

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY.—On the whole, business in the Fifth reserve district was below seasonal average in October. Conditions were spotted, with both favorable and unfavorable influences plainly discernible, but the unfavorable factors were more pronounced at the end of October than in September or in October a year ago. Unemployment spread noticeably last month, the volume of new construction work undertaken declined to the lowest level in five years, both wholesale and retail trade fell below October 1926 business, and cotton production estimates and cotton prices declined below the September figures. The employment situation appears to be the chief obstacle to the development of a normal fall and winter trade, and there are no signs at present of much early improvement.

In spite of the discouraging developments enumerated, favorable factors that seem to offer encouragement for the near future are visible. Customers of member banks are liquidating the year's indebtedness in seasonal volume, and the banks in turn are retiring their rediscounts at the reserve bank and are building secondary reserves by increasing their investments in securities. Debits to individual accounts figures for the four weeks ended November 9th exceeded debits during the preceding month and the corresponding four weeks a year ago. Bank deposits, especially savings and time deposits, are at record levels. Business failures in the Fifth district were relatively low in number during October, and the liabilities involved were the smallest for any month this year. West Virginia coal output continued to lead the country last month. Textile mills continued operations on full schedules in October and consumed more cotton than in October 1926. The agricultural prospects in the district are better on the average than last year, higher prices compensating for reduced yields in cotton and apples. The total farm income this year will probably exceed the 1926 income, and as a rule farm expenses were lower this year. Finally, collections appear to be better than last year, especially in cotton growing and textile sections.

RESERVE BANK OPERATIONS.—A seasonal reduction in the demand for reserve bank credit occurred in the Fifth district between October 15th and November 15th, both this year, member banks reducing their obligations with the proceeds of crop marketing. The volume of rediscounts held by the Federal Reserve Bank of Richmond declined during the month from \$29,176,000 to \$20,535,000. Increased needs for currency incident to crop marketing and the approach of the holiday shopping season raised the circulation of Federal reserve notes from \$71,151,000 on October 15th to \$76,509,000 on November 15th. Total earning assets of the Richmond bank, including Government securities owned and bills purchased in the open market, declined during the period under review from \$91,732,000 to \$80,522,000. Member banks built their reserve deposits up from \$71,403,000 to \$80,522,000 during the month. As a result of the changes enumerated, the cash reserves of the Richmond bank rose from \$61,794,000 on October 15th to \$74,024,000 on November 15th, and the ratio of cash reserves to note and deposit liabilities combined rose from 42.11 per cent to 47.52 per cent.

On November 15, 1927, member banks were borrowing much less from the Federal Reserve Bank of Richmond than was the case a year ago, and the demand for currency was also smaller, due probably to the lessened volume of construction work in the district. On November 15th last year rediscounts for member banks at the Richmond bank totaled \$37,160,000, compared with \$20,535,000 this year, and the circulation of reserve notes was \$82,247,000 on November 15, 1926, compared with \$76,509,000 on November 15, 1927. However, total earning assets of the Federal Reserve Bank of Richmond rose during the year from \$59,249,000 to \$80,522,000, as a result of increased holdings of Government securities and acceptances purchased in the open market. Reserve deposits of member banks, which aggregated \$68,846,000 last year, rose to \$75,065,000 at the middle of November this year. The cash reserves of the Richmond bank totaled \$108,791,000 on November 15, 1926, but declined to \$74,024,000 on the corresponding date this year, while the ratio of cash reserves to note and deposit liabilities combined declined during the year from 68.86 per cent to 47.52 per cent.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	Nov. 9, 1927	Oct. 12, 1927	Nov. 10, 1926
Total Loans and Discounts (including all rediscounts)	\$522,774,000	\$536,452,000	\$520,344,000
Total Investments in Bonds and Securities..	172,603,000	170,257,000	135,185,000
Reserve Balance with Federal Reserve Bank	44,159,000	42,179,000	42,612,000
Cash in Vaults	15,213,000	14,244,000	14,688,000
Demand Deposits	394,648,000	395,299,000	386,855,000
Time Deposits	248,866,000	241,835,000	208,972,000
Borrowed from Federal Reserve Bank.....	13,171,000	15,664,000	16,570,000

The accompanying table shows the principal items of condition of sixty-seven regularly reporting member banks as of three dates, November 9, 1927, October 12, 1927, and November 10, 1926, thus affording an opportunity for comparing the latest available figures with those of the corresponding dates a month and a year earlier. It should be understood that the figures 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.

During the month between October 12th and November 9th, both this year, a seasonal reduction of about normal proportions occurred in outstanding loans to customers of the sixty-seven reporting banks, rediscounts and loans held declining \$13,678,000 between the two dates. The reporting banks increased their investments in bonds and securities by \$2,346,000 and reduced their rediscounts at the reserve bank by \$2,493,000 during the same period. The reporting banks increased their reserve deposits at the reserve bank by \$1,980,000 and their cash in vaults by \$969,000. Demand deposits naturally declined with the repayment of loans by their customers, but the decrease in deposits of \$651,000 between October 12th and November 9th was very small, and in time deposits an increase of \$7,031,000 was reported.

Comparing the November 9, 1927, figures in the table with those reported for November 10, 1926, a small increase of \$2,430,000 in outstanding loans and discounts for customers during the year is noted, while investments in bonds and securities rose \$47,418,000. The reporting banks' reserve balances at the Federal reserve bank rose \$1,547,000 during the year, and cash in vaults gained \$525,000. Deposits rose \$47,687,000 during the year, demand deposits rising \$7,793,000 and time deposits \$39,894,000. The stronger position of the reporting banks this year enabled them to reduce their borrowing at the reserve bank by \$3,399,000 between the middle of November last year and the corresponding time this year.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	November 9, 1927	October 12, 1927	November 10, 1926
Asheville, N. C.	\$ 25,940,000	\$ 36,870,000	\$ 31,353,000
Baltimore, Md.	413,677,000	407,623,000	390,905,000
Charleston, S. C.	28,126,000	29,456,000	39,089,000
Charleston, W. Va.	35,419,000	37,644,000	35,147,000
Charlotte, N. C.	57,516,000	56,596,000	49,148,000
Columbia, S. C.	22,866,000	21,451,000	18,676,000
Cumberland, Md.	9,290,000	8,482,000	8,633,000
Danville, Va.	15,246,000	9,770,000	15,258,000
Durham, N. C.	40,105,000	34,934,000	33,785,000
Greensboro, N. C.	26,861,000	24,368,000	24,539,000
Greenville, S. C.	33,228,000	26,948,000	21,357,000
Hagerstown, Md.	10,030,000	10,003,000	10,693,000
Huntington, W. Va.	23,926,000	22,376,000	24,354,000
Lynchburg, Va.	17,531,000	21,757,000	18,551,000
Newport News, Va.	8,407,000	9,246,000	10,712,000
Norfolk, Va.	74,517,000	65,351,000	75,639,000
Raleigh, N. C.	22,785,000	21,255,000	23,317,000
Richmond, Va.	151,153,000	140,814,000	136,130,000
Roanoke, Va.	26,803,000	29,398,000	29,511,000
Spartanburg, S. C.	16,986,000	14,174,000	13,603,000
Washington, D. C.	217,079,000	228,282,000	230,619,000
Wilmington, N. C.	20,895,000	20,874,000	21,285,000
Winston-Salem, N. C.	44,884,000	47,768,000	40,724,000
District Totals	\$1,343,270,000	\$1,325,440,000	\$1,303,028,000

Debits to individual, firm and corporation accounts in clearing house banks in twenty-three leading trade centers of the Fifth reserve district totaled \$1,343,270,000 during the four weeks ended November 9th this year, an increase of \$17,830,000 over the preceding four weeks ended October 12th, when debits aggregating \$1,325,440,000 were reported. The earlier period contained a large volume of quarterly payments on October 1st, and the occurrence of the Election day holiday during the later period gave the earlier period an additional business day. In view of these facts, the larger figures reported for the four weeks ended November 9th reflect a very satisfactory beginning of fall business. Fifteen of the twenty-three cities reported higher figures for the more recent period.

In comparison with the four weeks ended November 10, 1926, when debits totaling \$1,303,028,000 were reported, the aggregate of \$1,343,270,000 reported for the corresponding period ended November 9th this year shows an increase of \$40,242,000, but a majority of the cities declined during the 1927 period. Eleven cities reported higher 1927 figures while twelve cities reported lower figures, but the increases were larger than the decreases, resulting in the district gain. Most of the cities in the Carolinas reported substantial gains this year, probably due to higher cotton prices, a larger tobacco crop, and increased activity of textile mills.

SAVINGS DEPOSITS—Total deposits in thirteen mutual savings banks in Baltimore at the end of October this year totaled \$172,642,769, compared with \$169,873,170 on deposit at the end of September this year and \$157,786,271 at the end of October 1926. On November 9, 1927, sixty-seven regularly reporting member banks in leading cities of the Fifth reserve district had time deposits aggregating \$248,866,000, compared with \$241,835,000 on October 12th this year and \$208,972,000 on November 10th last year.

BUSINESS FAILURES—According to *Dun's Review* of November 5th, "The number of commercial failures in the United States invariably rises during the late months of a year, and the October total of 1,787 insolvencies is about 13½ per cent above that for September, when, however, there were fewer business days. The present aggregate also is the highest reported since last June, and defaults in each month this year have shown an increase over those for the corresponding periods of 1926. The comparison with the 1,763 insolvencies of October of last year is quite close, but last month's liabilities of about \$36,236,000 are considerably in excess of the \$33,231,000 of October 1926. For ten months of the current year failures have numbered 19,120, which is materially above the 17,874 defaults of the same period of 1926, and the present year's indebtedness of \$432,895,442 contrasts with \$330,929,000 in the ten months of the earlier year."

Contrary to seasonal trends, business failures in the Fifth district did not increase in October over September, and liabilities involved in October failures were the lowest for any month since September 1926. Insolvencies in the district last month numbered 104, compared with 104 in September and 127 in October last year, while October liabilities totaling \$1,761,672 compared with \$3,740,473 in September and \$3,394,205 in October 1926.

LABOR—With the approach of winter, unemployment in the Fifth reserve district has spread and there are more idle workers at present than there have been at any other time for several years. Some of the larger cities, to which workers from smaller centers go when work slackens at home, have a distinct labor problem. A number of industrial plants in the district are closed entirely or are using only a part of their normal quota of workmen. Textile mills are busy and tobacco factories are running full time, but practically all other industries in the district are operating on restricted schedules. Throughout the Fifth district as a whole a much smaller volume of construction work is under way than was the case a year ago. Employment conditions appear to be worse in the upper half of the district, labor being better employed in the Carolinas than in Virginia and Maryland.

COAL—The total production of bituminous coal in October amounted to 44,000,000 net tons, as against 41,928,000 tons in September this year and 54,127,000 tons in October 1926, according to the November 19th report of the Bureau of Mines, Department of Commerce. The average daily rate of production in October was 1,692,000 tons, an increase of 2.5 per cent over the September rate. West Virginia continued to lead all states in total production. Lessened activity in the steel, automobile and other industries during recent weeks kept coal consumption figures below the seasonal average, and on October 1st reserve stocks of soft coal were only 1,500,000 tons below the July 1st figure. Retail coal prices continue relatively low in comparison with prices in other strike years, and coal yards have adequate stocks to fill all orders promptly. The mild fall weather has retarded the retail coal trade.

TEXTILES—Textile mills in the Fifth reserve district continued full time operations during October, and consumed 260,114 bales of cotton, but all three states used less cotton than in September. North Carolina mills consumed 141,940 bales last month, South Carolina mills 106,681 bales, and Virginia mills 11,493 bales. In October last year the Fifth district mills consumed 236,566 bales. Uncertainties as to this year's cotton crop have reduced the volume of forward orders at the mills, but

practically no manufactured goods have accumulated. The mills expect the amount of forward buying to increase as soon as the December ginning report is issued, unless it shows unexpectedly large figures. The gradual shift of textile mills from New England to the South continues, a large corporation owning plants in both sections having recently closed its Northern properties and let contracts for extensive additions to its South Carolina holdings.

BUILDING OPERATIONS FOR THE MONTHS OF OCTOBER 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.....	298	506	740	1,228	\$ 815,800	\$ 2,417,040	\$ 185,000	\$ 701,520	\$-2,117,760	- 67.9%	1
2	Cumberland, Md....	22	35	4	5	25,338	55,247	805	1,242	- 30,346	- 53.7	2
3	Frederick, Md.....	7	10	0	0	43,050	39,100	0	0	3,950	10.1	3
4	Hagerstown, Md....	28	20	10	5	551,320	31,720	6,125	1,875	523,850	1,559.2	4
5	Danville Va.....	16	12	14	7	47,078	103,830	3,115	3,535	- 57,172	- 53.3	5
6	Lynchburg, Va.....	16	22	27	40	35,881	20,145	88,171	22,376	81,531	191.7	6
7	Norfolk, Va.....	85	102	97	68	181,710	159,248	77,035	36,833	62,664	32.0	7
8	Petersburg, Va.	5	4	7	9	15,035	13,700	5,550	18,535	- 11,650	- 36.1	8
9	Richmond, Va.....	105	115	77	87	635,619	405,594	58,847	62,069	226,803	48.5	9
10	Roanoke, Va.....	61	86	49	34	139,432	252,855	35,669	13,528	- 91,282	- 34.3	10
11	Bluefield, W. Va....	17	16	7	4	43,080	33,115	1,975	620	11,320	33.6	11
12	Charleston, W. Va..	50	52	8	14	103,048	118,995	32,813	7,325	9,541	7.6	12
13	Clarksburg, W. Va.	31	17	6	9	77,620	13,420	2,250	1,400	65,050	438.9	13
14	Huntington, W. Va.	53	57	4	1	99,056	191,670	3,450	2,500	- 91,664	- 47.2	14
15	Parkersburg, W. Va.	27	39	4	4	71,100	150,285	1,000	1,500	- 79,685	- 52.5	15
16	Asheville, N. C.	25	25	49	54	176,260	268,500	29,175	29,765	- 92,830	- 31.1	16
17	Charlotte, N. C.....	58	71	31	17	339,325	778,446	364,445	26,280	- 100,956	- 12.5	17
18	Durham, N. C.....	60	49	4	9	289,840	382,100	6,050	391,775	- 477,985	- 61.8	18
19	Greensboro, N. C....	60	66	87	41	299,210	382,685	96,487	19,775	- 6,763	- 1.7	19
20	High Point, N. C....	42	59	9	12	137,200	191,910	2,840	10,350	- 62,220	- 30.8	20
21	Raleigh, N. C.....	31	44	10	15	247,185	184,275	5,685	38,040	30,555	13.7	21
22	Salisbury, N. C.....	15	16	12	13	53,540	48,575	4,100	9,258	- 193	- 0.3	22
23	Wilmington, N. C....	9	21	11	5	23,200	377,150	20,700	9,000	- 342,250	- 88.6	23
24	Winston-Salem, N. C.	97	99	94	54	303,250	252,275	39,598	75,605	14,968	4.6	24
25	Charleston, S. C....	16	16	26	30	25,060	28,085	17,685	18,240	- 3,580	- 7.7	25
26	Columbia, S. C.....	19	17	49	44	77,800	63,325	12,750	12,610	14,615	19.2	26
27	Greenville, S. C....	10	10	27	28	57,200	55,000	9,615	6,725	5,090	8.2	27
28	Spartanburg, S. C....	35	29	17	14	82,285	68,500	3,710	2,760	14,735	20.7	28
29	Washington, D. C....	180	309	422	527	1,907,885	3,632,160	364,795	343,055	-1,702,535	- 42.8	29
	Totals.....	1,478	1,924	1,902	2,378	\$ 6,903,407	\$10,718,950	\$1,479,440	\$1,868,096	-\$ 4,204,199	- 33.4%	

— 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 providing for new construction issued in twenty-nine Fifth district cities during October were the lowest in number for any month since January 1925, and the estimated valuation for new work last month was the lowest reported for any month since February 1922. October witnessed 1,478 permits for new work, valued at \$6,903,407, compared with 1,924 permits issued for similar work in October 1926, with estimated valuation of \$10,718,950. Alterations and repair permits issued last month numbered 1,902, valued at \$1,479,440, compared with 2,378 permits and a valuation of \$1,868,096 in October last year. Combined valuation figures for all classes of work totaled \$8,382,847 in October 1927 and \$12,587,046 in October a year ago, a decline during the 1927 month of \$4,204,199, or 33.4 percent. Among the larger cities Norfolk, Richmond and Winston-Salem reported higher aggregate figures last month in comparison with the corresponding month last year, but Baltimore, Charlotte and Washington reported lower figures this year. Thirteen of the twenty-nine cities reported higher valuation figures for October 1927 than for October 1926, but only ten cities reported a larger number of permits.

Building contracts awarded in the Fifth district in October totaled \$29,552,455, including both urban and rural construction. Of this amount, \$10,267,845 was for residential work, according to statistics collected by the F. W. Dodge Corporation.

COTTON—In our *Review* last month we quoted weekly average prices paid to growers for spot cotton on the Carolina markets through October 8th, when the price was 20.86 cents per pound. From that figure the price gradually declined to 20.19 cents during the week ended October 22nd, and then rose again to an average of 20.61 cents on November 5th. Favorable weather for late cotton and the unexpectedly high figures of the Department of Agriculture's condition report of November 9th lowered the average price to 20.16 cents per pound during the week ended November 12th, the latest period for which quotations are available.

The Department of Agriculture's fourth cotton condition report on the 1927 crop estimated this year's probable yield at 12,842,000 bales, based on the November 1st condition. This compares with 12,678,000 bales indicated on October 1st, and final ginnings of 17,977,374 bales in 1926. The November 1st estimate showing an increase of 164,000 bales over the October 1st estimate was higher than the trade expected and cotton prices declined nearly a cent a pound.

The Bureau of the Census ginning report to November 1st showed 9,925,759 bales ginned prior to that date this year, compared with 11,253,873 bales ginned to the same date in 1926 and 11,207,197 bales ginned before November 1st in 1925.

Cotton consumption in American mills in October totaled 612,935 bales, according to the report of the Bureau of the Census made public on November 14th. This figure shows a slight decline from 627,321 bales consumed during the month of September this year, but is approximately 8 per cent above 568,361 bales consumed in October 1926. Total consumption during the three months of the present cotton year amounted to 1,873,690 bales, compared with 1,639,184 bales consumed during the three months ended October 31, 1926. Cotton on hand at manufacturing establishments on October 31st this year totaled 1,327,095 bales, compared with 1,118,776 bales held on September 30th this year and 1,213,199 bales held on October 31st last year. Bales in public warehouses and compresses numbered 5,433,129 at the end of October, 3,964,680 at the end of September, and 5,471,533 on October 31, 1926. Exports of cotton totaled 1,126,509 bales in October, compared with 631,041 bales sent abroad in September this year and 1,369,820 bales in October 1926. Imports last month totaled 19,235 bales, compared with 28,346 bales imported in September this year and 30,877 bales in October last year. Consumption of cotton in the growing states totaled 449,040 bales in October, compared with 404,196 bales used in October last year. Last month's consumption in the cotton growing states amounted to 73.26 per cent of National consumption, compared with 71.12 per cent of National consumption used in the cotton growing states in October last year.

Estimates of probable yields of cotton this year were reduced during October for South Carolina and Virginia, but the prospects for North Carolina remained unchanged. A South Carolina crop of 730,000 bales is indicated by the November 1st condition. The October 1st estimate was 750,000 bales and the decline in prospective production was due to a poorer outturn in the northern part of the State than was expected a month earlier. North Carolina's crop is expected to yield 845,000 bales this year. The Virginia cotton crop is estimated to be 34,000 bales, compared with 37,000 bales predicted on the October 1st condition. Weather conditions during the latter half of October and the first part of November were excellent for maturing late bolls and for gathering the open cotton. The dry weather of October kept down rotting of weevil punctured bolls, and also enabled the growers to pick most of the crop without discoloration of the lint. In view of the higher prices prevailing this year, the 1927 cotton crop will be much more profitable to the growers than the 1926 crop, in spite of the reduced yield.

TOBACCO—SOUTH CAROLINA tobacco has been sold for approximately two million dollars more than the 1926 crop. This year's production of 74,463,000 pounds compares favorably with 57,510,000 pounds grown in 1926 and a five-year average production of 60,600,000 pounds. The quality of this year's crop was 77 per cent, compared with a ten-year average of 72 per cent.

NORTH CAROLINA has the largest tobacco crop in the history of the State, the November 1st forecast being 437,488,000 pounds. The weather during the growing season was unusually favorable, and this resulted in a crop of good color and fair body or quality. Prices during September were considered very low, and there was much complaint from growers, but October prices were decidedly better. The auction markets in North Carolina sold 133,620,441 pounds of producers' tobacco during October, for an average of \$22.81 per hundred pounds, compared with 107,403,917 pounds sold in October 1926, at an average price of \$26.73 per hundred. Wilson led in October sales with 23,421,694 pounds, Greenville ranking second with 18,422,626 pounds. Washington led in price, selling 1,674,044 pounds for an average of \$27.52 per hundred pounds.

VIRGINIA auction markets sold 26,058,685 pounds of growers' tobacco during October, compared with 19,619,457 pounds sold in October 1926. Last month's prices averaged \$19.25 per hundred pounds, compared with \$24.51 last year. The quality of the crop varies considerably in the different markets, and some relatively wide differences in prices were reported. Practically all tobacco sold in October was of the flue-cured, or Bright, type, the fire-cured markets not opening until November 1st. Virginia's total production of tobacco this year is expected to be 125,457,000 pounds, compared with 137,032,000 pounds harvested in 1926.

AGRICULTURAL NOTES—MARYLAND crops benefitted by the absence of damaging frosts and freezes in October, and on November 1st the composite condition of all crops was 107.3 per cent of average conditions during the past ten years. Corn cured much better than had been expected, and the estimated yield of 21,566,000 bushels compares fairly well with the five-year average of 22,845,000 bushels. The white potato yield this year was 5,490,000 bushels, compared with the five-year average of 3,740,000 bushels, and the sweet potato crop of 1,728,000 bushels compared with 1,359,000 bushels the five-year average. A tobacco yield of 25,685,000 pounds was also above the five-year

average production of 23,875,000 pounds. On the other hand, apples and other fruits yielded much smaller crops this year than the five-year average, but on the whole the prices received were good. Winter wheat has come up in exceptionally good condition in most of Maryland and had ideal weather in which to get started.

VIRGINIA crops improved during October, and on November 1st averaged 106.9 per cent of average conditions for the past ten years. The total production of corn, white potatoes, sweet potatoes and hay will be larger than last year, while the production of cotton, tobacco, wheat and fruits will be less. Improved prices for cotton and fruits, and for live stock, is expected to hold up the farm income to the 1926 level. The corn crop in Virginia matured much later than usual, but the crop is yielding better than last year in nearly all parts of the State. Production this year is estimated at 48,140,000 bushels, compared with 46,585,000 bushels last year. Late potatoes yielded better than had been expected, and production for 1927 is estimated at 19,650,000 bushels, compared with 11,658,000 bushels dug in 1926. Favorable growing conditions during October permitted the sweet potato crop to remain in the ground longer than usual. Production is estimated to be 5,670,000 bushels, compared with 5,375,000 bushels in 1926, but this year's prices are low. The peanut crop was unusually late this season, but the yield is expected to be about 133,760,000 pounds, compared with 131,100,000 pounds last year. The Virginia commercial apple crop of 1,300,000 barrels compares quite unfavorably with 3,700,000 barrels gathered in 1926, but prices are better this year and in many of the commercial sections the growers will receive larger returns than last year. The fruit is not as high grade this year as last, but the fruit is sound and will probably keep well. Practically every apple has been sold this year, while a year ago many were left in the orchards or fed to livestock.

NORTH CAROLINA crops this year promise to average unusually well in production and prices are fairly satisfactory. The few crops that are making yields below the average are cotton, apples and most fruits. The gross value of crops will probably be ahead of last year. With a production of 52,380,000 bushels, North Carolina has the best corn crop for many years, except 1923 when the yield was the same. A sweet potato crop of 9,718,000 bushels shows a decided increase over the five-year average. The quality of potatoes is also extra good. The growing conditions were almost ideal throughout the season, following an unfavorable planting period.

SOUTH CAROLINA crop yields, with the exception of cotton, are all above the ten-year average. Judging from reported yields per acre, 1927 has been the best year since 1920 for all crops except cotton. A corn crop of approximately 25,000,000 bushels is 3,000,000 bushels more than the 1926 crop. A sweet potato yield of about 5,500,000 bushels compares with a crop of 4,160,000 bushels last year. The year's white potato crop is given as 2,975,000 bushels, compared with 3,219,000 bushels last year. The peanut crop of 11,250,000 pounds far exceeds 6,500,000 pounds harvested in 1926.

WEST VIRGINIA agricultural returns are somewhat below those of 1926. The production of all fruits is far below that of last year, and corn, wheat, oats, rye, tobacco and sorghum show decreased yields. A few crops show larger yields this year, but not enough to offset the decreases.

WHOLESALE TRADE, OCTOBER 1927

Percentage increase in October 1927 sales, compared with sales in October 1926:					
<i>32 Groceries</i>	<i>12 Dry Goods</i>	<i>5 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>
— 4.8	—10.5	.7	— 3.0	—18.0	2.7
Percentage increase in October 1927 sales, compared with sales in September 1927:					
.05	—20.4	—18.3	— 4.2	— 7.0	— 2.4
Percentage increase in total sales since Jan. 1, 1927, compared with sales in the first ten months of 1926:					
— 5.5	— 1.3	3.1	3.5	— 6.3	— .6
Percentage increase in stock on October 31, 1927, compared with stock on October 31, 1926:					
1.2(12*)	9.6(4*)	—16.5(4*)	— 6.4(8*)
Percentage increase in stock on October 31, 1927, compared with stock on September 30, 1927:					
10.3(11*)	— 2.3(4*)	— 4.6(4*)	— 1.1(8*)
Percentage of collections in October to total accounts receivable on October 1, 1927:					
66.3(19*)	34.5(8*)	36.4(5*)	39.0(12*)	31.2(3*)	54.2(8*)
— Denotes decreased percentage.			* Number of reporting firms.		

Wholesale trade reports from 83 firms in 6 lines showed slightly larger sales in October than in October last year in shoes and drugs, but grocery, dry goods, hardware and furniture sales decreased during the 1927 month. The furniture business experienced the greatest decline, being adversely affected by current interest in electric refrigerators, radio, and other relatively novel household devices. Grocery sales in October were a very small fraction of 1 per cent above September sales, but the other five lines showed lower totals for the later month. In cumulative sales since January 1st, sales in shoes and hardware were ahead of sales during the first ten months of 1926, but grocery, dry goods, furniture and drug sales ran behind those of last year.

Stocks reported by wholesale grocers were larger on October 31st than on September 30th this

year, but dry goods, shoe and hardware stocks decreased moderately during the month. Grocery and dry goods firms reported larger stocks on October 31st than a year ago, but shoe and hardware jobbers reported smaller stocks.

Collections improved during October, the percentage of collections to receivables as of October 1st being higher in every line except drugs than the corresponding percentages for September. The October 1927 percentages were also higher than those of October last year in all lines except furniture and drugs.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-Nine Representative Department Stores for the Month of October 1927

Percentage increase in October 1927 sales, compared with sales in October 1926:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 5.2	— 5.3	.04	— 6.9	— 3.4
Percentage increase in total sales since January 1st, over sales during the first ten months of 1926:				
— 3.2	2.2	— 1.0	— 1.2	— 1.6
Percentage increase in October 1927 sales over average October sales during the three years 1923-1925:				
— 1.4	3.6	3.7	— 5.9	.5
Percentage increase in stock on hand October 31, 1927, over stock on October 31, 1926:				
— 4.7	— .7	3.6	7.7	.2
Percentage increase in stock on hand October 31, 1927, over stock on September 30, 1927:				
9.3	7.4	13.4	11.2	10.9
Percentage of sales in October 1927 to average stock carried during that month:				
31.3	28.5	31.0	21.1	29.6
Percentage of total sales since January 1st to average stock carried during each of the ten elapsed months:				
251.2	263.3	264.2	205.9	251.6
Percentage of outstanding orders on October 31st to total purchases of goods in 1926:				
5.9	6.8	5.7	5.0	5.9
Percentage of collections in October 1927 to total accounts receivable on October 1st:				
24.9	29.4	30.1	34.1	27.8

— Denotes decreased percentage.

Retail sales in October in the Fifth reserve district, as reflected by sales of twenty-nine leading department stores, increased less than the usual amount over September, and averaged 3.4 per cent below sales in October 1926. Mild weather last month delayed fall buying to a considerable extent, and unsatisfactory employment conditions in some of the cities further handicapped the merchants. Cumulative sales since January 1st averaged 1.6 per cent below sales during the first ten months of 1926. Compared with average October sales during the three years 1923-1925, sales in October this year showed an increase of 5/10ths of 1 per cent.

Stocks on the shelves in the reporting stores rose seasonally during October with the receipt of some holiday goods, and at the end of the month averaged practically the same as on October 31, 1926. October 31, 1927, stocks were 2/10ths of 1 per cent larger than stocks a year ago and 10.9 per cent larger than a month earlier.

The rate of turnover increased seasonally in October. The percentage of sales in October to average stock carried that month was 29.6 per cent, and the percentage of total sales since January 1st to average stocks carried during each of the ten months was 251.6 per cent, indicating an annual rate of turnover of 3.02 times.

Collections in October totaled 27.8 per cent of receivables outstanding on the first of the month, a higher figure than either 23.4 per cent attained in September 1927 or 27.7 per cent in October last year.

(Compiled November 21, 1927)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industry and trade were less active in October than in the preceding month and were in smaller volume than a year ago. The general level of wholesale commodity prices showed a further slight advance.

PRODUCTION. Production of manufactures declined in October, contrary to the usual seasonal tendency, while the output of minerals remained in practically the same volume as in September. In October and November activity of iron and steel mills and of automobile plants was smaller than at any previous period of the year. There were also decreases during October in cotton consumption and in the production of building materials, crude petroleum, and boots and shoes. The output of bituminous coal and the number of hogs and cattle slaughtered increased by less than the usual seasonal amount. Production of flour, copper and anthracite coal showed increases in October. Building contracts awarded increased considerably owing to unusually large awards in New York and Chicago in the last week of the month. The increases were largest in contracts for residential and commercial buildings. Unusually favorable weather during October in agricultural states resulted in increased yields for late fall crops. The indicated production of corn, according to the November crop report of the Department of Agriculture, was placed as 2,753,000,000 bushels, an increase of 150,000,000 bushels over the estimate of the previous month and 106,000,000 bushels over the yield a year ago. Larger yields, as compared with the previous month's estimates, were also indicated for cotton, tobacco and potatoes.

TRADE. Trade at wholesale and retail showed less than the usual seasonal increase in October. Compared with October a year ago, wholesale trade in all leading lines except meats and drugs was smaller. Department store sales were approximately 3 per cent smaller than in October 1926, while sales of mail order houses and chain stores were somewhat larger. Inventories of merchandise carried by wholesale firms were smaller in all reporting lines at the end of the month than in September. Compared with a year ago, stocks were smaller in all lines except drugs. Stocks of department stores increased in October in anticipation of the growth in sales that usually occurs in November and December, but at the end of the month they were no larger than a year ago. Freight car loadings declined in October and the first part of November, and were smaller than in the corresponding period of last year for all classes of freight except grain and grain products.

PRICES. Wholesale commodity prices increased slightly in October, continuing the advance which began early in the summer, and the Bureau of Labor Statistics index for October was higher than for any previous month of this year. The advance in the average for all commodities from September to October reflected increases in the prices of livestock, meats, and dairy products. Prices of corn, cotton, coal, metals, paint materials and automobile tires, on the other hand, declined. During the first three weeks in November there were increases in the prices of grains, cattle, copper, hides and rubber, and decreases in hogs, cotton, silk, coal, petroleum, and iron and steel.

BANK CREDIT. Total loans and investments of member banks in leading cities increased by nearly \$300,000,000 during the latter part of October and the first half of November and on November 16th were the highest ever reported. Investments increased by more than \$200,000,000, reflecting in large part purchases of Treasury Certificates issued on November 15th, and loans on securities increased by about \$125,000,000. Loans chiefly for commercial and agricultural purposes declined during the period from the season's peak reached early in October. There was a continued increase in the demand for reserve bank credit between October 19th and November 23rd, arising chiefly out of further exports of gold. Discounts for member banks declined somewhat, while acceptances and holdings of United States Government securities increased. Conditions in the money market remained moderately easy in November. Call loan rates remained at the level reached in the latter part of October, and rates on prime commercial paper and bankers' acceptances were unchanged.

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