

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

APRIL 30, 1923

DISTRICT SUMMARY

Students of business conditions generally expect trade to increase in March in comparison with the first two months of the year, and this year their expectations were more than met. March witnessed a district gain in practically every line of trade and industry for which statistics are available, and certain lines made such striking gains that careful observers are beginning to warn the public against becoming too bullish on the future. Price advances are being made frequently in many commodities, and labor is becoming so much in demand that employers are beginning to bid against each other for employees. Credit appears to be plentiful at moderate rates, and a very large volume of construction work is being undertaken, some of it with very little actual cash to back the operations. There are other signs too that a considerable amount of speculation is being indulged in, but when all the evidence is weighed it does not appear as yet that any serious alarm is felt over the outlook. People have not forgotten the lessons of 1920, and the situation is being carefully watched by intelligent business men. Merchants are filling their shelves with sufficient merchandise to care for the demands of their patrons, but they are not ordering recklessly for future delivery as many of them did in the spring of 1920. No one fears that there will not be enough merchandise to go around this year. On the whole the revival of business appears to be solidly based on a real improvement in the economic condition of the masses of the people, especially of the agricultural classes of the District outside of the weevil infested sections of South Carolina, and in view of the small surplus stocks of cotton and tobacco likely to be carried over this year it appears that the District will continue to enjoy a fair amount of business for some time to come.

Reports from seventy-seven regularly reporting member banks showed an increase in outstanding loans to their customers during March, and a corresponding increase in their discounts and rediscounts with the Reserve Bank. Demand deposits showed some decrease, but Time deposits continued to rise. Reports from savings banks also showed a steady increase in deposits. The Federal Reserve Bank of Richmond increased its holdings of member bank paper by discounting for them as spring demands began to be felt in large volume, and a decline in cash reserves reduced the reserve ratio to 62.93% on April 18th. Debits to individual account reported by the banks in twenty-two cities reflected the increase in business noted in March in comparison with business in February and in March of last year. Business failures in the Fifth District were 53.5% fewer in March than in March 1922, and liabilities involved also decreased, the amount of decline being 24.8%. From the standpoint of the worker, labor is now occupying a strong position, all able-bodied and trained workmen finding ready employment at good wages. The textile industry continues to operate on full time, and reports of mill authorities view the future with confidence in spite of a recent slackening in the volume of orders placed with them. Cotton consumption in March broke all previous records in both the Fifth District and the nation. Building construction continues in record volume, and both wholesale and retail trade is far ahead of last year at this season. Careful preparations are being made for this year's farming operations, and farmers appear to be in better position to provide the necessary fertilizer, implements and stock than they were last year. In spite of late freezes, a good commercial apple crop is in prospect in the District.

The National Summary will be found on pages 10 and 11.

CONDITION OF SEVENTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES.

ITEMS	April 4, 1923	March 7, 1923	April 5, 1922
1. Total Loans and Discounts (including all rediscounts)	\$ 458,545,000	\$ 449,561,000	\$ 412,644,000*
2. Total Investments in Bonds and Securities	131,469,000	132,479,000	112,732,000
3. Total Loans and Investments	590,014,000	582,040,000	525,376,000*
4. Reserve Balance with Federal Reserve Bank	35,336,000	36,349,000	32,672,000
5. Cash in Vaults.....	13,527,000	13,555,000	13,507,000
6. Demand Deposits	332,561,000	334,420,000	302,418,000
7. Time Deposits.....	154,318,000	151,680,000	133,150,000
8. Borrowed from Federal Reserve Bank.....	32,242,000	23,669,000	30,622,000

*Does not include Rediscounts.

The above table gives a comparative statement of the principle items of condition in seventy-seven regularly reporting member banks, located in thirteen cities of the Fifth District, as of the close of business April 4 and March 7, 1923 and April 5, 1922. Previous to this time we have included figures from seventy-eight banks in this table, but during the past month one bank was absorbed by a non-reporting institution, thus reducing the number of regularly reporting banks. The figures shown as of March 7, 1923 and April 5, 1922 have been adjusted to make them comparable with the figures as of April 4, 1923. Attention is called, however, to the fact that the April 5, 1922 figure for Item 1 cannot be compared with the figures reported for the two 1923 dates, the 1922 figure showing loans exclusive of rediscounts while the 1923 figures include all rediscounts whether held by the Reserve Bank or by other banks. All Items except number 1 are comparable for all three dates.

Last month the figures published in the accompanying table showed that the usual spring expansion in loans had begun during February, and the April 4th figures show a continuation of the same development. Comparing the April 4th figures with those reported a month earlier this year, March 7th, Item 1, Total Loans and Discounts (including all rediscounts), increased from \$449,561,000 to \$458,545,000 during the four weeks. During the same period, Item 2, Total Investments in Bonds and Securities, declined from \$132,479,000 to \$131,469,000; Item 4, Reserve Balance with Federal Reserve Bank, decreased from \$36,349,000 to \$35,336,000; Item 5, Cash in Vaults, declined from \$13,555,000 to \$13,527,000; and Item 6, Demand Deposits, dropped from \$334,420,000 to \$332,561,000. All of these changes indicate an increased demand upon the banks for funds during the four weeks under review, and Item 8, Borrowed from Federal Reserve Bank, further shows the development of spring business activity, discounts and rediscounts by the reporting banks with the Federal Reserve Bank of Richmond having increased from \$23,669,000 on March 7th to \$32,242,000 on April 4th. The table shows a gain during the four weeks in Item 7, Time Deposits, this figure having increased from \$151,680,000 on March 7th to \$154,318,000 on April 4th.

The figures reported for April 5, 1922, in comparison with the figures reported for April 4, 1923, show that a year ago the reporting banks were not as strongly situated as they now are, and the two groups of figures also indicate that business men were less inclined to borrow from their banks last year than this year. Last year both Total Loans and Discounts and Borrowings from Federal Reserve Bank actually declined during the month of March, in opposition to the natural expanding tendency during early spring, but we have seen in the preceding paragraph how currency and credit demands have broadened during the past month or two. A year ago, on April 5, 1922, the reporting banks had Total Investments in Bonds and Securities, shown in Item 2 in the table, amounting to \$112,732,000, but on April 4, 1923 this figure had increased to \$131,469,000, reflecting material growth in the banks' secondary reserve. Between the same dates, April 5, 1922 and April 4, 1923, the table shows an increase in Item 4, Reserve Balance with Federal Reserve Bank, from \$32,672,000 to \$35,336,000; Item 5, Cash in Vaults, increased from \$13,507,000 to \$13,527,000; Item 6, Demand Deposits, grew from \$302,418,000 to \$332,561,000; and Item 7, Time Deposits, rose from \$133,150,000 to \$154,318,000. Item 8, Borrowed from Federal Reserve Bank, amounted to \$30,622,000 on April 5, 1922, but rose to \$32,242,000 on April 4, 1923. On April 1, 1921 the reporting banks had \$73,255,000 borrowed from the Federal Reserve Bank, approximately double their present borrowings.

SAVINGS BANK DEPOSITS

Reports from fifteen mutual savings banks in Baltimore giving total deposits at the end of March show an increase over both the February 28, 1923 and the March 31, 1922 deposits. At the close of business March 31, 1923, the fifteen reporting banks had on deposit an aggregate of \$134,954,223, compared with \$125,122,842 on deposit March 31, 1922, \$124,263,612 on deposit March 31, 1921, and \$120,667,494 on deposit March 31, 1920. Thirteen of the fifteen reporting institutions showed larger deposits on March 31st this year than on the corresponding date a year ago. The deposits on March 31, 1923 represent a gain of 11.8% over the total of deposits on March 31, 1920.

FEDERAL RESERVE BANK OPERATIONS

During the five weeks between March 14, 1923 and April 18, 1923, Cash Reserves held by the Federal Reserve Bank of Richmond declined from \$110,818,733.67 to \$90,849,246.04. Between the same two dates, Member Bank Reserve Deposits remained practically the same, increasing from \$61,349,130.26 on March 14th to \$61,641,734.77 on April 18th, but Total Bills on Hand increased from \$44,242,799.33 on March 14th to \$58,705,980.95 on April 18th, reflecting the increased demand for credit made on member banks by their customers at this season of the year. During the five weeks under review Federal Reserve Notes in Actual Circulation declined from \$84,975,640 to \$82,195,405, but the decline is less than that registered earlier in the year during any similar length of time, indicating that most of the surplus currency placed in circulation last fall has been retired. We mentioned last month that member banks in discounting or rediscounting with the Reserve Bank do not call for very much cash at this season, preferring to have credit placed to their accounts to be checked against as needed. As a result of the changes in the items referred to above, the ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities combined declined from 73.50% on March 14th to 62.93% on April 18th.

On April 19, 1922, the Cash Reserves of the Federal Reserve Bank of Richmond amounted to \$88,396,436.32; Total Bills on Hand amounted to \$63,332,955.97; Federal Reserve Notes in Actual Circulation totaled \$94,773,590; and Member Bank Reserve Deposits amounted to \$51,852,378.67. The reserve ratio was 60.75%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	April 11, 1923	March 14, 1923	April 12, 1922
Asheville, N. C.....	\$ 18,373,000	\$ 18,874,000	\$ 15,493,000
Baltimore, Md.....	348,221,000	336,200,000	320,262,000
Charleston, S. C.....	27,116,000	36,729,000	22,004,000
Charleston, W. Va.....	34,881,000	32,851,000	25,712,000
Charlotte, N. C.....	37,790,000	36,932,000	24,001,000
Columbia, S. C.....	23,365,000	25,287,000	22,325,000
Cumberland, Md.....	9,344,000	7,329,000	7,006,000
Danville, Va.....	8,325,000	8,203,000	7,733,000
Durham, N. C.....	16,338,000*	17,424,000*
Greensboro, N. C.....	19,337,000	20,295,000	13,683,000
Greenville, S. C.....	20,086,000	22,076,000	13,097,000
Hagerstown, Md.....	10,824,000	8,328,000	8,315,000
Huntington, W. Va.....	24,217,000	25,627,000	16,978,000
Lynchburg, Va.....	18,503,000	18,484,000	16,005,000
Newport News, Va.....	7,961,000	6,617,000	6,185,000
Norfolk, Va.....	68,291,000	66,361,000	59,842,000
Raleigh, N. C.....	26,450,000	26,700,000	15,500,000
Richmond, Va.....	111,150,000	115,097,000	95,395,000
Roanoke, Va.....	21,773,000	20,635,000	17,355,000
Spartanburg, S. C.....	12,040,000	11,043,000	8,270,000
Washington, D. C.....	181,665,000	169,406,000	170,388,000
Wilmington, N. C.....	20,458,000	21,348,000	19,457,000
Winston-Salem, N. C.....	30,684,000	30,136,000	21,735,000
 Totals for 21 cities.....	 \$ 1,080,854,000	 \$ 1,064,558,000	 \$ 926,741,000

*Not included in totals.

In the accompanying table, shown above, we give in tabular form figures showing the total of all debits to individual, firm and corporation accounts in the banks of twenty-three of the chief trade centers of the Fifth District, totals for the four weeks ending April 11, 1923 and the four weeks ending March 14, 1923 being included. In addition to the 1923 statistics, we show figures from twenty-two of the cities for the four weeks ending April 12, 1922 for comparison with this year's totals. Asheville, N. C., is included in both the 1922 and 1923 lists for the first time this month, that city having reported debits to us each week during the past year.

A glance at the table shows total debits in the twenty-two cities for which figures are available for both 1922 and 1923 amounting to \$1,080,854,000 during the four weeks ending April 11, 1923, compared with a total of \$1,064,558,000 reported for the four weeks ending March 14, 1923, an increase of 1.5%. This increase is a seasonal one, the period ending April 11th containing both March 15th with the first payment on Federal income taxes, and April 1st, with the usual volume of quarterly payments of interest and dividends. On the whole the increase during the four weeks ending April 11th seems less than might have been expected in view of the income tax and quarterly payments included, but probably the necessity of meeting the

tax, quarterly insurance premiums, and similar debts tended to reduce other financial transactions to some extent.

A comparison of the figures for the four weeks ending April 11, 1923, with those reported for the four weeks ending April 12, 1922, shows clearly the increased activity of business this spring in comparison with last spring, although some of the increase in debits this year is due to price advances. During the four weeks ending April 12, 1922, the reporting cities showed aggregate debits amounting to \$926,741,000, but during the corresponding four weeks this year, ending April 11, 1923, total debits reached \$1,080,854,000, an increase of 16.6%. Every one of the reporting cities shows larger debits during the 1923 period under review than during the corresponding period last year, increases of more than 25% being reported from Charleston, W. Va., Charlotte, N. C., Cumberland, Md., Greensboro, N. C., Greenville, S. C., Hagerstown, Md., Huntington, W. Va., Newport News, Va., Raleigh, N. C., Roanoke, Va., Spartanburg, S. C., and Winston-Salem, N. C.

BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS MARCH, 1923 AND 1922.

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1923	1922		1923	1922	
Boston, First.....	143	217	-34.1	\$ 2,996,492	\$ 8,066,696	- 62.9
New York, Second.....	316	478	-33.9	8,883,184	14,656,044	- 39.4
Philadelphia Third.....	73	96	-24.0	10,622,911	6,848,734	55.1
Cleveland, Fourth.....	130	202	-35.6	5,156,589	4,159,463	24.0
Richmond, Fifth.....	100	215	-53.5	2,847,909	3,787,550	- 24.8
Atlanta, Sixth.....	117	221	-47.1	2,788,463	5,559,986	- 49.8
Chicago, Seventh.....	203	336	-39.6	5,360,490	13,189,340	- 59.4
St. Louis, Eighth.....	107	173	-38.2	1,508,844	2,529,541	- 40.4
Minneapolis, Ninth.....	76	103	-26.2	1,415,434	3,764,602	- 62.4
Kansas City, Tenth.....	97	100	-3.0	1,361,100	1,720,146	- 20.9
Dallas, Eleventh.....	91	107	-15.0	2,474,504	2,121,725	16.2
San Francisco, Twelfth.....	229	215	6.5	2,977,218	5,204,365	- 42.8
Totals	1,682	2,463	-31.7%	\$ 48,393,138	\$ 71,608,192	- 32.4%

The figures on business failures given in the table herewith were furnished by Dun's Review, and show both the number of insolvencies and the total of liabilities involved for March 1923 in comparison with March 1922. Statistics for all twelve Federal Reserve Districts are included. In March 1923 the number of bankruptcies in the nation totaled 1,682, with liabilities aggregating \$48,393,138, compared with 2,463 bankruptcies in March 1922 with combined liabilities of \$71,608,192. Distinct improvement is thus shown in March of this year compared with March 1922, the decrease in the number of failures during the more recent month being 31.7% and the decline in liabilities involved amounting to 32.4%. San Francisco is the only district reporting a larger number of failures in March 1923 than in March last year, and Philadelphia, Cleveland and Dallas reported the only increases in total liabilities involved.

In the Fifth District, the March 1923 record is better than the national average in the percentage decrease of failures under the number reported in March 1922. This year the month under review witnessed 100 insolvencies in the Fifth District, compared with 215 failures in March 1922, a decrease for the current month of 53.5% in comparison with the national decrease of 31.7%. In the total of liabilities involved, also, the Fifth District shows distinct improvement, March 1923 liabilities totaling \$2,847,909 in comparison with \$3,787,550 in March 1922, a decrease this year of 24.8%. With the exception of October 1922, when only 91 failures were reported, the number of insolvencies in the Fifth District during March 1923 was the lowest number reported for any month since September 1921.

The average liability per failure in March 1923 was \$28,479 in the Fifth District and \$28,771 in the nation as a whole, compared with average liabilities in March 1922 of \$17,617 in the Fifth District and \$29,074 in the nation.

LABOR—For the past six months labor has been quite generally employed throughout the Fifth Reserve District, the demand and supply approximately balancing, but during the past six weeks or two months the demand has begun to exceed the supply, and distinct shortages are now developing in many sections of the District. It is significant that our correspondents are beginning to include labor in the subjects treated in letters on business conditions, more than half of our reports this month mentioning the growing scarcity of workers. The shortage appears to have come about as a result of two developments, one being a general increase in productive, constructive and industrial activity, and the other a rather serious exodus of laborers from the District to the industrial centers of the North and middle West. The migration has been chiefly

made up of farm laborers, who have become discouraged as a result of low prices received for their products in comparison with prices asked for the goods they have to buy, or who have been frightened by the ravages of the boll weevil. Agricultural statisticians in the states included in the Fifth District report that farmers are finding it hard to secure sufficient labor to plant their crops, and predictions of land being allowed to lie idle are frequent. Lumber mills are being forced to run at less than capacity because of their inability to secure sufficient workers, and in the building trades the labor shortage is sufficiently marked to bring about a considerable amount of competitive bidding for available skilled workmen. Many of the textile mills of the District have recently raised wages from 10% to 15%, this being done voluntarily by the mill authorities before labor unrest could develop. This excessive demand in comparison with the available supply has naturally caused a good many wage advances during recent weeks, the advances having been made without serious friction between workers and employers. At the present moment there does not appear to be any considerable amount of dissatisfaction or unrest among workers anywhere in the District, but letters from correspondents indicate some uneasiness over the possible outcome of a contemplated attempt to unionize the non-union coal fields of West Virginia.

Reports from employment agencies state that there is a surplus of clerical workers seeking positions, 102 men having applied for this class of work in Richmond during March with only 33 positions open indicating the extent of the excess supply. The statement made also applies to women, as is shown by quoting figures for Richmond again, in which city 175 women applied for clerical positions in March with only 49 positions available.

COAL—The United States Geological Survey, in its weekly report on coal production dated April 7, 1923 says, "Preliminary estimates based on railroad shipments place the total output of soft coal, including lignite and coal coked at the mines, at 46,807,000 net tons during March, an increase over the production in February of approximately 11 per cent. The principal factor responsible for this increase was the greater number of working days in March. The average daily rate of production was slightly less than that in February." The Survey's report further states that a recent canvass of commercial consumers of soft coal indicated that production during February failed to keep pace with consumption, and the reserve stocks in the hands of the reporting consumers decreased 2,000,000 tons during the month. There are no indications that consumption was at a lower daily rate during March than during February, and it seems probable that there was a further draft on reserve supplies during the more recent month. Early estimates place the total production of soft coal during the coal year ended March 31, 1923 at 419,710,000 net tons, compared with 434,754,000 net tons mined in 1921-1922, 524,208,000 tons mined in 1920-1921, 484,196,000 tons mined in 1919-1920, and 552,679,000 tons mined in 1918-1919.

Speaking of anthracite coal production, the Geological Survey's report of April 14th says, "The revised estimate of anthracite production in March based on final data of shipments in that month is 9,382,000 net tons, including mine fuel, local sales, and dredge and washery output. This figure equals the previous high record of monthly production made in March 1918. An output of 9,000,000 tons per month has been attained only seven times previous to this year. The total production of anthracite in the coal year 1922-1923 was 56,576,000 net tons, 36.4 per cent less than in the coal year 1921-1922, and 38.3 per cent less than the average for the past nine coal years."

The past winter has been a hard one for consumers of coal. In many cases it has been difficult or even impossible to secure anthracite coal, and bituminous coal had to be substituted, with all the disadvantages of smoke and dust that go with soft coal. Prices to householders have been very high, and in many cases inferior coal has been sold for full price. The chief obstacle to a full supply of good coal was of course the long coal strike last summer, during which reserve stocks ran very low, and since the settlement of the strike the inability of the mines to secure sufficient railway cars for moving the coal mined has prevented the rebuilding of the reserve piles. On the whole, however, considering the shopmen's strike of last summer, during which railway equipment naturally got in bad order, the roads have done well in being able to move sufficient fuel for current needs.

About the first of April price reductions were announced by retail coal dealers in some of the cities of the District, the reductions amounting to about \$1.50 per ton. Dealers are urging consumers to buy for next winter during the early summer, and are claiming that they cannot guarantee that present prices can be maintained. They state that the mine owners are reluctant to sign contracts for future delivery, and that they therefore must pay whatever prices are being quoted at the time of shipment from the mines.

TEXTILES—The textile industry in the Fifth District is continuing full time operations, and the construction of new mills and enlargements of existing plants shows no signs of decreasing, but the month of March and early April witnessed a distinct falling off in orders for goods received by the mills. In our Review last month we stated that some uneasiness was developing among the mill authorities over the possibility of having to operate later in the year under the influence of a falling cotton market, and this situation has come about earlier than was feared. As pointed out elsewhere in this Review, under the paragraph on

Cotton, prices for the staple have steadily declined since our March 31st Review was written, and this decline has largely checked orders to the cotton mills. Practically all of them have orders sufficient to keep them running for some weeks at least, however, and the present slump is generally felt to be temporary. Its chief importance is the warning it gives as to the need for careful management during the rest of this year.

Probably as a reflection of the action taken by New England mills, the leading Southern mills have voluntarily raised the wages of their employees during the past month, the increases varying from 10% to 15%. The recent wage increase is indicative of the cordial relations existing between employers and employees in the Southern mills, a sympathy and understanding which is one of the chief influences working for a permanent prosperity for the textile industry in the South.

During March cotton consumption totaled 124,717 bales in North Carolina, 93,840 bales in South Carolina, and 11,644 bales in Virginia, a total consumption of 230,201 bales for the three cotton manufacturing states in the Fifth District. This amount is 36.9% of total American consumption for March, which amounted to 623,105 bales, and is 58.7% of the consumption in cotton growing states, which amounted to 392,027 bales.

COTTON—In our last month's Review, we quoted spot cotton prices on the markets of the Carolinas through the week ending March 17th, during which week the average of 29.90 cents was the highest weekly average since August 1920. The four weeks since March 17th, however, witnessed a recession of approximately one and three-quarter cents per pound, most of the decrease occurring during the last two weeks of March. Between March 17th and March 24th the average price paid for middling short staple on the Carolina markets was 29.15 cents per pound, compared with the average of 29.90 cents paid the previous week. The week ending March 31st averaged 28.39 cents; the price during the week ending April 7th averaged 28.37 cents; and the decline reached an average of 28.21 cents during the week ending April 14th, the latest date for which figures are available. The cotton market has been nervous and jumpy during the period under review, and all eyes have been focused on the weather maps of the cotton growing sections.

On March 20th, too late for inclusion in our last month's Review, the Census Bureau gave out the final ginning report of the year, placing the year's production at 9,761,817 equivalent 500 pound bales. The Department of Agriculture's final estimate last December was 9,964,000 bales, the crop turning out approximately 200,000 bales short of general expectations. In the Fifth District, North Carolina grew 878,997 bales, in comparison with 852,000 bales estimated last fall by the Department of Agriculture, a gain of 26,997 bales, but South Carolina ginned only 517,601 bales in comparison with 530,000 bales estimated, a loss of 12,399 bales. Virginia ginned 27,011 bales in comparison with the estimated crop of 25,000 bales, a gain of 2,011 bales. It will thus be seen that combined final production in the three cotton growing states of the Fifth District exceeded last fall's estimate by 16,609 bales.

New records in cotton manufacturing were established during March when more cotton was consumed than in any other month in the history of the textile industry. The Census Bureau announced on April 14th that consumption in March totaled 623,105 bales of lint, in comparison with 566,924 bales consumed in February this year and 519,761 bales used in March 1922. The March 1923 consumption was reported as almost 8,000 bales greater than the previous record, made in May 1917. Cotton on hand March 31st in consuming establishments aggregated 2,034,535 bales of lint compared with 1,557,023 bales so held on March 31, 1922, but cotton in public storage and at compresses March 31, totaled only 2,377,799 bales in comparison with 3,752,258 bales stored on March 31st last year. Imports in March this year totaled 53,219 bales compared with 48,648 bales imported in March 1922, but March 1923 exports totaled only 318,210 bales in comparison with 461,484 bales exported in March 1922.

Present indications point to a late start for the cotton crop this year, the weather having continued cold and wet during the early spring. Preparation of the ground and actual planting has therefore been delayed, and even where the planting has been done the weather has not been favorable for quick germination of the seed. The farmers are not discouraged over the delay, however, because they believe that the cold weather will delay the emergence of the boll weevil from winter quarters. The prospects are for a considerable increase in acreage in North Carolina, and to some extent in South Carolina, but in the latter state the better farmers will concentrate on intensive cultivation of a moderate acreage rather than take chances on a large acreage. Scarcity of labor may restrict planting, also, especially in the weevil infested sections of South Carolina. It appears certain that the acreage planted this year will be more heavily fertilized than was the case last summer, and the crop will be as economically made as possible.

TOBACCO—The marketing of last year's tobacco crop has been practically completed, all of the bright markets having closed. The dark markets will remain open until April 15th to 30th.

In Virginia producers' sales of leaf tobacco on the open markets during March were 3,773,821 pounds, of which 818,520 pounds were bright tobacco and 2,995,301 pounds were dark. The average price received for the bright was \$23.50 per hundred pounds, compared with an average of \$26.17 per hundred in Febru-

ary and \$8.35 in March last year. Dark tobacco brought an average of \$17.63 per hundred in March, compared with \$19.00 in February of this year and \$14.80 in March 1922. The quality of tobacco sold in March was much below that sold earlier in the season, the last month of marketing naturally receiving a large amount of scrap and sweepings.

The marketing season just closed has been very successful from the growers' standpoint. The total number of pounds sold in Virginia up to April 1st, including receipts of the Tobacco Growers Cooperative Association, amounted to 160,917,542 pounds, compared with total sales for the 1921-1922 season of 96,634,000 pounds. In addition to the larger crop, average prices were higher each month this season than during the corresponding month a year previously, and as a result of the increases in both production and prices the farmers probably received at least twice as much money for their 1922 crop as they got for the tobacco grown in 1921.

AGRICULTURAL NOTES—The outstanding feature of the agricultural situation is the affect that late cold weather has had on farm crops. The entire spring has been abnormally cool, with only an occasional mild day, and as a result planting of many crops has been delayed. Other crops that were planted early have suffered severely from late freezes, and numerous replantings have been necessary. On March 31 and April 1 a severe freeze did great damage to peach, plum, pear and cherry trees, and also seriously damaged truck crops on the coast, but fortunately the absence of any long period of mild weather earlier in the season had retarded the development of apple buds, and authorities do not believe that the cold spell did any serious damage to the commercial apple crop.

Corn has been planted in the coastal counties of South Carolina, and is being planted further north, but the early plantings suffered from freezing weather at the end of March. Cotton has been planted on the coast of the Carolinas, and the land has about all been prepared for planting throughout the rest of the cotton belt. Tobacco beds have been prepared in Virginia, and some plants are up. Farther south some transplanting is beginning. Wheat appears to be in comparatively bad condition throughout the District, but favorable weather may assist the crop in overcoming the unfavorable start.

Cattle have come through the winter in good condition, and the number of hogs on farms is larger than a year ago, especially on the farms owned by progressive farmers who realize the importance of producing as much of their necessities of life at home as possible. Pastures are late in coming out, but they are beginning to green up now, and plenty of grass will probably be available for grazing and cutting.

On the whole, farmers appear to be in better shape economically than they have been for several years. Reports indicate that a much greater amount of fertilizer is being bought than last year, and an unusually large proportion of it is being paid for in cash. Several wagon manufacturers report that their orders for farm wagons are far ahead of orders in recent years, and without exception they write that they expect a continued demand for their wagons through the year. Farm implement dealers have sold a large volume of new machinery, plows, etc., and they also comment upon the unusual number of sales they are making for cash. Live stock dealers have sold many more mules and horses during the spring than they sold last year or the year before.

BUILDING OPERATIONS FOR THE MONTHS OF MARCH, 1923 AND 1922.

Building construction continued in unlessered volume during March, far exceeding the corresponding month last year in both the number of permits issued and in the total estimated valuation for the work. Reports from twenty-three of the leading cities of the Fifth District show that a total of 2,372 permits for new construction was issued during March 1923, with estimated valuation of \$13,474,117, compared with 1,721 permits for new work issued in the same cities in March 1922, with estimated valuation of \$10,001,044. Alterations and repair permits totaled 2,205 in the reporting cities during March, compared with 2,571 issued for this class of work in March last year. Combined valuation of all permits issued in March 1923 amounted to \$15,270,972, compared with a combined valuation of \$11,837,494 in March 1922, an increase during the current month of \$3,433,478, or 29.0%. Of the twenty-three reporting cities, all reported a larger number of permits for new construction than during the corresponding month last year except Lynchburg, Asheville, Wilmington and Charleston, S. C., and all cities reported increased valuations except Baltimore, Greensboro, Wilmington and Charleston, S. C.

Building supply dealers write that they have all the orders they can fill, and practically all of them profess to believe that the present demand for building material of every kind will continue until next fall. Lumber mills are having some difficulty in securing sufficient labor to run their mills to capacity, and an insufficient number of freight cars is delaying shipments of material in some instances, but generally speaking the supply dealers are meeting the demands made upon them with reasonable promptness.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease Total Valuation	Per Cent of Increase or Decrease	No.			
		New		Repairs											
		1923	1922	1923	1922	1923	1922	1923	1922						
MARYLAND															
1	Baltimore.....	492	395	963	1,303	\$ 3,016,440	\$ 3,068,000	\$ 628,080	\$ 811,900	\$— 235,380	— 6.1%	1			
2	Cumberland.....	43	23	14	24	146,501	38,017	5,285	17,420	96,349	173.8	2			
3	Frederick.....	16	3	8	3	67,665	3,750	8,175	2,318	69,772	1,149.8	3			
VIRGINIA															
4	Lynchburg.....	21	30	42	16	135,095	81,300	15,981	6,340	63,436	72.4	4			
5	Norfolk.....	158	42	57	92	562,380	313,540	29,894	103,810	174,924	41.9	5			
6	Richmond.....	166	145	84	92	1,875,624	1,010,256	160,046	364,414	661,000	48.1	6			
7	Roanoke.....	171	111	79	61	456,505	353,820	29,745	18,786	113,644	30.5	7			
WEST VIRGINIA															
8	Bluefield.....											8			
9	Charleston.....	90	68	38	35	322,315	214,044	33,955	25,011	117,215	49.0	9			
10	Clarksburg.....	57	10	39	14	185,575	10,945	31,150	12,475	193,305	825.4	10			
11	Huntington.....	243	*130	19	895,100	376,360	22,490	12,300	528,930	136.1	11			
12	Parkersburg.....					100,000	100,000	50,000	25,000	25,000	20.0	12			
NORTH CAROLINA															
13	Asheville.....	52	68	23	33	456,876	320,179	12,124	3,116	145,705	45.1	13			
14	Charlotte.....	51	48	19	13	478,325	176,855	40,945	20,275	322,140	163.4	14			
15	Durham.....	32	19	6	5	98,865	52,375	3,200	8,250	41,440	68.4	15			
16	Greensboro.....	46	30	34	16	159,760	204,235	47,595	15,841	— 12,721	— 5.8	16			
17	High Point.....	49	24	6	4	199,862	50,415	6,475	1,350	154,572	298.6	17			
18	Wilmington.....	8	16	4	0	50,500	98,500	10,500	0	— 37,500	— 38.1	18			
19	Winston-Salem.....	103	48	92	91	636,643	270,410	29,068	40,800	354,501	113.9	19			
SOUTH CAROLINA															
20	Charleston.....	8	25	21	30	11,700	39,435	25,025	10,100	— 12,810	— 25.9	20			
21	Columbia.....	46	36	91	93	138,075	108,430	59,488	29,172	59,961	43.6	21			
22	Greenville.....	30	27	25	25	118,810	108,368	12,970	7,800	15,612	13.4	22			
23	Spartanburg.....	29	23	36	57	51,042	12,719	9,145	9,519	37,949	170.6	23			
DIST. OF COLUMBIA															
24	Washington.....	461	400	505	564	3,310,459	2,989,091	525,519	290,453	556,434	17.0	24			
Totals.....		2,372	1,721	2,205	2,571	\$13,474,117	\$10,001,044	\$1,796,855	\$1,836,450	\$ 3,433,478	29.0%				

*Includes both new work and repairs.

—Denotes Decrease.

Apparently the building industry is just beginning a considerable period of prosperity, but warnings are beginning to be heard in reference to prices asked for building materials and labor. Quite a number of our correspondents are watching the public reaction to recent increases in both material prices and wage rates, and indications are that some proposed construction work is now being postponed until costs are considered more reasonable. Two or three months ago the public appeared willing to proceed with a very large building program at prices then current, but with the opening of spring and the beginning of a large volume of work costs have distinctly advanced. The housing shortage that resulted from war time stoppage of construction work has not yet been made up, but conditions have distinctly improved, and people are not now forced to proceed with new construction in order to have living quarters. Knowing this, builders are beginning to wonder how much higher construction costs can be allowed to go without checking disastrously the present building boom.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-seven Representative Department Stores for the Month of March, 1923.

Business in retail lines is expected to be active in March, and especially when Easter falls in that month or early in April, but the volume of business done in March this year surprised even the most optimistic students of current conditions. Reports received this month from twenty-seven leading department and general stores, located in thirteen cities of the Fifth District, show a District increase of 24.5% in the dollar value of March sales in comparison with sales made during the corresponding month of 1922. The reporting stores in Baltimore gained 28.9%; the Richmond stores gained 32.9%; Washington stores gained 14.5%; and the group of Miscellaneous Cities gained 37.7%. From January 1st through March 31st, this year, the reporting stores increased their sales 14.7% over sales during the first three months of 1922, the Richmond firms leading with a gain of 26.7%. Stocks on hand in the reporting stores on March 31, 1923, were 8.5% more valuable, measured by selling price, than stocks on hand March 31, 1922, and were also 9.0% more valuable than stocks

at the end of the preceding month, February 1923. The percentage of average stocks on hand at the end of each month from January 1st through March 31st to average net sales each month during the three months was 425.1%, compared with 456.0% reported by practically the same stores during the first three months of 1922. The lower figure this year indicates an improvement in the rate of turn-over of the reporting stores.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during March, 1923, compared with March, 1922.....	28.9	32.9	14.5	37.7	24.5
Percentage increase in net sales from January 1, through March 31, compared with sales during the same three months of 1922.....	17.9	26.7	6.6	23.2	14.7
Percentage increase in net sales during Mar. 1923, compared with average sales during the corresponding month of 1920, 1921 and 1922.....	7.0	23.0	1.8	12.2	7.8
Percentage increase in stocks on hand at the end of March, 1923, over stocks on hand at the end of March, 1922.....	9.8	13.2	6.9	6.3	8.5
Percentage increase in stocks on hand at the end of March, 1923, over stocks on hand at the end of February, 1923.....	10.4	8.2	8.3	7.4	9.0
Percentage of average stocks on hand at the end of each month since Jan. 1, to average net sales each month during the same period, three months.....	404.8	372.1	434.2	514.5	425.1
Percentage of outstanding orders at the end of March, 1923, to total purchases of merchandise during the year 1922.....	8.0	8.8	7.0	9.2	7.7

In the table above, we have included a new figure this month, and expect to continue it each month hereafter. The third line of percentages in the table, reading across as usual, shows the percentage increase or decrease in net sales during March 1923 compared to average net sales in the same stores during March 1920, March 1921 and March 1922. One of our reporting stores recently suggested that we work out some method of showing sales each month in comparison with a longer period than the single corresponding month of the previous year, and this we have done by taking sales during March 1920, 1921 and 1922, adding the three and finding the average for that month. To this average we have compared the March 1923 sales, and it is gratifying to note how favorably this year compares with the previous average. Of course the three years used in making our averages were exceptional years, and price changes were violent during the period covered, but several retailers whom we consulted stated that they believed the average sales of each month during the three years used would give about as accurate a basis of comparison as could be gotten. We have calculated the average for each month in the year separately instead of simply calculating the monthly average in order to escape the seasonal influence that would enter in if we obtained our average by adding yearly sales for three years and dividing by thirty-six.

WHOLESALE TRADE

Percentage Increase (or Decrease) in Net Sales During Mar., 1923, as Compared With Feb., 1923 and March, 1922.

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	45	15	21	17	8	14
Net sales (selling price) during Mar., 1923, compared with February, 1923.....	12.6	7.7	24.8	27.0	34.1	12.0
Net sales (selling price) during Mar., 1923, compared with March, 1922	12.7	33.7	24.0	38.6	87.9	10.3

The accompanying table shows in percentage form the increase in the dollar amount of sales made in March 1923 by one hundred and twenty representative firms dealing in groceries, dry goods, shoes, hardware,

furniture and drugs, in comparison with (1) sales made in February 1923, and (2) sales made in March 1922.

The figures show substantial gains in sales in all lines in March, compared with both the preceding month of this year and the corresponding month of last year, the March 1923 gains over sales in February 1923 being especially marked in shoes, hardware and furniture, and the March 1923 gains over sales in March last year being notable in dry goods, shoes, hardware and furniture. Price changes doubtless played some part in the increases mentioned, but price advances have not been nearly as great as the gains in sales. Most of the changes noted reflect a genuine increase in the volume of business done by the reporting firms.

Collections continue to be a little slower than in January, but the change is slight. This month 108 of the 120 reporting firms classified their collections as either *Good* or *Fair*, representing 90.0% of the reporting firms, in comparison with 92.5% reporting *Good* or *Fair* in January and 90.6% so reporting in February. We give below the classifications of collections made by 120 firms for March, and for comparative purposes we have added the totals reported for January and February 1923 and March 1922:

Lines	Collections Reported As				Total
	Good	Fair	Slow	Poor	
Groceries	11	28	6	0	45
Dry Goods	5	8	2	0	15
Shoes	1	17	3	0	21
Hardware	2	14	1	0	17
Furniture	0	8	0	0	8
Drugs	6	8	0	0	14
March 1923 Totals	25	83	12	0	120
February 1923 Totals	25	81	9	2	117
January 1923 Totals	29	81	9	0	119
March 1922 Totals	7	75	30	5	117

(Compiled April 19, 1923)

BUSINESS CONDITIONS IN THE UNITED STATES.

Further increases in the production of basic commodities, in wholesale prices, employment, wage rates, and wholesale and retail trade, took place in March.

PRODUCTION. Production in basic industries, according to the Federal Reserve Board's index, increased 4% in March to a level 8% higher than at the 1920 peak and 67% above the low point of 1921. The output of pig iron, steel ingots, automobiles, and crude petroleum, and the mill consumption of cotton exceeded all previously reported monthly totals. Building operations showed a further large expansion and the value of contracts let for residences in March was the highest on record. Railroad freight shipments have been larger every week this year than in the corresponding weeks of the past four years. Car shortage has been reduced to the lowest point since September chiefly as a result of the addition of new equipment, a decrease in the number of bad order locomotives and cars, and a concerted effort to increase the average loadings.

Employment in the building trades and in many lines of manufacturing continued to increase in the eastern States. The surplus of unskilled labor in the West reported in earlier months is being gradually absorbed by the seasonal increase in farm work. A number of leading textile mills, steel mills and packing plants announced general wage advances ranging between 11 and 12½ per cent., and numerous wage advances in other industries also were reported.

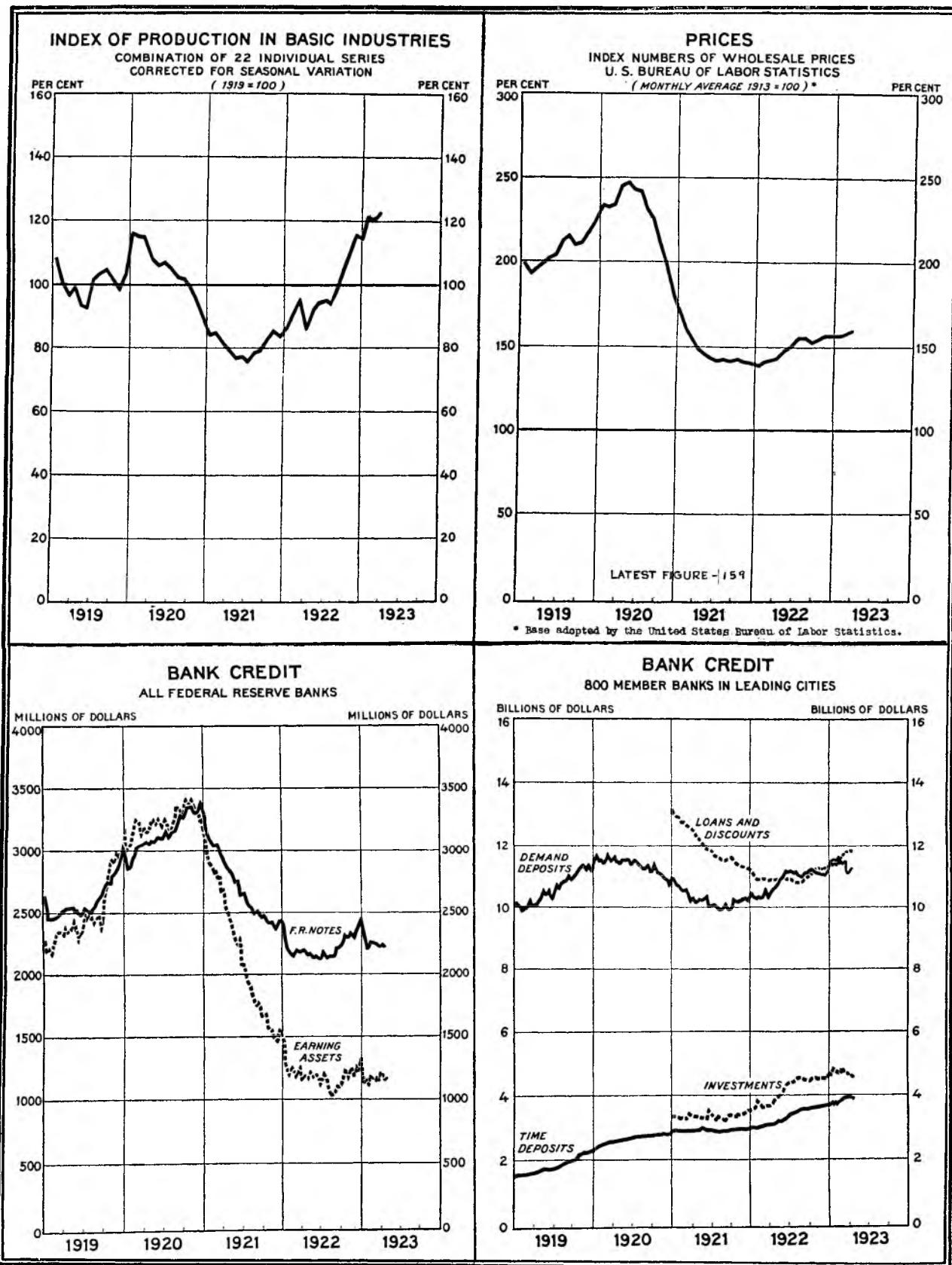
TRADE. March sales by department stores reporting to Federal Reserve Banks were 22% above those of March a year ago, partly because Easter purchases were made in March this year, whereas last year such purchases were largely deferred until April. Stocks of goods held by department stores were 6% larger than those held a year ago, but this increase was not as large as the increase in sales and hence the rate of stock turnover has been somewhat more rapid. Sales by mail order houses were larger than for any month since November, 1920, and 35% larger than in March, 1922. Wholesale trade in all reporting lines was larger than in March a year ago.

WHOLESALE PRICES. Wholesale prices as measured by the Bureau of Labor Statistics index advanced 1.2% during March, and were 15% above the low point of January, 1922. As in recent months the prices of metals and building materials showed the greatest increases, while fuel prices showed a further decline from recent high levels. Compared with a year ago, metals were 37% and building materials 28% higher. The cost of living increased slightly more than 1% during March to a level of 3% higher than a year ago.

BANK CREDIT. During the month prior to April 11 a more moderate growth in the demand for credit from member banks in leading cities resulted in an increase of about \$48,000,000 in their loans made largely for commercial purposes, as compared with an increase of \$235,000,000 in the preceding month. Through withdrawal of funds from investments and a further inflow of gold, member banks have been able to meet demands of their customers for increased credit and currency independently of the Reserve Banks.

Consequently, the total volume of Federal Reserve Bank credit, measured by total earning assets, has remained relatively constant during the past month, and in fact since the seasonal liquidation at the turn of the year. The volume of Federal Reserve notes in circulation has also changed but little, as the larger demand for hand-to-hand money has been met chiefly by an increase in other forms of money in circulation.

There has been little change in money rates from those prevailing in March.



RELATION OF CREDIT TO BUSINESS

The following extract from the recent report of Secretary Hoover's Committee on Business Cycles and Unemployment will be of interest to anyone who is analyzing the present business and credit situation:

"Expansion of bank credit is a necessary condition of expansion of business operations. * * * But an over-expansion of credit may so increase the purchasing power of business men that it will merely result in enabling them to bid against one another for limited supplies of goods and materials so as to force prices above what consumers are willing and able to pay. Bank credit often expands so rapidly that it lifts the buying or investment power of business men out of line with the general buying power of the community. Because of their strategic position the banks have an unusual duty and an exceptional opportunity to give sound information and counsel to business men. * * *

"While the relationship between the volume of credit and the volume of business and the movement of prices is not always simple to interpret, it appears to be sufficiently close to make it a matter of first importance that the volume and the flow of credit should at all times be tested by the contribution which additions to the volume of credit make to the total of economic production. Additions to credits which cannot be economically validated by a commensurate effect in actual production are speculative, and as such should be subjected to control, so that business and industry can be maintained in a healthy state."

The foregoing is a statement of principle by a committee of leading business men. Facts are presented below which relate to the three divisions referred to, viz.: the volume of business, prices and the volume of credit.

THE VOLUME OF BUSINESS

In the following summary, comparisons are made between those months when low points were reached and the month of March, 1923:

INDUSTRY —Production, measured by the index of output in 22 basic industries, has increased since July, 1921	67%
Employment, measured by the number of workers employed in New York State factories (fairly representative of industrial employment in the country as a whole), has increased since August, 1921.....	28%
TRADE —Wholesale trade, measured by the sales reported by about 700 firms representing practically all sections of the country (with allowance made for seasonal changes), has increased since July, 1921.....	23%
Retail trade, measured by the sales reported by about 300 department stores in principal cities throughout the country (with allowance made for seasonal changes), has increased since September, 1921.....	15%

The growth in the physical volume of production indicates a rate of industrial recovery almost without parallel in American business, and the volume of goods produced and passed into consumption during the first quarter of 1923 probably exceeds that of any similar period in the history of the country.

PRICES AND WAGES

Changes in prices and wages from the low points may be summarized as follows:

PRICES —The Bureau of Labor Statistics index of wholesale prices increased from January, 1922, to March, 1923.....	15%
WAGES —The hiring rate of wages for unskilled labor in Eastern industrial centers increased from April, 1922, to April 15, 1923.....	22%
Average weekly earnings of workers in New York State factories (fairly representative of industrial earnings in the country as a whole) increased from April, 1922, to March 15, 1923.....	11%

THE VOLUME OF CREDIT

The high industrial activity has involved a great increase in the volume of bank credit in use. Comparisons are made below between those dates when low points were reached and April 11, 1923:

MEMBER BANKS IN LEADING CITIES —Total loans and investments have increased \$1,974,000,000 since March 8, 1922, or.....	14%
Commercial loans have increased \$783,000,000 since August 30, 1922, or	11%
Demand and time deposits have increased \$2,453,000,000 since September 21, 1921, or.....	19%

Since the first of the year the growth of total loans and investments has been due entirely to the rapid increase in commercial loans; loans on stocks and bonds and the investment holdings of these banks have declined. This shift in the form of bank credit is in response to the increasing demand for credit for commercial and industrial purposes.

The use of Reserve Bank credit, particularly in the industrial sections of the country, has also increased from the low point of last summer, as follows:

ALL FEDERAL RESERVE BANKS —Earning assets have increased \$138,000,000 since August 9, 1922, or.....	14%
Loans to member banks have increased \$263,000,000 since July 26, 1922, or	69%

Included in earning assets are the Government securities and acceptances held by the Reserve Banks, as well as their loans to member banks. As the volume of securities and acceptances owned has decreased, the volume of loans to member banks has risen to somewhat larger amount, and earning assets consequently have risen. The lending power of the Reserve Banks remains very large, as is apparent in the high reserve ratio, the result mainly of the heavy inflow of gold.

RELATION OF CREDIT CAPACITY TO PRODUCTION CAPACITY

The relation of this great supply of credit, still held in reserve, to the productive capacity of the country, is referred to as follows in the current issue of the Federal Reserve Bulletin:

"The present lending capacity of the country's banking system in view of the great growth of the reserves at the Reserve Banks is now far in excess of the credit needs of the country's productive capacity. In such a situation it is the available supplies of labor and equipment and not the potential supply of credit that in the end must fix the limit which may be attained by aggregate national production. As these limits are approached credit policy must be increasingly influenced by careful consideration of the continued effectiveness of further additions to the total volume of credit in contributing to increased productivity."