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Sept. 14, 1927	Aug. 10, 1927	Sept. 15, 1926
Total Loans and Discounts (including all rediscounts)	\$528,853,000	\$531,568,000	\$520,485,000
Total Investments in Bonds and Securities..	162,765,000	158,164,000	140,049,000
Reserve Balance with Federal Reserve Bank	44,288,000	44,648,000	41,766,000
Cash in Vaults.....	13,725,000	13,328,000	14,061,000
Demand Deposits	397,788,000	402,460,000	381,731,000
Time Deposits	236,414,000	235,443,000	209,232,000
Borrowed from Federal Reserve Bank.....	9,012,000	2,991,000	22,247,000

The accompanying table shows the principal items of condition of sixty-seven regularly reporting member banks as of three dates, September 14th, 1927, August 10, 1927, and September 15, 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 in the table 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.

An examination of the figures reported for August 10th and September 14th, both this year, show a slight decline in accommodations extended to customers of the reporting banks. Total loans and discounts by the reporting banks declined \$2,715,000 during the month. On the other hand, the sixty-seven banks increased their investments in stocks and bonds by \$4,601,000. Cash reserves of the reporting banks at the reserve bank declined \$360,000 between August 10th and September 14th, but cash in vaults rose \$397,000 during the same period. Demand deposits declined \$4,672,000 last month, but time deposits rose \$971,000. The changes enumerated in the statement made it necessary for the reporting banks to use reserve bank credit in increased volume, and the reporting banks consequently increased their borrowing at the Federal Reserve Bank of Richmond by \$6,021,000 between August 10th and September 14th.

Between September 15, 1926, and September 14, 1927, all items except two in the statement increased. Total loans and discounts for customers rose \$8,368,000 during the year, and investment in bonds and securities increased by \$22,716,000. Aggregate reserve balance at the reserve bank rose \$2,522,000 during the year under review, but cash in vaults declined \$336,000. Total deposits increased \$43,249,000 between September 15th last year and September 14th this year, demand deposits gaining \$16,057,000 and time deposits \$27,182,000. The gain in deposits during the year provided for the expansion in loans to customers and the increase in investments, and also enabled the reporting banks to reduce their rediscounts at the reserve bank by \$13,235,000, during the year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	September 14, 1927	August 10, 1927	September 15, 1926
Asheville, N. C.	\$ 34,983,000	\$ 34,764,000	\$ 41,205,000
Baltimore, Md.	451,819,000	493,814,000	428,391,000
Charleston, S. C.	28,983,000	28,140,000	29,941,000
Charleston, W. Va.	42,293,000	46,822,000	39,535,000
Charlotte, N. C.	57,847,000	58,216,000	53,176,000
Columbia, S. C.	25,004,000	24,331,000	20,536,000
Cumberland, Md.	10,237,000	11,786,000	9,637,000
Danville, Va.	10,910,000	9,911,000	8,334,000
Durham, N. C.	41,174,000	34,761,000	34,327,000
Greensboro, N. C.	24,703,000	26,632,000	27,517,000
Greenville, S. C.	26,985,000	23,112,000	20,459,000
Hagerstown, Md.	11,779,000	11,969,000	11,808,000
Huntington, W. Va.	25,876,000	29,614,000	28,133,000
Lynchburg, Va.	19,945,000	21,905,000	20,280,000
Newport News, Va.	10,544,000	10,524,000	12,507,000
Norfolk, Va.	72,904,000	84,307,000	79,532,000
Raleigh, N. C.	21,570,000	28,945,000	22,184,000
Richmond, Va.	159,502,000	145,094,000	151,963,000
Roanoke, Va.	31,666,000	33,104,000	31,671,000
Spartanburg, S. C.	14,156,000	14,276,000	13,252,000
Washington, D. C.	242,241,000	274,584,000	236,745,000
Wilmington, N. C.	18,533,000	18,573,000	20,858,000
Winston-Salem, N. C.	43,521,000	49,392,000	40,114,000
District Totals	\$1,427,175,000	\$1,514,581,000	\$1,382,105,000

The accompanying table shows the total of debits to individual, firm and corporation accounts in

the leading trade centers of the Fifth Federal reserve district for three equal periods of five weeks, ended September 14 and August 10, 1927, and September 15, 1926. The figures for the latest available five weeks period, ended September 14th, may be compared with those reported for the preceding five weeks ended August 10th this year and with those for the corresponding five weeks ended September 15, 1926. The period ended September 14th this year contained one business day less than the period ended August 10th, the Labor Day holiday occurring on September 5th.

Aggregate debits of \$1,427,175,000 in the reporting banks during the five weeks ended September 14th show about the usual decline under the total of \$1,514,581,000 reported for the like period ended August 10th. Fifteen cities reported lower figures during the later five weeks, compared with eight cities reporting higher figures. Among the four largest cities Richmond banks reported higher debits in the past five weeks, but Baltimore, Washington and Norfolk banks reported decreases. A considerable part of the decline was of course due to the shorter period covered, the Labor Day holiday reducing the actual number of business days during the more recent period by 3 1/3 per cent.

Debits totaling \$1,427,175,000 during the five weeks ended September 14th this year exceeded the total of \$1,382,105,000 reported for the corresponding period ended September 15, 1926, by \$45,070,000. Twelve cities reported higher figures and eleven reported lower figures this year. Among the larger centers, Baltimore, Richmond, Washington and Charlotte reported increased figures during the 1927 period, but Norfolk reported a decline this year.

SAVINGS DEPOSITS—Total deposits in thirteen mutual savings banks in Baltimore at the end of August this year amounted to \$168,271,415, compared with \$167,669,978 on deposit at the end of July this year and \$155,133,987 at the end of August 1926. The increase last month was contrary to the seasonal movement of deposits, which declined in August during each of the preceding four years. On September 14th this year, sixty-seven regularly reporting member banks in leading cities of the Fifth district had time deposits aggregating \$236,414,000, compared with \$235,443,000 on August 10, 1927, and \$209,232,000 on September 15, 1926.

BUSINESS FAILURES—As was expected, the business mortality in the United States declined again during August in both number of failures and liabilities involved, according to *Dun's Review* of September 3rd. Commenting on the insolvency record, Dun's said, "For five consecutive months, commercial failures have declined in number, with the total reported for August being 1,708. This is 2.7 per cent under the number for July, and marks the low point for the year to date. Comparing with the 2,465 defaults of last January, the high level for the year, a falling off of 30.7 per cent is shown. The present total is 7.2 per cent above the 1,593 insolvencies of August 1926, but this is a better exhibit than was made in July of the current year, when the increase over the failures of the corresponding period of last year was 9 1/3 per cent. The record of August liabilities is the best, with the exception of that of June and May, of any month this year, an aggregate of \$39,195,953 being reported. Last month's indebtedness shows a contraction of 9.2 per cent under the July total, but the aggregate for last month was 39 per cent above the \$28,129,660 of August 1926, one insolvency in the brokerage class contributing largely to the rise in last month's liabilities."

In the Fifth reserve district, August failures numbered 143, compared with 114 in July this year and 107 in August 1926. Liabilities last month totaled \$2,155,805, compared with \$4,065,583 in July 1927 and \$1,433,713 in August 1926.

LABOR—The labor situation in the Fifth reserve district varies considerably in different localities. Reports indicate a rather acute situation in Baltimore, and there appears to be a large number of idle workers in most of the other cities of the district. There is a difference of opinion as to the extent of unemployment at the present time, but construction work is under way in considerably less volume than a year ago and a considerable number of both skilled and unskilled workmen in the building trades are unable to find steady employment. There are also a number of industrial plants operating part time or closed entirely, such as the American Locomotive Works in Richmond and several railroad shops in the district. Workers in building material plants are mostly employed on a part time basis. On the other hand, textile workers, tobacco factory hands and coal miners are fully employed. On the whole, while there is undoubtedly a larger number of idle workers in the district than at any other time during the past three or four years, the situation is not serious except in scattered localities. A large volume of building is still under way, and prospects at present suggest a probability that unemployment will not spread beyond seasonal limits during the next few months.

COAL—According to the estimate of the Bureau of Mines, Department of Commerce, bituminous coal output in the United States in August totaled 41,705,000 net tons, compared with 33,637,000 tons mined in July. In spite of the bituminous strike which began on April 1st, August production this year was only 10 per cent under 46,352,000 net tons dug in August 1926, when the British coal strike was stimulating American mining. Total output during the calendar year 1927 to September 10th amounts to 365,454,000 net tons, compared with 372,959,000 tons mined during the corresponding period in 1926 and 332,345,000 tons in 1925. In the Fifth district, West Virginia is leading the country in production with around three and a quarter million tons weekly, and Virginia mines are producing better than a quarter of a million tons each week. Retail coal yards are busy filling orders, but coal

in all sizes and quantity is immediately available. Prices have been practically stationary since the first advances of the fall season went into effect six weeks or two months ago, and present retail quotations are low in comparison with prices of other strike years.

TEXTILES—Textile products have advanced in price during recent weeks, in keeping with cotton quotations, and unfilled orders at the middle of September are reported higher than a month earlier. Some uncertainty has developed in the trade because of recent fluctuations in cotton prices, but textile mills continue full time operations. Fifth district mills consumed 261,638 bales of cotton in August, compared with 239,653 bales used in July this year and 205,019 bales in August last year. Last month the North Carolina mills consumed 137,502 bales, South Carolina mills 112,119 bales, and Virginia mills 12,017 bales, higher figures in each case than those reported for July 1927 or August 1926. The improvement in the textile industry this year in comparison with the same period last year is probably more marked than any other business development during the year. At this time in 1926 mills were operating part time only, and forward orders were exceedingly difficult to secure, but at present mills are running full time and most of them have orders in sufficient volume to carry them well into the winter. The change in conditions developed as crop reports continued to indicate a considerably reduced cotton crop this year.

BUILDING OPERATIONS FOR THE MONTHS OF AUGUST 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.....	444	501	1,577	1,278	\$ 1,354,900	\$ 5,624,880	\$ 626,400	\$ 1,471,800	\$-5,115,380	- 72.1%	1
2	Cumberland, Md....	23	28	8	10	77,323	56,827	5,255	10,975	14,776	21.8	2
3	Frederick, Md.....	4	4	1	3	3,930	9,895	1,400	1,690	6,255	54.0	3
4	Hagerstown, Md....	33	19	12	7	108,450	135,265	22,000	1,065	5,880	4.3	4
5	Danville Va.....	15	9	15	13	40,715	717,841	3,641	732,726	-1,406,211	- 96.9	5
6	Lynchburg, Va.....	29	30	39	30	254,468	66,170	83,565	20,297	251,566	290.9	6
7	Norfolk, Va.....	66	56	67	65	190,435	78,985	52,540	26,388	137,602	130.6	7
8	Petersburg, Va....	6	5	5	8	26,500	25,440	2,300	13,390	10,030	25.8	8
9	Richmond, Va.....	103	92	73	64	1,149,212	441,365	82,911	83,490	707,268	134.8	9
10	Roanoke, Va.....	65	86	46	33	205,745	1,054,237	23,696	9,570	834,366	78.4	10
11	Bluefield, W. Va...	17	13	6	6	20,190	107,554	5,887	6,065	87,542	77.0	11
12	Charleston, W. Va.	54	18	19	16	217,970	64,030	206,535	24,800	335,675	377.9	12
13	Clarksburg, W. Va.	20	17	16	17	22,860	37,650	4,900	4,965	14,855	34.9	13
14	Huntington, W. Va.	45	60	4	1	132,940	270,484	2,400	1,500	136,644	50.2	14
15	Parkersburg, W. Va	15	21	10	6	33,975	130,500	8,100	2,050	90,475	68.3	15
16	Asheville, N. C.	33	54	56	46	297,700	347,955	75,270	21,005	4,010	1.1	16
17	Charlotte, N. C.	65	42	14	20	663,365	683,110	12,723	27,920	34,942	4.9	17
18	Durham, N. C.	51	20	4	13	170,775	117,340	4,950	21,725	36,660	26.4	18
19	Greensboro, N. C.	72	51	47	37	221,711	186,414	43,465	59,480	19,282	7.8	19
20	High Point, N. C....	46	62	10	7	178,075	269,515	7,275	14,050	98,215	34.6	20
21	Raleigh, N. C.....	27	48	11	12	120,925	223,795	156,525	6,725	46,930	20.4	21
22	Salisbury, N. C....	10	10	6	3	57,000	22,625	15,200	2,100	47,475	192.0	22
23	Wilmington, N. C.	8	8	7	11	15,000	17,100	16,100	10,800	3,200	11.5	23
24	Winston-Salem, N. C.	131	94	84	38	672,877	566,865	27,476	65,650	67,838	10.7	24
25	Charleston, S. C....	6	22	21	31	55,815	14,570	7,145	11,470	36,920	141.8	25
26	Columbia, S. C....	16	17	51	37	75,600	43,350	12,440	11,250	33,440	61.2	26
27	Greenville, S. C....	9	12	39	36	79,500	88,550	18,190	28,465	19,325	16.5	27
28	Spartanburg, S. C.	29	25	13	25	108,270	69,900	5,040	18,215	25,195	28.6	28
29	Washington, D. C.	203	338	473	477	3,156,125	8,549,640	440,815	422,435	-5,375,135	- 59.9	29
	Totals.....	1,645	1,762	2,734	2,350	\$ 9,712,351	\$20,021,852	\$1,974,144	\$3,132,061	-\$11,467,418	- 49.5%	

— Denotes decrease.

NOTE—The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

Building permits issued in twenty-nine leading Fifth district cities in August exceeded those issued in July this year in both number and valuation, but fell below those issued in August 1926. Permits issued last month totaling 1,645 for new construction compared with 1,604 issued in July 1927 and 1,762 issued in August 1926. Valuation figures for new work totaled \$9,712,351 in August 1927, compared with \$9,052,010 in July this year and \$20,021,852 in August a year ago. For alteration or repair work, 2,734 permits issued last month exceeded 2,287 permits issued in July and 2,350 issued in August 1926. Valuation figures for alteration or repair work totaled \$1,974,144 last month, an increase over \$1,415,185 reported for July but a decrease from \$3,132,061 reported in August a year ago. Combined valuation figures for all classes of work totaled \$11,686,495 in August, an increase of 11.6 per cent over \$10,467,195 reported for July, but a decrease of 49.5 per cent under \$23,153,913 reported for August 1926. Increases in total valuation of more than 100 per cent in comparison with August 1926 figures were reported last month by Lynchburg, Norfolk, Richmond, Charleston, W. Va., Salisbury and Charleston, S. C. Some of these increases were due to unusually small 1926 fig-

ures, however, rather than to high totals this year. Large decreases in valuation estimates were reported in August for Baltimore, Danville, Roanoke and Washington.

Building contracts awarded in the Fifth district in August totaled \$31,813,073, including both urban and rural construction. Of this amount, \$11,387,158 was for residential work, according to statistics collected by F. W. Dodge Corporation.

COTTON—Stimulated by further indications of a relatively small cotton crop this year, cotton prices continued to advance during the past month. In our *Review* a month ago we quoted the average price paid for upland middling cotton in the Carolinas during the week ended August 13th as 18.44 cents per pound. During the weeks ended August 20, August 27, and September 3rd, prices averaged 18.97 cents, 20.49 cents, and 21.85 cents, respectively. On September 8th, the Department of Agriculture's second condition report of this season lowered the estimate of probable production more than the trade had expected, and prices advanced sharply again, averaging 22.56 cents per pound for the week ended September 10th. During the following week, ended September 17th, the average price dropped to 21.41 cents. Since July 1st prices have risen approximately 5.5 cents per pound, and since January 1st a rise of nearly 10 cents has occurred.

The second condition report of this year, issued by the Department of Agriculture on September 8th, reduced the August 8th estimate by 800,000 bales. The probable yield for this year was set at 12,692,000 bales, compared with a forecast of 13,492,000 bales made a month earlier and a final production of 17,977,374 bales in 1926. In all important cotton states the weevil is the dominating factor in the situation. Propagation of this pest has been accelerated by wet weather over much of the belt. Infestation has increased materially in all infested areas, and the area where weevils are prevalent extended northward materially during August.

The Bureau of the Census ginning report to September 1st showed 1,540,025 running bales ginned prior to that date this year, compared with 696,556 bales ginned to the same date in 1926 and 1,886,399 bales ginned before September 1st in 1925. The crop was very late last year, which doubtless accounts for the increase in this season's ginnings to date.

Cotton consumption in American mills in August totaled 633,434 bales, according to the report of the Bureau of the Census made public on September 14th. This figure shows a substantial increase over 569,250 bales consumed in July this year, and a large gain over 500,553 bales consumed in August 1926. Cotton on hand at manufacturing establishments on August 31st this year totaled 1,122,059 bales, compared with 1,404,358 bales held on July 31st this year and 916,786 bales held on August 31st last year. Bales in public warehouses and compresses numbered 2,172,945 at the end of August, 1,822,671 bales at the end of July, and 1,715,371 bales on August 31, 1926. Exports of cotton totaled 340,311 bales in August, compared with 389,358 bales sent abroad in July this year and 391,295 bales in August 1926. Imports last month totaled 28,041 bales, compared with 13,279 bales imported in August 1926. Consumption of cotton in the growing states totaled 464,198 bales in August, compared with 359,494 bales used in August last year. Last month's consumption in the cotton growing states amounted to 73.28 per cent of National consumption, compared with 71.82 per cent of National consumption used in the cotton growing states in August last year.

During August and early September prospects for cotton declined in the Fifth District. The Department of Agriculture, in its report based on September 1st conditions, estimated South Carolina's probable yield this year as 784,000 bales, compared with 1,008,000 bales ginned in 1926. Weevils damaged the crop extensively in southern and eastern counties and through the middle section of the state. In an area comprising about nine or ten northwestern counties weevil damage is negligible and this section will likely make the best crop since 1924. On the other hand, the remainder of the state as a whole will have the shortest crop since 1924. North Carolina's 1927 production is expected to be 911,000 bales, compared with 1,212,819 bales raised last year. The crop has been more extensively damaged by weevils this year than in any previous year, and very few of the late squares and bolls will mature. Virginia is expected to raise 37,000 bales of cotton this year, compared with 51,000 bales in 1926, most of the decline being due to acreage reduction which followed the low price secured for the 1926 crop. The weevil has done practically no damage in Virginia. The cotton crop is late in the state, and there is considerable danger from early frosts.

TOBACCO—SOUTH CAROLINA tobacco, with a September 1st condition of 79, indicates a crop of 75,151,000 pounds, compared with 57,510,000 pounds last year and a five year average of 60,600,000 pounds. Tobacco prices in South Carolina averaged above 20 cents in August, and present indications are that this year's crop will sell for considerably more money than the 1926 crop.

NORTH CAROLINA tobacco markets in the South Carolina belt opened in August and sold 21,886,060 pounds for growers, at an average price of \$22.36 per hundred pounds. This compares with 9,983,519 pounds of producers' tobacco sold at an average of \$24.78 per hundred on the same markets in August 1926.

VIRGINIA is expected to produce 133,585,000 pounds of tobacco this year, but the markets will not open until October. Flue-cured, or Bright, tobacco is curing well, with unusually good color. Late tobacco has improved and will make a good crop. There is considerable complaint of leaf spot and wild fire, especially in the fire-cured, or Dark, district.

AGRICULTURAL NOTES—MARYLAND agricultural prospects improved slightly during August, the average condition for all crops rising 1.3 per cent above the August 1st condition and equaling the ten year average on September 1st. Maryland's wheat yield this year totaled 9,275,000 bushels, in comparison with 11,960,000 bushels in 1926. This year's corn condition on September 1st indicated a probable yield of 17,905,000 bushels in comparison with 22,049,000 bushels in 1926. Tobacco prospects are for a yield of 26,957,000 pounds, against 28,800,000 pounds raised last year. The 1927 apple crop of 1,583,000 bushels is about half of last year's crop, and the expected production of 315,000 bushels of peaches is also far below the yield of the previous year. Oats are better than a year ago, a crop of 1,754,000 bushels comparing with 1,706,000 bushels in 1926, and Irish potatoes also show an improvement this year, a crop of 4,705,000 bushels comparing with 3,690,000 bushels dug in 1926. This year's hay crop of 721,000 tons is much above the 516,000 ton crop of last year.

VIRGINIA crops improved during August and the composite condition of all crops on September 1st was 2.1 per cent above the ten year average, according to the Virginia Crop Reporting Service. The weather was generally favorable for farm work, but in some sections frequent rains interfered with plowing and harvesting the hay crop. The corn crop improved in all parts of the state except the northern and western districts. There was too much rain during the latter part of August and there is some complaint of unfilled ears. The September 1st condition indicates a production of 45,054,000 bushels, compared with 46,585,000 bushels last year. The oat crop turned out poorly, as the heads were not well filled. Total production is estimated to be 4,095,000 bushels, compared with 4,836,000 bushels last year. This year's production of Irish potatoes in Virginia will be very large, owing to the unusually heavy yield of the early crop. During August the condition of the late crop declined on account of heavy rains. The yield of early potatoes in the commercial sections was more than 200 bushels per acre and the shipments were the largest on record. The total production of Irish potatoes for the state is estimated to be 22,532,000 bushels, compared with 11,658,000 bushels last year. The sweet potato crop declined during August as the result of heavy rains. There is a large growth of vines but there are few potatoes in the hills. The forecast on September 1st was 5,057,000 bushels, compared with 5,375,000 bushels last year. There will be a large supply of hay on farms throughout Virginia this year. Total production is estimated to be 1,369,000 tons, compared with 1,092,000 tons last year. The condition of pastures improved during August except in the northern district. In the southwest, which is the principal grazing section, pastures are unusually good and excellent fall grazing seems assured. The peanut crop is poor, owing to a bad stand and the lateness of the crop. Based upon the September 1st condition of the crop, the forecast of production is 121,970,000 pounds, compared with 131,100,000 pounds in 1926. The Virginia commercial apple crop improved slightly during August, and the September 1st forecast of 1,176,000 barrels showed an increase of 61,000 barrels over the August 1st forecast, but was far below the 1926 crop of 3,700,000 barrels.

SOUTH CAROLINA crop prospects declined during August, the composite figure for all crops on September 1st being 94.1 per cent of the ten year average. However, most of this decline is due to the 18 point drop (from 66 to 48) in the condition of cotton, and prospects are still good to excellent for yields on all crops except cotton. Corn suffered somewhat from drought in places up-state and the condition of 75 per cent is 2 points below that of August 1st, but still 1 point above the ten-year average condition. Prospective production from this condition is 23,688,000 bushels, as compared with 22,103,000 bushels last year. The condition of sweet potatoes indicates a crop of 5,178,000 bushels, compared with 4,160,000 bushels last year. The state has the best crop of cowpeas in years, and the outlook for hay is also the best in years. A yield of 291,000 tons of hay is expected, compared with 202,000 tons cured in 1926. Peanut prospects are for a crop of about 10,767,000 pounds, which compares with 6,500,000 pounds last year. Most of this increase is due to a 50 per cent increase in peanut acreage this year. The most important tree fruits are considerably short of last year's excellent crops. Peaches are estimated at 615,000 bushels, compared with 1,054,000 bushels last year, and apples are estimated at 363,000 bushels, compared with 647,000 bushels last year.

WHOLESALE TRADE, AUGUST 1927

Percentage increase in August 1927 sales, compared with sales in August 1926:					
34 Groceries	12 Dry Goods	5 Shoes	16 Hardware	5 Furniture	13 Drugs
.4	6.3	15.6	6.9	— 2.4	5.5
Percentage increase in August 1927 sales, compared with sales in July 1927:					
6.1	65.4	91.9	16.9	39.3	10.8
Percentage increase in total sales since Jan. 1, 1927, compared with sales in the first eight months of 1926:					
— 5.6	— .005	3.9	4.5	— 4.7	— 1.4
Percentage increase in stock on August 31, 1927, compared with stock on August 31, 1926:					
.7 (12*)	1.2 (4*)	— 3.2 (4*)	— 6.3 (8*)
Percentage increase in stock on August 31, 1927, compared with stock on July 31, 1927:					
— .5 (12*)	— 5.3 (4*)	— 10.9 (4*)	— .03 (8*)
Percentage of collections in August to total accounts receivable on August 1, 1927:					
64.3 (20*)	28.9 (8*)	24.2 (5*)	32.6 (12*)	26.2 (3*)	58.0 (8*)

— Denotes decreased percentage.

* Number of reporting firms.

Wholesale trade in August improved seasonally over the business of July, all lines included in the reports to the Federal Reserve Bank of Richmond showing larger sales during the later month. August sales in groceries, dry goods, shoes, hardware and drugs also exceeded August 1926 sales, but furniture sales last month were lower than in 1926. Total sales during this calendar year to September 1st, however, were below total sales during the first eight months of 1926 in all lines reported upon except shoes and hardware.

Stocks decreased in August in all lines reported upon, but at the end of the month grocery and dry goods stocks were larger than on August 31, 1926, while shoe and hardware stocks were lower.

Contrary to seasonal expectations, collections in groceries, dry goods and hardware improved during August in comparison with July, while collections in shoes, furniture and drugs followed seasonal trends and slowed up moderately.

FIGURES ON RETAIL TRADE

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

Percentage increase in August 1927 sales, compared with sales in August 1926:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
— .6	10.0	6.8	6.9	4.0	
Percentage increase in total sales since January 1st, over sales during the first eight months of 1926:					
— 3.8	3.6	— 1.5	— .5	— 1.9	
Percentage increase in August 1927 sales over average August sales during the three years 1923-1925, inclusive:					
10.9	26.2	26.1	15.8	18.1	
Percentage increase in stock on hand August 31, 1927, over stock on August 31, 1926:					
— 3.1	.07	1.8	5.2	— .04	
Percentage increase in stock on hand August 31, 1927, over stock on July 31, 1927:					
— 2.4	2.4	.7	2.4	— .3	
Percentage of sales in August 1927 to average stock carried during that month:					
21.9	24.2	24.4	21.0	22.9	
Percentage of total sales since January 1st to average stock carried during each of the eight elapsed months:					
193.6	209.5	209.7	166.7	197.7	
Percentage of outstanding orders on August 31st to total purchases of goods in 1926:					
7.5	7.3	8.4	7.9	7.5	
Percentage of collections in August 1927 to total accounts receivable on August 1st:					
21.2	26.0	27.1	29.1	24.2	

— Denotes decreased percentage.

Confidential reports from 30 leading department stores scattered throughout the Fifth reserve district showed average sales in August 4.0 per cent above sales in August 1926, and 18.1 per cent above average August sales during the three years 1923-1925, inclusive. Sales last month were slightly more than 10 per cent greater than July sales, indicating the usual beginning of fall trade toward the end of August. Total sales during the eight elapsed months of 1927 fell 1.9 per cent below the volume of sales during the corresponding eight months of 1926.

Stocks of merchandise on the shelves of the reporting stores declined four-hundredths of 1 per cent between August 31st last year and this, and between July 31st and August 31st, both this year, stocks dropped three-tenths of 1 per cent. Both of these declines were due to decreases in Baltimore, the other cities showing larger stocks on August 31st this year than on either July 31, 1927, or August 31, 1926.

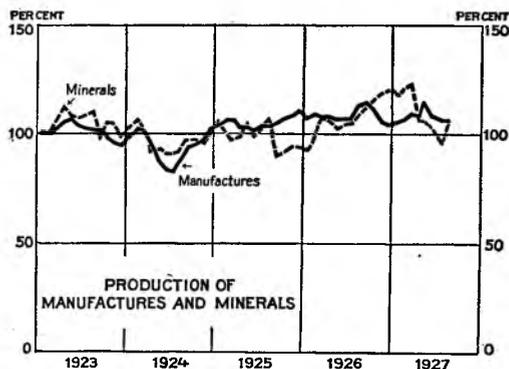
The rate of stock turnover during August was slightly higher than in either July this year or August last year, the percentage of sales during the month to average stocks carried totaling 22.9 per cent in August, compared with 20.3 per cent in July this year and 22.1 per cent in August a year ago. Cumulative sales since the first of the year amounted to 197.7 per cent of average monthly stocks carried during the eight elapsed months, indicating an annual turnover rate of 2.966 times. The rate of turnover during the first eight months of 1926 was 3.009 times.

Collections in August averaged 24.2 per cent of receivables outstanding on August 1st, a slightly smaller percentage than 25.0 per cent of receivables collected in July this year and 24.4 per cent collected in August 1926.

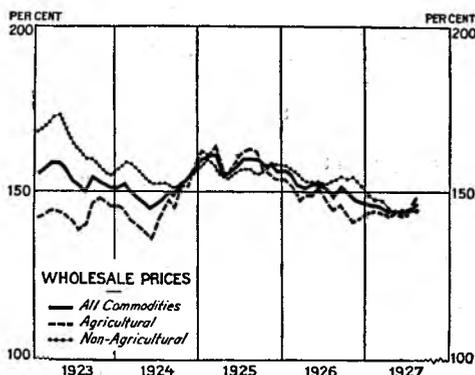
(Compiled September 20, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES.

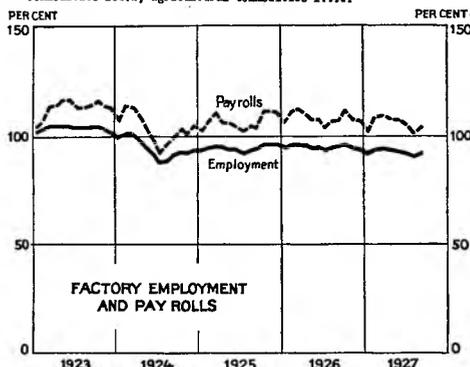
(Compiled by the Federal Reserve Board)



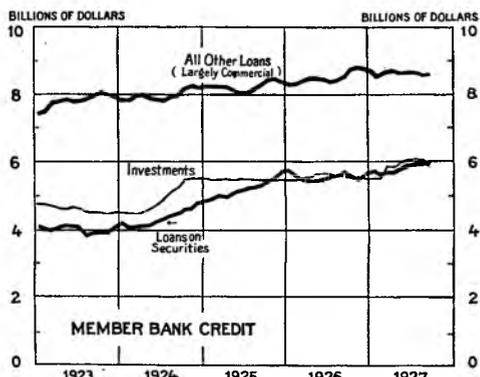
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average = 100). Latest figures, August, manufactures 106, minerals 106.



Indexes of United States Bureau of Labor Statistics (1913 = 100). Latest figures, August, all commodities 144.5, non-agricultural commodities 144.2, agricultural commodities 144.4.



Federal Reserve Board's indexes of factory employment and payrolls, (1919 = 100). Latest figures, August employment 91.2, payrolls 104.4.



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

Industrial production increased in August, reflecting a growth in the output of mines, and the distribution of commodities, both at wholesale and at retail, increased by more than the usual seasonal amount. The general level of wholesale commodity prices rose about one per cent, owing chiefly to advances in the prices of farm products.

PRODUCTION. Production of anthracite and bituminous coal, which showed a considerable decline earlier in the season, increased sharply in August and the early weeks of September, and this rise was reflected in an advance in the Board's index of mineral output from 98 per cent of the 1923-1925 average in July, to 106 per cent in August. The index of manufactures as a whole showed practically no change for the month. The iron and steel industry continued during August and September with little change in demand or in production, and the output of newsprint, lumber, and cement showed only customary seasonal changes in August. Consumption of cotton remained unusually large for this season of the year, and there was an increase in the production of automobiles, which, however, remained below the output of August of last year. Output of shoes and rubber tires increased from July to August by less than the customary seasonal amount. Factory employment was in practically the same volume in August as in July, and both employment and production were smaller than a year ago. The volume of building contracts awarded in August was smaller than in August, 1926, which was a month of unusually large awards. The largest decreases, as compared with last year, were in the Boston, New York, and Chicago Federal reserve districts. In the first half of September awards were in practically the same volume as in the corresponding period of last year.

The Department of Agriculture's estimate of corn production on the basis of September 1 condition was 2,457,000,000 bushels, compared with 2,647,000,000 harvested in 1926. The total yield of wheat is expected to be somewhat larger than a year ago. The forecast of the yield of cotton was 12,692,000 bales, representing a reduction of 800,000 bales from the August estimate and of over 5,000,000 bales from last year's crop.

TRADE. Distribution of merchandise at wholesale and retail increased more than is usual in August, and sales were generally larger than in August of last year. Sales of wholesale firms in most leading lines were larger than a year ago. Inventories of department stores showed less than the usual seasonal increase in August and at the end of the month were in about the same dollar volume as a year ago. Stocks carried by wholesale firms continued in August generally smaller than last year.

Freight car loadings of nearly all types of commodities increased considerably in August and the early part of September, but, with the exception of grains and miscellaneous products, loadings for all groups continued in smaller volume than in the same period of last year.

PRICES. Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, increased from 145 in July to 147 in August. There were large increases in the prices of farm products and of clothing materials, while most of the other groups showed only slight changes. The price of raw cotton advanced from 17½ cents a pound on August 1 to over 23 cents on September 8, but since that date has declined by about three cents a pound. Prices of cotton goods, cattle, hogs, and sugar also increased during August and the first three weeks of September, while those of grains declined; recently there have been reductions in the prices of some iron and steel products.

BANK CREDIT. Total loans and investments of member banks in leading cities between August 17 and September 21 increased by \$400,000,000 to the largest figure on record. There were increases in loans on securities and in investments as well as the usual seasonal growth in loans for agricultural and commercial purposes.

The volume of reserve bank credit increased during the month ending September 21, reflecting the seasonal growth in the demand for currency and an export of gold. The increase was entirely in the holdings of acceptances and United States securities, as there was little change in the discounts for member banks.

In the open money markets, rates on security loans increased slightly during September, while rates on commercial paper and 90-day bankers' acceptances remained unchanged at the lowest levels of the year. Discount rates at the Federal reserve banks of Philadelphia, Chicago, San Francisco, and Minneapolis were reduced during September from 4 to 3½ per cent, the rate prevailing in the other eight districts.