

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

JULY 31, 1928

**DISTRICT SUMMARY.**—Credit expansion continued during the past month, contrary to the seasonal trend, and the volume of rediscounts held by the Federal Reserve Bank of Richmond rose by more than 25 per cent, reaching on July 15th a level 142 per cent above the volume of rediscounts held a year earlier. Reporting member banks in the fifth district increased their loans on stocks and bonds other than Government securities by about \$4,500,000 during the month, while their loans secured by commercial, industrial and agricultural paper declined \$3,500,000. Deposits in reporting member banks decreased over \$13,000,000 during the period between June 13th and July 11th. Debits to individual accounts in 24 trade centers in the Richmond district were higher during the four weeks ended July 11th than in either of the corresponding periods ended June 13, 1928, or July 13, 1927. The total of debits for the first half of 1928 was also larger than the total reported for the first six months of 1927. Business failures in June in the fifth district were fewer in number and lower in liabilities than in either May 1928 or June 1927. Labor conditions continued to improve gradually during June, and retail trade was in larger amount than in June 1927. On the other hand, the unsatisfactory conditions in the textile field did not improve, except that by shutting down for ten days early in July the mills were able to move some of the surplus stock which had accumulated in their warehouses. Building permits issued in 30 cities in June provided for less work than was provided for in June 1927 permits, but contracts were actually awarded last month for more work than in the same month last year. Wholesale trade in June was seasonally in less volume than in May, but was also below the volume of trade in June 1927. The outlook this year for agriculture is in doubt, due chiefly to slow development of the crops. The cotton acreage is larger than in 1927, but the crop is late and the weevil danger appears to be much more serious this season than last. Present prospects are less favorable than last year for tobacco growers, and truck farming has not been profitable on the whole this season. Fruit growers seem to have better prospects than other farmers this year, present conditions indicating greatly increased yields over those of 1927.

**RESERVE BANK OPERATIONS.**—Between June 15th and July 15th, this year, there was an unseasonally marked increase in the demand for reserve bank credit. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond rose from \$44,696,000 at the middle of June to \$56,678,000 at the middle of July, an increase of \$11,982,000, or 26.8 per cent. Most of the increase was in rediscounts for banks in the larger cities, although the country banks also increased their borrowing during the month under review. Total earning assets of the Richmond bank on July 15th amounted to \$67,301,000, compared with \$58,630,000 a month earlier, the increase being composed entirely of member bank paper discounted or rediscounted. The volume of Federal Reserve notes in actual circulation continued to decline between June 15th and July 15th, falling from \$54,933,000 to \$53,626,000, and member bank reserve deposits dropped from \$67,055,000 to \$64,871,000 during the same period. The several changes enumerated, with others of less importance, lowered the cash reserves of the Federal Reserve Bank of Richmond from \$74,644,000 on June 15th to \$60,055,000 on July 15th, and reduced the ratio of cash reserves to note and deposit liabilities combined from 60.82 per cent to 50.49 per cent. Effective July 13, 1928, the Richmond bank raised the discount rate on all classes of paper from 4½ per cent to 5 per cent.

A comparison of the figures in the Richmond reserve bank's statement for July 15, 1928, with those reported for July 15, 1927, shows a large increase in the demand for reserve bank credit this year. Rediscounts totaling \$56,678,000 on July 15th this year show an increase of 142.1 per cent over the total of \$23,411,000 in discounted paper held on July 15th last year, and total earning assets amounting to \$67,301,000 this year are 38.6 per cent above \$48,554,000 held at the middle of July last year, in spite of a reduction of approximately \$15,000,000 in the bank's holdings of government securities and bankers acceptances. On the other hand, the circulation of Federal reserve notes this year is less than a year ago, \$53,626,000 outstanding on July 15, 1928, comparing with \$60,176,000 in circulation on July 15, 1927. Member bank reserve deposits also declined during the year,

falling from \$69,266,000 at the middle of July 1927 to \$64,871,000 on July 15, 1928. The changes mentioned, with other minor ones, lowered the cash reserves of the Richmond bank from \$89,157,000 to \$60,055,000 during the year,

and reduced the ratio of reserves to note and deposit liabilities combined from 67.75 per cent on July 15th last year to 50.49 per cent on July 15th this year.

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

ITEMS	July 11, 1928	June 13, 1928	July 13, 1927
Loans Secured by U. S. Government Obligations.....	\$ 3,226,000	\$ 3,236,000	\$ 4,441,000
Loans Secured by Other Stocks and Bonds.....	185,233,000	180,730,000	155,678,000
All Other Loans & Discounts, Largely Commercial....	331,059,000	334,464,000	363,865,000
Total Loans & Discounts.....	519,518,000	518,430,000	523,984,000
Total Investments in Bond and Securities.....	160,465,000	171,102,000	152,720,000
Reserve Balance with Federal Reserve Bank.....	41,865,000	44,273,000	42,476,000
Cash in Vaults.....	12,809,000	12,385,000	13,962,000
Demand Deposits .....	359,792,000	369,117,000	394,027,000
Time Deposits .....	247,798,000	251,564,000	229,229,000
Borrowed from Federal Reserve Bank.....	31,337,000	23,580,000	9,809,000

The chief items of conditions for sixty-four regularly reporting member banks are shown in the accompanying table, three dates being included to allow for comparison of the latest available figures, those of July 11, 1928, with those of June 13, 1928, and July 13, 1927, the preceding month and the preceding year, respectively. It should be understood that the figures shown reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

A comparison of the figures reported for July 11th with those reported for June 13th, both this year, shows some interesting and unusual developments during the month. To begin with, the loans secured by miscellaneous stocks and bonds, rose \$4,503,000, while all other loans and discounts, which are largely for commercial, industrial or agricultural purposes, declined \$3,504,000, and loans on Government securities dropped \$10,000, a net increase in loans to customers amounting to \$1,088,000. Another noteworthy feature of the statement is that aggregate deposits in the reporting banks declined \$13,091,000 while loans to customers were rising more than \$1,000,000. Demand deposits dropped \$9,325,000 during the month, and time deposits declined \$3,766,000. The total investments of the sixty-four banks in bonds and securities fell \$10,637,000 between June 13th and July 11th, and the aggregate reserve balances of the reporting banks at the reserve bank dropped \$2,408,000. The reporting banks increased their rediscounts at the Federal Reserve Bank of Richmond by \$7,757,000 last month.

During the year between July 13, 1927, and July 11, 1928, total loans and discounts held by the sixty-four member banks decreased \$4,466,000, or nine-tenths of 1 per cent. Loans secured by Government obligations decreased \$1,215,000, or 27.4 per cent, and loans chiefly for commercial and agricultural purposes declined \$32,806,000, or 9 per cent, but loans secured by stocks and bonds other than Government securities rose \$29,555,000, or 19 per cent. Total investments in bonds and securities increased \$7,745,000 during the past year, but aggregate reserve balances of the reporting banks at the reserve bank declined \$611,000, and cash in vaults declined \$1,153,000. Aggregate deposits registered a decline of \$15,666,000 during the year. For the first time in several years aggregate deposits were below the previous year's level. Time deposits rose \$18,569,000 during the year, but demand deposits declined \$34,235,000. The reporting banks greatly increased their rediscounting at the reserve bank, borrowing by them rising \$21,528,000, or 219.5 per cent, between July 13, 1927, and July 11, 1928.

### DEBITS TO INDIVIDUAL ACCOUNTS

The accompanying table shows total debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Federal reserve district during three periods of four weeks each, and in addition the table this month shows semi-annual totals in the several cities for the first half of 1928 in comparison with corresponding figures for the first half of 1927. The figures for the latest available four weeks period, ended July 11th, may be compared with the figures reported for the preceding four weeks, ended June 13th this year, and with those of the corresponding four weeks ended July 13, 1927. Norfolk and Portsmouth figures for the 1928 dates are considered collectively, to compare with 1927 figures.

Aggregate debits of \$1,309,233,000 in the reporting banks during the four weeks ended July 11th show a seasonal increase over the total of \$1,214,121,000 reported for the preceding like period, ended June 13th, the semi-annual and quarterly payments occurring on and around July 1st increasing debits totals materially. The increase during the more recent period was about the same as in most years. Eighteen of the twenty-three reporting cities showed higher figures.

In comparison with the corresponding four weeks in 1927, ended July 13th, when debits totaling \$1,269,484,000 were reported, the total of \$1,309,233,000 for the four weeks ended July 11, 1928,

shows an increase of \$39,349,000, thirteen of the twenty-three cities reporting higher figures this year.

Total debits for the first half of 1928 amounted to \$8,137,248,000, compared with \$8,004,180,000 reported during the first half of 1927. Fourteen cities showed higher figures while nine cities showed lower figures during the first half of this year in comparison with the corresponding six months of 1927. Five of the six largest cities in the district reported larger 1928 figures, Norfolk reporting the only decrease among the larger centers. In view of the marked activity of those participating in stock market operations during recent months, it is doubtful whether the increased debits figures for 1928 reflect any increase in ordinary business.

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED			SEMI-ANNUAL TOTALS	
	July 11, 1928	June 13, 1928	July 13, 1927	1928	1927
Asheville, N. C.....	\$ 29,028,000	\$ 29,196,000	\$ 30,815,000	\$ 187,539,000	\$ 220,428,000
Baltimore, Md. ....	424,358,000	387,063,000	401,153,000	2,539,431,000	2,443,522,000
Charleston, S. C.....	25,430,000	26,372,000	25,637,000	163,263,000	166,385,000
Charleston, W. Va.....	41,028,000	38,240,000	35,982,000	239,303,000	225,894,000
Charlotte, N. C.....	52,414,000	46,829,000	48,450,000	346,562,000	314,513,000
Columbia, S. C.....	19,387,000	19,771,000	20,990,000	153,388,000	141,363,000
Cumberland, Md. ....	10,340,000	9,241,000	9,796,000	55,230,000	54,249,000
Danville, Va. ....	8,214,000	7,740,000	9,080,000	59,700,000	58,629,000
Durham, N. C.....	25,894,000	25,750,000	26,634,000	172,280,000	166,459,000
Greensboro, N. C.....	23,033,000	22,586,000	23,579,000	156,671,000	152,664,000
Greenville, S. C.....	19,512,000	18,827,000	21,947,000	150,987,000	136,909,000
Hagerstown, Md. ....	10,711,000	9,711,000	10,548,000	63,842,000	65,331,000
Huntington, W. Va.....	23,196,000	19,720,000	24,446,000	135,656,000	149,159,000
Lynchburg, Va. ....	19,989,000	17,469,000	18,635,000	117,259,000	117,378,000
Newport News, Va.....	9,242,000	9,600,000	8,634,000	58,328,000	63,035,000
Norfolk, Va. ....	60,980,000	56,171,000	*68,192,000	*422,385,000	*448,015,000
Portsmouth, Va. ....	5,804,000	5,060,000			
Raleigh, N. C.....	31,112,000	19,181,000	27,603,000	150,010,000	148,428,000
Richmond, Va. ....	128,998,000	113,101,000	123,160,000	816,304,000	807,985,000
Roanoke, Va. ....	28,945,000	26,513,000	28,415,000	172,822,000	171,587,000
Spartanburg, S. C.....	12,957,000	13,667,000	11,972,000	85,628,000	85,737,000
Washington, D. C.....	242,799,000	242,410,000	239,185,000	1,523,273,000	1,495,125,000
Wilmington, N. C.....	14,644,000	14,525,000	16,587,000	112,112,000	119,288,000
Winston-Salem, N. C.....	41,218,000	35,378,000	38,044,000	255,225,000	252,097,000
District Totals .....	\$1,309,233,000	\$1,214,121,000	\$1,269,484,000	\$8,137,248,000	\$8,004,180,000

\* These Norfolk figures include totals for Portsmouth.

**SAVINGS DEPOSITS.**—Savings and time deposits declined slightly during June, but at the end of the month were well above the June 30, 1927, figures. Twelve mutual savings banks in Baltimore had deposits aggregating \$182,944,849 at the close of business June 30, 1928, compared with \$182,956,664 at the end of May this year and \$167,075,751 at the end of June 1927. Sixty-four regularly reporting member banks had aggregate time deposits amounting to \$247,798,000 on July 11th this year, compared with \$251,564,000 on June 13, 1928, and \$229,229,000 on July 13, 1927.

**BUSINESS FAILURES.**—Both in number of failures and amount of liabilities involved, the National insolvency record for June 1928 reveals an improvement over the returns for May, and the amount involved is also less than that for June 1927. June failures this year numbered 1,947, against 2,008 in May, and last month's indebtedness of \$29,827,073 compares with \$36,116,990 in the immediately preceding month, a decline of 3.0 per cent in number and a decrease of 17.4 per cent in liabilities. The June liabilities show a decline of 13.5 per cent from the total of \$34,465,165 for June 1927, but the number of bankruptcies last month exceeded the 1,833 of June last year by 6.2 per cent.

For the half year ended June 30, 1928, there were 12,828 commercial failures, involving \$251,448,406. The number is about 4.5 per cent in excess of the 12,296 defaults for the corresponding period of 1927, but the indebtedness for this year is more than 10 per cent less than the \$281,527,518 of the first six months of last year.

Failures in the fifth reserve district in June this year numbered 98, with liabilities aggregating \$1,397,502, compared with 142 failures and liabilities totaling \$2,255,430 reported in June 1927. The number of failures in the fifth district last month was the lowest number reported for any month since September 1926, and the June liabilities were the lowest for any month since September 1924.

**LABOR.**—The labor situation did not change materially during the past month, except possibly in Virginia. The gradual improvement noted in May and early June continued, however, and more people are now employed than at any other time in the past year. Textile workers were laid off about ten days around July 4th, and coal production continued to decline during June. On the other hand, several tobacco factories have put on additional workers in the fifth district, and industrial construc-

tion has taken many laborers from the ranks of the unemployed. On the whole, the prospects for employment for all but clerical workers appear better than at this time last year or in more recent months.

**COAL.**—The total production of bituminous coal during June amounted to 35,963,000 net tons, as against 36,624,000 tons mined in May this year and 36,627,000 tons in June 1927. Total production of soft coal this calendar year to July 7th (approximately 159 working days) totaled 241,126,000 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, and retail prices have not been advanced over the summer scale set last April. West Virginia continues to lead all states in the production of bituminous coal.

### BUILDING OPERATIONS FOR THE MONTHS OF JUNE 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.....	457	568	1,236	1,421	\$ 2,433,720	\$ 3,217,800	\$ 790,560	\$ 1,016,648	\$-1,010,168	- 23.9%	1
2	Cumberland, Md....	16	17	13	8	26,810	66,250	19,879	7,975	— 27,536	- 37.1	2
3	Frederick, Md.....	7	14	2	1	22,100	23,520	4,075	50	2,605	11.1	3
4	Hagerstown, Md....	22	34	2	12	137,320	53,910	1,475	4,845	80,040	136.2	4
5	Danville, Va.....	13	20	11	16	41,830	126,785	7,220	13,290	— 91,025	- 65.0	5
6	Lynchburg, Va.....	33	28	36	29	67,400	51,169	30,032	6,680	39,583	68.4	6
7	Norfolk, Va.....	82	106	91	89	437,195	260,990	73,998	87,305	162,898	46.8	7
8	Petersburg, Va....	10	5	9	13	29,300	11,165	3,425	48,810	— 27,250	- 45.4	8
9	*Portsmouth, Va....	*17	.....	*25	.....	*46,325	.....	*17,440	.....	.....	.....	9
10	Richmond, Va.....	115	93	93	69	367,562	1,086,618	82,935	177,069	— 813,190	- 64.4	10
11	Roanoke, Va.....	57	58	21	28	846,450	233,247	5,998	11,325	607,876	248.5	11
12	Bluefield, W. Va...	11	14	4	8	17,275	80,950	1,280	2,035	— 64,430	- 77.6	12
13	Charleston, W. Va.	40	54	13	16	135,960	77,650	13,175	5,850	65,635	78.6	13
14	Clarksburg, W. Va.	23	25	17	23	100,488	107,200	8,650	5,065	— 3,127	- 2.8	14
15	Huntington, W. Va.	32	46	1	4	78,375	76,767	9,000	600	10,008	12.9	15
16	Parkersburg, W. Va.	21	18	8	9	52,050	134,600	2,750	6,400	— 86,200	- 61.1	16
17	Asheville, N. C.....	30	26	74	111	279,247	2,780,167	21,600	36,645	-2,515,965	- 89.3	17
18	Charlotte, N. C.....	85	64	36	12	669,515	324,960	100,679	12,208	433,026	128.4	18
19	Durham, N. C.....	59	49	10	4	248,950	221,050	20,950	223,100	— 174,250	- 39.2	19
20	Greensboro, N. C.	72	42	46	44	319,316	310,860	32,171	33,635	6,992	2.0	20
21	High Point, N. C.	32	61	9	8	164,350	203,900	4,225	8,462	— 43,787	- 20.6	21
22	Raleigh, N. C.....	21	37	12	9	131,030	173,000	9,040	6,750	— 39,680	- 22.1	22
23	Rocky Mount, N.C.	30	4	9	3	167,535	350	19,550	1,675	185,060	9,138.8	23
24	Salisbury, N. C.....	16	16	1	7	143,500	64,225	600	3,390	76,485	113.1	24
25	Wilmington, N.C....	9	8	14	6	13,500	13,400	15,500	10,400	5,200	21.8	25
26	Winston-Salem, N. C.	90	109	90	55	434,450	831,911	34,435	60,886	— 423,912	- 47.5	26
27	Charleston, S. C.....	10	10	29	28	5,455	24,725	12,435	18,015	— 24,850	- 58.1	27
28	Columbia, S. C.....	32	23	40	41	143,400	123,250	17,045	23,565	13,630	9.3	28
29	Greenville, S. C.....	12	10	24	35	52,200	59,650	10,550	17,635	— 14,535	- 18.8	29
30	Spartanburg, S. C.	9	27	17	28	30,900	71,075	6,845	8,919	— 42,249	- 52.8	30
31	Washington, D. C.	211	232	472	405	3,674,440	2,511,685	359,635	451,195	1,071,195	36.2	31
Totals.....		1,657	1,818	2,440	2,542	\$11,271,623	\$13,322,829	\$1,719,712	\$2,310,427	\$ -2,641,921	- 16.9%	

— 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.

Thirty cities in the fifth reserve district issued 1,657 permits for new construction in June 1928, estimated to cost \$11,271,623, compared with 1,818 permits, estimated to cost \$13,322,829, issued for similar work in June 1927, a decrease of 161 permits and a decline of \$2,051,206 in valuation last month. The figures for alteration and repair work were also smaller in June this year than in June 1927, 2,440 permits valued at \$1,719,712 issued last month comparing with 2,542 permits valued at \$2,310,427 issued during the corresponding month a year ago. In total valuation for all classes of work, the June 1928 total of \$12,991,335 shows a decrease of \$2,641,921, or 16.9 per cent, under the total of \$15,633,256 reported for June 1927. Fourteen of the thirty cities reported higher figures for June 1928 than for June last year, but sixteen cities reported lower figures. Among six of the largest cities in the district, higher figures were reported this year by Charlotte, Norfolk and Washington, but Baltimore, Richmond and Winston-Salem reported lower 1928 figures. Roanoke reported the highest valuation figures last month in proportion to population.

Contracts awarded in June for construction work in the fifth district, including both rural and urban projects, totaled \$46,227,135, compared with \$35,502,523 awarded in June 1927, according to figures collected by the F. W. Dodge Corporation. Of the awards in June this year, \$14,202,945 was for residential work.

**TEXTILES.**—Cotton consumed in the three textile manufacturing states of the fifth district totaled 222,235 bales in June 1928, of which North Carolina mills used 118,364 bales, South Carolina mills 95,810 bales, and Virginia mills 8,061 bales. In the longer month of May the fifth district mills used 250,698 bales, and in June 1927 they consumed 273,414 bales. June 1928 consumption was 43.5 per cent of National consumption, compared with 43.4 per cent of National consumption attained by Fifth district mills in May of this year and 41.4 per cent in June a year ago. It appears that the present depression in the textile industry is somewhat less extensive in the fifth district than in other sections. Little improvement in the demand for textile products occurred in June, and early in July practically all mills in the district closed for 10 days. A shut-down for a week is customary around July 4th, but this year the vacation was extended a few days.

**COTTON.**—Cotton prices fluctuated considerably between the middle of June and the middle of July, the changes resulting in a net increase of nearly 1½ cents per pound. In our *Review* last month we quoted the average price paid growers in the Carolinas for upland cotton, middling basis, as 20.21 cents per pound during the week ended June 16th. During the next three weeks, ended June 23rd, June 30th, and July 7th, the average prices were 20.71 cents, 21.74 cents, and 22.01 cents, respectively. However, the week ended July 14th witnessed a decline in the average price to 21.66 cents, the recession resulting from more favorable weather and the release of the first acreage report of the season, which indicated a material increase in the area in cultivation this year.

Cotton consumption in American mills during June 1928 totaled 510,565 bales, compared with 577,710 bales consumed in May this year and 659,841 bales used in June 1927. Total consumption for the eleven months of the season to date—August 1, 1927, to June 30, 1928—amounted to 6,393,946 bales, compared with 6,619,820 bales consumed during the corresponding period ended June 30, 1927. According to the Bureau of the Census report on July 14th, consuming establishments held 1,158,531 bales of cotton in their warehouses on June 30th, compared with 1,594,475 bales so held on the corresponding date a year earlier. Public warehouses and compresses held 1,645,971 bales in storage on June 30th, compared with 2,181,509 bales a year ago. Exports totaled 457,781 bales in June this year, compared with 481,943 bales shipped abroad during the same month of 1927, and total exports for the eleven months ended June 30th amounted to 7,391,328 bales against 10,794,580 bales exported during the eleven months ended June 30, 1927. Imports last month totaled 14,587 bales, compared with 37,078 bales brought in during June last year. The cotton growing states consumed 392,089 bales in June this year, or 76.8 per cent of National consumption, compared with 475,958 bales, or 72.1 per cent of National consumption used in the cotton growing states during June 1927. Cotton spindles active in June 1928 numbered 28,624,488 compared with 32,756,862 spindles active in June 1927.

On July 9th, the Department of Agriculture issued its first acreage report of the season, and estimated the area in cultivation as 11.4 per cent larger than the acreage in 1927. Among the individual state averages, all of which show higher figures than a year ago, Virginia reports an increase of 30 per cent, North Carolina an increase of 7 per cent, and South Carolina an increase of 5 per cent. In contrast to the increased acreage, however, the Department stated that owing to late planting, the need for repeated replanting, and to difficulty in working out the crop at the proper time, the reported stand of cotton on July 1st was 6 per cent below the stand reported on July 1, 1927.

Owing to legislative limitation of crop reports on cotton, the Department of Agriculture has not yet issued condition reports on this year's crop and no official data are available as to possible yield. An analysis of such data as are available from private sources, however, seems to indicate a very spotted crop in the fifth district, with prospects ranging from fair in some sections to very poor in others. For example, in South Carolina the Piedmont counties appear to have fair stands and not an unusually large number of weevils, but in the heavy producing eastern and southern counties only those fields which have been carefully poisoned have prospects for more than half a normal crop. Agricultural leaders have made and continue to make efforts to convince growers of the necessity of poisoning the weevils, and the better conditions prevailing in all poisoned fields prove their claims of benefits to be derived from such work. Poisoning, however, has not yet been general. A generally late crop with excessive rainfall and cloudy weather in June was favorable for weevil development throughout much of the cotton belt, but the weather during the first half of June was more favorable to the growers.

**AGRICULTURAL NOTES.**—In **Maryland** the indicated production of wheat improved last month, but on July 1st was still 3 per cent below the 1927 production. Corn shows a condition of 80 per cent of normal on an acreage about 6 per cent larger than in 1927. Corn varies considerably, but generally the crop is fairly good. Western counties have had too much rain to permit proper cultivation. The apple crop promises a yield about 17 per cent above 1927, and the peach crop is estimated to be 23 per cent larger than last year. Most of the increase is in western Maryland, where conditions are much better than in the Eastern Shore area. Prospects for oats and pears are better than in 1927, but the indicated yields of Irish and sweet potatoes and hay are lower in Maryland this year. Marketing conditions for truck crops were unfavorable, and growers probably made little profit. **West Virginia** crops promise larger yields this year than in 1927 for Irish potatoes, tobacco, apples, peaches and pears, but lower yields are indicated this year for corn, wheat, oats, rye, sweet potatoes and hay. **Virginia** crop prospects on July 1st varied considerably in differ-

ent parts of the state. The northern, eastern and extreme western counties had too much rain during June and the central and southern counties were too dry for proper crop growth. There is an increase of nearly 2 per cent in the total acreage in crops this year, with corn, cotton, barley, potatoes and tobacco showing increases while wheat, oats, rye and hay show decreases. Crop growth is generally backward, and farm work has also been retarded by unfavorable weather. The corn acreage is 7 per cent greater than last year. The condition of corn on July 1st indicated a production of 46,371,000 bushels this year, compared with 47,967,000 bushels in 1927. Wheat improved wonderfully during June and growers expect threshing to turn out average yields or better. Cool, dry weather in most of the wheat growing sections caused heads to fill well. The crop ripened very slowly this season, and in many sections harvesting was not complete on July 1st. Hay crops in Virginia improved considerably during June, but the condition is still below the average, because of unfavorable weather conditions during May. Frequent rains have interfered with harvest and in some sections hay has been lost. The acreage of cowpeas and soy beans for hay is reported to be slightly less than last year, but the stands are generally good and an average crop should be produced if weather conditions remain favorable for the rest of the season. Pastures improved during June and in most sections of the state are now affording excellent grazing. The acreage of potatoes is reported to be 11 per cent larger than last year, and yields of the early crop were very good, but not quite equal to the unusually heavy yields of last year. Prices have been very low and growers state that they do not cover the actual cost of growing and harvesting. Average prices received for shipments prior to July 1st were from \$1.40 to \$1.60 per barrel, compared with \$4.00 to \$4.50 last year. The sweet potato acreage is estimated to be about 4 per cent greater than last year. Growth is backward but the stand is generally good. The condition of all fruit crops is much better than last year, but owing to frost damage production will be somewhat less than the large crop of 1926. The total apple crop is estimated to be 13,079,000 bushels, compared with 6,000,000 bushels last year. The peach crop is expected to yield 814,000 bushels, compared with 400,000 bushels in 1927. **North Carolina** crops improved wonderfully in growth during the month of June. The cool, wet weather earlier in the season retarded corn, cotton and tobacco, and grassiness of fields taxed the efforts of the farmers, but much more favorable weather in June brought out the crops materially. From a bad beginning, wheat improved until the prospective yield averaged over 11 bushels per acre and the quality is unusually good. The indicated production of corn is considerably below last year's yield. The soy bean, cowpea, peanut and velvet bean crops are all slightly below the average in condition. Oats promise a much better yield than was expected, due chiefly to remarkably good yields from spring oats. Truck crops yielded fairly well, but the money returns to the growers were very disappointing. **South Carolina** crop acreage figures show a slightly greater total planted this year than last. The largest increases are in cotton, tobacco and Irish potatoes, with oats and wheat showing the greatest declines. The corn crop condition of 68 per cent on July 1st indicates a yield of 20,868,000 bushels, compared with 25,449,000 bushels harvested last year. This year's wheat crop produced less than the crop of 1927, but the yield per acre was considerably better this year. The tobacco acreage was greatly increased over last year, but present indications are for a slightly lower total production than in 1927.

### WHOLESALE TRADE, JUNE 1928

Percentage increase in June 1928 sales, compared with sales in June 1927:						
31 Groceries	10 Dry Goods	5 Shoes	16 Hardware	5 Furniture	13 Drugs	
.2	-25.0	-14.6	-14.0	-18.7	-2.1	
Percentage increase in June 1928 sales, compared with sales in May 1928:						
-2.3	-17.6	-39.5	-6.1	5.1	-4.0	
Percentage increase in total sales since January 1, 1928, compared with sales during the first half of 1927:						
1.0	-15.1	-1.3	-11.1	-24.4	-2.8	
Percentage increase in stock on June 30, 1928, compared with stock on June 30, 1927:						
1.2 (11*)	1.0 (4*)	-12.8 (4*)	-9.2 (8*)	.....	.....	
Percentage increase in stock on June 30, 1928, compared with stock on May 31, 1928:						
-5.1 (11*)	15.2 (4*)	18.6 (4*)	-5.8 (8*)	.....	.....	
Percentage of collections in June to total accounts receivable on June 1, 1928:						
65.4 (18*)	29.9 (7*)	29.4 (5*)	39.6 (12*)	28.9 (3*)	60.3 (9*)	

— Denotes decreased percentage.

\* Number of reporting firms.

Wholesale trade in the fifth reserve district in June 1928, as reflected in reports from eighty firms to the Federal Reserve Bank of Richmond, was in smaller volume in nearly all lines of trade for which statistics were available than in either May 1928 or June 1927. The reporting grocery firms showed larger sales, in dollar amount, in June this year than in June last year, but the other five lines reported decreased sales during the 1928 month, dry goods with a decline of 25 per cent showing the greatest drop. In comparison with May 1928 sales, those of June 1928 showed an increase in furniture, but in all other lines lower sales were reported for the more recent month. Cumulative sales during the first half of 1928 exceeded sales in the first half of 1927 in groceries alone, the other five lines falling behind their 1927 business. Stocks on hand increased last month over those on hand at the end of May this year in dry goods and shoes, while grocery and hard-

ware stocks declined. At the end of June, stocks of groceries and dry goods on the shelves of the reporting firms were larger than those on hand on June 30, 1927, but shoe and hardware stocks declined during the year. Collections in June improved in groceries, hardware and furniture over collections in May of this year, but declined in dry goods, shoes and drugs. In comparison with collections in June last year, collections last month were better in hardware and drugs, but were slower in groceries, dry goods, shoes and furniture.

### FIGURES ON RETAIL TRADE

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

Percentage increase in June 1928 sales, compared with sales in June 1927:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
—1.2	4.0	4.4	—5.9	1.0	
Percentage increase in total sales since January 1st, over sales in the first half of 1927:					
—1.6	2.7	2.4	—5.8	—1	
Percentage increase in June 1928 sales over average June sales during the three years 1923-1925, inclusive:					
—3.7	22.6	8.5	—6.0	3.0	
Percentage increase in stock on hand June 30, 1928, over stock on June 30, 1927:					
—3.8	—6.2	—1.4	—1.5	—2.8	
Percentage increase in stock on hand June 30, 1928, over stock on May 31, 1928:					
—5.4	—9.0	—5.6	—3.9	—5.6	
Percentage of sales in June 1928 to average stock carried during that month:					
26.5	31.8	30.1	20.3	27.4	
Percentage of total sales since January 1st to average stock carried during each of the six elapsed months:					
153.0	172.7	165.0	118.0	154.5	
Percentage of collections in June 1928 to total accounts receivable on June 1st:					
24.7	35.1	31.8	30.3	28.5	

— Denotes decreased percentage.

Retail trade in thirty of the fifth district's leading department stores in June was larger in dollar amount than during the corresponding month a year ago, sixteen stores reporting increased sales during the past month. The average increase in June sales over sales in June 1927 was 1.0 per cent, but cumulative sales in the thirty stores during the first half of this year lacked 1/10th of 1 per cent of equaling total sales during the first half of 1927. June 1928 sales averaged 3.0 per cent above average June sales during the three years 1923-1925, inclusive, due chiefly to store expansion in Richmond and Washington since 1923.

Stocks of merchandise on the shelves of the reporting stores were 2.8 per cent lower in selling value at the end of June 1928 than a year earlier, and were 5.6 per cent smaller than a month earlier, the latter decrease being a seasonal development.

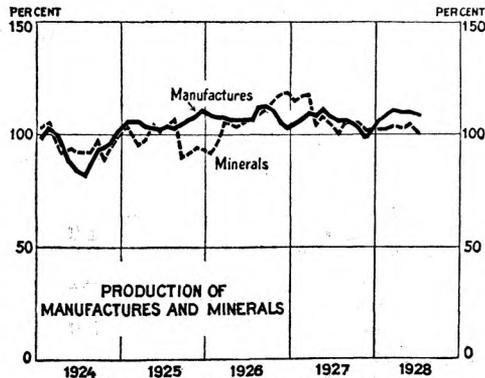
The percentage of sales in June to average stocks carried during the month was 27.4 per cent for the district as a whole, and the percentage of total sales during the first half of this year to average stocks carried during each of the six months was 154.5 per cent, indicating an annual turnover of 3.09 times. During the first six months of 1927 the turnover was at a rate of 3.08 times. The increase in turnover rate was considerably more than the average in Richmond and Washington, and was slightly above the average in Baltimore, but a marked decline in Other Cities lowered the average for the district.

Collections by twenty-nine of the thirty reporting stores during June totaled 28.5 per cent of outstanding receivables as of June 1st, a slightly lower percentage than was reported in May this year but a higher figure than 26.7 per cent collected in June 1927.

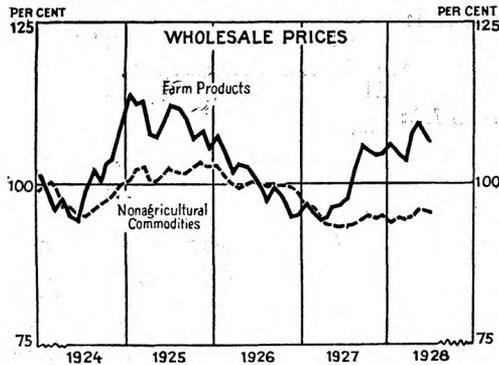
(Compiled July 21, 1928)

# BUSINESS CONDITIONS IN THE UNITED STATES

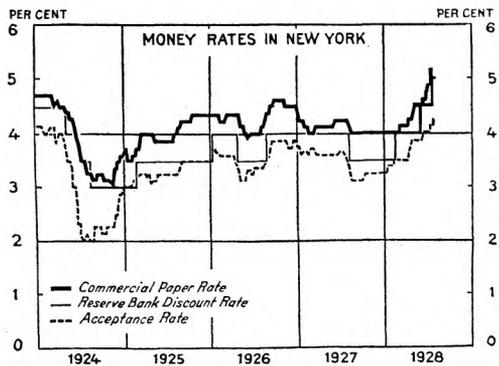
(Compiled by the Federal Reserve Board)



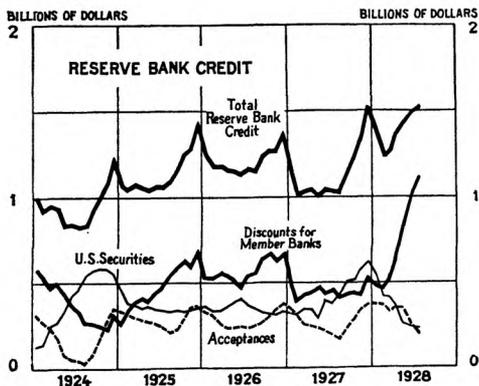
Index numbers of manufactures and minerals, adjusted for seasonal variations (1923-1925 average = 100). Latest figures, June, manufactures 109, minerals 100.



Index of U. S. Bureau of Labor Statistics (1926 = 100). Latest figures, June, farm products 106.7, nongrassicultural commodities 95.2.



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



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 23 days in July.

Industrial production and the distribution of commodities in June were in smaller volume than in May and the general level of wholesale prices, following a sharp advance in April and May, also declined. Member bank credit was in record volume early in July and indebtedness at the reserve banks was larger than at any time in the past six years.

**PRODUCTION.** Activity of manufacturing industries declined slightly in June, and there was a decrease of about 6 per cent in the output of minerals owing to declines in the production of coal. The manufacture of iron and steel decreased in June by somewhat more than the usual seasonal amount, but there are indications that there were no further declines in July and the industry was somewhat more active than a year ago. Production of flour and activity of cotton and wool mills also declined in June. Automobile production showed considerably less than the usual seasonal decline in June, and weekly employment figures for Detroit indicate that operations of automobile plants were well maintained during the first three weeks of July. The manufacture of agricultural implements and machine tools continued in June at the high level reached last spring. Production of lumber, copper, and shoes, and activity of silk mills, increased in June. Contracts awarded for new buildings continued large in June and total awards for the first half of the year exceeded those for any previous corresponding period. There were increases over last year in contracts for residential, industrial, public and educational buildings. Awards during the first three weeks in July were in somewhat smaller volume than for the corresponding period of last year. The July estimates of the Department of Agriculture indicate a yield of wheat of 800,000,000 bushels, a decrease of 8 per cent from the harvested yield of 1927, and a yield of corn of 2,736,000,000 bushels, a reduction of 2 per cent. The production of oats, barley, white potatoes and tobacco is expected to be larger than last year. The acreage of cotton in cultivation on July 1st was estimated at 46,695,000 acres, an increase of 11 per cent as compared with that of a year ago.

**TRADE.** Merchandise distribution at retail and wholesale was seasonally smaller in June than in May. Sales of department stores declined by about the usual seasonal amount, while the declines in sales of chain stores were smaller. Sales of wholesale firms in most lines of trade showed a more than usual seasonal decline. Compared with a year ago, sales of department stores and chain stores were larger and those of wholesale firms were smaller. Stocks of wholesale firms were in about the same volume at the end of June as a year ago and those of Department stores were smaller. Freight car loadings for practically all classes of commodities declined in June and continued in smaller volume than a year ago. During the first two weeks of July, however, owing to increases in loadings of grains and miscellaneous commodities, total loadings were larger than in the corresponding period of 1927 but continued below the high level of 1926.

**PRICES.** The general level of wholesale commodity prices declined in June and the Bureau of Labor Statistics index, which had advanced from 96 per cent of the 1926 average in March, the low point of the year, to 98.8 per cent in May, declined in June to 97.6 per cent. The decline in the all-commodities index reflected decreases in those groups which had advanced most rapidly in previous months—farm products, foods, and hides and leather products. Prices of livestock and meats, which are included in these groups, however, showed further advances in June, and there was also an increase in the prices of building materials, while prices of silk and rayon, fertilizer materials, house furnishings and automobile tires declined. During the first three weeks in July there were declines in the prices of wheat and cotton, and advances in those of cattle and hogs.

**BANK CREDIT.** Member bank credit, after rising to a record volume early in July, declined somewhat during the two following weeks and on July 18th total loans and investments of reporting banks in leading cities were about \$160,000,000 smaller than four weeks earlier. The decrease was largely the result of reduction by about \$125,000,000 in the banks' investment holdings, but reflected also a decline in the volume of loans on securities following a temporary increase over the midyear. Contrary to the usual seasonal trend, loans largely for commercial purposes were in record volume during the period. Member bank borrowing at the reserve banks showed a decline following the midyear settlement period, but the volume on July 25th, at slightly more than \$1,000,000,000 was somewhat larger than five weeks earlier. Holdings of acceptances and United States securities declined during the period. In July there were further advances in open market rates for commercial paper and bills, and discount rates at seven of the Federal reserve banks were raised from 4½ to 5 per cent.