

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

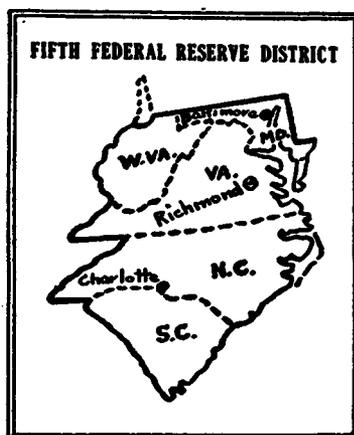


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RICHMOND, VIRGINIA

MAY 31, 1932

BUSINESS in nearly all lines marked time during April and early May in the Fifth Federal reserve district. There was some seasonal increase in trade in certain lines, but on the whole the rise was less than usually occurs in the spring. Trade in every line is on a noticeably lower level than it was a year ago. At the Federal Reserve Bank of Richmond, rediscounts for member banks declined between April 15 and May 15, at a season when they are expected to increase. The circulation of Federal reserve notes declined last month, but not more than seasonally, and therefore the decrease did not indicate any material reduction in hoarded funds. In cooperation with a System policy, the Richmond reserve bank materially increased its holdings of Government securities between the middle of April and the middle of May. Reporting member banks in leading cities of the Fifth reserve district reduced their loans and discounts last month, contrary to seasonal trend when agricultural loans for crop planting might be expected to increase the demand for credit. Demand deposits in the reporting banks declined also, but by less than the decrease in loans, while time deposits increased moderately. The banks reduced their rediscounts at the reserve bank during the month. Debits to individual accounts in clearing house banks in the leading cities of the Fifth district declined last month approximately 2 per cent under the debits of the preceding month, but this decrease was seasonal and was probably a smaller reduction than occurs in most years. However, debits for the four weeks ended May 11, 1932, were 21.7 per cent less than debits for the four weeks ended May 13, 1931. Commercial failures in the Fifth district in April were less numerous than failures in either March this year or April last year, but liabilities involved in April bankruptcies were, with two exceptions, the highest figures ever reported for any month. No material improvement occurred in employment in April, although there was



some seasonal increase in painting, gardening, etc. Coal production in April was materially below production in April 1931. Consumption of cotton in the Fifth district mills last month was less than consumption in April 1931, and consumption in the country as a whole declined even more, but exports of cotton increased over April 1931 exports. Cotton prices declined between the middle of April and the middle of May to the lowest level since last October, and closely approached the all-time low. Tobacco manufacturers reported a lower output in April in comparison with the output in April last year.

Retail sales last month in department stores in the Fifth district averaged about 21 per cent less than sales in April last year, and sales in the first four months of 1932 were nearly 18 per cent less than sales in the corresponding four months of 1931. Wholesale sales in five leading lines were materially below sales in April 1931, and in all lines except hardware were also less than sales in March of this year. The volume of construction work provided for by permits issued last month in Fifth district cities was very small, and does not offer hope of additional employment for building tradesmen in the near future. The outlook for agriculture this year is problematical. The weather was unusually cold in March and April, which held back premature development of fruit buds and other crops, but some sections of the district have had insufficient rain to furnish moisture for seed germination. The really unfavorable element in the agricultural situation, however, is the low price outlook for leading money crops.

Reserve Bank Statement

Total earning assets held by the Federal Reserve Bank of Richmond changed little during the month between April 15 and May 15, 1932. There was a decline of \$5,360,000 in rediscounts for member banks, chiefly in city banks, and holdings of open

ITEMS	000 omitted		
	May 15 1932	April 15 1932	May 15 1931
Rediscounts held	\$23,793	\$29,153	\$13,576
Open market paper.....	2,054	2,455	100
Government securities	27,975	22,831	29,983
Total earning assets.....	53,822	54,439	43,659
Circulation of Fed. Res. notes..	92,579	96,076	76,028
Members' reserve deposits.....	48,434	47,588	60,438
Cash reserves	98,534	98,776	103,293
Reserve ratio	67.15	65.60	73.79

market paper also declined by \$401,000, but the Bank increased its holdings of Government securities by \$5,144,000 during the month. There was a seasonal decrease in the actual circulation of Federal reserve notes during the period under review, amounting to \$3,497,000. Member banks increased their reserve deposits between the middle of April and the middle of May by \$846,000. The several changes enumerated, with others of lesser importance, slightly lowered the cash reserves of the Federal Reserve Bank of Richmond, but the ratio of cash reserves to note and deposit liabilities combined rose 1.55 points during the past month.

In comparison with condition figures on May 15, 1931, the figures for May 15, 1932, show marked changes in most items, indicating a greater use of reserve bank credit this year. Rediscounts for member banks rose by \$10,217,000 during the year, and holdings of open market paper increased \$1,954,000. On the other hand, the Bank decreased its holdings of Government securities by \$2,008,000 between May 15 last year and May 15 this year. These changes resulted in a net increase of \$10,163,000 in total earning assets during the year. The circulation of Federal reserve notes was \$16,551,000 higher at the middle of May this year than a year ago, showing that hoarding of currency which began in the second half of 1931 continues. There has been a steady decline in note circulation since the first of this year, but the rate of decrease has not been greater than seasonal average, indicating that there has probably been little reduction in hoarded funds. Member bank reserve deposits at the reserve bank declined \$12,004,000 between May 15, 1931, and May 15, 1932, due to material reductions in demand and time deposits on which reserves are calculated. The cash reserves of the Federal Reserve Bank of Richmond dropped by \$4,759,000 during the year under discussion, and the ratio of cash reserves to note and deposit liabilities combined declined 6.64 points.

Member Bank Statement

The accompany table shows the principal items of condition reported by all member banks in twelve leading cities of the Fifth reserve district as of three dates, May 11 and April 13, 1932, and May 13, 1931, thus affording opportunity for comparison of the latest available figures with those of the preceding month this year and the correspond-

ITEMS	000 omitted		
	May 11 1932	April 13 1932	May 13 1931
Loans on stocks and bonds (in- cluding Governments)	\$132,686	\$147,518	\$160,163
All other loans.....	212,659	214,968	262,630
Total loans and discounts.....	345,345	362,486	422,793
Investments in stocks and bonds	239,117	232,861	214,373
Reserve balance with F. R. Bk.	33,433	34,248	40,892
Cash in vaults.....	12,625	12,781	15,238
Demand deposits	280,931	285,175	337,031
Time deposits	225,999	222,297	262,025
Borrowed from F. R. Bank.....	5,164	10,207	2,193

ing month last year. Forty-nine banks are included in the tabulation.

There was a reduction in loans amounting to \$17,141,000 in the forty-nine reporting banks between April 13 and May 11, both this year, of which amount \$14,832,000 was in loans on stocks and bonds and \$2,309,000 was in ordinary commercial, agricultural and industrial loans. Investments in stocks and bonds rose by \$6,256,000 last month. Reserve balances of the reporting banks at the reserve bank declined \$815,000 between April 13 and May 11, and there was also a decrease in cash in vaults totaling \$156,000. Deposits in the aggregate changed very little last month, a decrease in demand deposits amounting to \$4,244,000 being almost offset by an increase of \$3,702,000 in time deposits. The reduction in outstanding loans without a corresponding decrease in deposits enabled the reporting banks to reduce their borrowing at the Federal Reserve Bank of Richmond by \$5,043,000, approximately 50 per cent of the amount they were borrowing at the middle of April.

Comparison of the May 11, 1932, figures with those reported for May 13, 1931, shows a reduction of \$77,448,000 in total loans and discounts during the year, of which \$27,477,000 was in loans on stocks and bonds and \$49,971,000 was in all other loans. Investments in stocks and bonds rose by \$24,744,000 during the year. Aggregate deposits declined by \$92,126,000 between May 13 last year and May 11 this year, and reserve balances of the reporting banks at the reserve bank declined by \$7,459,000. Cash in vaults also decreased this year, by \$2,613,000. On May 11 the forty-nine reporting banks were borrowing \$2,971,000 more from the Federal reserve bank than they were borrowing a year earlier.

Debits to Individual Accounts

Aggregate payments by checks drawn on clearing house banks in twenty-four cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of four weeks, thus affording opportunity for comparison of the latest figures, for the four weeks ended May 11, 1932, with those for the preceding like period this year and the corresponding period a year ago.

CITIES	ooo omitted		
	Total debits, four weeks ended		
	May 11, 1932	April 13, 1932	May 13, 1931
Asheville, N. C.....	\$ 7,977	\$ 8,399	\$ 10,737
Baltimore, Md.	265,949	266,639	352,321
Charleston, S. C.....	10,568	11,202	15,695
Charleston, W. Va....	26,413	28,357	38,036
Charlotte, N. C.....	32,212	34,145	41,177
Columbia, S. C.....	13,833	14,675	18,158
Cumberland, Md.	5,233	5,525	7,216
Danville, Va.	4,305	4,207	5,394
Durham, N. C.....	13,482	13,216	19,868
Greensboro, N. C.....	9,303	9,441	17,314
Greenville, S. C.....	9,111	9,634	15,243
Hagerstown, Md.	5,713	5,757	8,289
Huntington, W. Va....	10,936	10,370	15,679
Lynchburg, Va.	12,036	12,367	15,310
Newport News, Va....	6,781	6,689	10,350
Norfolk, Va.	34,579	31,104	46,008
Portsmouth, Va.	3,345	3,243	4,151
Raleigh, N. C.....	12,849	14,414	15,947
Richmond, Va.	97,586	98,519	111,377
Roanoke, Va.	18,910	18,357	24,476
Spartanburg, S. C....	5,862	6,295	9,000
Washington, D. C....	197,300	197,252	221,076
Wilmington, N. C....	7,511	8,022	11,558
Winston-Salem, N. C.	20,003	29,725	27,678
Fifth District Totals	\$831,797	\$847,554	\$1,062,058

Total debits in the reporting cities during the four weeks ended May 11 this year totaled \$15,757,000, or 1.9 per cent, less than debits during the immediately preceding four weeks, ended April 13, 1932, but the decline was seasonal and was due to the inclusion in the earlier period of quarterly payments around April 1 and income tax payments in March. Eight of the twenty-four reporting cities showed higher figures for the more recent period. Among the larger centers, Huntington, Norfolk and Washington reported higher figures for the current four weeks, but Baltimore, Charleston, W. Va., Charlotte, Richmond and Winston-Salem reported lower figures.

In comparison with debits reported for the four weeks ended May 13, 1931, those for the corresponding four weeks this year, ended May 11, 1932, show a total decline of \$230,261,000, or 21.7 per cent, at least a considerable part of which was doubtless due to lower price levels this year. Everyone of the reporting cities showed lower figures for the 1932 period.

Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$439,768,151 at the end of April 1932, an increase over time and savings deposits totaling \$434,960,562 at the end of March this year, but materially less than \$469,135,308 in deposits at the end of April last year.

Commercial Failures

Commercial failures in the Fifth Federal reserve

district in April 1932 numbered 143, compared with 184 in March this year and 156 in April last year. Last month's insolvencies, in spite of being fewer in number than those in the preceding month this year and in the corresponding month a year ago, were relatively high in number, having been exceeded in April only three times in the past fourteen years. The liabilities involved in the April 1932 failures totaled \$8,036,214, compared with liabilities of \$6,792,000 in March 1932 and only \$3,873,402 in April 1931. Last month's liabilities not only showed the highest total for any April on record, but in addition reached a higher figure than in any other month in the past fourteen years except December 1922 and March 1924. In the beginning of the present depression, small and weak firms naturally fell by the wayside first, but in recent months trouble has spread and larger firms have found their resources insufficient to meet their obligations. There has therefore been an increase in the average amount of liabilities involved per failure.

Employment

In the spring there is nearly always a seasonal increase in employment on outside work, and there has recently been some rise in the number of people able to obtain work, but the spring increase is less marked this year than in most seasons because of the small amount of new construction undertaken. Most of the recent demand for additional workers has been for painters, repair men, and odd job workers for cleaning up, gardening, etc. Building permits issued and contracts actually awarded show a very small volume of new work either contemplated or under way. The demand for extra workers on farms is also smaller than in most years, farmers being unable to hire much help, and prices for agricultural products discouraging all expenditures in crop planting except those which are absolutely necessary. Normal employment in textile and tobacco factories held up longer than in most other industries in the Fifth district, but in the past two or three months these industries reported reduced production. On the whole, there are no signs at present which appear to indicate any early change of a material nature in employment conditions.

Coal Production

Production of bituminous coal in the United States during the month of April 1932 amounted to only 20,300,000 net tons, compared with 32,250,000 net tons mined in March 1932 and 28,478,000 tons in April 1931. Part of the decline in April this year in comparison with both March 1932 and April 1931 was due to suspension of operations since April 1 in Illinois, Indiana and Ohio. Total production of soft coal during the present calendar year to May 7 (approximately 109 working days) amounts to 112,826,000 net tons, a materially smaller amount than in any other recent year.

The April 23 report of the Bureau of Mines, Department of Commerce, showed production figures by states for March. West Virginia with an output of 7,799,000 net tons was in first place, Pennsylvania with 7,081,000 tons ranking second and Illinois ranking third with 6,175,000 tons. The three coal producing states of the Fifth district, West Virginia, Virginia and Maryland, dug 27.1 per cent of all soft coal mined in the United States in March, compared with 27.4 per cent reported by the district in March a year ago. The smaller percentage this year was due to increased production in March in Illinois, Indiana and Ohio preparatory to the shut-down in those states which began on April 1. Shipments of coal through Hampton Roads in March totaled approximately 1,496,000 tons, and total shipments from January 1 through March 31 totaled 4,672,000 tons.

Retail coal prices have been reduced to summer levels throughout the Fifth district and in most places are about 50c to \$1.00 per ton lower than the prices quoted in the summer of 1931. Freight and handling costs account for most of the retail price of coal, and retail dealers are showing a disposition this year to shave their handling charges more than in most seasons.

Textiles

The textile industry operated at a lower rate in April than in other recent months, but Fifth district mills compared favorably with mills in other sections. According to a report by the Bureau of the Census issued on May 20, average hours of operation per spindle in place in April was 163 for the United States as a whole, 215 for mills in cotton growing states, and 215 for mills in the Fifth district. South Carolina mills averaged 245 hours of operation per spindle in place, Virginia averaged 208 hours, and North Carolina averaged 188 hours. South Carolina tied for second place with Alabama, only 1 hour behind Tennessee's average of 246 for the month. Fifth district mills consumed 178,266 bales of cotton in April this year, of which North Carolina mills used 89,547 bales, South Carolina mills 78,125 bales, and Virginia mills 10,594 bales. In March 1932, Fifth district mills consumed 233,171 bales and in April 1931 used 220,895 bales. Consumption of cotton in the Fifth district was 48.54 per cent of National consumption in April 1932, a higher figure than either 47.70 per cent in March this year or 43.42 per cent in both April 1931 and April 1930.

Cotton Statistics

Spot cotton prices on ten leading Southern markets averaged 5.34 cents per pound on May 13, the latest date for which figures are available. With the exception of two weeks last October, this was the lowest price since before the World War. On May 15 last year the average price was 8.80 cents per pound, a difference of approximately \$17 per bale.

Consumption of cotton in the United States in April 1932 totaled 367,280 bales, compared with 488,655 bales used in March this year and 508,744 bales in April 1931. Total consumption for the nine months of the present cotton season—August 1 to April 30—amounted to 3,937,225 bales, compared with 3,892,826 bales consumed in the corresponding period of the 1930-1931 season. Manufacturing establishments held 1,532,967 bales on April 30, compared with 1,566,205 bales held on March 31 and 1,370,680 bales on April 30, 1931. Public warehouses and compresses held 8,163,937 bales in storage at the end of April this year, compared with 8,766,979 bales so held a month earlier and 6,033,032 bales on April 30 last year. April exports totaled 544,563 bales, compared with 391,871 bales sent abroad in April 1931. Exports during the nine months of this cotton year totaled 7,396,996 bales, compared with 5,909,669 bales shipped over seas during the corresponding nine months ended April 30, 1931. Spindles active at some time during April numbered 23,409,246, compared with 24,818,008 in March this year and 26,668,536 in April 1931.

Cotton consumption in cotton growing states totaled 311,773 bales in April, compared with 398,021 bales used in March and 390,062 bales in April 1931. Last month's consumption of cotton in the cotton growing states amounted to 84.89 per cent of National consumption, a higher percentage than either 81.45 per cent in March this year or 76.68 per cent in April 1931. Of the 311,773 bales of cotton consumed in the cotton growing states in April, the Fifth district mills used 178,266 bales, or 57.18 per cent, compared with 56.63 per cent of Southern consumption attained in the district in April last year.

Cotton production figures on the 1931 crop, as indicated by the final ginning figures for the year, were released by the Bureau of the Census on May 17, 1932. The three cotton growing states in the Fifth Federal reserve district grew a total of 1,803,447 equivalent 500-pound bales in 1931, compared with 1,817,578 bales in 1930 and 1,624,790 bales in 1929. South Carolina picked 1,004,730 bales last year, compared with 1,000,892 bales in 1930; North Carolina picked 756,294 bales compared with 774,734 bales in 1930; and Virginia picked 42,423 bales compared with 41,952 bales in the earlier year. The United States ginned 17,095,594 equivalent 500-pound bales from the 1931 crop, compared with only 13,931,597 bales in 1930 and 14,824,861 bales in 1929.

Government crop reports issued in the spring do not give data on cotton, but unofficial reports indicate that planting is fairly well advanced with the crop up to moderately good stands in Texas and the Gulf states. In sections of the cotton belt an absence of sufficient rain has held back germination of cotton seed and growth of plants, South Carolina in the Fifth district having experienced very dry weather during recent weeks. Fertilizer sales through April ran about 40 per cent behind

sales in the first four months of 1931, a condition which may influence the yield of the cotton crop quite materially this year. On the whole, the past winter was mild and there is danger of an extra heavy and early infestation of weevils.

Tobacco Marketing

Virginia auction warehouses closed in March or early April, and the Commissioner of Agriculture has issued a final report on this season's sales. Total producers' sales of tobacco for the 1931-1932 season amounted to 107,467,105 pounds valued at \$7,123,168, an average price of \$6.63 per hundred pounds, compared with 131,966,925 pounds valued at \$11,359,000, or an average of \$8.61 per hundred, sold during the 1930-1931 season. Sales were the smallest since 1921, when approximately 96,500,000 pounds were sold. The average price was the lowest for any year during the period for which prices have been compiled, 1920 to the present time. Flue-cured sales amounted to 69,652,779 pounds, at an average price of \$7.03 per hundred, compared with 96,315,754 pounds sold the previous season at an average of \$7.94. Approximately 18,000,000 pounds of North Carolina tobacco were sold in Virginia in excess of Virginia tobacco sold in that State. Therefore, the Virginia flue-cured crop amounted to nearly 62,000,000 pounds, which is the smallest production of this type since 1921. Danville led all markets in sales with 35,025,424 pounds, South Boston ranking second with 14,326,170 pounds. Total producers' sales of fire-cured tobacco amounted to 26,900,611 pounds, at an average price of \$4.94 per hundred, which compares with the previous season's sales of 23,324,643 pounds, at an average price of \$8.26 per hundred. The fire-cured sales during the past season were the largest since the season of 1926-1927, when 43,761,225 pounds were sold. Lynchburg with sales of 8,110,840 pounds led all fire-cured markets and Farmville was second with 7,263,250 pounds. Burley sales for the season amounted to 7,952,657 pounds, at an average price of \$9.11 per hundred. During the previous season 8,949,672 pounds were sold, at an average price of \$17.05. Practically all of the burley tobacco was sold at Abingdon. Sales of sun-cured tobacco at Richmond amounted to 2,961,058 pounds, at an average price of \$5.76 per hundred. The previous season's sales were 3,376,856 pounds at an average of \$7.73. Sun-cured sales during the past season were the smallest on record. The quality of the 1931 crop was much poorer than usual, as a result of damage from heavy rains in August and from insects. Considerable quantities of low grade tobacco, variously estimated at from 5 to 10 per cent of the total production, were not brought to market because of the low prices offered for such grades. Warehousemen estimated that the season's sales graded 14 per cent good, 34 per cent medium, and 52 per cent common.

Tobacco Manufacturing

On May 18, the Commissioner of Internal Revenue issued a report on taxes collected in April and the ten months ended April 30 on manufactured tobacco products. April production of cigarettes in the United States numbered 7,562,290,327, compared with 9,470,621,253 cigarettes manufactured in April 1931. Smoking and chewing tobacco declined from 27,381,757 pounds in April last year to 24,813,725 pounds in April this year. Cigars manufactured dropped from 459,981,900 in April 1931 to 349,953,161 in April 1932. Snuff production fell from 3,399,241 pounds to 2,947,831 pounds. During the ten months ended April 30, 1932, taxes on cigarettes totaled \$259,821,914, compared with \$293,084,252 collected in the corresponding period of the preceding year. Taxes on smoking and chewing tobacco increased during the same period from \$48,451,601 to \$48,558,268, although production of smoking and chewing tobacco has recently fallen below production in the earlier period. Cigarette manufacture has dropped recently approximately 20 per cent below the production a year ago, and other manufactured tobacco, exclusive of cigars, is off between 9 and 10 per cent. Cigar production is now at a rate approximately 24 per cent below the production at this time last year.

Agricultural Notes

It is too early in the season to gather data on agricultural prospects for 1932, but present indications point to about average yields for most crops. The weather was unseasonably cold in March and April, and South Carolina has had insufficient rain to meet the needs of seed germination and plant growth. On the other hand, the cold checked premature development of fruit and some insect damage to grain. Except in South Carolina there appears to be plenty of moisture in the ground, and farm work is well advanced for the season. Considerably less commercial fertilizer is being used this year than in either of the two preceding years, and therefore crops will be more than usually dependent upon favorable weather during the growing season.

Construction

Building permits issued during April in thirty-two Fifth district cities compared very unfavorably with the volume of permits issued in April last year. Permits for all types of construction numbered 2,766, compared with 4,660 permits issued in April last year. Estimated valuation figures for permits issued last month totaled \$3,512,200, compared with \$9,803,685 in April 1931, a decline of 64.2 per cent in the 1932 month. However, the average decrease in valuation was not as great as the total figures indicate, since the 1931 figure included a large amount of work in Baltimore for which permits were secured to escape the restric-

Building Permits Issued in April 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.	1,223	2,900	\$1,484,280	\$5,869,440
Cumberland, Md.	12	16	7,605	8,580
Frederick, Md.	10	11	9,485	807
Hagerstown, Md.	21	20	10,785	16,620
Salisbury, Md.	27	28	24,875	19,075
Danville, Va.	13	13	8,430	8,005
Lynchburg, Va.	43	40	37,160	56,278
Norfolk, Va.	116	135	139,905	118,850
Petersburg, Va.	5	10	4,825	4,725
Portsmouth, Va.	30	49	15,597	33,465
Richmond, Va.	95	132	110,190	307,882
Roanoke, Va.	40	43	48,223	276,474
Bluefield, W. Va.	9	17	9,645	17,075
Charleston, W. Va.	121	35	186,572	174,375
Clarksburg, W. Va.	20	25	6,968	13,365
Huntington, W. Va.	33	15	23,950	17,200
Asheville, N. C.	33	35	10,680	30,586
Charlotte, N. C.	43	62	27,317	177,721
Durham, N. C.	14	16	31,350	37,490
Greensboro, N. C.	31	56	11,237	55,535
High Point, N. C.	7	23	13,050	47,225
Raleigh, N. C.	16	14	21,999	25,475
Rocky Mount, N. C.	5	4	9,600	6,850
Salisbury, N. C.	7	0	5,430	0
Wilmington, N. C.	21	14	9,450	15,400
Winston-Salem, N. C.	59	155	39,125	72,452
Charleston, S. C.	49	38	32,582	17,840
Columbia, S. C.	43	43	55,815	54,090
Greenville, S. C.	31	29	12,600	42,410
Rock Hill, S. C.	11	29	11,915	49,530
Spartanburg, S. C.	29	34	6,410	22,185
Washington, D. C.	549	619	1,085,145	2,206,680
Totals	2,766	4,660	\$3,512,200	\$9,803,685

tions of a zoning ordinance which went into effect in that city on May 1, 1931. Ten of the thirty-two cities actually reported higher figures for April 1932 than for April 1931. Norfolk, Huntington and Charleston, W. Va., were the larger cities which showed higher figures last month, and Huntington's increase was due to low figures in 1931.

Contracts awarded for construction work in the Fifth reserve district in April this year totaled \$12,896,967, including both urban and rural construction, compared with \$21,936,600 in contracts awarded in April 1931 and \$40,971,884 in April 1930, according to figures collected by the F. W. Dodge Corporation. Of the April 1932 contracts, \$3,861,782 was for residential structures, compared with \$7,434,610 for residential work in April last year.

Retail Trade, 33 Department Stores

Retail trade in the Fifth reserve district in April, as reflected in department store sales, averaged 20.9 per cent less than sales in April 1931, part of the decrease probably being due to the earlier date of Easter this year. Total sales in the first four months of 1932 lacked 17.6 per cent of equalling sales in the corresponding months last year.

Stocks of merchandise changed very little in the reporting stores during April, but at the end of the month averaged 13.1 per cent less in selling value than stocks in the same stores on April 30, 1931. The stores turned their stocks .296 times in April,

	Richmond	Baltimore	Washington	Other Cities	District
April 1932 sales, compared with sales in April 1931:	-23.8	-21.3	-16.8	-32.2	-20.9
Total sales since Jan. 1, 1932, comp. with sales in Jan.-Ap. 1931:	-17.9	-19.0	-14.3	-24.6	-17.6
April 30, 1932 stocks, compared with stocks on April 30, 1931:	-14.2	-15.1	-9.5	-16.7	-13.1
April 30, 1932 stocks, compared with stocks on March 31, 1932:	+ 3.6	- .5	- 2.0	+ 3.2	- .2
Number of times stock was turned in April 1932:	.283	.308	.311	.217	.296
Number of times stock was turned since January 1, 1932:	1.151	1.157	1.185	.816	1.127
Percentage of April 1, 1932, receivables collected in April:	30.2	24.0	30.5	26.0	27.1

and between January 1 and April 30, this year, stocks were turned an average of 1.127 times, a lower figure than 1.207 times stocks were turned in the first four months of 1931.

Collections were slower in April 1932 than in April 1931, the reporting stores collecting 27.1 per cent of outstanding receivables last month in comparison with 28.8 per cent collected in April last year. All of the cities for which individual figures are available showed lower percentages for the current month.

Wholesale Trade, 62 Firms

	21	9	6	14	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
April 1932 sales, compared with sales in April 1931:	-15.1	-30.8	-10.7	-17.4	-12.6
April 1932 sales, compared with sales in March 1932:	- 3.3	- 6.6	-19.3	+ 5.9	- 8.0
Jan.-April 1932 sales, compared with sales in Jan.-April 1931:	-14.7	-25.3	-10.3	-16.6	-16.1
April 30, 1932 stocks, compared with April 30, 1931 stocks:	-11.5(7*)	-12.5(4*)	-14.4(5*)	-10.7(7*)
April 30, 1932 stocks, compared with March 31, 1932 stocks:	+ .5(7*)	- .7(4*)	- 4.3(5*)	+ .6(7*)
Percentage of April 1, 1932 receivables collected in April:	57.8(12*)	37.6(6*)	35.0(6*)	29.1(11*)	50.6(8*)

* Number of reporting firms.

The accompanying table shows in percentage form how sales in five wholesale lines in April 1932 and in the first four months of this year compared with sales in April 1931 and in the first four months of last year. It also shows changes in stocks on hand, and finally gives the percentages of collections during April to total accounts receivable as of April 1, 1932.

(Compiled May 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial activity and factory employment declined substantially from March to April, although usually little change occurs at this season. Purchases of Government securities by the Federal reserve banks have continued during April and the first three weeks of May and there has been a considerable growth in the reserves of member banks.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, decreased from 67 per cent of the 1923-1925 average in March to 64 per cent in April. Reductions in activity were reported for many leading industries, with sharp declines at cotton and woolen mills and at bituminous coal mines; in the automobile industry output increased from the low level of March by more than the usual seasonal percentage, and in the steel industry, where activity had declined from early February to the middle of April, production increased somewhat between the middle of April and the third week of May.

The number of wage earners employed at manufacturing establishments declined further between the middle of March and the middle of April and there was a substantial reduction in factory payrolls. Large decreases in employment were reported for the iron and steel, machinery, and textile industries, while the volume of employment in the food and leather industries showed the usual seasonal changes.

Daily average value of building contracts awarded during April and the first half of May, as reported by the F. W. Dodge Corporation, showed a seasonal increase over the first quarter. A substantial increase was reported for public works and public utilities, while residential building continued at the low level of the first quarter, showing none of the usual seasonal expansion.

Distribution

Freight-car loadings of merchandise showed little change in volume from March to April, continuing at the level prevailing since January, although increases are usual during this period. Sales by department stores increased considerably in April.

Wholesale Prices

Wholesale prices of commodities declined from 66 per cent of the 1926 average in March to 65.5 per cent in April, according to the Bureau of Labor Statistics, and in the first three weeks of May further decreases in the prices of many leading commodities were reported. Downward movements in textiles, nonferrous metals, and imported raw materials, as well as in most domestic agricultural products except wheat, were offset in part by increases in the prices of coffee, petroleum, and petroleum products.

Bank Credit

Further purchases of U. S. Government securities by the Federal reserve banks were made during April and the first three weeks in May, and on May 18 total holdings were \$1,466,000,000. The funds placed in the market through these purchases between April 6 and May 18 were used to the extent of \$170,000,000 in a further reduction of member bank indebtedness to the reserve banks; and to the extent of \$122,000,000 in meeting a demand for gold from abroad; at the same time member banks accumulated reserve balances considerably in excess of legal requirements. During May the demand for currency, which had declined in April, increased somewhat, contrary to usual seasonal movement.

Loans and investments of reporting member banks in leading cities, which had declined continuously until the middle of April, showed little net change between April 13 and May 18. The banks' investments increased by nearly \$300,000,000, chiefly in New York City; while loans declined by about an equal amount. There was also a growth in net demand deposits, which reflected in part an increase in bankers' balances deposited in New York City banks.

Money rates in the open market continued easy. Rates on commercial paper were reduced about one-half per cent to a range of $2\frac{3}{4}$ -3 per cent for prime names, and the offering rate on 90-day bankers' acceptances, which had advanced to $1\frac{1}{8}$ per cent in the first week of May, declined on May 11 to the previously prevailing rate of $\frac{7}{8}$ of one per cent.