

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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DISTRICT SUMMARY. May business was at approximately seasonal levels in the Fifth Federal Reserve district, with no outstanding exceptions in either direction. A decrease in the demand for reserve bank credit occurred in city member banks, while country banks increased their rediscounting moderately, both changes being seasonal developments. Reporting member banks, located in the larger cities, reduced their outstanding loans more than usual, especially their commercial loans. Aggregate debits to individual accounts during the four weeks ended June 12th were seasonally lower than debits during the four weeks ended May 15th this year, chiefly due to holidays in the later period, and were practically the same as the volume of debits reported for the four weeks ended June 13, 1928. Business failures in the Fifth reserve district in May were less numerous and liabilities involved were lower than in May last year, the district record being better than the National record in both number of insolvencies and total liabilities involved. Employment conditions in the district are about up to seasonal levels, and much better than in May a year ago. Coal production in May was larger than in either April this year or May 1928, and West Virginia took the lead in bituminous coal production from Pennsylvania. Textile mills operated full time in May and early June, but forward orders are scarce and a few mills have begun to curtail operations to some extent. Building permits and contracts awarded in May in the Fifth district declined from the levels of May 1928, but the work provided for was still in moderately large volume. May cotton consumption in the United States reached a record figure for that month, and reserve stocks of cotton in storage are lower than they were a year ago. Crops are late in development this year, but except in some parts of South Carolina agricultural prospects appear to be fairly good. Retail trade in the district in May was in larger volume than in May 1928, but wholesale trade was not satisfactory, falling below both April 1929 and May 1928 in volume.

RESERVE BANK OPERATIONS — There was a seasonal decrease in rediscounts for member banks held by the Federal Reserve Bank of Richmond last month, the total amount held declining from \$56,531,000 on May 15, 1929, to \$54,753,000 on June 15, 1929. The total earning assets of the Richmond reserve bank declined during the same period from \$63,608,000 to \$63,451,000, the decrease in earning assets being less than the drop in rediscounts because of larger holdings of Government securities at the middle of June than a month earlier. Contrary to the seasonal trend, the circulation of Federal reserve notes slightly increased between May 15th and June 15th, rising from \$66,542,000 last month to \$66,679,000 this month. Member banks built up their reserve deposits at the reserve bank from \$65,765,000 on May 15th to \$70,693,000 on June 15th. The several changes in the statement mentioned, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond from \$79,423,000 on May 15, 1929, to \$82,721,000 on June 15th, and increased the ratio of cash reserves to note and deposit liabilities combined from 58.95 per cent to 59.83 per cent between the same dates.

In comparing the figures on the Federal Reserve Bank of Richmond's statement for June 15, 1929, with the corresponding figures on June 15, 1928, an increased use of reserve bank credit by member banks is shown this year. Rediscounts held by the Richmond bank on June 15th this year totaled \$54,753,000, compared with \$44,696,000 on June 15th last year. Total earning assets of the reserve bank aggregated \$63,451,000 at the middle of June this year and \$58,630,000 on June 15th last year. Federal reserve notes in actual circulation on June 15, 1929, amounted to \$66,679,000, in comparison with \$54,933,000 on June 15, 1928. Member bank reserve deposits at the Federal Reserve Bank of Richmond aggregated \$70,693,000 at the middle of June this year and \$67,055,000 at the middle of June a year ago. The cash reserves of the Federal Reserve Bank of Richmond totaled \$82,721,000 on June 15, 1929, in comparison with \$74,644,000 on June 15, 1928, but the ratio of cash reserves to note and deposit liabilities combined was slightly lower on the 1929 date, declining during the year from 60.82 per cent on June 15, 1928, to 59.83 per cent on June 15, 1929.

CONDITION OF SIXTY-ONE REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	June 12, 1929	May 15, 1929	June 13, 1928
Loans on Stocks and Bonds (including Governments)....	\$186,836,000	\$188,196,000	\$183,966,000
All Other Loans and Discounts.....	321,312,000	329,494,000	334,464,000
Total Loans and Discounts.....	508,148,000	517,690,000	518,430,000
Total Investments in Bonds and Securities.....	158,249,000	158,425,000	171,102,000
Reserve Balance with Federal Reserve Bank.....	39,554,000	38,763,000	44,273,000
Cash in Vaults.....	11,075,000	10,842,000	12,385,000
Net Demand Deposits.....	348,635,000	353,790,000	369,117,000
Time Deposits	239,215,000	239,393,000	251,564,000
Borrowed from Federal Reserve Bank.....	24,858,000	30,152,000	23,580,000

In the accompanying table, the chief items of condition reported by sixty-one regularly reporting member banks on June 12, 1929, are compared with similar figures reported by the same banks on May 15, 1929, and June 13, 1928, thus affording an opportunity for comparison of the latest available figures with those of the preceding month this year and the corresponding month a year ago.

Between May 15th and June 12th, both this year, there was a decrease of \$1,360,000 in loans on stocks and bonds and an unusual decline for this season in all other loans, which are largely commercial and agricultural, amounting to \$8,182,000. Total investments in bonds and securities held by the reporting banks declined \$176,000 during the month under review, but their reserves at the reserve bank rose \$791,000 and their cash in vaults increased \$233,000 between May 15th and June 12th. Deposits declined further last month, demand deposits decreasing \$5,155,000 and time deposits falling \$178,000 between May 15th and June 12th. The decrease in loans previously mentioned was nearly twice as large as the decline in deposits, the excess in receipts enabling the reporting banks to reduce their volume of borrowing at the reserve bank by \$5,294,000 between the middle of May and the middle of June.

A comparison of the figures reported for June 12, 1929, with those of June 13, 1928, shows a total decline of \$10,282,000 in loans and discounts during the year. Loans on stocks and bonds rose \$2,870,000 during the year under review, but all other loans declined \$13,152,000. The reporting banks reduced their investments in bonds and stocks by \$12,853,000 between June 13th last year and June 12th this year, and also lowered their cash in vaults by \$1,310,000. Aggregate deposits declined sharply between June 13, 1928, and June 12, 1929, demand deposits falling \$20,482,000 and time deposits dropping \$12,349,000. Decreased deposits this year requiring lower reserves at the Federal reserve banks, the reporting member banks reduced their reserve deposits by \$4,719,000 during the year. The sixty-one banks were borrowing \$1,278,000 more from the reserve bank on June 12, 1929, than on June 13, 1928.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	June 12, 1929	May 15, 1929	June 13, 1928
Asheville, N. C.	\$ 31,131,000	\$ 33,270,000	\$ 29,196,000
Baltimore, Md.	364,083,000	376,174,000	387,063,000
Charleston, S. C.	24,800,000	25,300,000	26,372,000
Charleston, W. Va.	37,780,000	37,000,000	38,240,000
Charlotte, N. C.	51,362,000	57,531,000	46,829,000
Columbia, S. C.	20,057,000	25,046,000	19,771,000
Cumberland, Md.	8,723,000	9,268,000	9,241,000
Danville, Va.	7,560,000	6,772,000	7,740,000
Durham, N. C.	30,508,000	29,034,000	25,750,000
Greensboro, N. C.	20,982,000	25,434,000	22,586,000
Greenville, S. C.	18,701,000	20,059,000	18,827,000
Hagerstown, Md.	9,527,000	10,279,000	9,711,000
Huntington, W. Va.	20,513,000	20,679,000	19,720,000
Lynchburg, Va.	17,017,000	19,017,000	17,469,000
Newport News, Va.	9,592,000	9,778,000	9,600,000
Norfolk, Va.	56,932,000	57,832,000	56,171,000
Portsmouth, Va.	5,058,000	4,978,000	5,060,000
Raleigh, N. C.	22,385,000	25,143,000	19,181,000
Richmond, Va.	118,768,000	125,883,000	113,101,000
Roanoke, Va.	29,211,000	28,640,000	26,513,000
Spartanburg, S. C.	13,229,000	13,056,000	13,667,000
Washington, D. C.	242,093,000	253,260,000	242,410,000
Wilmington, N. C.	15,336,000	18,123,000	14,525,000
Winston-Salem, N. C.	38,409,000	39,382,000	35,378,000
District Totals	\$1,213,762,000	\$1,270,938,000	\$1,214,121,000

The accompanying table shows aggregate debits to individual, firm and corporation accounts in twenty-four cities of the fifth reserve district for three equal periods of four weeks, ended June 12, 1929, May 15, 1929, and June 13, 1928.

Aggregate debits reported by the twenty-four cities totaled \$1,213,762,000 for the four weeks ended June 12, 1929, a decrease of 4.5 per cent under debits aggregating \$1,270,938,000 reported for the preceding four weeks this year, ended May 15th. This decline was largely seasonal, and due to holidays which occurred during the later period. Eighteen cities reported lower totals for the four weeks ended June 12th, most of the decreases being relatively small, but larger totals were reported by six cities, Charleston, W. Va., Danville, Va., Durham, N. C., Portsmouth, Va., Roanoke, Va., and Spartanburg, S. C. It is interesting to recall that a year ago only seven cities reported larger debits for the June period in comparison with the May period, and among that seven Charleston, Durham, Roanoke and Spartanburg were listed.

A comparison of \$1,213,762,000 in debits reported for the four weeks ended June 12th this year with \$1,214,121,000 reported for the corresponding four weeks ended June 13, 1928, shows a decline in the 1929 total of \$359,000, or slightly less than 3/100th of 1 per cent. Eleven of the twenty-four cities reported higher figures this year, but thirteen cities reported lower 1929 totals.

SAVINGS DEPOSITS—Aggregate deposits in twelve mutual savings banks in Baltimore declined slightly during May, dropping from \$189,959,148 on April 30th to \$189,402,208 on May 31st, but four of the twelve institutions reported deposit increases during the month. Sixty-one regularly reporting member banks in the Fifth Federal reserve district also reported lower time deposits on June 12th than on May 15th, but the decline was very slight, the aggregate dropping from \$239,393,000 on May 15th to \$239,215,000 on June 12th. In comparison with deposits a year ago, when figures from the mutual savings banks in Baltimore totaled \$183,096,168 and time deposits in reporting member banks totaled \$251,564,000, those of this year showed an increase of 3.5 per cent in the mutual savings banks but a decline of 4.9 per cent in the reporting member banks.

BUSINESS FAILURES—*Dun's Review* for June 8, 1929, in commenting upon the business failure record for May, says, "With a reversal of the tendency witnessed in April, the number of commercial defaults in the United States last month declined to 1,897. The trend in April, when failures rose to 2,021, was an unusual one for the period, but a normal downward movement occurred during May. Approximating 6 per cent, the decrease lowered insolvencies to a point not previously touched since last November, which was a shorter month, and a reduction of 5.5 per cent appears in comparison with 2,008 defaults of May 1928. A year ago, contrary to the customary seasonal experience, there had been an increase to a new high level for May, whereas the present number was not only exceeded in that year, but also in 1922. In considering the failure record, some allowance for the larger total of firms and individuals engaged in business is essential to a proper interpretation of the returns.

It is a feature of the May statistics that, despite the smaller number of insolvencies, the liabilities increased. Thus, some defaults of large size swelled the aggregate indebtedness to \$41,215,865, which is the heaviest amount since last January. The rise over the April total of \$35,269,702 is nearly 17 per cent, while there is an expansion of about 14 per cent over the \$36,116,990 of May 1928. During that period, the average of liabilities per failure was around \$18,000, but last month's average was about \$3,600 higher. The larger aggregate liabilities for May were accounted for by a number of failures of unusual size, there being 72 for \$100,000 or more in each instance, involving \$20,065,962 altogether. In no other May since 1922 have so many large defaults been reported, while last month's indebtedness of these insolvencies of exceptional size reached the highest point since May 1923."

In the Fifth reserve district, failures in May 1929 numbering 117 were fewer than any other month this year, and also compared favorably with 140 insolvencies in May 1928. Aggregate liabilities last month in the district totaled \$2,052,000, compared with \$2,947,871 in May last year.

EMPLOYMENT—On the whole, employment conditions in the Fifth reserve district are good, although there are some groups of workers in which a number of people are involuntarily idle. Skilled workers in the building trades are well employed, and industrial employees are nearly all at work, but in clerical lines the supply of workers is greater than the demand in most of the cities. Tobacco plants in the Fifth district are using more workers than ever before, and many new industries are taking additional factory hands. On the other hand, some textile mills are beginning to curtail operations one or two days per week, which is reducing payrolls, but no mills are closed entirely except a few in which there are strikes. A seasonal reduction in coal output has lowered employment in coal fields, but no more than is considered normal for this time of year. General employment conditions are better than they were a year ago.

COAL—The total production of soft coal during the month of May amounted to approximately 40,172,000 net tons, as against 36,888,000 tons in the shorter month of April and 36,624,000 tons in May 1928. On a daily production basis, May 1929 also went ahead of both April this year and May last year. Total production of bituminous coal in the United States this calendar year to June 8th (approx-

imately 135 working days) totaled 225,403,000 net tons, a higher figure than 207,312,000 tons mined to the same date in 1928, but less than 248,384,000 tons in 1927 and 234,739,000 tons in 1926. Although official figures on production by states in May are not yet available, an examination of weekly figures indicates that West Virginia took the lead in output from Pennsylvania by a very small margin. Retail coal prices are at summer levels, and for some grades of coal appear to be lower than at this time last year. Retail yards are adequately stocked to make deliveries promptly in all grades and sizes.

TEXTILES—Cotton consumed in Fifth district mills in May 1929 totaled 283,623 bales, of which North Carolina mills used 154,773 bales, South Carolina mills 117,953 bales, and Virginia mills 10,897 bales. May consumption in the district exceeded 262,706 bales used in April 1929, and was also larger than 250,698 bales used in May 1928. Last month's consumption in the Carolinas and Virginia totaled 42.4 per cent of National consumption. The situation in the textile field appears to be spotted, with some mills operating full time on forward orders while others are beginning to accumulate manufactured goods in their warehouses. As the May consumption figures show, the mills in the Fifth district have recently been operating full time, but curtailment is being advocated and a few mills have already cut their schedules one or two days per week. Complaint of over production in the present state of the market for textiles is general, and competition for the available business is so keen that all except the best managed mills are complaining of unsatisfactory profits.

BUILDING OPERATIONS FOR THE MONTHS OF MAY 1929 AND 1928.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1929	1928	1929	1928			
		1929	1928	1929	1928							
1	Baltimore, Md.....	496	583	1,549	1,394	\$ 1,894,320	\$ 1,944,400	\$ 743,040	\$ 1,456,640	\$— 763,680	— 22.5%	1
2	Cumberland, Md....	32	21	13	11	46,680	131,360	9,053	2,725	— 78,352	— 58.4	2
3	Frederick, Md.....	10	5	5	1	37,380	22,125	10,250	560	25,005	110.5	3
4	Hagerstown, Md....	23	20	9	9	26,590	23,025	2,745	2,639	3,671	14.3	4
5	Danville, Va.....	13	29	7	12	69,305	69,780	5,050	8,935	— 4,360	— 5.5	5
6	Lynchburg, Va.	20	33	17	25	162,390	68,497	22,161	10,601	105,453	133.3	6
7	Norfolk, Va.....	90	69	80	90	175,460	443,313	44,985	55,589	— 278,457	— 55.8	7
8	Petersburg, Va.	4	5	4	11	11,218	26,850	1,100	15,805	— 30,337	— 71.1	8
9	Portsmouth, Va....	22	22	21	27	15,200	15,505	10,346	9,900	141	.6	9
10	Richmond, Va.....	106	118	72	93	1,544,348	340,069	100,825	142,659	1,162,445	240.8	10
11	Roanoke, Va.	52	79	40	40	90,519	198,284	12,963	14,173	— 108,975	— 51.3	11
12	Bluefield, W. Va...	4	10	5	3	6,190	24,630	670	10,315	— 28,085	— 80.4	12
13	Charleston, W. Va.	43	36	28	13	89,631	863,325	29,010	10,670	— 755,354	— 86.4	13
14	Clarksburg, W. Va.	22	30	21	17	91,010	241,720	7,655	7,525	— 150,580	— 60.4	14
15	Huntington, W. Va.	31	37	12	0	771,586	67,835	2,000	0	705,751	1,040.4	15
16	Parkersburg, W. Va.	25	21	12	11	79,600	57,950	7,100	14,400	14,350	19.8	16
17	Asheville, N. C.	9	27	46	74	118,851	204,574	17,550	74,186	— 142,359	— 51.1	17
18	Charlotte, N. C.	71	88	38	28	399,310	574,515	89,333	15,585	— 101,457	— 17.2	18
19	Durham, N. C.	21	68	8	7	106,375	282,650	8,740	13,975	— 181,510	— 61.2	19
20	Greensboro, N. C. ...	35	64	34	53	105,340	290,070	178,054	60,661	— 67,337	— 19.2	20
21	High Point, N. C. ...	25	44	6	4	129,600	195,290	7,200	1,000	— 59,490	— 30.3	21
22	Raleigh, N. C.	28	35	13	12	119,152	461,700	8,700	33,245	— 367,093	— 74.2	22
23	Rocky Mount, N.C. ...	14	8	3	2	101,880	17,965	690	2,700	81,905	396.3	23
24	Salisbury, N. C.	5	11	3	8	15,600	90,100	7,000	2,925	— 70,425	— 75.7	24
25	Wilmington, N. C. ...	14	12	12	15	45,600	35,500	7,650	13,200	4,550	9.3	25
26	Winston-Salem, N. C. ...	31	96	74	107	171,180	535,010	43,935	43,953	— 363,848	— 62.8	26
27	Charleston, S. C.	22	12	52	49	24,072	40,385	9,843	28,055	— 34,525	— 50.4	27
28	Columbia, S. C.	25	25	62	50	65,925	114,300	23,170	14,900	— 40,105	— 31.0	28
29	Greenville, S. C.	14	13	23	40	76,200	102,100	6,500	23,550	— 42,950	— 34.2	29
30	Spartanburg, S. C. ...	17	24	23	23	45,309	89,725	8,395	9,165	— 45,186	— 45.7	30
31	Washington, D. C. ...	204	261	726	479	1,600,675	3,955,350	420,570	340,835	— 2,274,940	— 53.0	31
	Totals.....	1,528	1,906	3,018	2,708	\$ 8,236,496	\$11,527,902	\$1,846,283	\$2,441,011	\$— 3,886,134	— 27.8%	

— Denotes decrease.

NOTE—The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

Building permits issued in thirty-one Fifth district cities in May 1929 were fewer in number and lower in estimated valuation than permits issued in either April this year or May a year ago. Building inspectors in the thirty-one cities issued 1,528 permits for new construction in May, compared with 1,717 permits issued in April and 1,906 in May last year. In estimated valuation, new work provided for in May totaled \$8,236,496, compared with \$10,314,301 in April 1929 and \$11,527,902 in May 1928. Alteration and repair permits issued in May totaled 3,018, with estimated valuation of \$1,846,283, compared with 2,708 permits and \$2,441,011 valuation for the same class of work in May a year ago. Total valuation for all classes of permits in May amounted to \$10,082,779, compared

with \$13,968,913 in May 1928, a decrease this year of \$3,886,134, or 27.8 per cent. The decline last month was district wide, twenty-two cities reporting lower and only nine cities reporting higher figures than in May 1928. Among the larger cities, Richmond with an increase of 240.8 per cent over the exceptionally low figures of May 1928 showed the only gain, but Frederick, Md., Lynchburg, Va., Huntington, W. Va., and Rocky Mount, N. C., all reported increases in valuation of more than 100 per cent. Huntington, with an increase last month of 1,040.4 per cent over May 1928, made the best record for the month, and in total estimated valuation was exceeded only by Baltimore, Washington and Richmond.

Contracts awarded in May 1929 for construction work in the Fifth reserve district totaled \$37,071,793, compared with \$39,420,900 awarded in May 1928, according to figures collected by the F. W. Dodge Corporation. Of the awards in May this year, \$11,294,633 went into residential work, the balance of over \$25,000,000 representing industrial, commercial or public utility construction.

COTTON—Cotton prices fluctuated over a range of about half a cent a pound during the past month, but the net change was negligible. In our Review last month we quoted the average price for spot cotton on ten Southern markets as 18.32 cents per pound on May 17th. The following two weeks witnessed a decline to 18.00 cents per pound on May 31st, but by June 7th the price had risen to 18.57 cents. On June 14th, the latest date for which figures are available, the average price on the ten markets was 18.50 cents, about 90 cents per bale more than a month earlier but approximately \$8.50 per bale lower than the average price on June 16, 1928.

Cotton consumption in American mills during May 1929 totaled 668,229 bales, a record figure for that month, compared with 631,710 bales consumed in April this year and 577,384 bales used in May 1928. Total consumption for the ten months of the season to date—August 1, 1928, to May 31, 1929—amounted to 5,982,208 bales, compared with 5,883,843 bales consumed during the corresponding period ended May 31, 1928. According to the Bureau of the Census report on June 14th, consuming establishments held 1,477,308 bales of cotton in their warehouses on May 31st, compared with 1,330,880 bales so held on the corresponding date a year earlier. Public warehouses and compresses held 1,847,688 bales in storage on May 31st, compared with 2,258,763 bales a year ago. Exports totaled 313,003 bales in May this year, compared with 578,403 bales shipped abroad during the same month of 1928, and total exports for the ten months ended May 31st amounted to 7,512,698 bales against 6,764,325 bales exported during the ten months ended May 31, 1928. Imports last month totaled 42,486 bales, compared with 19,842 bales brought in during May last year. The cotton growing states consumed 504,395 bales in May this year, or 75.5 per cent of National consumption, compared with 442,583 bales, or 76.7 per cent of National consumption used in the cotton growing states during May 1928. Cotton spindles active in May 1929 numbered 30,910,282, compared with 28,948,144 spindles active in May 1928.

The weather this year has been on the whole unfavorable for cotton growth, and a considerable portion of the South Carolina crop had to be replanted because of failure of seed to germinate or destruction of small plants by storms. The crop is quite late in that state, therefore. In North Carolina and Virginia conditions appear to be better, but throughout the entire Fifth district the crop has suffered retardation by cool weather and too much rain. The number of boll weevils which lived through the winter is reported to be very large, and poisoning is especially necessary this year because of the lateness of the crop. No acreage or condition figures on cotton are yet available from official sources, but unofficial figures indicate about the usual acreage in the Fifth district this year. Although the crop was backward until the middle of June, cotton responds so quickly to suitable growing weather that it is impossible at this season to estimate the year's probable yield.

TOBACCO PRODUCTS—During May 1929 the number of cigarettes manufactured in the United States totaled 11,169,358,287, compared with 8,892,499,222 cigarettes made in May 1928. Fifth district production in May this year was approximately 8,900,000,000 cigarettes, compared with about 7,100,000,000 cigarettes made in May last year. National production of smoking and chewing tobacco totaled 30,138,326 pounds in May 1929 and 29,758,962 pounds in May 1928, of which the Fifth district manufactured approximately 12,100,000 pounds in May this year and 11,900,000 pounds in May last year. Revenue taxes paid to the Treasury on tobacco manufactures in May 1929 in the United States totaled \$41,481,043, of which the Fifth district paid approximately \$29,000,000, compared with total taxes amounting to \$34,564,959 paid in May 1928, of which the Fifth district paid about \$24,600,000.

AGRICULTURAL NOTES—MARYLAND agricultural prospects are encouraging. The wheat crop improved during May and on June 1st a yield of 8,813,000 bushels was indicated, in comparison with 8,745,000 bushels in 1928. The oat crop showed a June 1st condition of 83 per cent, compared with 81 per cent on the same date last year. Fruit prospects are better than in 1928, and the hay crop is very good. The strawberry crop was not up to average, but was profitable to the growers of high quality fruit. VIRGINIA farm work and crop growth were retarded by unfavorable weather conditions during May. Planting was delayed by frequent rains and on June 1st a considerable portion of the corn crop remained to be planted. Tobacco planting was generally ad-

vanced as much as usual. Wheat prospects declined during May as a result of rust, but the decrease was not as great as usual, so the June forecast is slightly larger than on May 1st. The growth of straw is unusually good, but the heads are generally short and are not filling well. In the past the yield has generally been low following a rainy, cloudy May. The June forecast is 9,236,000 bushels, compared with 9,758,000 bushels in 1928 and a five-year average of 9,650,000 bushels. The condition of other small grains in Virginia is up to the average for the past ten years, but the yield of barley and rye will probably not be as heavy as the growth of straw would indicate. The cool, wet weather was generally favorable for the growth of oats, but the yield will largely depend upon weather conditions during June. The condition of hay crops declined during May in all except the Southren districts, as the cool weather retarded growth and fields became quite weedy. Hay crops, however, will quickly respond to warm weather and sunshine as there is an abundance of moisture in the soil. Early hay crops such as alfalfa and clover made good yields, but weather conditions were unfavorable for curing and harvesting, so farmers had considerable difficulty in saving their crops. Spring sown grass and clovers made excellent growth. Pastures are unusually good in all parts of the state. Fruit crops were injured by the cool, wet weather during May and the outlook is not quite as good as appeared a month ago, but the production of most fruit will be above the average. The peach crop is especially good and the production will be unusually large. NORTH CAROLINA experienced an excess of rainfall during May, and temperatures were subnormal, but the crop outlook for the state as a whole is good. The May weather was favorable to the growth of small grains, grasses and truck crops, but was rather unfavorable for cotton, tobacco and potatoes. Wheat prospects are unusually good, the June 1st condition of 86 per cent comparing with 76 per cent last year and a ten-year average of 84 per cent. The present condition indicates a probable production of 5,255,000 bushels, or an increase of about 2 per cent over last year. The conditions of other small grain crops were reported as follows: oats 87 per cent as compared with 63 per cent last year; barley 87 as compared with 76 last year; and rye 87 as compared with 79 last year. All small grains appear to be in better condition than for several years. Both the spring and fall sown crop of oats came through the spring and winter with good stands. While the plants are not very tall, they appear to be heading well. In all of the early commercial potato sections, the prospects for yield are considered unusually good. Growers report the condition 85 per cent of normal, with an expected yield of about 120 bushels per acre. The weather during the spring was favorable for most hay crops. Rainfall has been well distributed, pastures are reported in good condition and the yields of hay are expected to be unusually good. There was a heavy drop of apples, which has made the number now on trees look small, but this natural thinning of the fruit will probably result in a larger size. The growers report a condition of 51 per cent, as compared with 70 per cent on June 1st last year and a ten-year average of 56 per cent. The peach crop, reported at 58 per cent on June 1st as compared with 75 per cent a year earlier, indicates a probable production for the state of about 1,969,000 bushels. There was a heavy decline in peach prospects during May. The commercial fertilizer sales up to June 1st were 92 per cent of last year's sales to that date, although many farmers report an increase in their usage of fertilizers this year. SOUTH CAROLINA crops suffered in May from unusually wet and cool weather, and as a whole agricultural conditions in that state are poorer than in any other Fifth district state. Much of South Carolina's cotton had to be replanted, resulting in late crops with many poor stands. Truck crops in the coastal counties turned out favorably on the whole, and were profitable.

WHOLESALE TRADE, MAY 1929

Percentage increase in May 1929 sales, compared with sales in May 1928:					
<i>30 Groceries</i>	<i>10 Dry Goods</i>	<i>5 Shoes</i>	<i>15 Hardware</i>	<i>4 Furniture</i>	<i>13 Drugs</i>
— 5.7	— 8.8	— 15.9	— 4.9	67.3	— 2.0
Percentage increase in May 1929 sales, compared with sales in April 1929:					
7.4	— 10.6	— 2.7	— 9.1	51.9	— .2
Percentage increase in total sales since Jan. 1, 1929, compared with sales in the first five months of 1928:					
— 3.5	— 9.2	— 9.4	— 3.6	14.7	1.4
Percentage increase in stock on May 31, 1929, compared with stock on May 31, 1928:					
— .2(11*)	— 15.7(4*)	— 7.0(4*)	2.5(8*)
Percentage increase in stock on May 31, 1929, compared with stock on April 30, 1929:					
— .8(11*)	— 4.4(4*)	1.7(4*)	— 4.5(8*)
Percentage of collections in May to accounts receivable on May 1, 1929:					
65.8(19*)	36.0(7*)	36.6(5*)	35.3(12*)	61.9(9*)

— Denotes decreased percentage.

* Number of reporting firms.

Seventy-seven wholesale firms, representing six important lines of trade in the Fifth reserve district, reported to the Federal Reserve Bank of Richmond on their May business. Increased sales during the month in comparison with sales during May 1928 were shown in furniture, but sales of groceries, dry goods, shoes, hardware and drugs were smaller than sales during the corresponding month last year. In comparison with sales during April this year, May sales gained in groceries and furniture, but declined in dry goods, shoes, hardware and drugs. Total sales since January 1st were

larger in furniture than during the corresponding five months of 1928, but grocery, dry goods, shoe, hardware and drug sales were smaller this year than last. The furniture increases mentioned were chiefly due to operations of one firm, and did not truly reflect developments in the industry as a whole.

Stocks on hand at the end of May this year were larger than stocks on hand May 31, 1928, in groceries and hardware, but dry goods and shoe stocks were smaller on the 1929 date. During May stocks of shoes on the shelves of the reporting firms increased over those on hand on April 30th this year, but stocks of groceries, dry goods and hardware declined during the month.

Collections during May were better than in April in groceries, shoes and drugs, but were slower in dry goods and hardware. The May 1929 percentages of collections during the month to outstanding receivables on May 1st were higher in all lines for which figures were available than the May 1928 percentages.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Thirty-One Representative Department Stores for the Month of May 1929

Percentage increase in May 1929 sales, over sales in May 1928:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
2.1	4.6	5.4	— 7.4	2.5
Percentage increase in total sales since January 1st, over sales during the first five months in 1928:				
.9	4.1	4.9	— 2.9	2.4
Percentage increase in May 1929 sales over average May sales during the three years 1923-1925, inclusive:				
4.2	20.4	24.1	— 2.9	12.1
Percentage increase in stock on hand May 31, 1929, over stock on May 31, 1928:				
— 1.9	— .7	3.1	— 5.9	— .5
Percentage increase in stock on hand May 31, 1929, over stock on April 30, 1929:				
— 3.1	— 1.5	— 2.7	— 2.9	— 2.8
Percentage of sales in May 1929 to average stock carried during that month:				
28.5	28.4	30.4	22.4	28.4
Percentage of total sales since January 1st to average stock carried during each of the five elapsed months:				
133.1	147.2	141.1	99.7	132.9
Percentages of collections in May 1929 to total accounts receivable on May 1st:				
25.9	33.1	31.3	28.9	28.7

— Denotes decreased percentage.

Confidential reports sent to the Federal Reserve Bank of Richmond by thirty-one leading department stores in the Fifth reserve district show sales during May 1929 averaging 2.5 per cent above the volume of sales in May 1928, seventeen of the reporting stores showing higher figures last month. In total sales from January 1st through May 31st this year, sales in the reporting stores averaged 2.4 per cent above aggregate sales during the first five months of 1928. May 1929 sales were 12.1 per cent larger in dollar amount than average May sales during the three years 1923-1925, inclusive.

Stocks of merchandise on the shelves of the reporting stores were 5/10th of 1 per cent lower on May 31, 1929, than on May 31, 1928, and were 2.8 per cent lower than stocks a month earlier, April 30, 1929. Last month's moderate decrease in stocks was seasonal.

The percentage of sales to average stocks carried during May was 28.4 per cent for the district as a whole, and the percentage of total sales during the first five months of this year to average stocks carried during each of the five months was 132.9 per cent, indicating an annual turnover of 3.19 times, compared with a turnover rate of 3.036 times in the first five months of 1928.

Collections by thirty of the thirty-one reporting stores during May totaled 28.7 per cent of outstanding receivables as of May 1st, a slightly lower figure than either 28.9 per cent collected in April this year or 28.8 per cent collected in May last year. Baltimore and Richmond reported higher collection percentages last month than in either April this year or May a year ago, but Washington and the Other Cities reported declines.

(Compiled June 21, 1929)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Production and distribution of commodities continued at a high rate in May. Wholesale commodity prices declined further during the month, but more recently showed some advance. Total loans and investments of member banks in leading cities have increased since the latter part of May.

PRODUCTION—Industrial production continued large in May and was accompanied by a further increase in the volume of factory employment and payrolls. Output of the iron and steel industry increased further, and shipments of iron ore during May were the largest for that month of any recent year; production of pig iron, steel ingots and coke was at record levels; and semi-finished and finished steel was produced in large volume. During the first half of June steel operations remained close to capacity, although some decline from the high rate of May was reported. Output of automobiles, which has been in unusually large volume since the beginning of the year, showed a slight reduction in May. Copper production at mines, smelters and refineries decreased during May, but continued large. Combined stocks of refined and blister copper at the end of May were the largest since 1927. Zinc, lead, petroleum and bituminous coal were produced in larger volume than in April, while the output of anthracite coal declined. Output in the textile industries continued large in May, although there was a decline in activity in silk mills. Meat production, while larger than in April, increased less than is usual at this season. The value of building contracts awarded declined in May, and was below last year's level, the decrease in comparison with 1928 being chiefly in residential building. During the first two weeks in June contracts averaged 15 per cent less than in the same period in 1928. The June 1st crop summary of the Department of Agriculture indicated an increase of 43 million bushels, or more than 7 per cent, in the crop of winter wheat. The condition of spring wheat, barley and hay was reported to be better than a year ago.

DISTRIBUTION—The volume of freight shipments increased seasonally in May and continued substantially above the total of a year ago. Department store sales increased in May and were 2 per cent larger than in the same month in the preceding year.

PRICES—Wholesale prices continued in May the downward movement of the previous month, according to the index of the United States Bureau of Labor Statistics. The decline of the general level was chiefly the result of price declines in agricultural products and their manufactures, although prices of other products also declined slightly. Prices of cotton and grains continued sharply downward in May and there were marked declines in the prices of hogs, wool and lambs. Prices of minerals and forest products and their manufactures averaged lower in May than in April, particularly those of copper, lead and tin; petroleum and gasoline, and iron and steel advanced in price; while in lumber there was a slight decline. Since the latter part of May prices of cattle and hides have advanced sharply and there have been increases in the prices of grains, hogs and cotton.

BANK CREDIT—Total loans and investments of member banks in leading cities, which were at a low point for the year in the latter part of May, increased considerably during the subsequent three weeks and on June 19th were about \$250,000,000 larger than a year ago. The recent increase reflected a large growth in the volume of loans on securities, which had declined during the preceding two months, and a further growth in loans chiefly for commercial and agricultural purposes. Investments declined during most of the period and on June 19th were at a level about \$450,000,000 below that of the middle of last year. The volume of reserve bank credit outstanding, after increasing in the latter part of May, declined in June and, following the Treasury financial operations around the middle of the month, showed a small increase for the four weeks ending June 19th. Discounts for member banks increased, while holdings of acceptances and U. S. securities showed a decline. There were some further additions to the country's stock of monetary gold. Open market rates on collateral loans declined in June, while rates on prime commercial paper and 90-day bankers' acceptances remained unchanged.