

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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**DISTRICT SUMMARY**—Business in the fifth reserve district in August and early September showed a seasonal increase over July, but was in less volume than during the corresponding period of 1927. Increased rediscounts at the Federal reserve bank and an increase in the circulation of Federal reserve notes during the past month, together with a larger volume of department store sales and increased wholesale business over sales in July, indicate that fall trade opened up normally. Employment conditions appear to have improved somewhat in recent weeks, and coal production was only a little below the tonnage mined in August last year.

On the other hand, textile mills continue unable to sell their output and are forced to curtail operations considerably to prevent an accumulation of goods in their warehouses. Official crop estimates as of September 1st are unfavorable when considered in connection with prices now prevailing for farm products. Should the district's cotton crop exceed last year's yield, this year's prices are between \$20 and \$25 a bale lower than a year ago, and money returns from the 1928 crop will be much lower than the returns from the 1927 crop. This year's tobacco crop is forecast to be somewhat smaller than the 1927 crop, the quality of the weed is lower, and present prices are below those of last fall. Other crops have been more or less seriously damaged by storms, floods and excessive rains, and the outturns are highly problematical. Retail trade in August was below the volume of trade in August 1927, and wholesale trade was also in smaller volume last month than during the same month a year ago. Building permits issued in August in leading cities and contracts actually awarded for construction and engineering projects in the fifth district were in lesser amounts than in August 1927. Finally, debits to individual accounts in the banks in leading trade centers were lower during the four weeks ended September 12th than during the corresponding period last year.

**RESERVE BANK OPERATIONS**—There was a seasonal increase in the demand for reserve bank credit in the fifth district between August 15th and September 15th, incident to the opening of tobacco markets, early marketing of cotton, and discounting of bills for early fall merchandise. The volume of rediscounts held by the Federal Reserve Bank of Richmond rose from \$53,442,000 on August 15th to \$58,371,000 on September 15th, and the circulation of Federal reserve notes turned upward, rising from \$53,544,000 last month to \$60,406,000 this month. Total earning assets of the Federal Reserve Bank of Richmond rose in about the same amount as the increase in rediscounts, totaling \$64,511,000 on August 15th and \$70,134,000 on September 15th. Member bank reserve deposits increased between the middle of August and the middle of September from \$67,690,000 to \$71,958,000. The several changes in the statement mentioned, with other less important ones, raised the cash reserves of the Federal Reserve Bank of Richmond from \$64,743,000 on August 15th to \$72,866,000 on September 15th, and brought the ratio of reserves to note and deposit liabilities combined up from 52.39 per cent to 53.43 per cent.

On September 15, 1927, rediscounts held by the Federal Reserve Bank of Richmond totaled only \$26,837,000, in comparison with \$58,371,000 held by the Bank on September 15th this year, but disposal of a large volume of Government securities held a year ago reduced the total earning assets of the Bank from \$71,614,000 at mid-September last year to \$70,134,000 at the same time this year. The volume of Federal Reserve notes in actual circulation amounted to \$63,296,000 a year ago, but totaled \$60,406,000 this year. Member bank reserve deposits declined from \$75,249,000 on September 15, 1927, to \$71,958,000 on September 15, 1928. The cash reserves of the Richmond bank totaled \$82,794,000 a year ago, but declined to \$72,866,000 on September 15th this year, and during the same period the ratio of cash reserves to note and deposit liabilities combined dropped from 59.42 per cent to 53.52 per cent.

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

ITEMS	Sept. 12, 1928	Aug. 15, 1928	Sept. 14, 1927
Loans Secured by U. S. Government Obligations.....	\$ 2,997,000	\$ 3,197,000	\$ 3,341,000
Loans Secured by Other Stocks and Bonds.....	186,109,000	184,363,000	155,748,000
All Other Loans and Discounts, Largely Commercial.....	332,583,000	331,284,000	369,764,000
Total Loans and Discounts.....	521,689,000	518,844,000	528,853,000
Total Investments in Bonds and Securities.....	156,676,000	159,790,000	162,765,000
Reserve Balance with Federal Reserve Bank.....	39,699,000	40,285,000	44,288,000
Cash in Vaults.....	11,872,000	11,129,000	13,725,000
Demand Deposits .....	358,800,000	354,805,000	397,788,000
Time Deposits .....	245,405,000	247,503,000	236,414,000
Borrowed from Federal Reserve Bank.....	26,054,000	26,842,000	9,012,000

The accompanying table shows the principal items of condition of sixty-four regularly reporting member banks as of three dates, September 12th and August 15th this year and September 14, 1927, thus affording an opportunity for comparison of the latest available figures with those of the preceding month and 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.

Between August 15th and September 12th, both this year, loans secured by U. S. Government obligations decreased \$200,000, but loans on other stocks and bonds rose \$1,746,000 and all other loans and discounts rose \$1,299,000, a net increase in total loans to customers of \$2,845,000. The reporting banks reduced their investments in bonds and securities during the month by \$3,114,000, and lowered their balance at the reserve bank by \$586,000, only a daily fluctuation. The opening of the Fall season with its increased demand for cash raised the cash in vaults by \$743,000 between August 15th and September 12th. Demand deposits increased \$3,995,000 during the period under review, but time deposits declined \$2,098,000, a net deposit gain of \$1,897,000. The reduction in investments and the gain in deposits provided for the increases in loans to customers and in cash in vaults, and enabled the reporting banks to reduce their rediscounts at the reserve bank by \$788,000.

In comparison with the figures reported on September 14, 1927, those reported on September 12, 1928, show a decrease of \$344,000 in loans on Government securities and a decline of \$37,181,000 in commercial, agricultural and industrial loans, but loans on stocks and bonds other than Government securities rose \$30,361,000. These changes give a net decrease during the year in total loans to customers amounting to \$7,164,000. The sixty-four banks reduced their investments in bonds and securities by \$6,089,000 during the year, and their aggregate reserve deposits at the reserve bank declined \$4,589,000. Cash in vaults dropped \$1,853,000 during the twelve months under review. Aggregate deposits in the reporting banks declined \$29,997,000 between September 14th last year and September 12th this year, demand deposits decreasing \$38,988,000 while time deposits rose \$8,991,000. The reduction in deposits so far exceeded the combined reductions in loans, investments, reserve deposits and cash in vaults that an increase in rediscounts at the reserve bank amounting to \$17,042,000 resulted.

### DEBITS TO INDIVIDUAL ACCOUNTS

Debits to individual, firm and corporation accounts in the leading trade centers of the fifth reserve district are shown in the accompanying table for three periods of four weeks each, ended September 12, 1928, August 15, 1928, and September 14, 1927. The figures for the latest available four weeks period, ended September 12th, may be compared with those reported for the preceding four weeks ended August 15th this year and with those for the corresponding four weeks ended September 14, 1927.

Aggregate debits in the reporting banks totaled \$1,042,043,000 during the four weeks ended September 12, 1928, compared with \$1,137,552,000 reported for the preceding like period, ended August 15th. A moderate decline in debits during the more recent period occurs in most years, partly due to the occurrence of the Labor Day holiday early in September and to a State holiday in Maryland on September 12th. Only seven of the twenty-four reporting cities showed increased totals during the four weeks ended September 12th, while seventeen cities showed lower totals. Durham and Richmond reported comparatively large increases, and Baltimore, Raleigh and Winston-Salem reported large decreases. Other fluctuations were relatively small.

In comparison with debits totaling \$1,132,231,000 for the four weeks ended September 14, 1927, the aggregate of \$1,042,043,000 reported for the corresponding period this year shows a decline of \$90,188,000, or about 8 per cent. Six cities reported higher figures for the 1928 period, these being Cumberland, Lynchburg, Norfolk-Portsmouth, Raleigh, Richmond and Washington, but seventeen cities failed to reach the totals reported last year.

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	September 12, 1928	August 15, 1928	September 14, 1927
Asheville, N. C. ....	\$ 24,528,000	\$ 23,745,000	\$ 28,469,000
Baltimore, Md. ....	287,436,000	363,316,000	356,764,000
Charleston, S. C. ....	22,433,000	22,252,000	22,979,000
Charleston, W. Va. ....	30,968,000	32,594,000	33,311,000
Charlotte, N. C. ....	44,283,000	46,851,000	46,128,000
Columbia, S. C. ....	17,500,000	17,780,000	20,083,000
Cumberland, Md. ....	8,226,000	8,503,000	8,004,000
Danville, Va. ....	7,022,000	6,649,000	8,840,000
Durham, N. C. ....	27,410,000	23,855,000	33,979,000
Greensboro, N. C. ....	19,293,000	19,182,000	19,311,000
Greenville, S. C. ....	15,391,000	16,338,000	21,665,000
Hagerstown, Md. ....	8,282,000	9,085,000	8,994,000
Huntington, W. Va. ....	18,670,000	18,789,000	20,407,000
Lynchburg, Va. ....	15,896,000	17,391,000	15,852,000
Newport News, Va. ....	8,180,000	8,497,000	8,313,000
Norfolk, Va. ....	52,299,000	56,525,000	*56,459,000
Portsmouth, Va. ....	5,054,000	5,269,000	.....
Raleigh, N. C. ....	16,689,000	21,575,000	15,752,000
Richmond, Va. ....	131,278,000	113,362,000	129,790,000
Roanoke, Va. ....	25,228,000	25,576,000	25,293,000
Spartanburg, S. C. ....	10,022,000	10,044,000	11,232,000
Washington, D. C. ....	200,196,000	213,128,000	191,281,000
Wilmington, N. C. ....	13,464,000	12,575,000	15,242,000
Winston-Salem, N. C. ....	33,095,000	44,671,000	34,083,000
District Totals .....	\$1,042,043,000	\$1,137,552,000	\$1,132,231,000

\* This Norfolk figure includes total for Portsmouth.

**SAVINGS DEPOSITS**—Savings and time deposits decreased slightly during the past month, but continued well above the corresponding 1927 figures. Twelve mutual savings banks in Baltimore had deposits aggregating \$183,521,480 at the close of business August 31, 1928, compared with \$183,584,146 at the end of July this year and \$168,117,568 at the end of August 1927. Sixty-four regularly reporting member banks had aggregate time deposits amounting to \$245,405,000 on September 12th this year, compared with \$247,503,000 on August 15, 1928, and \$236,414,000 on September 14, 1927.

**BUSINESS FAILURES**—*Dun's Review* for September 8th says, "Following the improvement revealed in July, the insolvency statistics for August disclose a higher business mortality. The rise occurred in both number of commercial failures and amount of liabilities, and the upward trend is in contrast to the reduction shown a year ago. Numbering 1,852, commercial failures in the United States last month are 127, or 7.4 per cent above the total of 1,723 for July, while there is an increase of 144, or 8.4 per cent, over the 1,708 defaults in August 1927. The increase in the August indebtedness is much more marked than the rise in the number of defaults, the amount involved being swelled to \$58,201,830. That unusually high aggregate resulted from several insolvencies of exceptional size, particularly in the classification designated as 'Other Commercial', which includes brokerage, insurance and other similar enterprises. The liabilities for last month are far above those of the four immediately preceding months, and establish a new maximum for the current year. The next highest total is the \$54,300,000 of March. Comparing with the \$39,105,953 of August 1927, last month's indebtedness shows an increase of more than 48 per cent."

The fifth district insolvency record for August was better than the record for the entire country. Failures numbering 114 last month show a decrease of 20 per cent under 143 failures reported in August 1927, and last month's liabilities totaling \$2,546,548 are only 18 per cent larger than \$2,155,805 in August last year, in contrast with the National increase of 48 per cent.

**LABOR**—The employment situation appears to have improved in the fifth district since the first of August, and there does not seem to be a burdensome surplus of workmen anywhere in the district at present. A large amount of construction work of various types is under way, and industrial plants are using their normal quotas of workers, although some of them are not operating full time. There are undoubtedly many people who are not able to secure steady work, but it is doubtful if the number is now larger than was considered normal before the boom period during and immediately following the World War. Conditions in the textile industry and in the coal fields are least satisfactory in the fifth district, but textile employees have at least part time work to provide for necessities and coal miners are as fully employed as the summer season and the over-development in mining allows.

**COAL**—Bituminous coal production in the United States in August 1928 total 41,108,000 net tons, as against 36,276,000 tons mined in July and 41,705,000 tons in August 1927. Total production during the present calendar year to September 8th (approximately 212 working days) amounts to 321,699,000 net tons, the lowest figure since 1924. West Virginia continues to lead in tonnage. The Bureau of Mines, Department of Commerce, issued a summary of 1927 coal statistics for West Virginia on September 15th, and reported 145,122,447 net tons mined, with a total value at the mines of \$249,730,000. This coal was dug by 66,585 miners, 17,385 haulers and 17,814 others working underground, while 18,015 workers were employed on the surface, making a total of 119,799 people actually working at West Virginia coal mines. The average number of days worked by each employee was 235, and each miner dug an average of 5.15 tons of coal per day. The total number of mines of commercial size that produced coal in 1927 was 1,149.

**TEXTILES**—The unsatisfactory conditions in the textile field continued during August and early September, and there were few signs of probable improvement in the near future. Textile mills in the fifth reserve district consumed 222,987 bales of cotton in August, a seasonal increase over 187,601 bales used in July this year but a decided decline from 261,638 bales consumed in August 1927. In the face of falling cotton prices, buyers continue unwilling to place forward orders, and mills are forced to operate on restricted schedules or to accumulate manufactured goods in their warehouses. The mills are consequently running part time, and are keeping surplus stocks as low as possible. No mills are closed entirely, however, and there are few textile employees out of work, although most of them are living on reduced incomes as a result of the fewer hours or days worked.

### BUILDING OPERATIONS FOR THE MONTHS OF AUGUST 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.....	387	444	985	1,577	\$ 1,419,100	\$ 1,354,900	\$ 978,880	\$ 626,400	\$ 416,680	21.0%	1
2	Cumberland, Md...	12	23	3	8	25,092	77,323	1,200	5,255	56,286	68.2	2
3	Frederick, Md.....	6	4	2	1	11,730	3,930	5,080	1,400	11,480	215.4	3
4	Hagerstown, Md...	17	33	10	12	28,575	108,450	4,100	22,000	97,775	75.0	4
5	Danville, Va.....	6	15	13	15	80,185	40,715	17,100	3,641	52,929	119.3	5
6	Lynchburg, Va. ....	24	29	30	39	83,155	254,468	15,625	83,565	239,253	70.8	6
7	Norfolk, Va. ....	46	66	65	67	73,105	190,435	81,600	52,540	88,270	36.3	7
8	Petersburg, Va. ....	2	6	8	5	5,800	26,500	7,735	2,300	15,265	53.0	8
9	*Portsmouth, Va.....	*18	.....	*32	.....	*24,435	.....	*17,679	.....	.....	.....	9
10	Richmond, Va. ....	100	103	82	73	618,337	1,149,212	264,862	82,911	348,924	28.3	10
11	Roanoke, Va. ....	38	65	25	46	123,643	205,745	28,152	23,696	77,646	33.8	11
12	Bluefield, W. Va. ...	8	17	3	6	34,925	20,190	650	5,887	9,498	36.4	12
13	Charleston, W. Va. ...	39	54	14	19	236,660	217,970	11,000	206,535	176,845	41.7	13
14	Clarksburg, W. Va. ...	19	20	23	16	17,865	22,860	16,835	4,900	6,940	25.0	14
15	Huntington, W. Va. ...	39	45	7	4	164,010	132,940	8,150	2,400	36,820	27.2	15
16	Parkersburg, W. Va. ...	15	15	11	10	74,250	33,975	9,700	8,100	41,875	99.5	16
17	Asheville, N. C. ....	21	33	44	56	125,460	297,700	14,890	75,270	232,620	62.4	17
18	Charlotte, N. C. ....	90	65	30	14	548,175	663,365	9,707	12,723	118,206	17.5	18
19	Durham, N. C. ....	38	51	6	4	177,000	170,775	18,850	4,950	20,125	11.5	19
20	Greensboro, N. C. ...	55	72	67	47	369,845	221,711	46,556	43,465	151,225	57.0	20
21	High Point, N. C. ...	34	46	9	10	128,075	178,075	6,900	7,275	50,375	27.2	21
22	Raleigh, N. C. ....	26	27	10	11	164,510	120,925	6,750	156,525	106,190	38.3	22
23	Rocky Mount, N.C. ...	22	18	2	10	75,115	49,690	11,200	27,525	9,100	11.8	23
24	Salisbury, N. C. ....	7	10	8	6	8,950	57,000	5,450	15,200	57,800	80.1	24
25	Wilmington, N.C. ...	9	8	9	7	42,200	15,000	19,800	16,100	30,900	99.4	25
26	Winston-Salem, N. C. ...	67	131	110	84	337,940	672,877	50,850	27,476	311,563	44.5	26
27	Charleston, S. C. ....	11	6	31	21	17,105	55,815	9,690	7,145	36,165	57.4	27
28	Columbia, S. C. ....	26	16	57	51	119,900	75,600	16,940	12,440	48,800	55.4	28
29	Greenville, S. C. ....	30	9	37	39	159,800	79,500	16,131	18,190	78,241	80.1	29
30	Spartanburg, S. C. ...	18	29	38	13	136,420	108,270	10,090	5,040	33,200	29.3	30
31	Washington, D. C. ...	195	203	453	473	2,062,525	3,156,125	339,905	440,815	1,194,510	33.2	31
	Totals.....	1,407	1,663	2,192	2,744	\$ 7,469,452	\$ 9,762,041	\$2,034,378	\$2,001,669	\$ -2,259,880	- 19.2%	

— 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.

Prospects for construction work declined last month. Building permits issued for new construction in thirty leading cities of the fifth reserve district totaled 1,407 in August this year, compared with 1,663 permits issued for similar work in August a year ago, and the estimated valuation of the August 1928 work totaled \$7,469,452 in comparison with \$9,762,041 in August 1927. In alteration and repair work, August 1928 permits numbered 2,192, estimated to cost \$2,034,378, compared with 2,744 permits and a valuation of \$2,001,669 in August last year. Total estimated valuation for

all classes of work was \$9,503,830 last month, a decrease of \$2,259,880, or 19.2 per cent, under the total of \$11,763,710 for all permits issued in August 1927. Fourteen of the thirty reporting cities showed higher valuation figures last month than a year ago, but sixteen cities reported lower figures. Seven cities reported gains of more than 50 per cent, but in some of them the high percentage gain was due to low figures in August 1927 rather than to particularly large figures this year.

Contracts awarded in August for construction work in the fifth district, including both rural and urban projects, total \$30,171,855, compared with \$31,813,073 awarded in August 1927, according to figures collected by the F. W. Dodge Corporation. Of the awards in August this year, \$12,069,030 was for residential work.

**COTTON**—Spot cotton prices on principal Southern markets declined nearly 1.75 cents per pound between the middle of August and the middle of September, practically all of the drop occurring after the unexpectedly high estimate of probable production released by the Department of Agriculture on September 8th. The average price on ten markets was 16.88 cents per pound on September 14th. Cotton has declined more than 5 cents per pound since July 1st, and is now about 4.5 cents below the price level at this time last year.

The second cotton condition report of the year, issued by the Department of Agriculture on September 8th, estimated probable production in 1928 at 14,439,000 bales, based on the September 1st condition of 60.3 per cent of a normal on 44,916,000 acres in cultivation. This figure compared with a forecast on August 1st of 14,291,000 bales and a crop in 1927 of 12,955,000 bales. The report estimated Virginia's crop at 46,000 bales, compared with 48,000 bales forecast on August 1st and final ginnings of 31,000 bales in 1927. North Carolina's probable production was given as 970,000 bales, compared with 973,000 bales forecast on August 1, 1928, and 861,000 bales grown last year. South Carolina's September 1st estimate of 890,000 bales compares with the August 1st forecast of 897,000 bales and a 1927 crop of 730,000 bales. The Department of Agriculture's estimate for the two Carolinas was somewhat larger than is generally expected in those states. Since September 1st, general rains have been frequent in both Carolinas, and boll rot has developed to such an extent that some of our best informed correspondents contend that the probable yield in each of the Carolinas has been reduced considerably below the September 1st prospect. Some carefully conducted boll counts made in the Pee Dee section of South Carolina on September 6th and 7th showed the presence of rot in more than 15 per cent of the bolls counted. The general rains of September 18th and 19th further damaged the cotton crop in the fifth district.

Cotton consumption in American mills in August showed a seasonal increase over July consumption, but was less than that of August 1927. The Bureau of the Census reported 526,729 bales of lint consumed last month, compared with 438,743 bales used in July this year and 634,520 bales consumed in August 1927. Cotton on hand at manufacturing establishments on August 31st this year totaled 782,068 bales, compared with 1,007,017 bales held on July 31st this year and 1,120,784 bales held on August 31st last year. Bales in public warehouses and compresses numbered 1,188,861 at the end of August, 1,189,565 bales at the end of July, and 2,172,945 bales on August 31, 1927. Exports of cotton totaled 259,489 bales in August, compared with 340,311 bales sent abroad in August last year, and imports last month totaled 25,258 bales, compared with 28,041 bales imported in August 1927. Consumption of cotton in the growing states totaled 403,888 bales in August, compared with 464,530 bales used in August last year. Last month's consumption in the cotton growing states amounted to 76.68 per cent of National consumption, compared with 73.21 per cent of National consumption reported for the cotton growing states in August last year.

The Bureau of the Census ginning report, issued on September 8th and including ginnings to September 1st, indicates that this year's crop is much later than the 1927 crop. Ginnings this year prior to September 1st totaled 956,486 bales, compared with 1,533,577 bales ginned before the corresponding date last year. In the fifth district, only 3,394 bales were ginned in August this year, compared with 22,966 bales ginned during the same period last year.

**TOBACCO**—Tobacco markets are now open in both North and South Carolina, and large sales have been made, but the quality of tobacco is poorer than in 1927 and this year's prices are also said to be very unsatisfactory. The weather in the fifth district was highly unfavorable for tobacco growing this year, with a late Spring, a dry July, and a wet August. August weather was so unfavorable that the official production forecasts on September 1st lowered the estimates made on August 1st from 482,410,000 pounds to 470,000,000 pounds for North Carolina, from 131,323,000 pounds to 123,743,000 pounds for Virginia, and from 79,922,000 pounds to 75,531,000 pounds for South Carolina. On August 1st both Virginia and South Carolina appeared to have larger crops than in 1927, with North Carolina only slightly behind last year, but on September 1st the Virginia and North Carolina estimates were about 3 per cent lower than the 1927 production, and the South Carolina figure was also slightly below that of the previous season. The position of the growers is even more unfavorable than the production figures indicate, since this year's tobacco appears to be generally of lower grade than last year's, and because prices are much lower this season.

**AGRICULTURAL NOTES—MARYLAND** crops were quite generally damaged by excessive rains in August and the first half of September. The corn crop was damaged seriously, many apples burst on the trees, and the quality of the tobacco crop was lowered. On the Eastern Shore, canning tomatoes were seriously damaged and there will be little late fruit. Live stock prospects in Maryland are much better than crop prospects, and the farmers of western Maryland did well with their large crop of peaches.

**VIRGINIA** crop prospects declined during August as a result of heavy storms, according to the Crop Reporting Service. The production forecasts on September 1st were lower than a month earlier for corn, tobacco, cotton, hay and sweet potatoes. Since September 1st the weather has been unfavorable for most crops and probably corn and tobacco have been seriously damaged. The September corn forecast based upon the condition of 79 per cent was 45,362,000 bushels, which is 2,605,000 bushels less than the 1927 crop. The peanut crop seems to be good, the September forecast of 143,792,000 pounds greatly exceeding the short crop of 116,128,000 pounds grown last year. Late hay crops were improved by the August rains, but there was considerable damage to hay crops on lowgrounds and to hay already stacked. A production of 1,289,000 tons is indicated, compared with 1,469,000 tons harvested last year. Pastures are excellent in all parts of the State, although grasses have too high moisture content for best grazing. The early potato crop yielded unusually well and the production this season was the largest on record. Prospects for late potatoes have declined, however. The production of both early and late potatoes is estimated to be 19,814,000 bushels, compared with 19,760,000 bushels dug last year. The condition of sweet potatoes declined during August and the September forecast of 5,646,000 bushels is less than the August indications and also below last year's crop. The yield on the Eastern Shore, where nearly 75 per cent of the total State crop is grown, has been disappointing. Apples grew rapidly during August, so the size is larger than usual. The forecast of production increased nearly 7 per cent during August to 14,128,000 bushels, compared with 6,000,000 bushels produced last year. The oat yield is better than had been expected and will be better than last year, although the rains caused some damage to crops stacked in the fields, especially in the southwest where threshing is later than in other parts of the State.

**NORTH CAROLINA** corn production is estimated to be 45,393,000 bushels this year, compared with 53,626,000 bushels last year. Grasses and pastures are generally good, the hay yield of slightly over a ton per acre indicating a crop of 904,000 tons, compared with 845,000 tons harvested last year. The sweet potato crop this year is 8,331,000 bushels, as compared with 10,146,000 bushels in 1927. About half of the Irish potato acreage in North Carolina is confined to the early truck crop which is shipped principally during June and July. The September 1st estimate amounts to about 4,000,000 bushels this year. The early or commercial crop made one of the best yields for many years, but prices were quite unsatisfactory. The peanut crop is estimated to be 213,560,000 pounds, as compared with the final estimate of 157,527,000 pounds last year. The commercial apple crop is forecast at 236,000 barrels and the agricultural crop at 4,722,000 bushels. The commercial crop is almost three times larger than that of last year.

**SOUTH CAROLINA** crops were damaged by numerous wind storms, heavy to excessive rains, and flooded lowlands during August, but despite the unfavorable weather, prospects were still fair to good for most crops on September 1st. Some crops have been further damaged by wet weather and storms in September, however. Corn prospects declined about 1,500,000 bushels in August, and on September 1st the outlook was for a crop of approximately 21,440,000 bushels, compared with the final estimate of 25,449,000 bushels made last year. Sweet potatoes improved during August and on September 1st indicated a crop of 4,428,000 bushels, compared to 5,300,000 bushels produced last year. Prospects for a smaller crop than last year are due mostly to a reduction of about 6 per cent in this year's acreage. Unfavorable weather during August reduced peanut prospects somewhat and the September 1st condition gives promise of about 7,654,000 pounds this year, compared to the final estimate of 8,525,000 pounds last year. All tame hay improved during August and a crop of about 336,000 tons is indicated, which compares with a crop of 356,000 tons last year. This has been a good year for fruit. The South Carolina peach crop was probably the largest ever produced in the State, and prospects are for fair to good crops of apples, pears and grapes.

**WEST VIRGINIA** crop prospects changed little during August and conditions on September 1st were about average. Weather conditions since August 1st were favorable for the growth of crops but somewhat unfavorable for the harvesting of hay and small grains, due to excessive rainfall. Corn, sweet potatoes, tobacco, sorghum cane and pastures show slight improvement over the August 1st condition, Irish potatoes remain unchanged, and oats, buckwheat, and hay show slight decreases in condition.

## FIGURES ON RETAIL TRADE

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

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in August 1928 sales, compared with sales in August 1927:					
	— 4.3	2.6	— 1.4	— 11.8	— 3.4
Percentage increase in total sales since January 1st, over sales during the first eight months of 1927:					
	— 1.5	2.7	2.4	— 6.7	— .2
Percentage increase in August 1928 sales over average August sales during the three years 1923-1925, inclusive:	9.9	29.5	24.2	— 2.5	15.3
Percentage increase in stock on hand August 31, 1928, over stock on August 31, 1927:	.2	— 3.9	— 1.0	.1	— .6
Percentage increase in stock on hand August 31, 1928, over stock on July 31, 1928:	1.0	1.4	2.8	3.3	2.0
Percentage of sales in August 1928 to average stock carried during that month:	21.2	26.3	24.5	17.9	22.4
Percentage of total sales since January 1st to average stock carried during each of the eight elapsed months:	194.1	223.2	213.9	152.7	198.5
Percentage of collections in August 1928 to total accounts receivable on August 1st:	21.4	26.2	28.5	25.6	24.5

— Denotes decreased percentage.

Retail trade in the fifth reserve district in August showed a seasonal increase over the volume of business in July of this year, but dropped 3.4 per cent behind the business done in August 1927, according to confidential reports received from thirty leading department stores. Total sales this year were two-tenths of 1 per cent less than total sales during the first eight months of last year. August 1928 sales averaged 15.3 per cent above average August sales during the three years 1923-1925, inclusive, partly due to store expansion in two or three cities.

Stocks on hand in the thirty reporting stores at the end of August showed a seasonal increase of 2.0 per cent over stocks on July 31st this year, but were six-tenths of 1 per cent less than stocks on hand at the end of August a year ago. The percentage of sales in August to average stocks carried during that month was 22.4 per cent, and the percentage of total sales since January 1, 1928, to average stocks carried during each of the eight elapsed months was 198.5 per cent, indicating an annual turnover of 2.647 times. The rate of turnover during the first eight months of 1927 was 2.636 times.

Collections during August in the thirty reporting department stores averaged 24.5 per cent of receivables outstanding on August 1st this year, compared with 24.2 per cent of outstanding receivables collected in August 1927. Baltimore, Richmond and Washington stores showed slightly higher percentages this year than last, but the group of Other Cities stores reported slower collections last month than in August a year ago.

## WHOLESALE TRADE, AUGUST 1928

	<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>
Percentage increase in August 1928 sales, compared with sales in August 1927:						
	2.7	—26.6	—10.3	—18.3	—16.4	— 4.7
Percentage increase in August 1928 sales, compared with sales in July 1928:	8.3	75.5	83.9	15.1	30.6	7.4
Percentage increase in total sales since Jan. 1, 1928, compared with sales in the first eight months of 1927:	1.1	—18.3	— 3.6	—12.7	—25.5	— 2.9
Percentage increase in stock on August 31, 1928, compared with stock on August 31, 1927:	5.7(11*)	— 2.0(4*)	— 5.5(4*)	— 1.4(8*)	.....	.....
Percentage increase in stock on August 31, 1928, compared with stock on July 31, 1928:	3.4(11*)	— 8.5(4*)	— 7.4(4*)	.5(8*)	.....	.....
Percentage of collections in August to total accounts receivable on August 1, 1928:	62.0(18*)	31.5(7*)	21.7(5*)	27.7(12*)	22.9(3*)	58.8(9*)

— Denotes decreased percentage.

\* Number of reporting firms.

Wholesale trade in August in the fifth district was in larger volume than in July in all lines reported upon, a seasonal development, but August sales this year were smaller in every line except groceries than sales in August 1927. Total sales this year were also less in all lines except groceries than total sales in the first eight months of 1927.

Stocks on the shelves decreased during August in all of the four lines for which figures are available except groceries, and at the end of the month were in smaller amount than a year ago in dry goods and shoes, while grocery and hardware stocks were slightly larger than a year earlier.

Collections in August were better than in August 1927 in dry goods and drugs, but grocery, shoe, hardware and furniture collections last month were slower than those in the same month last year.

(Compiled September 21, 1928)

# BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

The volume of industrial and trade activity increased in August, and there was a further advance in wholesale commodity prices. Reserve bank credit outstanding increased in September, reflecting in part seasonal demands for currency and credit. Money rates remained firm.

**PRODUCTION.** Production of both manufactures and minerals increased considerably in August, the output of manufacturing plants being larger than at this season of any earlier year. Automobile production was in record volume in August, and available information indicates that output was maintained by many producers at a high level during September. Iron and steel production continued large in August and September, and output of non-ferrous metals increased between July and August. Textile mill activity, which had been somewhat reduced in recent months, also showed a substantial increase. Factory employment and payrolls have increased since mid-summer and in August were close to the levels of a year ago. In the building industry there was evidence of recession in a sharp decline after the early summer in contracts awarded, which were in smaller volume during August than in the corresponding month of any year since 1924. In the first three weeks of September, however, awards were somewhat larger than last year.

Estimates of the Department of Agriculture for September 1 indicate that yields of principal crops will be larger than last year and above the average for the preceding five years.

**TRADE.** Distribution of commodities showed seasonal increases in August, although sales in most lines of wholesale and retail trade did not equal the unusually large sales of August 1927. Department store stocks increased as is usual in August but continued smaller than a year ago, while inventories in several lines of wholesale trade were somewhat larger than last year. Freight car loadings were in about the same volume in August as a year earlier. Shipments of miscellaneous commodities and grains were larger and those of coal, livestock and forest products smaller than last year.

**PRICES.** The general level of commodity prices increased in August and the Bureau of Labor Statistics index, at 98.9 per cent of the 1926 average, was the highest in nearly two years. Increases in August were chiefly in the prices of livestock and livestock products, which are now higher than at any time since 1920. There were also small increases in fuels, metals and building materials. Grains and cotton showed sharp declines, and there were decreases also in hides and skins and wool. Since the first of September there have been some declines in livestock and meats, and a sharp further decline in cotton, while prices of pig iron, copper and petroleum have advanced.

**BANK CREDIT.** Between the middle of August and the middle of September there was a considerable increase in the loans and investments of member banks in leading cities. Part of the increase was in loans on securities and part reflected a seasonal increase in other loans. Deposits of member banks also increased during the period.

The volume of reserve bank credit outstanding increased during the four weeks ended September 19 in response to seasonal demands for currency and growth in member bank reserve requirements. The increase in total bills and securities was largely in holdings of acceptances and in discounts for member banks.

During the same period there were further increases in open market rates on collateral loans and on commercial paper, while rates on Bankers' Acceptances were reduced from 4 5/8 per cent to 4 1/2 per cent.

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NOTE. Lack of time prevented the preparation of the illustrative charts this month.