

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY—Business in the Fifth Federal reserve district in July was seasonally in less volume than in June, and on the whole seems to have been somewhat below the volume of business transacted in July a year ago. At the end of August conditions are quite spotted, with both favorable and unfavorable factors in evidence. The credit facilities of the Fifth district are being used much more extensively now than was the case a year ago, but there was less expansion in credit demand in July and the first half of August than occurs in most years. Prospects for agriculture are good insofar as yields of most crops are concerned, but the price situation in cotton, tobacco, and some truck crops is less satisfactory than a year ago. Tobacco prices especially are much lower than in 1927. Tobacco factories are operating full time, but textile mills are working short hours and disposing of their output with difficulty. Construction work in the district is in larger volume than a year ago, but much of it is of a type which requires relatively few workmen and labor is not fully employed. Business failures in the Fifth district in July were comparatively more numerous than in the United States as a whole, and debits totals reported by the banks in leading trade centers were below those of the corresponding period last year. Retail trade in July as reflected in department store sales was approximately 3 per cent larger than the volume of trade in July 1927, but wholesale trade in most lines was in smaller amount than a year ago. In the Carolinas and Virginia crops were more or less damaged by floods around the middle of August. In view of poor prices for tobacco, potatoes, peaches, and some other agricultural products, together with reduced payrolls at textile mills and the number of idle workers in the district, the purchasing power of the district is probably lower this year than it was a year ago, which may have an unfavorable influence on fall trade when it opens up in September and October.

RESERVE BANK OPERATIONS—Reserve bank credit outstanding in the fifth district declined slightly between July 15th and August 15th this year, although the opening of South Carolina and some North Carolina tobacco markets and the marketing of other early agricultural products generally increases the demand for accommodation at the reserve bank. The banks in agricultural sections actually increased their borrowing during the month, but a decline in rediscounts, for the large city banks resulted in a net decrease in rediscounts held by the Federal Reserve Bank of Richmond from \$56,678,000 on July 15th to \$53,442,000 on August 15th. Total earning assets of the Richmond bank declined by about the same amount, falling from \$67,301,000 to \$64,511,000 between the two dates under review. The circulation of Federal reserve notes remained practically the same, totaling \$53,626,000 on July 15th and \$53,544,000 on August 15th. Member banks increased their reserve deposits during the month from \$64,871,000 to \$67,690,000. The several changes enumerated raised the cash reserves of the Federal Reserve Bank of Richmond from \$60,055,000 on July 15th to \$64,743,000 on August 15th, and increased the ratio of cash reserves to note and deposit liabilities combined from 50.49 per cent to 52.39 per cent.

On August 15, 1927, rediscounts held by the Federal Reserve Bank of Richmond totaled only \$20,923,000, in comparison with \$53,442,000 held by the Bank on August 15th this year. Total earning assets of the Bank a year ago amounted to \$51,487,000, compared with \$64,511,000 on August 15, 1928. The greater spread between rediscounts and total earning assets last year was due to much larger holdings of Government securities in 1927, which amounted to approximately \$21,000,000 as compared with \$3,000,000 owned this year. Federal Reserve notes in actual circulation declined from \$59,379,000 on August 15, 1927, to \$53,544,000 on August 15, 1928, and member bank reserve deposits dropped from \$70,119,000 to \$67,690,000 during the same period. The cash reserves of the Richmond bank totaled \$88,713,000 a year ago, but declined to \$64,743,000 on August 15th this year, and during the same period the ratio of cash reserves to note and deposit liabilities combined dropped from 67.02 per cent to 52.39 per cent.

CONDITION OF SIXTY-FOUR REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	August 15, 1928	July 11, 1928	August 17, 1927
Loans Secured by U. S. Government Obligations.....	\$ 3,197,000	\$ 3,226,000	\$ 3,425,000
Loans Secured by Other Stocks and Bonds.....	184,363,000	185,233,000	155,138,000
All Other Loans and Discounts, Largely Commercial....	331,284,000	331,059,000	363,830,000
Total Loans and Discounts.....	518,844,000	519,518,000	522,393,000
Total Investments in Bond and Securities.....	159,790,000	160,465,000	156,891,000
Reserve Balance with Federal Reserve Bank.....	40,285,000	41,865,000	47,098,000
Cash in Vaults.....	11,129,000	12,809,000	12,738,000
Demand Deposits	354,805,000	359,792,000	392,817,000
Time Deposits	247,503,000	247,798,000	236,082,000
Borrowed from Federal Reserve Bank.....	26,842,000	31,337,000	6,601,000

The accompanying table shows the principal items of condition of sixty-four regularly reporting member banks as of three dates, August 15, 1928, July 11, 1928, and August 17, 1927, thus affording an opportunity for comparing the latest available figures with those of the preceding month this year and the corresponding month last year. It should be understood that the figures shown reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

Although there was a slight increase totaling \$225,000 between July 11th and August 15th in commercial and agricultural loans, declines in loans on stocks and bonds amounting to \$870,000 and on Government securities amounting to \$29,000 reduced the total loans of the reporting banks by \$674,000. The reduction in loans on stocks and bonds was the first one reported for this item in many months. Total investments in bonds and securities declined last month \$675,000; reserve balance with the Federal Reserve Bank of Richmond decreased \$1,580,000; cash in vaults dropped \$1,680,000; demand deposits declined \$4,987,000; time deposits decreased \$295,000; and borrowing by the reporting banks at the reserve bank dropped \$4,495,000. The reductions in loans and discounts and in borrowing at the reserve bank were due to decreases in the larger cities, loans to customers and re-discounting at the reserve bank by county banks having increased slightly during the month.

Between August 17, 1927, and August 15, 1928, total loans to customers of the reporting banks declined \$3,549,000. Loans on miscellaneous stocks and bonds rose \$29,225,000 during the year, but commercial, industrial and agricultural loans declined \$32,546,000. Total investments in bonds and securities rose \$2,899,000 between August 17th last year and August 15th this year. Aggregate reserve balance of the reporting banks at the reserve bank declined \$6,813,000, partly due to a drop of \$26,591,000 in deposits. Demand deposits declined \$38,012,000 during the year, but time deposits rose \$11,421,000. Borrowing by the reporting banks at the reserve bank rose \$20,241,000, or over 300 per cent, between August 17, 1927, and August 15, 1928.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED		
	August 15, 1928	July 11, 1928	August 17, 1927
Asheville, N. C.....	\$ 29,733,000	\$ 35,745,000	\$ 33,197,000
Baltimore, Md.....	467,198,000	539,420,000	489,190,000
Charleston, S. C.....	27,599,000	32,416,000	27,733,000
Charleston, W. Va.....	41,608,000	51,923,000	45,789,000
Charlotte, N. C.....	60,285,000	64,809,000	57,685,000
Columbia, S. C.....	23,565,000	24,972,000	24,433,000
Cumberland, Md.....	10,819,000	13,224,000	11,403,000
Danville, Va.....	9,550,000	10,278,000	9,534,000
Durham, N. C.....	30,628,000	32,599,000	35,062,000
Greensboro, N. C.....	24,649,000	29,346,000	25,722,000
Greenville, S. C.....	21,194,000	24,089,000	22,646,000
Hagerstown, Md.....	12,204,000	13,286,000	12,309,000
Huntington, W. Va.....	24,821,000	27,881,000	29,099,000
Lynchburg, Va.....	21,755,000	23,957,000	21,255,000
Newport News, Va.....	10,657,000	11,746,000	10,477,000
Norfolk, Va.....	71,380,000	75,050,000	84,066,000*
Portsmouth, Va.....	6,543,000	7,066,000	.....
Raleigh, N. C.....	27,740,000	36,466,000	28,298,000
Richmond, Va.....	143,517,000	157,142,000	144,549,000
Roanoke, Va.....	32,999,000	35,773,000	32,248,000
Spartanburg, S. C.....	12,628,000	16,236,000	14,156,000
Washington, D. C.....	276,588,000	304,499,000	265,948,000
Wilmington, N. C.....	15,354,000	18,266,000	18,104,000
Winston-Salem, N. C.....	54,543,000	50,713,000	48,687,000
District Totals	\$1,457,557,000	\$1,636,902,000	\$1,491,590,000

* This Norfolk figure includes totals for Portsmouth.

Debits to individual, firm and corporation accounts in the leading trade centers of the Fifth Federal reserve district are shown in the accompanying table for three periods of five weeks each, ended August 15, 1928, July 11, 1928, and August 17, 1927. The figures for the latest available five weeks period, ended August 15th, may be compared with those reported for the preceding five weeks ended July 11th this year and with those for the corresponding five weeks ended August 17, 1927.

Aggregate debits of \$1,457,557,000 in the reporting banks during the five weeks ended August 15th shows a seasonal decrease under the total of \$1,636,902,000 reported for the preceding like period, ended July 11th, the semi-annual and quarterly payments occurring on and around July 1st increasing debits totals for the period containing that date. The decline was uniformly distributed throughout the district, Winston-Salem reporting the only increase during the later five weeks.

In comparison with the five weeks ended August 17, 1927, when debits totaling \$1,491,590,000 were reported, the total of \$1,457,557,000 reported for the five weeks ended August 15th this year shows a decline of \$34,033,000. Sixteen of the twenty-three cities reported lower figures for the 1928 period, while seven cities reported higher figures.

SAVINGS DEPOSITS—Savings and time deposits changed little during the past month, but continued well above the corresponding 1927 figures. Twelve mutual savings banks in Baltimore had deposits aggregating \$183,584,146 at the close of business July 31, 1928, compared with \$182,944,849 at the end of June this year and \$167,542,473 at the end of July 1927. Sixty-four regularly reporting member banks had aggregate time deposits amounting to \$247,503,000 on August 15th this year, compared with \$247,798,000 on July 11, 1928, and \$236,082,000 on August 17, 1927.

BUSINESS FAILURES—According to statistics collected by *Dun's Review*, a progressive reduction in the number of commercial failures in the United States occurred during the last six months, and the July total of 1,723 defaults was the smallest of the current year. Compared with the 1,756 insolvencies of July 1927, the present number is smaller by about 1.9 per cent. Aggregate liabilities involved in the July 1928 insolvencies totaling \$29,586,633 are also below those of any other month this year, and are about 31.4 per cent below the aggregate of \$43,149,974 involved in July 1927 bankruptcies.

In the Fifth reserve district, July commercial failures numbered 122, with liabilities totaling \$1,838,607, compared with 114 failures and liabilities aggregating \$4,065,583 reported for July 1927, a slight increase in number but a large decline in liabilities this year in comparison with July last year.

LABOR—The employment situation was complicated by excessive rains and floods during the first half of August, and little progress was made on street, road and other outdoor construction work. However, repairment of the damage done by high water will give employment to hundreds of additional workers during the next few weeks, and will further reduce the number of unemployed. Except for the changes brought by flood conditions in Virginia and the Carolinas, there were few changes in employment figures during the past month. Textile mills resumed operations after a shutdown early in July, but most of them are running only part time. The demand for coal continues seasonally slow, but production in July was higher than in June this year or July last year. Tobacco factories are running full time, and the curing and marketing of tobacco has recently given employment to some workers.

COAL—Bituminous coal production in July 1928 totaled 36,276,000 net tons, as against 35,963,000 tons mined in June and 33,637,000 tons in July 1927. Total production during the present calendar year to August 11th (approximately 189 working days) amounts to 285,098,000 net tons, the lowest figure since 1924. West Virginia continues to lead in tonnage, although the recent decision of the miners' union to allow workers and employees to make their own wage agreements has increased production to some extent in certain union fields. Summer prices for coal at retail still prevail, and retail yards are fully prepared to fill all orders promptly.

TEXTILES—Cotton mills in the Fifth reserve district consumed only 187,601 bales of cotton in July this year, compared with 222,235 bales used in June and 239,653 bales consumed in July a year ago. Due to a custom of closing the mills about a week around the Fourth of July a lower consumption for that month than in June is seasonal, but this year the decline between June and July was more marked than in most years because the mills closed ten days. Orders not being sufficient to take the output of the mills, some stock had accumulated in the warehouses, and the mills adopted the shutdown to allow shipments to catch up with production. The situation in the textile field continues highly unsatisfactory, with little sign of immediate improvement. The mills are running on restricted schedules, but orders are insufficient to take even their limited output. The official cotton crop estimate figures did not help the situation. The mills have operated on a falling cotton market since the beginning of July, which made buyers still more reluctant to place forward orders.

BUILDING OPERATIONS FOR THE MONTHS OF JULY 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.....	332	580	1,057	1,244	\$ 2,827,300	\$ 3,044,760	\$ 768,020	\$ 492,600	\$ 57,960	1.6%	1	
2	Cumberland, Md....	10	23	8	9	21,145	112,822	11,090	7,720	—	88,307	— 73.3	2
3	Frederick, Md.....	13	10	0	1	79,515	11,480	0	400	—	67,635	569.3	3
4	Hagerstown, Md....	28	17	12	9	44,430	25,470	29,290	27,150	—	21,100	40.1	4
5	Danville, Va.....	15	16	12	6	83,086	36,517	8,300	46,767	—	8,102	9.7	5
6	Lynchburg, Va.....	19	15	40	31	27,599	10,500	46,775	10,742	—	53,132	250.1	6
7	Norfolk, Va.....	100	84	124	76	221,425	263,545	39,375	65,625	—	68,370	— 20.8	7
8	Petersburg, Va....	4	2	3	5	19,500	5,500	925	1,750	—	13,175	181.7	8
9	*Portsmouth, Va....	*14	.....	*29	.....	*12,590	.....	*16,815	.....	.....	.....	.....	9
10	Richmond, Va.....	80	87	102	78	448,500	673,640	142,918	73,997	—	156,219	— 20.9	10
11	Roanoke, Va.....	49	44	30	48	217,587	137,476	7,406	19,725	—	67,792	43.1	11
12	Bluefield, W. Va..	7	9	2	6	5,675	82,425	1,200	4,645	—	80,195	— 92.1	12
13	Charleston, W. Va.	38	40	14	19	64,896	80,570	26,740	24,200	—	13,134	— 12.5	13
14	Clarksburg, W. Va.	12	26	11	18	250,500	97,837	19,905	19,995	—	152,573	129.5	14
15	Huntington, W. Va.	41	44	4	2	51,450	170,180	2,025	45	—	116,750	— 68.6	15
16	Parkersburg, W. Va.	18	21	9	1	51,700	92,650	9,300	300	—	31,950	— 34.4	16
17	Asheville, N. C....	19	24	58	83	164,216	168,902	11,475	60,622	—	53,833	— 23.5	17
18	Charlotte, N. C....	58	69	30	21	709,469	456,645	46,250	9,127	—	289,947	62.3	18
19	Durham, N. C.....	42	46	8	13	276,448	141,465	26,825	8,515	—	153,293	102.2	19
20	Greensboro, N. C.	54	45	44	47	484,920	237,385	25,380	9,596	—	263,319	106.6	20
21	High Point, N. C..	43	52	7	8	192,050	177,625	2,235	3,950	—	12,710	7.0	21
22	Raleigh, N. C.....	29	27	14	17	145,205	72,686	15,325	43,218	—	44,626	38.5	22
23	Rocky Mount, N.C.	9	19	5	21	26,735	138,920	8,400	6,200	—	109,985	— 75.8	23
24	Salisbury, N. C....	15	16	3	4	52,775	60,315	3,275	4,560	—	8,825	— 13.6	24
25	Wilmington, N. C..	12	9	10	6	95,600	37,700	7,250	3,300	—	61,850	150.9	25
26	Winston-Salem, N. C.	77	116	112	79	323,760	514,325	88,337	54,861	—	157,089	— 27.6	26
27	Charleston, S. C....	2	16	29	22	1,530	20,250	7,935	17,485	—	28,270	— 74.9	27
28	Columbia, S. C....	17	19	42	37	148,700	83,100	20,875	8,050	—	78,425	86.0	28
29	Greenville, S. C....	12	15	38	27	129,100	51,800	16,800	12,805	—	81,295	125.8	29
30	Spartanburg, S. C.	19	22	16	11	58,590	50,315	7,090	4,725	—	10,640	19.3	30
31	Washington, D. C.	145	110	439	359	4,043,700	2,134,125	400,265	378,710	—	1,931,130	76.9	31
Totals.....		1,319	1,623	2,283	2,289	\$11,267,106	\$ 9,190,930	\$1,800,986	\$1,421,385	\$ 2,455,777	23.1%		

— 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.

Building permits issued for new construction in thirty leading cities of the fifth reserve district totaled 1,319 in July this year, compared with 1,623 permits issued for similar work in July a year ago, but the estimated valuation of the July 1928 work totaled \$11,267,106 in comparison with \$9,190,930 in July 1927. In alteration and repair work, July 1928 permits numbered 2,283, estimated to cost \$1,800,986, compared with 2,289 permits and a valuation of \$1,421,385 in July last year. Total estimated valuation for all classes of work was \$13,068,092 last month, an increase of \$2,455,777, or 23.1 per cent, over the total of \$10,612,315 for all permits issued in July 1927. Eighteen of the thirty reporting cities showed higher valuation figures last month than a year ago, while twelve cities reported lower figures. Eight cities reported gains of more than 100 per cent, but in at least five of the eight the high percentage gain was due to low figures in July 1927 rather than to particularly large figures this year.

Contracts awarded in July for construction work in the fifth district, including both rural and urban projects, totaled \$32,884,428, compared with \$34,241,000 awarded in July 1927, according to figures collected by the F. W. Dodge Corporation. Of the awards in July this year, \$10,759,283 was for residential work.

COTTON—Spot cotton prices in the Carolinas declined approximately 3 cents per pound, or \$15 a bale, during the past five weeks. The decline began in the second week of July as a result of favorable weather for cotton growing and the announcement of acreage figures for this year. On August 8th the Department of Agriculture's first condition report of the year indicated a probability of a considerably larger crop than that of 1927, and prices slumped still lower. From a weekly average price of 21.66 cents per pound paid growers in the Carolinas for upland middling cotton during the week ended July 14th the price dropped steadily to an average of 18.56 cents per pound during the week ended August 18th, the latest period for which figures are available.

The first condition report of the year, issued by the Department of Agriculture on August 8th, estimated probable production in 1928 at 14,291,000 bales, based upon an August 1st condition of 67.9 per cent on 46,695,000 acres in cultivation. The condition of the crop on August 1st this year was approximately 2 points below the August 1, 1927, condition, but this year's acreage is about 4-

000,000 acres larger than that of last year. The estimate of 14,291,000 bales for the 1928 crop compares with 12,955,000 bales produced in 1927.

Cotton consumption in American mills in July was seasonally below consumption in June, and partly because of a longer shutdown for the Fourth of July holiday than in most years, consumption last month was also much less than in July 1927. The Bureau of the Census reported 438,743 bales of lint consumed last month, compared with 510,565 bales used in June this year and 569,765 bales in July 1927. Total consumption for the cotton year ended July 31st this year amounted to 6,932,689 bales, compared with 7,189,585 bales consumed during the corresponding period ended July 31, 1927. Cotton on hand at manufacturing establishments on July 31st this year totaled 1,007,017 bales, compared with 1,158,531 bales held on June 30th this year and 1,404,815 bales held on July 31st last year. Bales in public warehouses and compresses numbered 1,189,565 at the end of July, 1,645,971 bales at the end of June, and 1,822,552 bales on July 31, 1927. Exports of cotton totaled 341,849 bales in July, compared with 389,358 bales sent abroad in July last year, and exports during the cotton year totaled 7,733,177 bales compared with 11,183,938 bales exported in the year ended July 31, 1927. Imports last month totaled 18,473 bales, compared with 31,147 bales imported in July 1927, while total imports for the cotton year just closed totaled 338,226 bales, compared with 400,983 bales brought in during the previous year. Consumption of cotton in the growing states totaled 331,961 bales in July, compared with 415,423 bales used in July last year. Last month's consumption in the cotton growing states amounted to 75.66 per cent of National consumption, compared with 72.91 per cent of National consumption reported for the cotton growing states in July last year.

Cotton improved distinctly during July and early August in the fifth district, and on August 1st the Department of Agriculture estimated probable production in Virginia and the two Carolinas combined as 1,918,000 bales, compared with 1,622,000 bales ginned from the 1927 crop. Virginia's probable production for 1928 is 48,000 bales, compared with 31,000 bales last year. North Carolina is expected to grow 973,000 bales, compared with 861,000 bales in 1927. South Carolina's 1928 crop is forecast at 897,000 bales, compared with 730,000 bales for the previous year. The weevil is widely scattered in the Carolinas, and the yields now indicated may or may not be realized. If dry, hot weather prevails during the last half of August and early September the crop may be larger than present predictions, but if the weather is wet and cool, weevil damage may increase greatly beyond expectations. The crop is quite generally late, due to the cool spring which made much replanting necessary, but by replanting the farmers finally secured satisfactory stands.

TOBACCO—Tobacco markets in the South Carolina belt, which includes all South Carolina markets and some border ones in North Carolina, opened on August 7th, but the crop was not as far advanced as a year ago and sales were smaller on practically all floors. Prices were much lower than those of August 1927, and the farmers have withheld some of their tobacco from the sales. Several protest meetings have been held in the tobacco section of South Carolina, but prices continue much lower than last year. South Carolina's crop of 79,922,000 pounds is larger than the 1927 production of 76,648,000 pounds, but at present prices the farmers will not receive nearly as much for this year's tobacco. North Carolina production is estimated at 482,410,000 pounds, which is slightly below last year's crop of 485,300,000 pounds. The North Carolina crop is practically made, but has not been cured, and a considerable amount of the weed is so green that the results of the curing are somewhat uncertain. The Virginia tobacco crop is estimated at 131,323,000 pounds, compared with 127,971,000 pounds in 1927. The crop made rapid growth early in July but toward the end of the month much of it suffered from dry weather. Showers early in August relieved the situation in most counties, and around the middle of the month rains fell over the entire state. Maryland's tobacco crop is estimated at about 27,000,000 pounds this year, compared with 26,176,000 pounds grown in 1927, and West Virginia expects to raise 6,835,000 pounds compared with 6,000,000 pounds last year.

AGRICULTURAL NOTES—**Maryland** crop conditions improved generally during July. The yield of wheat is reported as 8,910,000 bushels, compared with 9,188,000 bushels last year and a five-year average production of 10,262,000 bushels. The condition of the crop improved steadily from early indications, but weather conditions all through the season pointed to a yield below average. Corn generally looks good, and a condition of 86 per cent on August 1st is 6 per cent higher than on July 1st. The indicated production at this time is 22,069,000 bushels, which is slightly below 22,660,000 bushels harvested in 1927. Weather factors may help the crop considerably before harvest time. Apple production in Maryland this year is put at 2,001,000 bushels, compared with 1,700,000 bushels last year, and the peach crop is estimated at 437,000 bushels against 352,000 bushels in 1927. Irish potatoes total 5,395,000 bushels this year, compared with 5,246,000 bushels dug in 1927, but the sweet potato crop of 1,445,000 bushels is below the production of 1,584,000 bushels last year. Present prospects for hay are slightly better than last year, a crop of 727,000 tons comparing with 724,000 tons cured in 1927. **Virginia** threshing reports show that the wheat crop yielded much better than had been expected. The average for the state is reported to be 14.5 bushels per acre, the second largest yield on record. The wheat crop came through the winter in poor condition and last spring prospects were exceedingly poor, but very favorable weather conditions during May and June caused improvement and the heads filled out unusually well. The quality of the wheat is also unusually good. The total production is estimated to be 9,570,000 bushels, compared with 8,331,000 bushels last year and a five-year

average of 9,650,000 bushels. The condition of corn improved during July in all parts of Virginia except in the southern counties and a few sections in the Shenandoah Valley, where there was not sufficient rainfall. The August 1st condition of 85 per cent indicates a crop of 48,807,000 bushels, compared with 47,967,000 bushels last year and a five-year average of 43,704,000 bushels. Weather conditions during August will largely determine the final production. An excellent crop of hay was harvested during July under very favorable weather conditions, as the rains during the latter part of June and the first part of July caused considerable improvement. The outlook for late hay crops is fairly good. Pastures were good during July, but the condition declined toward the end of the month. The peanut crop made rapid growth last month and the condition on August 1st was better than a month earlier. The August 1st condition of 86 per cent indicates a production of 143,793,000 pounds, compared with 116,128,000 pounds last year. The early potato crop has yielded better than had been expected and on the Eastern Shore the average yield per acre was practically the same as the wonderful yield of last year. As prices have been considerably below the cost of production this has probably been the poorest season the Virginia potato growers have ever had. Prospects for the late crop are generally good. The sweet potato crop improved during July and the condition of 85 per cent on August 1st indicated a production of 5,832,000 bushels, compared with 5,805,000 bushels harvested last year. Shipments of the commercial crop have already started and prices have been very good. **West Virginia** crop conditions improved very materially since July 1st and the present outlook is about an average. Weather conditions in July were favorable, with sufficient rain for moisture but not enough to stop cultivation of fields. A composite figure for all crops shows an improvement in condition of 9.1 per cent between July 1st and August 1st, the greatest improvement being in hay, followed by corn and other grain crops. Little change is shown in potatoes, tobacco, pastures and fruits, but their condition remains good. **North Carolina** crops showed an average improvement of 5.9 per cent during July, practically every crop in the state either showing some improvement or maintaining its condition prospects as of July 1st. The weather on the whole was favorable in July, although complaints of both wetness and dryness were made from certain localities. The condition of North Carolina corn is considered fair. Production is indicated as 45,978,000 bushels, compared with 53,626,000 bushels harvested last year and a five-year average of 49,697,000 bushels. Much of the crop had a late start, due to cool soil conditions, but has improved wonderfully and still has time to make further improvements before maturity. The moist condition during the early season was favorable to corn, but recent weather has been too dry. The sweet potato crop shared in the general improvement during July, but is 2 points below the August estimate last year, and is exactly an average of conditions during the past ten years. The 8,200,000 bushel crop indicated is 28 per cent below last year's production and is slightly less than the average crop for the five-year period. The combined estimate of early and late Irish potatoes indicates a production of 9,932,000 bushels this season. This is 35 per cent more than was produced in North Carolina last year and is about 91 per cent more than the average for the past five years. A condition of 81 per cent for peanuts on August 1st indicates a crop of 219,429,000 pounds, or an increase of 40 per cent over the crop grown last year. The stand is appreciably better than last year, while the growth of vine is satisfactory. The nuts are just beginning to form, however, and the ultimate yield depends upon the weather conditions during the next few weeks. Conditions thus far have been favorable for hay crops, with sufficient moisture for all requirements. Apple prospects in commercial areas are for about 72 per cent of a full crop, indicating a production of 235,000 barrels as compared with 91,000 barrels picked in 1927. Peach prospects indicate a yield of 2,596,000 bushels, compared with 1,300,000 bushels last year. The peach outlook is good for production but poor for price. Much of the commercial production will probably not be harvested on account of unsatisfactory prices and the presence of disease which makes much of the crop unsaleable. **South Carolina** crop prospects improved during July, and on August 1st were about equal to the ten-year average. Corn improved 5 points, and the condition of 73 per cent on August 1st indicated a crop of close to 23,000,000 bushels, compared with 25,499,000 bushels last year and an average production of 23,900,000 bushels for the past five years. The sweet potato crop, estimated at 78 per cent of normal, is estimated to yield 4,173,000 bushels, compared with 5,300,000 bushels last year. The reduction in prospects this year is partly due to a 6 per cent smaller acreage. Peanuts at 75 per cent give promise of producing about 7,838,000 pounds, compared with 8,525,000 pounds last year. Hay with an August 1st condition of 77 per cent indicates a yield of about 315,000 tons, compared with the large crop of 356,000 tons last year and an average production for five years of 248,000 tons. South Carolina's peach crop, which is commercially important in a few counties, is forecast at 1,397,000 bushels this year, in comparison with 615,000 bushels gathered in 1927.

WHOLESALE TRADE, JULY 1928

Wholesale trade in the Fifth reserve district in groceries was in larger volume in July this year than in July a year ago, but sales by reporting firms selling dry goods, shoes, hardware, furniture and drugs were in smaller amount during the 1928 month. In comparison with sales in June this year, sales in July were larger in shoes, furniture and drugs, but were smaller in groceries, dry goods and hardware. During the first seven months of 1928, sales by the reporting grocery firms exceeded sales during the corresponding seven months of 1927, but sales in all other lines were less this year.

Stocks of goods on the shelves of the reporting firms at the end of July were larger in groceries and dry goods than stocks on July 31, 1927, but shoe and hardware stocks were smaller last month.

Percentage increase in July 1928 sales, compared with sales in July 1927:						
<i>32 Groceries</i>	<i>10 Dry Goods</i>	<i>5 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>	
.4	— 26.5	— 6.5	— 16.9	— 39.1	— 1.7	
Percentage increase in July 1928 sales, compared with sales in June 1928:						
— 6.5	— 1.7	25.1	— 8.1	11.1	.2	
Percentage increase in total sales since Jan. 1st, compared with sales in the first seven months of 1927:						
.9	— 16.5	— 1.9	— 11.8	— 27.1	— 2.7	
Percentage increase in stock on July 31, 1928, compared with stock on July 31, 1927:						
1.5(11*)	1.4(4*)	— 9.1(4*)	— 2.0(8*)	.....	.....
Percentage increase in stock on July 31, 1928, compared with stock on June 30, 1928:						
— 2.1(11*)	2.8(4*)	8.2(4*)	5.3(8*)	.....	.....
Percentage of collections in July to total accounts receivable on July 1, 1928:						
61.6(18*)	31.1(7*)	23.1(5*)	28.1(12*)	18.0(3*)	58.3(9*)	

— Denotes decreased percentage.

* Number of reporting firms.

Grocery stocks were smaller on July 31st than on June 30th, both this year, but dry goods, shoe and hardware stocks increased during July.

The percentage of collections in July to accounts receivable on July 1st were lower this year than last in all lines except dry goods and drugs, furniture experiencing the greatest decline. A comparison of the July collection percentages with those of June this year shows declines in every line except dry goods. Hardware and furniture percentages both showed marked recessions from those of the preceding month.

FIGURES ON RETAIL TRADE

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

Percentage increase in July, 1928 sales, compared with sales in July, 1927:					
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>	
2.3	2.9	7.0	— 7.2	3.1	
Percentage increase in total sales since January 1st, over sales during the first seven months of 1927:					
— 1.2	2.8	2.9	— 6.0	.3	
Percentage increase in July, 1928 sales over average July sales during the three years 1923-1925, inclusive:					
— 1.6	6.5	15.6	— 3.7	5.2	
Percentage increase in stock on hand July 31, 1928, over stock on July 31, 1927:					
— 3.2	— 4.4	— 2.4	.2	— 2.6	
Percentage increase in stock on hand July 31, 1928, over stock on June 30, 1928:					
— 2.4	— .2	— 7.5	— 4.1	— 4.3	
Percentage of sales in July 1928 to average stock carried during that month:					
19.6	24.4	23.9	16.8	21.2	
Percentage of total sales since January 1st, to average stock carried during each of the seven elapsed months:					
173.0	197.1	189.8	135.1	176.3	
Percentage of collections in July, 1928 to total accounts receivable on July 1st:					
24.1	29.7	31.1	29.1	27.3	

— Denotes decreased percentage.

Retail trade in the Fifth reserve district in July, as measured by dollar sales in thirty leading department stores, averaged 3.1 per cent more than in July 1927, but was seasonally below the volume of trade in June of this year. Total sales during the first seven months of this year averaged 3/10ths of 1 per cent above sales during the corresponding seven months last year. July 1928 sales were 5.2 per cent above average July sales during the three years 1923-1925, inclusive.

Stocks on the shelves of the reporting stores, at retail prices, were 2.6 per cent less at the end of July 1928 than at the same time a year earlier, and were 4.3 per cent less than stocks on hand on June 30th this year, the latter being a seasonal decline.

The percentage of sales during July to average stocks carried during the month totaled 21.2 per cent, and the percentage of total sales during the seven elapsed months this year to average stocks carried during each month was 176.3 per cent, a slightly higher figure than 174.8 per cent reported by the same stores for the first seven months in 1927.

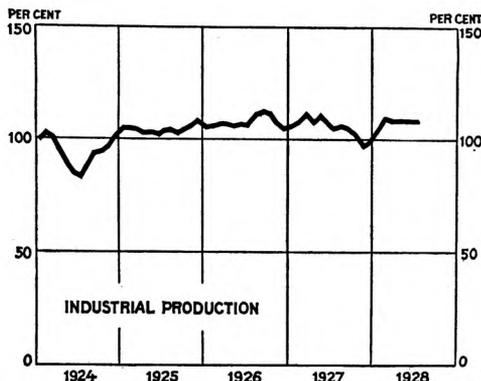
Collections by twenty-nine of the thirty reporting stores during July totaled 27.3 per cent of outstanding receivables as of July 1st, a lower rate than was reported for June this year but higher than the average of 25.0 per cent collected in July last year. Baltimore, Richmond and Washington percentages of collections were higher this year than in July 1927, but the Other Cities group reported slower collections for July this year.

(Compiled August 21, 1928)

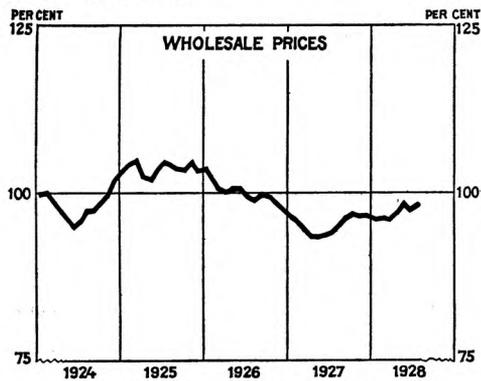
BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

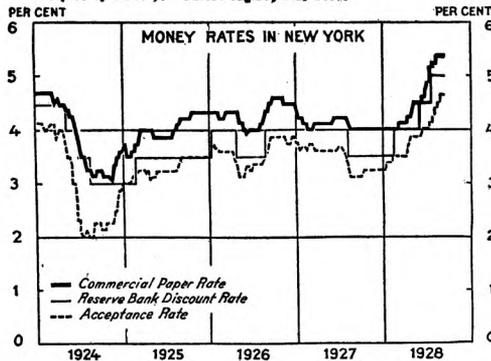
Industrial and trade activity was in larger volume in July than is usual in midsummer and the general level of commodity prices advanced slightly. Member bank holdings of securities and loans on securities declined in July and August, while all other loans increased to the highest level since 1921. Conditions in the money market remained firm.



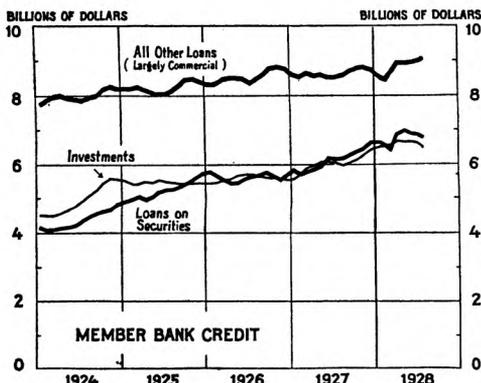
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-25 average = 100). Latest figure, July 109.



Index of United States Bureau of Labor Statistics (1826 = 100, base adopted by Bureau). Latest figure, July 96.3.



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 weekly figures for banks in 101 lending cities. Latest figures are averages for first 3 weekly reports in August.

PRODUCTION. Production of manufactures and minerals showed a smaller decrease than usual in July, and the index of industrial production, which makes allowance for seasonal variations, advanced. Production of steel, bituminous coal, petroleum, automobiles, and footwear was larger in July than in June, while activity in textile mills, meat packing, and copper and anthracite mines declined. Lumber production showed less than the usual seasonal decrease. Steel mill activity, which during July was at an unusually high level for the summer season, was well maintained during August. Weekly reports from Detroit factories show a larger volume of employment in the middle of August than at any previous date, indicating that automobile production continued large in that month. Building contracts awarded declined by somewhat more than the usual seasonal amount in July, but were larger than in any previous July, the increase over last year being chiefly in residential building. Contracts awarded in the first two weeks in August were slightly smaller than in the same period of last year. Estimates of the Department of Agriculture as of August 1 indicate considerable improvement in crop conditions during July. Estimated wheat production was 891,000,000 bushels, larger by 91,000,000 bushels than on July 1 and slightly larger than the yield in 1927. The corn crop is expected to be more than 3,000,000,000 bushels, an increase of 250,000,000 bushels from last year. Forecasts for other grain crops were also larger than the July 1 estimates and in most cases exceeded last year's yields. The August 1 forecast of cotton production was 14,290,000 bales as compared with yields of 12,955,000 bales in 1927 and nearly 18,000,000 bales in 1926.

TRADE. Distribution of commodities at wholesale and retail was in large volume in July. Sales of dry goods and shoes at wholesale were larger than in June, and those of other lines were only slightly smaller. Department store sales, after allowance for seasonal changes, increased in July. Compared with July a year ago, trade of both wholesale and retail firms was larger. Stocks of department stores and wholesale firms continued smaller than a year ago. Freight car loadings increased by more than the usual seasonal amount in July and for the first time this year were larger than in the corresponding month of 1927. Increases, compared with last year, were reported in loadings of miscellaneous commodities and of grain, reflecting the early harvesting of the crop this year. The largest decrease, as compared with a year ago, was in live stock shipments. During the first two weeks in August, total loadings were in about the same volume as in the corresponding weeks of last year.

PRICES. The general level of wholesale commodity prices increased slightly in July, reflecting chiefly advances in the prices of live stock and meats, although there were also small increases in hide and leather products, textiles, petroleum products, and building materials. There was a sharp decline in the price of grains, other than corn, and some decrease in chemicals and drugs, silk, rubber, and automobile tires. During the first half of August there were increases in the prices of sugar, hogs, pork products, coke, and lumber, and decreases in grains, cotton, wool, and hides.

BANK CREDIT. Between July 18 and August 15, total loans and investments of member banks in leading cities decreased by about \$130,000,000. This decline reflected a considerable reduction in investments chiefly at banks in New York City, and some further decline in loans on securities. All other loans, which include loans for commercial purposes, showed a small seasonal increase and at the middle of August were in the largest volume since early in 1921 and nearly \$230,000,000 larger than at the Autumn peak of last year. There was a further large decline in net demand deposits, and practically no change in time deposits. The volume of reserve bank credit outstanding showed little change between July 25 and August 22. Discounts and acceptance holdings increased slightly while United States security holdings were practically unchanged. Increased demand for currency, which is usual at this time of the year, has not resulted in an equivalent growth in reserve bank credit, because it was offset in part by a decline in reserves required by member banks, which reflected the decrease in their deposits. There were further increases between the middle of July and the middle of August in open market rates on collateral loans, commercial paper, and bankers acceptances.