

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

MARCH 31, 1928

**DISTRICT SUMMARY.**—February is a mid-season month in business activity, and last month was no exception, trade in most lines following seasonal trends. Member banks slightly increased their rediscounts at the reserve bank to counteract the withdrawals of deposits by farmers and merchants for early agricultural needs and the payment of bills for spring merchandise. Debits to individual accounts during the four weeks ended March 14th were seasonally below those of the preceding four weeks, but were slightly higher than debits reported for the corresponding period a year ago. Business failures in February were slightly more numerous and the aggregate liabilities involved were larger than in February 1927, but the increase in each case was less in percentage than the additional length of the 1928 month. The labor outlook improved distinctly during February and early March, although the number of unemployed persons in the leading cities of the district is still large. Coal production last month was in smaller amount than in either January this year or February 1927, but West Virginia led all coal producing states in tonnage. Curtailment of operations in the textile field continued through February, but did not spread materially, and the Census Bureau's final ginning report of the year, which confirmed the crop estimate of last December, has probably had a stimulating effect on cotton manufacturing. The value of building permits issued in the leading cities of the district was larger in February than in February 1927, the second month in succession in which a gain was reported. Cotton prices rose about \$5 a bale during the past month. Retail trade in department stores was about at seasonal levels, exceeding in dollar amount the trade of February last year. The continued cool weather held back the development of fruit trees, thereby increasing the probability of a full yield this year, and fertilizer sales in larger tonnage than last year indicate that farmers are entering upon this season's work in better position to carry forward their plans than in the spring of 1927. Farming operations in 1927 were on the whole more profitable than those of 1926, and conditions at present suggest another favorable year, but little dependence can be placed in early season prospects.

**RESERVE BANK OPERATIONS.**—Rediscounts for member banks at the Federal Reserve Bank of Richmond increased during the past month, rising from \$25,319,000 on February 15th to \$26,931,000 on March 15th. An increase at this season is customary, and is due partly to agricultural borrowing incident to fertilizer purchasing and partly to commercial borrowing to discount bills for Spring merchandise. However, in spite of the increase in rediscounts amounting to \$1,612,000, the total earning assets of the Richmond bank declined from \$55,112,000 to \$47,837,000 during the month under review, the decrease being due to reductions of approximately \$6,600,000 in bills purchased in the open market and about \$2,200,000 in the holdings of Government securities. Continuing the seasonal decline, the volume of Federal reserve notes in actual circulation dropped from \$66,176,000 on February 15th to \$62,407,000 on March 15th, and member bank reserve deposits declined from \$2,328,000 to \$71,464,000 between the same dates. The changes enumerated raised the cash reserves of the Federal Reserve Bank of Richmond from \$92,379,000 at the middle of February to \$96,513,000 at the middle of March, and brought the ratio of cash reserves to note and deposit liabilities combined up from 64.96 per cent to 71.41 per cent.

Between March 15, 1927, and March 15, 1928, the volume of rediscounts held by the Federal Reserve Bank of Richmond rose approximately 28 per cent, increasing from \$20,313,000 a year ago to \$26,931,000 on the 1928 date. Total earning assets of the bank increased 30 per cent, rising from \$36,735,000 on March 15th last year to \$47,837,000 on March 15th this year. On the other hand, the circulation of Federal reserve notes declined from \$72,542,000 last year to \$62,407,000 this year. Member bank reserve deposits increased from \$68,920,000 on March 15, 1927, to \$71,464,000 on the corresponding 1928 date. The changes mentioned lowered the cash reserves of the Federal Reserve Bank of Richmond from \$111,173,000 at the middle of March last year to \$96,513,000 at the middle of March this year, and reduced the ratio of cash reserves to note and deposit liabilities combined from 77.99 per cent to 71.41 per cent during the period under review.

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

ITEMS	March 14, 1928	Feb. 15, 1928	March 9, 1927
Total Loans and Discounts (including all rediscounts).....	\$515,327,000	\$515,471,000	\$516,929,000
Total Investments in Bonds and Securities.....	171,710,000	174,559,000	140,599,000
Reserve Balance with Federal Reserve Bank.....	42,111,000	43,137,000	41,847,000
Cash in Vaults.....	11,891,000	11,784,000	13,839,000
Demand Deposits .....	373,280,000	380,873,000	379,938,000
Time Deposits .....	246,274,000	246,687,000	214,489,000
Borrowed from Federal Reserve Bank.....	17,590,000	15,499,000	10,844,000

Figures in the above table show the principal items of condition reported by sixty-six identical member banks on three dates, March 14, 1928, February 15, 1928, and March 9, 1927, thus affording data for a comparison of the latest available figures with those of the preceding month this year and the corresponding month last year. The figures are from all member banks in thirteen leading cities of the Fifth Reserve District, and reflect the condition of the banks on the report dates, but they are not necessarily the highest or lowest figures that occurred during the periods under review.

A comparison of the items reported on February 15th and March 14th, both this year, shows practically no change in total loans and discounts to customers, a decline of \$144,000 occurring. Deposits in the reporting banks decreased materially during the month, demand deposits falling \$7,593,000 and time deposits \$413,000. These withdrawals caused a reduction in investments in bonds and securities totaling \$2,849,000, lowered the reporting banks' reserves at the reserve bank by \$1,026,000, and raised the borrowing by the reporting banks at the Federal reserve bank by \$2,091,000. Cash in vaults changed very little, rising \$107,000 during the month.

Total loans and discounts for customers reported by the sixty-six member banks was \$1,602,000 less on March 14th this year than on March 9th a year ago, but investments of the reporting banks in bonds and securities rose \$31,111,000 during the year. Aggregate reserve balances of the reporting institutions at the Federal reserve bank rose \$264,000 during the period under review, but cash in vaults declined \$1,948,000. Demand deposits were \$6,658,000 lower at the middle of March 1928 than a year earlier, but time deposits increased \$31,785,000 during the year. The reporting banks were borrowing \$6,746,000 more from the reserve bank on March 14, 1928, than on March 9, 1927, an increase of 62 per cent.

### DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	March 14, 1928	February 15, 1928	March 9, 1927
Asheville, N. C. ....	\$ 25,424,000	\$ 24,912,000	\$ 34,103,000
Baltimore, Md. ....	375,083,000	363,434,000	365,490,000
Charleston, S. C. ....	24,588,000	24,177,000	27,141,000
Charleston, W. Va. ....	35,466,000	34,083,000	32,359,000
Charlotte, N. C. ....	51,114,000	52, 144,000	47,686,000
Columbia, S. C. ....	20,364,000	21,819,000	20,783,000
Cumberland, Md. ....	8,010,000	8,179,000	7,826,000
Danville, Va. ....	9,254,000	10,839,000	8,906,000
Durham, N. C. ....	27,518,000	31,183,000	24,412,000
Greensboro, N. C. ....	22,886,000	22,848,000	22,770,000
Greenville, S. C. ....	23,710,000	24,452,000	20,801,000
Hagerstown, Md. ....	9,185,000	8,848,000	9,409,000
Huntington, W. Va. ....	20,284,000	19,768,000	22,566,000
Lynchburg, Va. ....	17,196,000	18,339,000	17,669,000
Newport News, Va.....	7,789,000	8,657,000	9,453,000
Norfolk, Va. ....	62,339,000	61,300,000	67,856,000
Raleigh, N. C. ....	17,644,000	21,617,000	19,237,000
Richmond, Va. ....	119,526,000	135,361,000	119,744,000
Roanoke, Va. ....	26,831,000	24,174,000	25,654,000
Spartanburg, S. C. ....	11,356,000	12,761,000	11,713,000
Washington, D. C. ....	218,260,000	212,233,000	211,068,000
Wilmington, N. C. ....	16,840,000	16,661,000	17,567,000
Winston-Salem, N. C. ....	32,874,000	39,358,000	34,091,000
Totals .....	\$1,183,541,000	\$1,197,147,000	\$1,178,304,000

The accompanying table shows total debits to individual, firm and corporation accounts at clearing house banks in twenty-three of the leading cities of the Fifth Federal reserve district during three periods of four weeks each, ended March 14, 1928, February 15, 1928, and March 9, 1927.

The total of debits during the four weeks ended March 14, 1928, amounted to \$1,183,541,000, compared with \$1,197,147,000 during the preceding four weeks ended February 15th, a decline of \$13,606,000, or 1.1 per cent. Eleven cities reported higher figures and twelve reported lower totals

for the more recent period. Most of the cities reporting lower figures for the March 14th period are textile or tobacco centers. Five cities, Baltimore, Charleston, W. Va., Greensboro, Roanoke, and Washington, reported higher figures than for either the preceding four weeks or the corresponding four weeks of 1927.

In comparison with aggregate debits totaling \$1,178,304,000 during the four weeks ended March 9, 1927, the total of \$1,183,541,000 for the corresponding four weeks ended March 14th this year shows an increase of \$5,237,000, or not quite one-half of one per cent. Only ten cities reported higher figures for the 1928 period compared with thirteen cities reporting lower totals, but the increases more than balanced the decreases. As stated in the preceding paragraph, five cities reported higher figures for the March 14, 1928, period than for either the four weeks ended February 15th this year or the like period ended March 9, 1927, but seven cities—Columbia, Lynchburg, Newport News, Raleigh, Richmond, Spartanburg and Winston-Salem—reported lower totals for the latest four weeks than for either of the two earlier periods discussed.

**SAVINGS DEPOSITS**—Twelve mutual savings banks in Baltimore had combined deposits amounting to \$179,358,523 at the close of business February 29, 1928, an increase of approximately 11 per cent over \$161,838,207 on deposit in the same banks a year ago. On March 14th this year, sixty-six regularly reporting member banks had time deposits totaling \$246,274,000, an increase of nearly 15 per cent over \$214,489,000 in time deposits on March 9, 1927.

**BUSINESS FAILURES**—*Dun's Review* for March 3rd, in commenting on last month's business failure record, says, "As was to be expected, the number of commercial failures in the United States decreased during February, the total being 2,176. This is 17.7 per cent less than the 2,643 defaults of January, in which period the high point of each year invariably is reached, and the ratio of reduction is somewhat larger than that which occurred in February 1927. The present number is, on the other hand, about 7 per cent above the 2,035 failures of February 1927, and is the largest for any February since 1922, when 2,331 defaults were recorded. Even with the increased number of insolvencies last month over those for the corresponding period of 1927, the liabilities fell to \$45,070,642 from \$46,940,716 in the earlier year. This is a decrease of a little less than 4 per cent, and indicates, of course, a smaller average per failure."

The February failure record in the Fifth district shows 158 insolvencies and liabilities totaling \$4,304,424, compared with 156 failures and liabilities aggregating \$4,248,597 in February last year. In the percentage of increase in number of failures the district record is better than that of the nation, but the national record is better in liabilities involved.

**LABOR**—Reports on employment conditions vary widely, and it is difficult to form an accurate opinion of the situation, but on the whole it appears that some improvement occurred in February and early March. Increased activity in construction fields in comparison with the first two months of 1927 has given work to many people in the building trades, and employment for many others is in sight as soon as structures for which permits have been issued get under way. There was little change in factory employment last month, and in the coal fields a seasonal decline in operations has begun, but there have been no recent developments of an unfavorable nature. On the whole, the outlook for employment during the summer seems better than it was at this time last year, when a slump in construction work which afterwards attained serious proportions was definitely setting in and factory operations were beginning to be curtailed.

**COAL**—Bituminous coal production in the United States in February totaled 41,351,000 net tons, compared with 44,208,000 tons in January this year and 52,904,000 tons in February 1927, when reserves were being built up in anticipation of a strike of union miners after April 1st. West Virginia led all states in production in February. Daily production last month was about 5 per cent under the average daily production in January, a seasonal decline due to the lessened demand for coal for heating. Total production this year to March 10th amounts to 450,291,000 net tons, compared with 561,234,000 tons mined during the corresponding period ended in March 1927. Retail yards have full stocks, but winter prices to consumers have not yet been lowered, probably due to continued coolness of the weather.

**TEXTILES**—Fifth district textile mills continued to curtail operations to some extent in February, and consumed 246,145 bales of cotton in comparison with 257,948 bales used in the longer month of January 1928 and 249,638 bales in the shorter month of February 1927. North Carolina mills consumed 136,097 bales of cotton last month, South Carolina mills used 100,274 bales, and Virginia mills used 9,774 bales, lower figures in each case than those for January this year or February a year ago. The textile industry seems to be marking time, and at present there does not appear to be much prospect for immediate improvement in demand for cotton products, although stocks of goods in retail stores are not large.

## BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY 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.....	486	327	824	886	\$ 1,560,700	\$ 2,191,200	\$ 391,850	\$ 462,360	\$— 701,010	— 26.4%	1
2	Cumberland, Md...	6	15	1	3	20,725	75,390	13,985	1,375	— 42,055	— 54.8	2
3	Frederick, Md.....	7	6	1	3	25,500	27,330	1,000	1,500	— 2,330	— 8.1	3
4	Hagerstown, Md....	13	18	7	5	27,100	30,530	3,850	3,325	— 2,905	— 8.6	4
5	Danville Va.....	26	12	5	21	269,105	60,225	272,305	5,862	475,323	719.2	5
6	Lynchburg, Va.....	30	38	21	27	147,601	96,101	10,649	29,655	32,494	25.8	6
7	Norfolk, Va.....	45	61	82	69	179,175	181,275	48,896	46,796	0	0.0	7
8	Petersburg, Va. ....	3	6	9	6	12,500	9,430	46,765	2,935	46,900	379.3	8
9	Richmond, Va.....	89	101	62	62	556,440	454,625	94,802	82,896	113,721	21.2	9
10	Roanoke, Va.....	51	88	18	34	188,756	241,532	33,827	11,200	— 30,149	— 11.9	10
11	Bluefield, W. Va...	4	7	2	8	1,845	20,700	200	48,300	— 66,955	— 97.0	11
12	Charleston, W. Va.	45	76	13	14	132,655	156,738	9,215	95,750	— 110,618	— 43.8	12
13	Clarksburg, W. Va	16	12	10	10	20,060	9,275	3,575	8,085	6,275	36.1	13
14	Huntington, W. Va.	32	37	2	1	47,600	193,420	2,100	500	— 144,220	— 74.4	14
15	Parkersburg, W. Va	8	12	8	7	25,800	21,550	8,000	10,750	1,500	4.6	15
16	Asheville, N. C. ....	28	28	37	42	470,290	151,105	8,700	22,430	305,455	176.0	16
17	Charlotte, N. C. ....	82	46	33	17	959,425	263,234	23,243	314,675	404,759	70.0	17
18	Durham, N. C. ....	39	40	14	14	347,490	179,725	11,983	11,520	168,228	88.0	18
19	Greensboro, N. C. ...	37	55	43	20	361,360	300,556	59,952	9,570	111,186	35.9	19
20	High Point, N. C....	40	55	7	5	162,125	158,300	6,400	4,800	5,425	3.3	20
21	Raleigh, N. C.....	30	23	15	11	113,415	80,125	14,450	3,950	43,790	52.1	21
22	Salisbury, N. C. ....	5	15	9	2	16,025	60,145	13,925	675	— 30,870	— 50.8	22
23	Wilmington, N. C. ...	15	7	10	5	32,450	11,350	4,850	9,800	16,150	76.4	23
24	Winston-Salem, N. C.	88	85	59	24	520,560	540,350	49,310	23,475	6,045	1.1	24
25	Charleston, S. C. ...	7	18	35	18	9,440	32,860	11,625	5,405	— 17,200	— 44.9	25
26	Columbia, S. C. ....	24	18	52	35	94,200	133,500	85,410	6,230	39,880	28.5	26
27	Greenville, S. C....	32	11	29	30	178,800	158,800	12,045	16,730	15,315	8.7	27
28	Spartanburg, S. C. ...	26	21	23	16	65,450	14,610	8,650	3,285	56,205	314.1	28
29	Washington, D. C. ...	159	233	247	252	3,972,675	3,645,925	181,065	242,820	264,995	6.8	29
	<b>Totals.....</b>	<b>1,473</b>	<b>1,471</b>	<b>1,678</b>	<b>1,647</b>	<b>\$10,519,267</b>	<b>\$ 9,499,906</b>	<b>\$1,432,627</b>	<b>\$1,486,654</b>	<b>\$ 965,334</b>	<b>8.8%</b>	

— 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.

Construction work provided for in permits issued in February by building inspectors in twenty-nine leading centers of the Fifth reserve district somewhat exceeded the volume of work provided for in permits issued in February 1927 in both the number of projects and in total estimated valuation for the work. Permits for new work issued in the 29 cities in February numbered 1,473, with estimated valuation of \$10,519,267, compared with 1,471 permits estimated to cost \$9,499,906 issued in the same cities in February 1927. Only eleven cities showed increases this year in the number of permits issued, but eighteen cities reported higher valuation figures than in February last year. Increases in valuation of more than 100 per cent were reported last month by Danville, Petersburg, Asheville and Spartanburg. Among the six largest cities of the district, Washington, Richmond, Winston-Salem and Charlotte reported higher figures for February this year, while Baltimore reported lower totals and Norfolk reported exactly the same amount. In alteration and repair work, 1,678 permits issued in February 1928 compare with 1,647 permits issued in February last year. Valuation figures for alteration and repair work in February this year were lower than those of February a year ago, last month's total of \$1,432,627 comparing with \$1,486,654 reported for the corresponding month in 1927. Combined valuation figures for all classes of work totaled \$11,951,894 in February 1928 and \$10,986,560 in February 1927, an increase in value this year of \$965,334 or 8.8 per cent, but an increase in number of only 1.0 per cent.

Contracts actually awarded during February for construction work in the Fifth district totaled \$22,301,238, of which \$10,585,403 was for residential work, according to statistics collected by the F. W. Dodge Corporation, while in February 1927 contracts totaling \$24,943,643 were awarded. The figures include suburban and rural construction in addition to the city work covered by building permit figures.

**COTTON**—The gradual decline in cotton prices, which began last September, was checked during the second half of February, and in the past month prices rose about a cent a pound. In our *Review* last month we quoted the average price paid growers in the Carolinas for spot cotton, middling basis, as 17.55 cents per pound during the week ended February 11th. The following two weeks, ended February 18th and 25th, witnessed averages of 18.02 cents and 18.23 cents per pound, respectively, and the first week in March, ended on the 3rd, attained an average of 18.44 cents. During the week ended March 10th there was a slight decline, the average price dropping to 18.40 cents

per pound, but during the latest week for which figures are available, ended March 17th, the average price rose to 18.62 cents. The present price of spot cotton is about 5 cents per pound, or \$25 a bale, higher than the price in March 1927.

The Census Bureau's cotton consumption report for February, issued on March 14th, showed 573,810 bales used during the month, compared with 582,417 bales consumed during the longer month of January and 589,513 bales used in February last year. Total consumption for the seven months of the present season—August 1st to February 29th—amounted to 4,199,195 bales, compared with 4,018,671 bales consumed in the corresponding period ended February 28, 1927. Cotton growing states used 429,713 bales in February 1928, against 438,977 bales in January this year and 425,164 bales in February a year ago. Manufacturing establishments held 1,668,650 bales on February 29th, compared with 1,706,893 bales held on January 31st and 1,931,794 bales on February 28, 1927. Public warehouses and compresses held 4,312,929 bales in storage at the end of February this year, compared with 5,014,029 bales so held a month earlier and 5,453,313 bales on February 28th last year. February exports totaled only 634,890 bales, a figure 37 per cent below the total of 1,010,507 bales sent abroad in February 1927. Exports during the seven months of this cotton year totaled 5,230,951 bales compared with 7,699,519 bales shipped over seas during the corresponding seven months ended February 28, 1927. Spindles active in February numbered 31,687,012, compared with 31,697,876 in January this year and 32,873,280 in February last year.

The final ginning report on the 1927 cotton crop was issued by the Census Bureau on March 20th, and showed the year's production to be 12,777,505 running bales, the equivalent of 12,950,473 bales of 500 pounds gross weight. The final ginning figures were only one and a quarter per cent above the final crop estimate of the Department of Agriculture made in December. The ginning report credited North Carolina with 860,976 equivalent 500-pound bales, compared with a forecast of 857,000 bales for this year, but South Carolina ginnings totaled only 729,942 bales compared with a forecast of 735,000 bales, and Virginia ginnings totaled 30,432 bales against a forecast of 32,000 bales. All Fifth district states grew smaller crops in 1927 than in 1926, the district total of 1,621,250 bales last year showing a decline of 650,966 bales under the 1926 yield, but the 1927 crop was worth approximately \$20,000,000 more, based on December 1st prices.

**TOBACCO—**VIRGINIA leaf tobacco sales on auction markets during February totaled 20,648,434 pounds, which sold for an average of \$12.45 per hundred pounds. Sales this season to March 1st reached a total of 137,343,288 pounds, about 96.8 per cent of the estimated Virginia sales for the entire season. Last year 136,151,842 pounds, or 93.7 per cent of the crop, was sold prior to March. Several markets closed during February and the remainder excepting a few Fire-cured and Sun-cured houses, closed during the first half of March. Flue-cured sales in February totaled 11,254,410 pounds, at an average of \$13.07 per hundred, compared with 8,931,160 pounds sold for an average price of \$16.53 in February 1927. Fire-cured sales last month totaled 7,733,432 pounds and the average price was \$10.80 per hundred pounds, compared with 6,627,443 pounds sold for \$11.37 per hundred in February last year. Sun-cured sales totaled 1,565,776 pounds, and averaged \$15.43 per hundred, compared with 2,485,051 pounds sold for \$9.58 per hundred in February a year ago. The Burley tobacco market closed early in February. Grades sold last month averaged slightly better than in February 1927. In the number of pounds sold in February, Danville led with 5,450,509 pounds, South Boston ranking second with 2,813,344 pounds. Lynchburg led the Fire-cured markets with 2,238,889 pounds. Excluding Abingdon, which sold 94,816 pounds of Burley tobacco for \$25.14 per hundred, Richmond led all Virginia markets in price in February with \$15.43, Danville following with an average of \$14.32 per hundred pounds.

NORTH CAROLINA tobacco markets sold 10,673,445 pounds of producers' tobacco in February, for an average price of \$13.98 per hundred pounds, compared with 8,136,678 pounds sold for \$15.91 per hundred in February 1927. Season sales to March 1st totaled 469,846,372 pounds this year and 370,233,624 pounds last year. Winston-Salem led all North Carolina markets last month with sales totaling 3,878,147 pounds, Oxford ranking second with 1,630,344 pounds, but Mebane and Roxboro ranked first and second in average price with \$20.16 and \$18.16 per hundred pounds, respectively. Most of the North Carolina markets closed for the season before March 1st.

**AGRICULTURAL NOTES—**The weather during February and March was favorable for cleaning up around the farm and getting ready for this year's operations, but temperatures have been relatively low and crop development is backward. In the commercial fruit sections of the Fifth District the continued cold has prevented premature development of fruit buds, and prospects for a full apple and peach crop are much better this year than they were a year ago. Much truck has been planted in the lower section of the district, but frosts around the middle of March damaged the crops considerably. Potato growers on the Eastern Shore of Virginia and Maryland are finishing up this season's planting, and some plowing for other crops has been done throughout the district. The soil holds plenty of moisture. Fertilizer tag tax returns indicate a more extensive use of commercial fertilizer this year than in 1927, and this increased tonnage with higher prices prevailing for fer-

tilizer this year will raise the costs of the 1928 crops. On the whole, the farmers of the district are in somewhat better financial condition than they were a year ago, their 1927 operations having been more profitable than those of 1926.

### FIGURES ON RETAIL TRADE

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

Percentage increase in February 1928 sales over sales in February 1927:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
4.0	-2.7	8.7	-2.4	4.5
Percentage increase in total sales since January 1st, over sales during the first two months of 1927:				
-1.0	.6	3.3	-5.3	.3
Percentage increase in February 1928 sales over average February sales during the three years 1923-1925, inclusive:				
4.4	20.2	21.9	1.3	12.0
Percentage increase in stock on hand February 29, 1928, over stock on February 28, 1927:				
-5.7	-3.2	3.3	2.7	-1.1
Percentage increase in stock on hand February 29, 1928, over stock on January 31, 1928:				
5.0	6.2	9.7	15.4	8.2
Percentage of sales in February 1928 to average stock carried during that month:				
22.5	24.0	25.9	17.3	23.2
Percentage of total sales since January 1st, to average stock carried during each of the two month:				
45.0	49.6	49.2	34.1	45.5
Percentage of collections in February to total accounts receivable on February 1st:				
24.5	30.1	29.9	31.3	27.5

— Denotes decreased percentage.

Retail trade, as reflected in sales of thirty leading department stores in the Fifth Federal reserve district, was 4.5 per cent greater in dollar amount in February 1928 than in February 1927, although the Richmond stores averaged a decline of 2.7 per cent and the group of Other Cities showed a decrease of 2.4 per cent. Baltimore sales increased 4.0 per cent and Washington sales gained 8.7 per cent. Total sales during the first two months of 1928 averaged three-tenths of 1 per cent above sales in the corresponding 1927 months, although Washington with an increase of 3.3 per cent showed the only gain this year. February sales this year averaged 12.0 per cent above average February sales during the three years 1923-1925, inclusive, all reporting cities registering gains.

Average stocks on the shelves of the reporting stores at the end of February were 1.1 per cent below those of February 28, 1927, in retail selling value, but were 8.2 per cent above those of January 31st this year, the latter increase being seasonal and due to the receipt of spring merchandise.

The percentage of sales to average stocks carried during February was 23.2 per cent for the district as a whole, and the percentage of total sales during the first two months of this year to average stocks carried during each of the two months was 45.5 per cent, indicating an annual turnover of 2.73 times.

Collections by the reporting stores during February totaled 27.5 per cent of outstanding receivables on February 1st, all cities showing lower figures than in January, but higher figures than in February last year.

## WHOLESALE TRADE, FEBRUARY 1928

Percentage increase in February 1928 sales, compared with sales in February 1927:						
<i>32 Groceries</i>	<i>11 Dry Goods</i>	<i>5 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>	
5.0	-17.0	-6.0	-11.4	-4.0	.3	
Percentage increase in February 1928, sales, compared with sales in January 1928:						
2.7	2.8	28.3	-16.9	1.1	-9.6	
Percentage increase in total sales since January 1, 1928, compared with sales during the first two month of 1927:						
.3	-12.4	-4.4	-5.9	.1	-1.6	
Percentage increase in stock on February 29, 1928, compared with stock on February 28, 1927:						
-5.3(11)*	25.0(4)*	-32.5(4)*	5.0(8)*	.....	.....	
Percentage increase in stock on February 29, 1928, compared with stock on January 31, 1928:						
-5.4(11)*	.4(4)*	2.4(4)*	4.6(8)*	.....	.....	
Percentage of collections in February to accounts receivable on February 1, 1928:						
61.6(19)*	30.8(8)*	26.2(5)*	33.2(12)*	27.1(3)	54.6(8)*	

— Denotes decreased percentage.

\* Number of reporting firms.

Eighty-two wholesale firms, representing six important lines, reported on their February business. February 1928 sales were larger in dollar amount in groceries, dry goods, shoes and furniture than sales in January this year, while last month's sales in hardware and drug lines were less than sales in the preceding month. In comparison with sales in February 1927, those of last month were larger in only two lines, groceries and drugs, while dry goods, shoe, hardware and furniture sales declined. Total sales during the first two months of 1928 were less in all lines except groceries than sales during the corresponding two months a year ago.

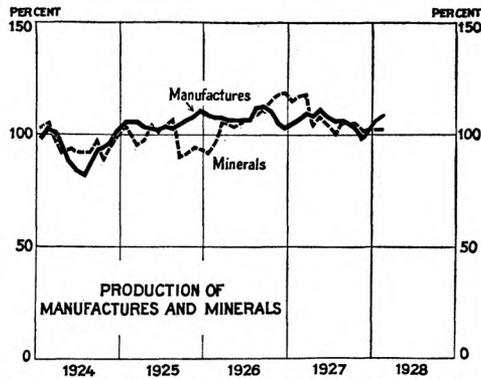
Stocks of dry goods, shoes and hardware increased moderately during February, while grocery stocks declined. At the end of the month stocks of groceries and shoes were lower than on February 28, 1927, but dry goods stocks were 25.0 per cent and hardware stocks were 5.0 per cent larger on the 1928 date.

Collections during February in groceries totaled 61.6 per cent of accounts receivable on February 1st. Drugs, with an average of 54.6 per cent, ranked next in percentage of outstanding receivables collected during the month, followed by hardware with 33.2 per cent, dry goods with 30.8 per cent, furniture with 27.1 per cent, and shoes with 26.2 per cent. Grocery and drug percentages were higher in February this year than a year ago, while shoe, hardware and furniture figures were lower this year. The percentage for dry goods was exactly the same both this year and last.

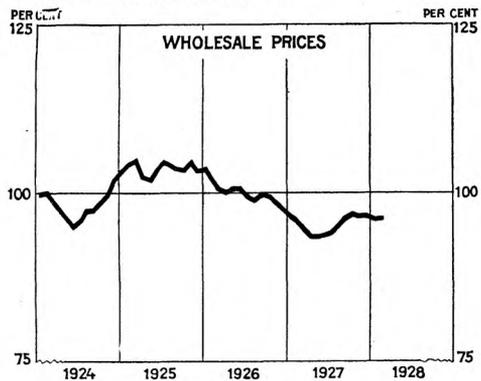
(Compiled March 21, 1928)

# BUSINESS CONDITIONS IN THE UNITED STATES

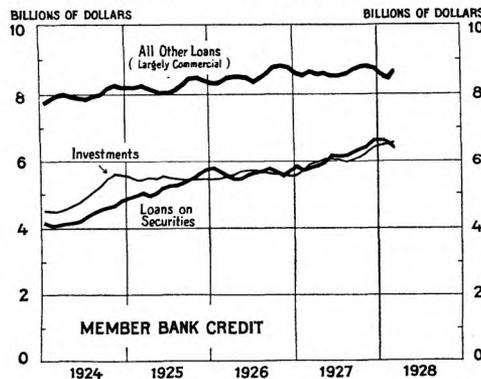
(Compiled by the Federal Reserve Board)



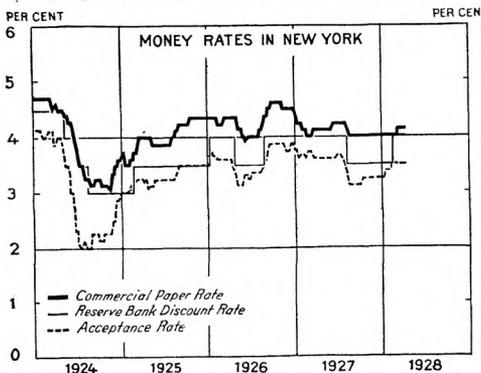
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-25 average = 100). Latest figures, February, manufactures 109, minerals 103.



Index of United States Bureau of Labor Statistics (1926 = 100, base adopted by Bureau). Latest figure, February, 96.4.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first two weekly report dates in March.



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

Production and distribution of commodities increased further in February, while wholesale commodity prices remained practically unchanged. Commercial loans of member banks showed a larger increase in February and the first half of March than at the same season in other recent years.

**PRODUCTION.** Production of manufactures in February, as indicated by the Federal Reserve Board's index, increased 3 per cent over January and was 2 per cent larger than a year ago, while production of minerals declined slightly and continued to be substantially smaller than last year. Factory employment and payrolls showed a seasonal increase in February but continued at a lower level than a year ago. Output of iron and steel, automobiles, and agricultural machinery has increased considerably since the first of the year. Daily average production of steel ingots in February was larger than in any other month since last March, and current reports indicate that output was sustained in the first three weeks in March. Production of non-ferrous metals also increased in February. Activity in the textile industries has shown little change since the first of the year. Production of bituminous coal and crude petroleum, which declined in February, increased slightly in the first half of March. Building contracts awarded were larger in February than in the corresponding month of any previous year, reflecting chiefly a large volume of awards for residential construction in the New York and Chicago districts. Contracts let in the first two weeks of March were in approximately the same volume as in the corresponding period of last year.

**TRADE.** Sales of wholesale firms in leading lines increased in February and were slightly larger than a year ago, while sales of department stores, after allowance for the customary seasonal changes, were in about the same volume as in January and somewhat smaller than a year ago. Stocks of merchandise carried both by wholesale firms and by department stores showed a seasonal increase in February. Freight car loadings have shown somewhat more than the usual seasonal increase since the beginning of the year, but have continued to be in smaller volume than in the corresponding period of last year, owing chiefly to much smaller shipments of coal. Loadings of merchandise in less-than-carload lots and of miscellaneous commodities have been less than in the corresponding period of the last two years, while loadings of livestock and grain products have been larger.

**PRICES.** The general level of wholesale commodity prices, as indicated by the Bureau of Labor Statistics index, remained practically unchanged in February at approximately 96 per cent of the 1926 average. There were declines in prices of cotton, sugar, non-ferrous metals, chemicals, and rubber, as well as a seasonal decline in dairy products. Increases occurred in prices of grains, metals, hides and leather products, and steel. In the first two weeks in March, prices of grains, hogs and cotton advanced, while those of cattle and rubber showed further declines.

**BANK CREDIT.** From the middle of February to the middle of March the loans and investments of member banks in leading cities increased by \$200,000,000, reflecting a growth in the banks' commercial loans. The banks' loans on securities and investments showed little change for the period. The volume of reserve bank credit outstanding increased somewhat from February to March, chiefly in consequence of increased borrowing by member banks, which in part reflected further withdrawals of gold for export. During the four weeks ending March 21st conditions in the money market were firmer; the rate on prime commercial paper increased from 4 to 4-4/4 per cent and there were advances in time rates on security loans.