

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

JUNE 30, 1928

**DISTRICT SUMMARY**—Credit demands at the Federal Reserve Bank of Richmond and at member banks rose last month, contrary to seasonal trend, chiefly due to late farming work and to increased loans by member banks on miscellaneous stocks and bonds. Loans for commercial purposes declined seasonally between the middle of May and the middle of June. Debits to individual accounts at clearing house banks in the district's leading cities were seasonally lower during the four weeks ended June 13th than during the preceding period ended May 16th, but were higher than debits during the four weeks ended June 15, 1927. Business failures in both the fifth district and the nation in May were more numerous than in either April 1928 or May 1927, but aggregate liabilities involved in last month's insolvencies compared favorably with other recent months. Labor conditions continued to improve in May and early June, but there are still many idle workers in the district. Bituminous coal production in May slightly exceeded production in April this year and May a year ago. The textile situation remained unsatisfactory, with mills continuing part time operations, in the absence of forward orders. Building permits issued in May in thirty cities of the fifth district exceeded those issued in May 1927 in both number and valuation, bringing the total valuation for all permits issued this year 25 per cent above the valuation figures in the first five months of 1927. Retail trade in department stores in May 1928 exceeded the trade of May 1927 by about 2 per cent, but May this year contained an additional business day. Wholesale trade last month was larger in all lines reported upon than in April, but was below the trade of May 1927 in all lines except groceries and shoes. Unseasonably cool and wet weather in most of the district during May and the first half of June so delayed crop development that it is difficult to analyze prospects in agriculture for this year. The cotton crop is from two to three weeks late, and is in serious danger from weevils, but, with the exception of cotton, prospects for this year's farming operations appear to range from fair to good, although practically all crops are late and many fields are full of grass.

**RESERVE BANK OPERATIONS**—Between May 15 and June 15th, both this year, rediscounts for member banks held by the Federal Reserve Bank of Richmond rose from \$43,593,000 to \$44,696,000, but the total earning assets of the Richmond bank declined during the month from \$65,059,000 to \$58,630,000, due to a reduction of approximately \$7,000,000 in the holdings of bills purchased in the open market. An increase in rediscounts between May 15th and June 15th is an unseasonal development, and is due in part at least to the lateness of agricultural operations this year. The circulation of Federal reserve notes continued a seasonal decline during the month under review, decreasing from \$57,084,000 on May 15th to \$54,933,000 on June 15th. Member bank reserve deposits declined from \$68,334,000 at the middle of May to \$67,055,000 at the middle of June. The several changes in the items mentioned, with others of less importance, increased the cash reserves of the Federal Reserve Bank of Richmond from \$72,270,000 to \$74,644,000 during the month and raised the ratio of reserves to note and deposit liabilities combined from 56.50 per cent on May 15th to 60.82 per cent on June 15th.

A year ago, member banks in the Fifth district were borrowing less than half as much from the reserve bank as they are borrowing at present. On June 15, 1927, rediscounts for member banks held by the Richmond reserve bank totaled \$19,590,000, but on June 15, 1928, rediscounts aggregated \$44,696,000, an increase of \$25,106,000, or 128 per cent. In spite of the increase of 128 per cent in rediscounts, the total earning assets of the Richmond bank rose between June 15, 1927, and June 15, 1928, by only 53 per cent,—from \$38,262,000 to \$58,630,000—the bank's holdings of Government securities and bills purchased declining during the year about \$5,000,000. Federal reserve notes of the Richmond bank in circulation dropped from \$61,880,000 on June 15th last year to \$54,933,000 on June 15th this year, and member bank reserve deposits declined from \$70,888,000 to \$67,055,000 during the same period. On June 15, 1927, the cash reserves of the Federal Reserve Bank of Richmond totaled \$98,738,000 and the ratio of reserves to note and deposit liabilities combined was 74.11 per cent, but on June 15th this year reserves totaled \$74,644,000 and the reserve ratio was 60.82 per cent.

## CONDITION OF SIXTY-SIX REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 13, 1928	May 16, 1928	June 15, 1927
Loans Secured by U. S. Government Obligations.....	\$ 3,236,000	\$ 3,093,000	\$ 3,590,000
Loans Secured by Other Stocks and Bonds.....	180,730,000	176,928,000	159,923,000
All Other Loans and Discounts, Largely Commercial.....	334,464,000	337,856,000	356,527,000
Total Loans and Discounts.....	518,430,000	517,877,000	520,040,000
Total Investments in Bonds and Securities.....	171,102,000	172,403,000	146,033,000
Reserve Balance with Federal Reserve Bank.....	44,273,000	39,170,000	42,520,000
Cash in Vaults.....	12,385,000	11,684,000	13,038,000
Demand Deposits .....	369,117,000	362,237,000	385,965,000
Time Deposits .....	251,564,000	249,679,000	225,567,000
Borrowed from Federal Reserve Bank.....	23,580,000	24,875,000	4,774,000

The accompanying table shows the principal items of condition reported by sixty-six member banks, located in thirteen leading fifth district cities, on three dates, June 13th and May 16th, this year, and June 15, 1927, thus affording an opportunity for comparison of the latest available figures with those of the preceding month and the preceding year. This month we have divided the loan and discount figures into three groups, the division throwing additional light on business and speculative trends during the past year.

Between May 16th and June 13th, both this year, the total of loans to customers made by the reporting banks rose \$553,000, the net increase resulting from an increase of \$3,802,000 in loans secured by stocks and bonds other than Government securities and a rise of \$143,000 in loans secured by Government paper, while all other loans, chiefly commercial or agricultural, decreased \$3,392,000. Total investments in bonds and securities held by the reporting banks declined \$1,301,000 during the month under review, but their reserves at the reserve bank rose \$5,103,000 and their cash in vaults increased \$701,000 between May 16th and June 13th. Demand deposits rose \$6,880,000 and time deposits gained \$1,885,000 during the past month. The reporting banks reduced their borrowing at the reserve bank by \$1,295,000 between the middle of May and the middle of June.

A comparison of the figures reported on June 15, 1927, with those reported on June 13, 1928, shows a decline of \$1,610,000 in total loans and discounts held by the sixty-six member banks, a change of only three-tenths of 1 per cent, but loans secured by Government obligations decreased \$354,000, or 9.9 per cent, and loans chiefly for commercial or agricultural purposes declined \$22,063,000, or 6.2 per cent, while loans secured by stocks and bonds other than Government securities rose \$20,807,000, or 13 per cent. Total investments in bonds and securities increased \$25,069,000 during the past year, and aggregate reserve balances of the reporting banks at the reserve bank rose \$1,753,000, but cash in vaults declined \$653,000. Aggregate deposits registered a gain of \$9,149,000 during the past year, demand deposits decreasing \$16,848,000 and time deposits rising \$25,997,000. The reporting banks greatly increased their rediscounting at the reserve bank, borrowing by them rising \$18,806,000, or 393.9 per cent, between June 15, 1927, and June 13, 1928.

### DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	June 13, 1928	May 16, 1928	June 15, 1927
Asheville, N. C. ....	\$ 29,196,000	\$ 31,021,000	\$ 37,045,000
Baltimore, Md. ....	387,063,000	399,227,000	354,875,000
Charleston, W. Va. ....	38,240,000	34,640,000	35,016,000
Charlotte, N. C. ....	46,829,000	54,032,000	46,733,000
Columbia, S. C. ....	19,771,000	25,523,000	23,024,000
Cumberland, Md. ....	9,241,000	8,259,000	8,507,000
Danville, Va. ....	7,740,000	8,594,000	7,611,000
Durham, N. C. ....	25,750,000	24,019,000	23,915,000
Greensboro, N. C. ....	22,586,000	24,262,000	22,304,000
Greenville, S. C. ....	18,827,000	24,427,000	18,985,000
Hagerstown, Md. ....	9,711,000	9,455,000	9,573,000
Huntington, W. Va. ....	19,720,000	20,595,000	22,328,000
Lynchburg, Va. ....	17,469,000	17,419,000	17,466,000
Newport News, Va. ....	9,600,000	9,612,000	8,723,000
Norfolk, Va. ....	56,171,000	72,927,000*	68,571,000*
Portsmouth, Va. ....	5,060,000	.....	.....
Raleigh, N. C. ....	19,181,000	26,243,000	23,544,000
Richmond, Va. ....	113,101,000	120,226,000	118,857,000
Roanoke, Va. ....	26,513,000	25,845,000	26,148,000
Spartanburg, S. C. ....	13,667,000	11,849,000	12,711,000
Washington, D. C. ....	242,410,000	243,971,000	234,776,000
Wilmington, N. C. ....	14,525,000	18,337,000	17,661,000
Winston-Salem, N. C. ....	35,378,000	37,231,000	36,427,000
<b>Totals .....</b>	<b>\$1,187,749,000</b>	<b>\$1,247,714,000</b>	<b>\$1,174,800,000</b>

\* Norfolk figures of May 16, 1928, and June 15, 1927, include Portsmouth figures.

The accompanying table shows aggregate debits to individual, firm and corporation accounts in twenty-three cities of the fifth reserve district for three equal periods of four weeks, ended June 13, 1928, May 16, 1928, and June 15, 1927. Since our May 31st Review was issued a change has occurred in the list of reporting cities, Portsmouth, Va., figures being reported separately from those of Norfolk, and Charleston, S. C., being omitted because the figures could not be secured from the Clearing House management.

Aggregate debits reported by the twenty-three cities totaled \$1,187,749,000 for the four weeks ended June 13, 1928, a decline of 4.8 per cent under the total of \$1,247,714,000 reported by the same banks for the preceding four weeks, ended May 16th. This decrease was largely seasonal and was due to the occurrence of holidays during the period ended June 13th. Sixteen cities reported lower figures for the later period, but larger totals were reported by Charleston, W. Va., Cumberland, Md., Durham, N. C., Hagerstown, Md., Lynchburg, Va., Roanoke, Va., and Spartanburg, S. C.

A comparison of \$1,187,749,000 reported for the four weeks ended June 13th this year with \$1,174,800,000 reported for the corresponding period a year ago shows a district increase of 1.1 per cent. A majority of the reporting cities show larger totals this year, thirteen cities reporting higher figures while nine cities reported lower totals.

**SAVINGS DEPOSITS**—For the first time in two years, deposits in twelve mutual savings banks in Baltimore declined last month, dropping from \$183,096,168 on April 30th to \$182,956,664 on May 31st. On May 31, 1927, the same institutions had deposits aggregating \$165,415,707. Sixty-six regularly reporting member banks had time deposits amounting to \$251,564,000 on June 13th this year compared with \$249,679,000 on May 16, 1928, and \$225,567,000 on June 15, 1927.

**BUSINESS FAILURES**—*Dun's Review* for June 2nd, in commenting upon the May business failure record, says, "Contrary to the usual seasonal trend, the number of commercial failures in the United States increased during May, rising to 2,008. This also contrasts with a sizable reduction in April, when defaults fell to 1,818 and touched the lowest point since last October. The present number is, therefore, 10.5 per cent above the April total, and is about 8.5 in excess of the 1,852 insolvencies of May, 1927. Last month's insolvencies set a new high record for that month of the year, exceeding even the 1,960 failures of May, 1922, and reaching the 2,000-mark for the first time in May. In considering the most recent increase, however, some allowance should be made for the larger total of firms and individuals in business, which naturally enhances the possibilities of financial embarrassment.

In contrast to the numerical exhibit, the record of indebtedness for May is favorable, with a total of \$36,116,990. This is about 5 per cent less than the \$37,985,145 of April, and is the smallest amount reported for any month since last September. It is, moreover, approximately 4.5 per cent under the \$37,784,773 of a year ago, and also was exceeded in May in five of the six years 1921-1926. The high point during that period was the \$57,066,471 of May, 1921."

In the fifth reserve district, May failures totaled 140, compared with 106 in April this year and 125 in May last year, while liabilities last month aggregated \$2,947,871, compared with \$2,316,842 in April 1928 and \$5,707,404 in May 1927. Last month's number was the largest for any May since 1922, but the total of liabilities was relatively low in comparison with recent months.

**LABOR**—Conditions in labor circles continued to improve gradually during May and the first half of June, and the number of unemployed decreased distinctly, but conditions in the fifth reserve district are spotted and in some localities there is still a surplus of workers. In addition to the people who are out of work, many others are employed only part time, due to restricted operations in coal mines, textile mills, and some other scattered industries. A large amount of industrial and public utility construction work is giving the building trades more work than appeared likely a few months ago, and the tobacco factories in the district are operating on full time schedules.

**COAL**—The total production of soft coal during the month of May amounted to 36,624,000 net tons, as against 32,188,000 tons in April this year and 35,395,000 tons in May 1927. Due to an extra working day in May 1928, daily production was slightly less than daily production in May last year. Total production of bituminous coal this calendar year to June 9th (approximately 136 working days) totaled 209,112,000 net tons, a lower figure than the tonnage during the corresponding periods in 1927 and 1926, but above the 1925 figure. Retailers have coal in their yards in sufficient quantities to fill all orders promptly, and retail prices are at about the usual summer levels. West Virginia continues to lead all states in the production of bituminous coal.

**TEXTILES**—Cotton consumed in fifth district mills in May 1928 totaled 250,698 bales, of which North Carolina mills used 135,059 bales, South Carolina mills 106,233 bales, and Virginia mills 9,406 bales. May consumption in the district exceeded 226,642 bales used in April 1928, but was below 264,507 bales used in May 1927. Last month's consumption in the Carolinas and Virginia totaled 43.4 per cent of the National consumption. No improvement in the demand for manufactured cotton goods developed during May and early June, and the mills are still operating on restricted schedules. In spite of a curtailment of probably 25 to 30 per cent, stock has accumulated in the warehouses of many mills, and the mills that are moving their product contend that prices are in many

cases below replacement value. A number of mills are planning to shut down entirely for periods running from ten days to two weeks, partly to give employees a vacation and partly to enable the mills to move surplus stocks.

### BUILDING OPERATIONS FOR THE MONTHS OF MAY 1928 AND 1927.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1928	1927	1928	1927			
		1928	1927	1928	1927							
1	Baltimore, Md.....	583	478	1,394	1,432	\$ 1,944,400	\$ 2,981,040	\$1,456,640	\$ 792,840	\$— 372,840	— 9.9%	1
2	Cumberland, Md....	21	28	11	4	131,360	62,353	2,725	4,600	67,132	100.3	2
3	Frederick, Md.....	5	5	1	2	22,125	18,285	500	900	3,440	17.9	3
4	Hagerstown, Md....	20	28	9	4	23,025	31,470	2,639	1,225	— 7,031	— 21.5	4
5	Danville, Va.....	29	16	12	13	69,780	17,065	8,935	7,230	54,420	224.0	5
6	Lynchburg, Va.....	33	32	25	30	68,497	78,434	10,601	34,782	— 34,118	— 30.1	6
7	Norfolk, Va.....	69	80	90	93	443,313	306,275	55,589	527,880	— 335,253	— 40.2	7
8	Petersburg, Va....	5	5	11	3	26,850	16,850	15,805	8,760	17,045	66.6	8
9	*Portsmouth, Va....	*22	.....	*27	.....	*15,505	.....	* 9,900	.....	.....	.....	9
10	Richmond, Va.....	118	103	93	88	340,069	544,016	142,659	65,173	— 126,461	— 20.8	10
11	Roanoke, Va.....	79	70	40	32	198,284	209,282	14,173	13,307	— 10,132	— 4.6	11
12	Bluefield, W. Va...	10	18	3	12	24,630	94,505	10,315	23,525	— 83,085	— 70.4	12
13	Charleston, W. Va.	36	35	13	20	863,325	81,327	10,670	23,475	769,193	733.9	13
14	Clarksburg, W. Va.	30	45	17	18	241,720	38,495	7,525	13,005	197,745	384.0	14
15	Huntington, W. Va.	37	40	0	4	67,835	69,948	0	1,150	— 3,263	— 4.6	15
16	Parkersburg, W. Va.	21	34	11	5	57,950	148,850	14,400	3,500	— 80,000	— 52.5	16
17	Asheville, N. C.....	27	28	74	78	204,574	275,220	74,186	42,718	— 39,178	— 12.3	17
18	Charlotte, N. C.....	88	67	28	28	574,515	256,975	15,585	59,685	273,440	86.4	18
19	Durham, N. C.....	68	29	7	10	282,650	225,915	13,975	13,190	57,520	24.1	19
20	Greensboro, N. C.	64	58	53	44	290,070	290,220	60,661	96,531	— 36,020	— 9.3	20
21	High Point, N. C....	44	60	4	13	195,290	221,050	1,000	11,975	— 36,735	— 15.8	21
22	Raleigh, N. C.....	35	34	12	15	461,700	114,250	33,245	26,225	354,470	252.3	22
23	Rocky Mount, N. C.	8	12	2	8	17,965	49,415	2,700	6,600	— 35,350	— 63.1	23
24	Salisbury, N. C....	11	23	8	10	90,100	107,500	2,925	11,950	— 26,425	— 22.1	24
25	Wilmington, N. C...	12	7	15	10	35,500	28,700	13,200	5,350	14,650	43.0	25
26	Winston-Salem, N. C.	96	123	107	31	535,010	568,945	43,953	45,440	— 35,422	— 5.8	26
27	Charleston, S. C.....	12	16	49	24	40,385	18,373	28,055	19,555	30,512	80.4	27
28	Columbia, S. C.....	25	18	50	38	114,300	120,450	14,900	5,870	2,880	2.3	28
29	Greenville, S. C....	13	11	40	32	102,100	107,750	23,550	25,375	— 7,475	— 5.6	29
30	Spartanburg, S. C.	24	33	23	26	89,725	62,750	9,165	6,668	29,472	42.5	30
31	Washington, D. C.	261	187	479	508	3,955,350	3,251,610	340,835	271,115	773,460	22.0	31
	Totals.....	1,884	1,723	2,681	2,635	\$11,512,397	\$10,397,318	\$2,431,111	\$2,169,599	\$ 1,376,591	11.0%	

— Denotes decrease. \* Portsmouth figures not included in totals.

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.

The increase in building operations in the cities of the fifth reserve district, which was temporarily checked in April, was again in evidence in May. Building inspectors in thirty leading fifth district cities issued 1,884 permits for new construction in May, compared with 1,758 permits issued in April and 1,723 in May last year. In estimated valuation, new work provided for in May totaled \$11,512,397, compared with \$9,495,480 in April 1928 and \$10,397,318 in May 1927. Alteration and repair permits issued in May totaled 2,681, with estimated valuation of \$2,431,111, compared with 2,635 permits and \$2,169,599 valuation for the same class of work in May a year ago. Total valuation for all classes of permits in May amounted to \$13,943,508, compared with \$12,566,917 in May 1927, an increase this year of \$1,376,591, or 11.0 per cent. Higher valuation figures for the 1928 month were shown by only fourteen of the thirty reporting cities, but large increases in Charleston, W. Va., Clarksburg, Raleigh and Washington more than offset the larger number of decreased figures. In spite of the decline in the April 1928 figures under those of April 1927, the total amount of new construction work provided for in the permits issued in the reporting cities during the first five months of this year is 25 per cent above the valuation of similar permits issued during the corresponding period last year. Contracts awarded in May for construction work in the fifth district, including both rural and urban projects, totaled \$39,420,900, compared with \$39,735,738 awarded in May 1927, according to figures collected by the F. W. Dodge Corporation. Of the awards in May this year, \$13,930,020 was for residential work. Contract awards during the first five months of 1928 totaled 25 per cent higher than awards during the same period in 1927, exactly the same percentage increase shown by permits for new construction issued in thirty leading cities.

**COTTON**—Improved weather in the lower part of the cotton belt and continued slowness in dry goods markets depressed cotton prices between the middle of May and the middle of June. In our *Review* last month we quoted 20.82 cents per pound as the average price paid for middling upland cotton in the Carolinas during the week ended May 12th, but after that date the price gradually fell to an average of 20.21 cents per pound during the week ended June 16th, the latest period for which figures are available.

Cotton consumption in American mills during May 1928 totaled 577,710 bales, compared with 525,158 bales consumed in April this year and 629,948 bales used in May 1927. Total consumption for the ten months of the season to date—August 1, 1927, to May 31, 1928—amounted to 5,883,381 bales, compared with 5,959,970 bales consumed during the corresponding period ended May 31, 1927. According to the Bureau of the Census report on June 14th, consuming establishments held 1,331,135 bales of cotton in their warehouses on May 31st, compared with 1,792,261 bales so held on the corresponding date a year earlier. Public warehouses and compresses held 2,305,366 bales in storage on May 31st, compared with 2,866,957 bales a year ago. Exports totaled 591,345 bales in May this year, compared with 628,132 bales shipped abroad during the same month of 1927, and total exports for the ten months ended May 31st amounted to 6,933,547 bales against 10,312,637 bales exported during the ten months ended May 31, 1927. Imports last month totaled 19,842 bales, compared with 21,347 bales brought in during May last year. The cotton growing states consumed 442,441 bales in May this year, or 76.6 per cent of National consumption, compared with 456,285 bales, or 72.4 per cent of National consumption used in the cotton growing states during May 1927. Cotton spindles active in May 1928 numbered 29,060,360, compared with 32,905,256 spindles active in May 1927.

The cotton crop in the fifth reserve district is from two to three weeks late this year, and in many fields stands are poor as a result of unfavorable weather for seed germination. Reports indicate that the early infestation of weevils is heavy, greatly endangering prospects for normal fruiting of the crop. The lateness of cotton this year increases the weevil danger. The crop needs dry, hot weather, but has suffered from too much rain during recent weeks. However, as we stated last month, cotton has wonderful recuperative power, and it is yet too early to speak with assurance on this year's prospects for a normal yield.

**AGRICULTURAL NOTES**—Throughout the entire fifth reserve district crops are late, due chiefly to an unusually cool spring and unfavorable moisture conditions. Virginia lacked rain during May, but in most of the district too much rain fell, resulting in poor cultivation and grassy fields. In **Maryland** the deficiency of sunshine and two periods of rain lasting several days were not beneficial to the wheat crop, and on June 1st the condition was only 80 per cent, 6 points below the ten year average for that date. Favorable weather to harvest may increase the present indicated yield, but continued cloudy or rainy weather may reduce the production further. Hay and pasture conditions are not as high as a year ago but are better than the ten year average. Some sections report excellent prospects for hay. The condition of the apple crop on June 1st was 63 per cent, compared with 54 per cent a year earlier and a ten year average of 60 per cent. Peaches average 61 per cent over the state as a whole, but the crop is very spotted. Poor pollination and a late frost which caught the Eastern Shore fruit in an advanced stage is responsible for the low condition reported there. Present indications point to a crop about 25 per cent larger than the yield of 1927. Corn in Maryland is up in many fields and appears to be off to a good start, though the weather has been too cool for best development. **West Virginia** crops are in poorer condition than usual, with the exception of fruit crops. Estimates indicate that the state's wheat crop will be the lowest on record since crop estimates were begun in 1866. Conditions were unfavorable for the seeding of oats and early growth was retarded by weather conditions. Hay crops suffered from the severe winter, and the present condition of the acreage remaining for harvest is low due to the late spring and poor stands. **Virginia** agricultural conditions on June 1st were not uniform for all crops. Weather during May was fairly favorable for farm work, but tobacco planting was delayed on account of dry weather, and in Central and Southern districts land became too hard for preparing for late corn, legumes, etc. The yields of truck crops have been less than usual and shipments began about ten days late. Prices for most crops are quite low and there is considerable dissatisfaction among truckers. The wheat crop improved slightly during May, but the stand is thin and the yield is not expected to be up to the ten year average. Rye, oats and barley improved in May, but growth is still backward and stands thin. Hay crops made slow growth because of cool, dry weather, although early hay crops, such as alfalfa, sweet clover, etc., made a fairly good yield. Very favorable weather conditions during June will be necessary to bring hay yields this season up to average. Fruit prospects are considerably better than last year. There was some damage from the frost during April. The results of the "June drop" cannot be ascertained until about July 1st. Timely rains the last of May caused considerable improvement in the condition of early potatoes and the yield is expected to be very good. Many reports indicate that potato prices are so low that a part of the crop may not be dug. **North Carolina** crop prospects are now good on the whole, much improvement having occurred in late April and May, but many fields are grassy and need work badly. Wheat promises a fair yield, spring oats and barley are in good condition, and early Irish potatoes indicate a bumper crop. Pastures and hay have had a fine growing season. Fruit crops are above the average. Statistics gathered from 538 North Carolina farmers show increases in the use of fertilizer this year ranging from 6 to 13 per cent, but excessive rainfall in May probably caused considerable leachage during the month, which will reduce the value of the fertilizer to the growing crop. **South Carolina** crop prospects on June 1st were generally fair to good, although the effects of the cool, wet spring were still apparent in the slow progress of growing crops and irregularity of growth and stands. The crops are now in position to respond rapidly to favorable weather, and

early June weather was good. The harvesting and curing of tobacco has begun in South Carolina, although the auction markets will not open for a month or more.

### FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of May 1928

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in May 1928 sales, over sales in May 1927:					
	.5	5.3	5.2	— 4.1	2.2
Percentage increase in total sales since January 1st, over sales during the same five months in 1927:					
	— 1.7	2.4	1.9	— 5.8	— .3
Percentage increase in May 1928 sales over average May sales during the three years 1923-1925, inclusive:					
	2.2	19.8	18.0	2.9	9.5
Percentage increase in stock on hand May 31, 1928, over stock on May 31, 1927:					
	— 6.3	— 1.2	.9	— 2.3	— 2.7
Percentage increase in stock on hand May 31, 1928, over stock on April 30, 1928:					
	— 3.1	.9	— 4.8	— 3.5	— 3.5
Percentage of sales in May 1928 to average stock carried during that month:					
	26.6	28.5	29.4	22.6	27.3
Percentage of total sales since January 1st to average stock carried during each of the five elapsed months:					
	126.0	139.8	134.4	97.2	126.5
Percentages of collections in May 1928 to total accounts receivable on May 1st:					
	25.8	30.9	32.2	30.7	28.8

— Denotes decreased percentage.

Confidential reports sent to the Federal Reserve Bank of Richmond by thirty leading department stores in the fifth reserve district show sales during May 1928 averaging 2.2 per cent above the volume of sales in May 1927, but exactly half of the reporting stores returned lower totals. In total sales from January 1st through May 31st this year, sales in the reporting stores averaged 3/10ths of 1 per cent below aggregate sales during the first five months of 1927. On the other hand, May sales this year averaged 9.5 per cent above average May sales during the three years 1923-1925, inclusive.

Stocks of merchandise on the shelves of the reporting stores were 2.7 per cent lower in selling value at the end of May 1928 than a year earlier, and were 3.5 per cent smaller than a month earlier. The decrease in May under the April 30th figure was about the seasonal average.

The percentage of sales to average stocks carried during May was 27.3 per cent for the district as a whole, and the percentage of total sales during the first five months of this year to average stocks carried during each of the five months was 126.5 per cent, indicating an annual turnover of 3.036 times. During the first five months of 1927 the turnover was at a rate of 3.041 times.

Collections by twenty-nine of the thirty reporting stores during May totaled 28.8 per cent of outstanding receivables as of May 1st, a higher average than 27.1 per cent attained in April this year, and 26.6 per cent collected in May 1927. All cities reported higher percentages in May than in April this year, and Baltimore, Richmond and Washington also showed an improvement over the percentages of May 1927.

## WHOLESALE TRADE, MAY 1928

Percentage increase in May 1928 sales, compared with sales in May 1927:						
<i>30 Groceries</i>	<i>10 Dry Goods</i>	<i>5 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>	
4.5	— 9.1	17.2	—15.6	—48.6	— 1.5	
Percentage increase in May 1928 sales, compared with sales in April 1928:						
10.1	.7	12.4	2.2	11.0	3.2	
Percentage increase in total sales since Jan. 1, 1928, compared with sales during the same five months in 1927:						
1.2	—13.4	.7	—10.5	—25.5	— 3.0	
Percentage increase in stock on May 31, 1928 compared with stock on May 31, 1927:						
.3(10*)	11.4(4*)	—27.9(4*)	— 1.4(8*)	.....	.....	
Percentage increase in stock on May 31, 1928 compared with stock on April 30, 1928:						
— 2.9(10*)	— 6.2(4*)	.8(4*)	— 4.6(8*)	.....	.....	
Percentages of collections in May to total accounts receivable on May 1, 1928:						
60.9(17*)	33.8(7*)	34.2(5*)	33.5(12*)	20.9(3*)	60.8(9*)	

— Denotes decreased percentage.

\* Number of reporting firms.

Seventy-nine wholesale firms, representing six important lines of trade in the fifth reserve district, reported to the Federal Reserve Bank of Richmond on their May business. Increased sales during the month in comparison with sales during May 1927 were shown in groceries and shoes, but sales of dry goods, hardware, furniture and drugs were smaller than sales during the corresponding month last year. In comparison with sales made in April this year, May sales gained in all lines reported upon, partly due to the longer month. Total sales since January 1st were larger in groceries and shoes than during the corresponding five months in 1927, but dry goods, hardware, furniture and drug sales were smaller this year than last.

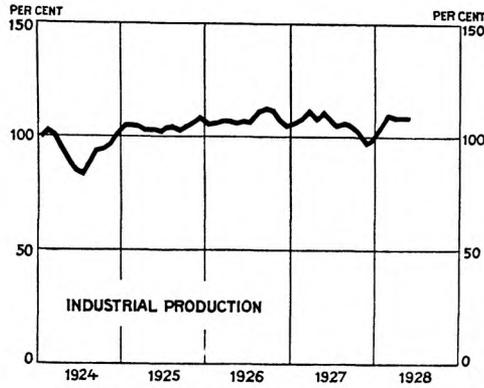
Stocks on hand at the end of May this year were larger than stocks on hand May 31, 1927, in groceries and dry goods, but shoe and hardware stocks were smaller on the 1928 date. During May stocks of shoes on the shelves of the reporting firms increased over those on hand on April 30th this year, but stocks of groceries, dry goods and hardware declined during the month.

Collections during May were better than in April in shoes and furniture, but were slower in groceries, dry goods, hardware and drugs. The dry goods, shoe and drug percentages were slightly higher than those of May last year, but the May 1928 percentages in grocery, hardware and furniture lines were lower than those of May 1927.

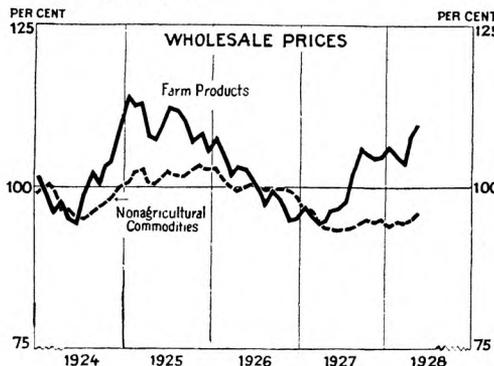
(Compiled June 21, 1928)

# BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)



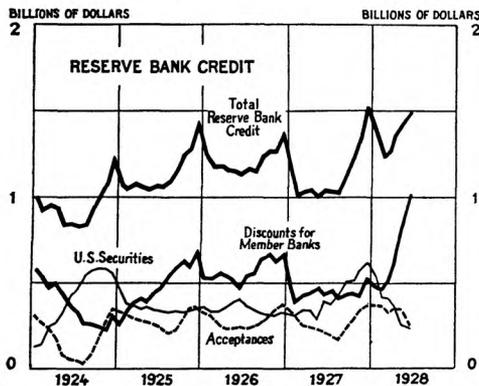
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, May 109.



Index of U. S. Bureau of Labor Statistics (1926=100). Latest figures, May, farm products 109.8; nonagricultural commodities 95.6



Federal Reserve Board's indexes of value of building contracts awarded as reported by F. W. Dodge Corporation, (1923-25 average = 100). Latest figures, May, adjusted index 152, unadjusted 163.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 22 days in June.

Industrial production continued during May in about the same volume as in the three preceding months. Wholesale and retail trade increased in May and the general level of commodity prices showed a further advance. Security loans of member banks, which were in record volume in May, declined considerably during the first three weeks in June. Conditions in the money market remained firm.

**PRODUCTION.** Production of manufactures was slightly smaller in May than in April, when allowance is made for usual seasonal variations, while the output of minerals increased somewhat. Production of steel declined in May from the high level attained in April but was in about the same volume as a year ago. Since the first of June buying of steel products has been light and there have been further decreases in production. Daily average production of automobiles was in about the same volume in May as in April and preliminary reports for the first three weeks in June indicate that factory operations were maintained at practically the same level. Activity of textile mills was somewhat larger in May and there were also increases in the slaughter of livestock and in the production of building materials, nonferrous metals and coal, while the production of petroleum declined. The value of building contracts awarded during May, as reported by the F. W. Dodge Corporation for 37 states east of the Rocky Mountains, was larger than in any previous month, and awards during the first half of June exceeded those for the corresponding period of last year. Indicated production of winter wheat, as reported by the Department of Agriculture on the basis of June 1st condition, amounted to 512,000,000 bushels, 40,000,000 bushels less than the harvested production of 1927.

**TRADE.** Distribution of merchandise, both at wholesale and at retail, was in larger volume in May than in April. Making allowance for customary seasonal influences, sales in all lines of wholesale trade showed increases, although in most lines they continued in smaller volume than a year ago. Department store sales were larger than in April, and at about the same level as a year ago, while sales of chain stores and mail order houses showed increases both over last month and over last year. The volume of freight car loadings increased further during May, but continued smaller than during the corresponding month of either of the two previous years. Loadings of miscellaneous commodities, however, which represent largely manufactured products, were larger in May of this year than in that month of any previous year.

**PRICES.** The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, increased in May by over 1 per cent to 98.6 per cent of the 1926 average, the highest figure recorded for any month since October 1926. There were increases in most of the principal groups of commodities but the largest advances in May as in April occurred in farm products and foods. Contrary to the general trend, prices of pig iron, hides, raw silk, fertilizer materials and rubber showed declines during the month. Since the middle of June there have been decreases in prices of grains, hogs, sheep, pig iron and hides, while prices of raw wool, nonferrous metals, lumber and rubber have advanced.

**BANK CREDIT.** Loans and investments of member banks in leading cities on June 20th showed a decline from the high point which was reached on May 16th. Loans on securities, which had increased by more than \$1,000,000,000 since May 1927, declined \$200,000,000 while all other loans including loans for commercial and agricultural purposes increased somewhat. There was a small increase in total investments. During the four weeks ending June 20th there were withdrawals of nearly \$75,000,000 from the country's stock of gold, and the volume of reserve bank credit outstanding increased somewhat, notwithstanding a decline in member bank reserve requirements. Member bank borrowing at the reserve banks continued to increase and early in June exceeded \$1,000,000,000 for the first time in more than six years. Acceptance holdings of the reserve banks declined considerably, while there was little change in their holdings of U. S. securities. After the middle of May firmer conditions in the money market were reflected in advances in open market rates to the highest level since the early part of 1924.