

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



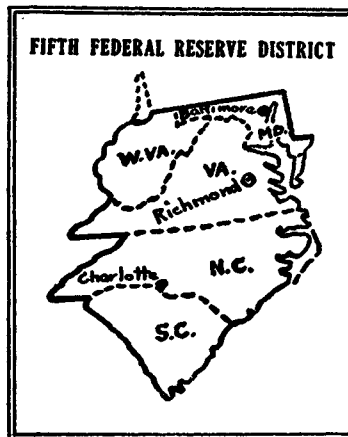
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

MARCH 31, 1933

**B**USINESS in the Fifth Federal reserve district in February was in seasonal volume during the first half of the month, but in the second half there was a recession, due principally to growing uneasiness about the banking situation. When banking moratoriums, which had started elsewhere, reached this district and Maryland banks closed, many people in the other Fifth district states began to question the ability of their banks to meet withdrawals. When confidence is shaken it affects all institutions in a greater or less degree. Heavy withdrawals of deposits began soon after the middle of February, hoarding increased enormously, and people started conserving the cash they had, all of which adversely affected trade. While the National banking holiday was on, retail buying declined drastically, but the effects of the week's holiday will not show statistically until next month's *Review*, when March figures will be available. A study of reserve bank operations and member bank condition figures, contained elsewhere in this *Review*, shows concretely how severe the calls on commercial banks were, and also how the reserve bank was able to expand credit to meet the extraordinary demands upon it. Deposits in forty-eight reporting member banks dropped nearly \$38,000,000 in three weeks preceding the holiday, causing the banks to draw upon their reserve accounts for \$15,000,000, and to increase their rediscounts at the reserve bank by about \$33,500,000 in the same period. To meet the demand for currency, the Federal Reserve Bank of Richmond increased its circulation of Federal reserve notes by \$114,000,000 between February 15 and March 15, tripled rediscounts for member banks, and increased investments in open market paper, most of which was taken from member banks somewhere in the reserve system, by nearly \$19,000,000.

Since the release of the banks from restrictions imposed during the holiday, there seems to have been a



remarkable revival of confidence. Deposits everywhere were reported far in excess of withdrawals, and Federal reserve notes in circulation and rediscounts at the reserve bank promptly began to decline immediately after banks resumed their customary functions.

As previously mentioned, business outside of banking was not up to seasonal level in February. Debits to individual accounts during the month were below debits in February last year, in spite of large withdrawals for hoarding. Commercial failures compared favorably with those of February last year in number, but liabilities involved in failures in February 1933 were the second highest for any month on record. Employment conditions registered no improvement last month, and became worse at the end of the month and early in March. Coal production in February totaled 2.8 per cent less than production in February 1932, but on a daily basis the 1933 month made the better record, February 1932 having an extra day. Textile mills in the Fifth district maintained operations at recent levels in February, but did not use quite as large a percentage of total cotton consumption for the month as they did in January, when they used slightly more than half the cotton used in the United States. Spot cotton prices rose between the middle of February and the middle of March. Tobacco markets nearly all closed in February after selling a small crop for moderately better prices than the 1931 crop brought. Farm work in February advanced seasonally, and the weather was favorable for both growing and future crops. A very small number of building permits was issued and relatively few construction contracts were awarded in February, although the contracts awarded exceeded those of February last year in total valuation. Retail trade last month in department stores in the Fifth district lacked 24.2 per cent of equaling trade in Feb-

ruary last year, and collections were also slower last month.

### Reserve Bank Statement

ITEMS	000 omitted		
	Mar. 15 1933	Feb. 15 1933	Mar. 15 1932
Rediscounts held .....	\$ 47,012	\$ 17,494	\$ 30,936
Open market paper.....	20,542	1,642	6,060
Government securities .....	48,149	46,899	19,081
Total earning assets.....	115,703	66,035	56,077
Circulation of Fed. Res. notes..	214,449	100,421	100,941
Members' reserve deposits.....	67,642	62,966	52,765
Cash reserves .....	179,165	116,234	101,600
Reserve ratio .....	62.09	66.21	65.80

The accompanying table, which shows the principal items on the condition statement of the Federal Reserve Bank of Richmond as of three mid-month dates, is especially interesting this month because the figures reflect the great expansion in reserve bank operations as a result of the bank crisis of the first half of March. It should be understood that the figures shown reflect the condition of the Bank on the report dates only, and are not necessarily the highest or lowest figures that occurred during the past month or the past year.

The most striking comparison of the figures for March 15 with those for February 15 is the rise in the circulation of Federal reserve notes. A month ago, before the bank holiday began, notes of this Bank outstanding totaled \$100,421,000, but on March 15 the amount outstanding had risen to \$214,449,000, an increase of \$114,028,000. Most of this sum was advanced to member banks to strengthen their cash positions just prior to the President's moratorium on all bank transactions or to provide funds for any unusual demand for currency which might develop when banks reopened. It is interesting to know that notes in actual circulation reached the peak on March 14, when the total was \$216,702,125, but as soon as the banks reopened and there was no extensive demand for cash, the outstanding notes began to flow back very promptly to the reserve bank. Circulation declined \$2,257,530 between March 14 and 15, and dropped \$3,708,780 further on the 16th. Rediscounts for member banks rose from \$17,494,000 on February 15 to \$47,012,000 on March 15, by which date rediscounts had begun to decrease when it was demonstrated that confidence in banks had been restored. The portfolio of open market paper rose by \$18,900,000 during the month under review, and holdings of Government securities rose by \$1,250,000. These changes raised the Bank's total earning assets from \$66,035,000 at the middle of February to \$155,703,000 at the middle of March. Member bank reserve deposits at the Federal reserve bank, which totaled \$62,966,000 on February 15, declined materially immediately preceding the holiday, but began to rise again as soon as banks reopened, and on March 15 totaled \$67,642,000, an increase of \$4,676,000 during the month. The several changes in the statement previously mentioned, with

others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond from \$116,234,000 on February 15 to \$179,165,000 on March 15, a rise of \$62,931,000, but because of the great increase in the circulation of reserve notes the ratio of cash reserves to note and deposit liabilities combined dropped from 66.21 to 62.09, a decline of 4.12 points.

A comparison of the March 15, 1933, figures in the statement with those of March 15, 1932, shows approximately the same changes noted in the comparison between the February 15 and March 15, 1933, figures.

### Member Bank Statement

ITEMS	000 omitted		
	Mar. 1 1933	Feb. 15 1933	Mar. 9 1932
Loans on stocks and bonds (including Governments) .....	\$107,670	\$108,579	\$144,087
All other loans.....	182,006	181,268	217,503
Total loans and discounts.....	289,676	289,847	361,590
Investments in stocks & bonds..	268,192	249,982	226,545
Reserve bal. with F. R. Bank....	45,643	46,402	33,317
Cash in vaults.....	30,101	14,707	13,033
Demand deposits .....	260,490	267,944	286,963
Time deposits .....	218,014	228,588	216,168
Borrowed from F. R. Bank.....	27,449	5,068	16,954

The figures in the accompanying table are totals of the principal items of condition as of three mid-week dates for forty-eight member banks in twelve cities of the Fifth Federal reserve district. March 1, 1933, figures are used instead of March 15 figures, because a number of the reporting banks did not reopen on or before the latter date. As in the case of reserve bank condition figures, the figures shown herewith reflect the conditions of the reporting banks on the report dates only, and are not necessarily the highest or lowest figures that occurred during the periods under review.

In the two weeks between February 15 and March 1, most of the items changed notably, due of course to the effects of the unusual conditions brought about by heavy withdrawals of deposits prior to the National banking holiday. Loans at the reporting banks changed very little during the two weeks, but all other items either increased or decreased markedly. Rediscounts for the reporting institutions at the Federal Reserve Bank of Richmond jumped from \$5,068,000 to \$27,449,000 during the two weeks, and the aggregate reserve balance of the reporting banks at the reserve bank declined. Much of the rediscounting was done to obtain currency, and cash in vaults rose during the period under review from \$14,707,000, a normal figure, to \$30,101,000, approximately double the amount of cash these banks would carry under ordinary conditions. Investments in stocks and bonds rose by \$18,210,000 between February 15 and March 1, all of which was in Government securities. Most of the changes enumerated were caused either directly or indirectly by a decline of \$18,028,000 in deposits during the two weeks, reflecting the wave of withdrawals

which precipitated the banking crisis and holiday. Demand deposits dropped \$7,454,000 and time deposits decreased \$10,574,000 in the period under review.

Comparison of the March 1 figures with those for March 9 last year show marked changes, some of which were due to a smaller volume of general business this year and some to unusual developments of the past few weeks. The decrease in outstanding loans is due to general business conditions and so is the rise in the amount of securities owned, but the marked changes in cash in vaults, in rediscounts, and in demand deposits were chiefly caused by the bank crisis of late February. On March 1, 1933, twenty-six of the forty-eight reporting banks were borrowing from the Federal Reserve Bank of Richmond, compared with twenty-three of the forty-eight which were borrowing at the reserve bank on March 9, 1932.

### Time and Savings Deposits

Time deposits in forty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$419,966,566 at the end of February 1933, a lower figure than either \$441,064,813 reported at the end of January 1933 or \$435,002,632 reported at the end of February 1932. Decreases occurred in both member banks and mutual savings bank, and of course reflected the heavy withdrawals from all banks prior to the bank holiday.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, calendar months		
	Feb. 1933	Jan. 1933	Feb. 1932
Asheville, N. C.....	\$ 6,402	\$ 7,370	\$ 8,216
Baltimore, Md. ....	195,270	245,671	279,205
Charleston, S. C.....	7,802	10,425	10,845
Charleston, W. Va....	25,439	31,840	27,348
Charlotte, N. C.....	28,670	31,186	33,358
Columbia, S. C.....	13,521	16,266	14,504
Cumberland, Md. ....	3,971	4,651	5,749
Danville, Va. ....	3,923	5,108	4,685
Durham, N. C. ....	13,748	14,963	13,780
Greensboro, N. C.....	8,932	9,558	10,847
Greenville, S. C.....	8,335	10,337	11,933
Hagerstown, Md. ....	3,649	5,002	5,492
Huntington, W. Va....	8,802	10,126	11,158
Lynchburg, Va. ....	10,052	12,468	11,303
Newport News, Va....	5,435	6,334	7,677
Norfolk, Va. ....	27,355	31,480	33,580
Portsmouth, Va. ....	2,765	3,223	3,353
Raleigh, N. C.....	14,490	20,802	12,963
Richmond, Va. ....	95,596	114,160	104,007
Roanoke, Va. ....	15,373	18,723	19,437
Spartanburg, S. C.....	4,525	4,228	5,887
Washington, D. C....	188,053	179,063	186,551
Wilmington, N. C....	5,897	6,600	7,461
Winston-Salem, N. C.	20,370	23,922	25,114
<b>Fifth District Totals</b>	<b>\$718,375</b>	<b>\$823,506</b>	<b>\$854,453</b>

Debits to individual, firm and corporation accounts in the banks of leading Fifth district cities are shown in the accompanying table for February 1933, with

comparative figures for the preceding month this year and the corresponding month last year. Monthly figures are used because the usual four weeks' figures are not comparable this month, due to the bank holiday.

Total debits in twenty-four cities in February 1933 amounted to \$718,375,000, compared with \$823,506,000 in January, a decrease of only 12.8 per cent in spite of the facts that January was a longer month and contained a large volume of annual payments on or about the first day of the year. February figures were undoubtedly swelled by heavy withdrawals for hoarding near the end of the month. Two cities, Spartanburg and Washington, actually reported larger debits in February than in January, and all other cities showed less than seasonal decline.

Debits for February this year totaling \$718,375,000 show a decline of 15.9 per cent in comparison with debits in February 1932, a smaller percentage decline than in most recent months. Heavy withdrawals for hoarding this year account in part for the relative smallness of the decline, but there was also a considerable amount of hoarding early in 1932, and therefore the comparison of February 1933 debts with those of the corresponding month last year is more nearly accurate than the comparison with figures of the preceding month this year. Two cities, Raleigh and Washington, reported larger debits in February 1933 than in February 1932.

### Commercial Failures

In the number of bankruptcies reported by Dun & Bradstreet for the month of February 1933, the Fifth district showed a better record than for either January this year or February last year, but liabilities involved in failures in the district last month were higher than for any other month since the record month of March 1924. There were 150 failures in the Fifth district in February 1933, with liabilities totaling \$9,782,518, compared with 187 failures and liabilities totaling only \$3,056,287 reported for January 1933, and 198 failures and liabilities aggregating \$7,970,070 in February 1932. The United States with 2,368 bankruptcies in February this year showed a decrease of 13 per cent in comparison with the number of failures in February last year, and total liabilities for the United States totaling \$65,576,068 last month were 22.8 per cent less than aggregate liabilities in February last year. The Fifth district decrease of 24.2 per cent in the number of failures last month was therefore better than the National record, but the district rise of 22.7 per cent in aggregate liabilities involved in the failures compared unfavorably with the National decline of 22.8 per cent. Most of the failures in the Fifth district in February this year were in the trading group, but 87 per cent of the liabilities involved were in the manufacturing group.

### Employment

Employment conditions did not improve during February, and during the first half of March became much

worse, due to uncertainty during the bank holiday which caused people to conserve their cash and to hold up plans for work in the near future. In recent weeks there has been a decline in public work such as highway construction, political divisions of the States holding down appropriations because of declining tax receipts and increasing needs for funds for relief work. Some farm work is getting under way in the Fifth district, but farmers are in no position to hire much labor and the demand for extra help on farms will probably be less this Spring than in most years. Construction work continues at very low levels, and therefore building tradesmen are almost entirely idle. Textile mills and tobacco factories are practically the only industries in the district which are using anywhere near their normal quotas of workers, and even these are not operating as fully as they were before the depression began.

### Coal Production

Bituminous coal production in the United States totaled approximately 27,220,000 net tons in February 1933, a larger output than 27,060,000 tons mined in January this year, but 2.8 per cent less than 28,013,000 tons dug in February 1932. February this year had one less working day than February 1932, however, and therefore on a daily basis last month's average production of 1,139,000 tons exceeded daily production of 1,130,000 tons in February last year. Total production during the present coal year through March 11 amounted to 280,455,000 net tons, a smaller figure than for any other recent year.

In its February 25 report, the Bureau of Mines, Department of Commerce, gave production figures by states for January 1933. West Virginia mined 6,703,000 tons during that month, ranking ahead of 6,347,000 tons mined by Pennsylvania, the second state, but comparing unfavorably with 7,272,000 tons produced in West Virginia in February 1932.

Tidewater shipments of coal through Hampton Roads ports this calendar year through March 11 totaled 3,691,526 net tons, a higher figure than 3,574,969 tons shipped through the same ports to March 11 last year.

### Textiles

Cotton mills in the Fifth district consumed 220,749 bales of cotton in February 1933, a decrease of 6.42 per cent under 235,897 bales consumed in January this year but 2.17 per cent above 216,061 bales consumed in February 1932. Of the 220,749 bales used last month, South Carolina mills used 104,602 bales, North Carolina mills used 104,587 bales, and Virginia mills used 11,560 bales. It is interesting to note that South Carolina exceeded North Carolina in cotton consumption in February for the first time in a number of years. The Fifth district also showed an increase in February consumption over consumption in February last year, while the United States as a whole showed a decrease of 2.12 per cent in consumption

between the two periods. Consumption of cotton in the Richmond reserve district in February this year totaled 49.98 per cent of National consumption, compared with 50.06 per cent of National consumption for the district in January 1933 and 47.88 per cent in February 1932.

### Cotton Statistics

*Spot cotton prices* on ten leading Southern markets advanced between the middle of February and the middle of March. In our Review last month we quoted the average price for upland short staple cotton, middling basis, as 5.91 cents per pound on February 17. On February 24 the average price was 5.95 cents, and on March 3 the price had risen to 6.09 cents. Cotton exchanges and markets were closed during the moratorium on banking, but on March 17, the latest date for which official figures are available, the average price was 6.32 cents per pound.

*Cotton consumption* in the United States in February 1933 totaled 441,663 bales, compared with 471,202 bales used in January this year and 451,239 bales in February 1932. Total consumption for the seven months of the present cotton season—August 1 to February 28—amounted to 3,253,149 bales, compared with 3,076,982 bales consumed in the corresponding period ended February 29, 1932. Manufacturing establishments held 1,441,641 bales on February 28, compared with 1,495,527 bales held on January 31 this year and 1,634,344 bales on February 29, 1932. Public warehouses and compresses held 9,379,990 bales in storage at the end of February this year, compared with 10,020,760 bales so held a month earlier and 9,510,820 bales on February 29 last year. February exports totaled 557,022 bales, compared with 793,666 bales sent abroad in January this year and 968,325 bales exported in February last year. Exports during the seven months of this cotton year totaled 5,596,736 bales, compared with 5,925,306 bales shipped overseas during the corresponding seven months ended February 29, 1932. Consumption of cotton in the cotton growing states numbered 370,607 bales in February 1933, compared with 397,774 bales used in January and 366,601 bales in February 1932. Last month's consumption in the cotton growing states amounted to 83.91 per cent of National consumption, compared with 81.24 per cent of National consumption used in the cotton growing states in February last year. Of the 370,607 bales of cotton used in cotton growing states in February, the Fifth district mills used 220,749 bales, or 59.56 per cent, compared with 58.94 per cent of Southern consumption attained in the district in February last year. Spindles active in the United States at some time in February 1933 numbered 23,659,100, compared with 23,766,968 in January this year and 25,190,276 in February last year.

*The final ginning report* on the 1932 cotton crop was released by the Census Bureau on March 20, and showed the year's production to be 12,703,281 running bales, the equivalent of 12,994,430 bales of 500 pounds gross weight. The final ginning figure was

2.1 per cent above the final crop estimate of the Department of Agriculture made early in December. In the Fifth district, all of the cotton growing states showed higher ginning figures than the estimates of probable production. North Carolina ginned 662,785 equivalent 500 pound bales, compared with a forecast of 640,000 bales for the year, an increase of 3.6 per cent; South Carolina ginnings totaled 715,678 bales, compared with a forecast of 695,000 bales, an increase of 3.0 per cent; and Virginia ginnings totaled 31,144 bales against a forecast of 28,000 bales, an increase of 11.2 per cent. All three states grew smaller crops of cotton in 1932 than in 1931, due to reduced acreage, the use of less fertilizer, and unfavorable weather during part of the growing season. The district total production of 1,409,607 bales shows a decrease of 393,393 bales, or 27.9 per cent, under the 1931 yield of 1,803,000 bales.

### Tobacco Marketing

*Virginia* sales of leaf tobacco during February 1933 amounted to 6,774,786 pounds, at an average price of \$6.12 per hundred, according to warehouse reports to the Commissioner of Agriculture. During February 1932, sales were nearly twice as large, amounting to 12,977,637 pounds, but the average price was only \$5.25 per hundred, or nearly \$1.00 less than the average this year. Total sales for the season through February of all types of tobacco amounted to 62,518,688 pounds, at an average of \$8.73 per hundred, compared with the previous season's sales to the same date of 103,956,901 pounds, at an average price of \$6.69 per hundred. Flue-cured markets closed during February, but fire-cured and sun-cured markets remained open during part of March. Flue-cured sales last month amounted to 3,086,319 pounds, making the total for the season 42,796,623 pounds, compared with 69,652,779 pounds last season. As usually happens at the close of the season, prices declined last month and the average for February was only \$4.54, compared with \$6.42 in January. The average price for the season of \$8.11 is the highest average for this type since the 1929-1930 season. The 1931 crop averaged \$7.03 per hundred, and the 1930 crop \$7.94. Fire-cured sales during February amounted to 3,198,097 pounds, which was about 50 per cent of the January sales, and also about half of the sales during February 1932. The average price of \$7.57 per hundred pounds is the highest February average since 1930. Total sales of this type through February amounted to 12,808,710 pounds, while in the same period last year 23,560,190 pounds were sold. Sun-cured sales during February were the largest for any month during the present season, but amounted to only 490,370 pounds, about 40 per cent less than the sales for the same month last year. The average price for the month of \$6.66 was practically the same as in January, but was slightly higher than the average of \$6.43 for February 1932. Total sales of this type for the season amounted to 1,157,937 pounds, compared with 2,791,275 pounds, the total for the same period last year. There were no sales of burley tobacco dur-

ing February, as the market for that type closed the latter part of January. The quality of tobacco sold during February was very poor, and warehousemen estimated that sales graded 9 per cent good, 33 per cent medium, and 58 per cent common, compared with February 1932 sales of 12 per cent good, 33 per cent medium, and 55 per cent common. Among the individual markets, Danville led the flue-cured markets both last month and for the entire season, selling 1,649,465 pounds and 24,548,956 pounds, respectively. Blackstone led fire-cured markets in February sales with 1,059,824 pounds, but Lynchburg led in total fire-cured sales for the season with 4,124,132 pounds.

*North Carolina* tobacco markets sold only a small quantity of tobacco in February, and the markets which had not previously closed did so during the month. Season sales on North Carolina markets totaled 283,495,702 pounds of producers' tobacco this year, at an average price of \$11.98 per hundred pounds, compared with 466,756,112 pounds sold last year for an average of \$8.86 per hundred. Among the individual markets, Greenville led in season sales with 35,152,106 pounds, but Wilson was a close second with 33,891,258 pounds. Asheville, the only burley market in North Carolina, led in average price for the season with \$15.22 per hundred pounds, but Ahoskie led the flue-cured markets with \$14.14 per hundred. The crop of tobacco in North Carolina in 1932-1933 was of poorer quality than usual, but there was a better demand for lower grades than in most seasons.

### Agricultural Notes

Weather on the whole has been favorable for early farm work since the first of the year, and spring plowing is seasonally advanced. The soil contains plenty of moisture and crops should make a good start this year. Winter grown crops are in good condition, and cold weather sufficiently retarded development of fruit buds to give indications of at least average yields of apples, peaches, and other fruits. Intentions to plant reports, issued in March, show rather insignificant changes from last year in most crops, but present indications point to a material increase in tobacco acreage, due to better prices received for the 1932 crop. In Maryland, corn and sweet potato acreages are expected to be increased, while oats, Irish potatoes and tobacco will be reduced. Virginia farmers are planning to increase the acreage of tobacco, food and feed crops, and reduce the acreage of commercial Irish and sweet potatoes and peanuts. West Virginia corn, Irish potato and tobacco acreage will be increased, while less hay will be planted. North Carolina tobacco growers plan a larger acreage this year, and increased acreage is also expected for corn and Irish potatoes, but hay, sweet potatoes and peanuts will be reduced. South Carolina tobacco growers report plans for an increase in acreage this year, but acreage in both Irish and sweet potatoes will be reduced, while plantings of corn, hay and peanuts will be approximately the same as in 1932.

**Construction**  
**Building Operations for the Months of February**  
**1933 and 1932**

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md. ....	390	895	\$ 397,080	\$1,251,720
Cumberland, Md. ....	6	8	1,575	21,810
Frederick, Md. ....	9	14	4,477	6,615
Hagerstown, Md. ....	6	5	1,405	3,465
Salisbury, Md. ....	12	8	7,700	37,625
Danville, Va. ....	13*	—	6,975	5,955
Lynchburg, Va. ....	19	35	13,313	24,185
Norfolk, Va. ....	77	121	51,090	161,460
Petersburg, Va. ....	4	4	1,550	1,900
Portsmouth, Va. ....	24	22	3,518	15,390
Richmond, Va. ....	53	70	45,333	89,694
Roanoke, Va. ....	20	39	16,731	119,816
Bluefield, W. Va. ....	2	6	235	2,215
Charleston, W. Va. ....	67	43	6,409	56,386
Clarksburg, W. Va. ....	10	6	5,205	2,065
Huntington, W. Va. ....	3	13	1,070	4,200
Asheville, N. C. ....	16	18	26,987	11,580
Charlotte, N. C. ....	23	26	399,220	16,790
Durham, N. C. ....	9	6	9,125	12,600
Greensboro, N. C. ....	15	22	5,080	30,165
High Point, N. C. ....	2	6	15,350	13,000
Raleigh, N. C. ....	8	15	12,415	19,749
Rocky Mount, N. C. ....	3	2	2,690	4,200
Salisbury, N. C. ....	5	7	2,800	4,325
Wilmington, N. C. ....	12	14	4,500	8,300
Winston-Salem, N. C. ....	31	36	16,150	113,924
Charleston, S. C. ....	25	45	11,901	23,259
Columbia, S. C. ....	27	59	10,675	44,193
Greenville, S. C. ....	25	29	15,110	9,685
Rock Hill, S. C. ....	5	10	11,250	9,225
Spartanburg, S. C. ....	13	17	1,795	3,880
Washington, D. C. ....	286	522	515,095	1,105,620
District Totals.....	1,207	2,123	\$1,623,809	\$3,234,996

\*Not included in totals.

*Building permits issued* in thirty-two cities of the Fifth district totaled only 1,207 in February 1933, a decrease of 43.1 per cent in comparison with 2,123 permits issued in the corresponding month last year. Total valuation for all permits issued last month amounted to \$1,623,809, a decrease of 49.8 per cent in comparison with a valuation of \$3,234,996 in February 1932. Seven of the thirty-two cities reported higher valuation figures last month than for the same month last year. The three largest cities, Baltimore, Washington and Richmond, showed relative low totals. Charlotte made the best record in valuation in February, due to a new Post Office Addition amounting to \$384,000.

*Contracts actually awarded* for construction work in the Fifth reserve district in February this year totaled \$8,326,270, including both rural and urban projects, compared with \$7,340,638 in contracts awarded in February 1932, according to figures collected by the F. W. Dodge Corporation. Of the February 1933 contracts, \$1,339,250, or 16.1 per cent, was for residential structures, compared with \$3,495,283, or 47.6 per cent of the total, for residence work in February last year.

**Retail Trade, 32 Department Stores**

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
February 1933 sales, compared with sales in February 1932:	-22.0	-28.1	-21.4	-22.7	-24.2
Jan.-Feb. 1933 sales, compared with sales in Jan.-Feb. 1932:	-19.4	-24.0	-19.1	-21.0	-21.3
Feb. 28, 1933, stocks, compared with stocks on Feb. 29, 1932:	-16.1	-17.8	-18.2	-20.1	-18.1
Feb. 28, 1933, stocks, compared with stocks on Jan. 31, 1933:	+ 5.6	+ 7.9	+ 6.7	+ 4.4	+ 6.8
Number of times stock was turned in February 1933:	.255	.231	.271	.184	.244
Number of times stock was turned since January 1, 1933:	.49	.468	.523	.356	.479
Percentage of Feb. 1, 1933, receivables collected in February:	27.6	20.9	26.5	24.7	23.9

Department store sales in the Fifth Federal reserve district in February 1933 averaged 24.2 per cent less than sales in February 1932, but the decline is at least partly accounted for by one less trading day this year and by lower prices in many lines. Thirty-two stores reported on their February business, and among the individual cities from which three or more reports were received Washington made the best record with an average decline of 21.4 per cent. In total sales during the first two months of 1933, the 32 stores averaged a decrease of 21.3 per cent in comparison with sales in the first two months of 1932.

Stocks in the reporting stores increased seasonally during February, rising by 6.8 per cent over those on hand at the end of January, but on February 28 this year stocks averaged 18.1 per cent less than stocks on hand a year earlier. Part of this decline was also due to price changes. The reporting stores turned their stock an average of .244 times during February, and between January 1 and February 28 stocks were turned .479 times, both of these averages being lower than those for the corresponding periods in 1932.

The percentage of collections in February 1933 to total accounts receivable on February 1 was lower than the percentage for February 1932. Richmond reported the highest collection percentage, while Baltimore reported the lowest, chiefly because of a relatively large volume of instalment accounts included in the Baltimore figures.

**Wholesale Trade, 60 Firms,**

	22	8	5	13	12
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
February 1933 sales, compared with sales in February 1932:	-14.1	- 4.1	+16.4	-14.5	-18.8
February 1933 sales, compared with sales in January 1933:	- 9.2	- 5.6	+46.4	-15.7	-18.4
Jan.-Feb. 1933 sales, compared with sales in Jan.-Feb. 1932:	-11.7	+ 2	+23.2	- 6.8	-10.9
Feb. 28, 1933, stocks, compared with stocks on Feb. 29, 1932:	-17.5(8*)	-10.8(3*)	-14.0(4*)	-15.6(7*)	.....
Feb. 28, 1933, stocks, compared with stocks on Jan. 31, 1933:	- 1.2(8*)	+ 1.4(3*)	+ 3.4(4*)	+ .3(7*)	.....
Percentage of Feb. 1, 1933, receivables collected in February:	52.9(13*)	29.7(5*)	46.4(5*)	27.1(11*)	45.5(8*)

\* Number of reporting firms.

In February 1933 sales reported by a selected group of shoe jobbers exceeded sales by the same firms in February 1932 by 16.4 per cent, but the other four lines of wholesale trade for which data are available reported lower sales. Cumulative sales during January and February in dry goods showed an increase of 2/10ths of 1 per cent, and shoe sales rose 23.2 per cent in comparison with sales in the first two months of last year, but the other three lines reported lower sales this year.

Stocks on the shelves of the reporting grocery firms slightly declined during February, but dry goods, shoe and hardware stocks advanced seasonally. All four lines had smaller stocks on hand at the end of February than on the corresponding date a year earlier, part of the reduction being due to lower prices.

Collections in February 1933 were slower in groceries, dry goods, hardware and drugs than collections in February 1932, but collections in shoes were distinctly better this year.

(Compiled March 21, 1933)

## BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

The course of business in the latter part of February and the first half of March was largely influenced by the development of a crisis in banking, culminating in the proclamation on March 6 of a National banking holiday by the President of the United States. Production and distribution of commodities declined by a substantial amount during this period, but showed some increase after banking operations were resumed in the middle of March.

### Production and Employment

Volume of output at factories and mines which usually increases at this season, showed little change from January to February, and declined considerably in the first half of March. In the steel and automobile industries output decreased between the middle of February and the middle of March; subsequently some of the automobile plants which had been closed resumed operations, while activity at steel mills showed little change. In February output at cotton and woolen mills continued at the level prevailing in January, while at silk mills activity declined. Shoe production increased by more than the usual seasonal amount.

Reports from important industrial states indicate that factory employment increased between the middle of January and the middle of February, as is usual at this season.

Construction contracts awarded up to March 15, as reported by the F. W. Dodge Corporation, indicate that for the first quarter of the year the total value of contracts will show a considerable decline from the fourth quarter of 1932.

### Distribution

Freight traffic, which usually increases at this season, showed little change from January to February, on a daily average basis, and declined considerably in the first two weeks of March. Department store sales in the country as a whole were at about the same rate in February as in January, but were substantially smaller in areas affected by suspension of banking operations; early in March sales were sharply reduced but with the reopening of banks showed some increase.

### Wholesale Prices

Wholesale commodity prices declined somewhat further in February. In the early part of March the commodity exchanges were closed; when they reopened on March 15 and 16, prices of grains, cotton, silk, non-ferrous metals, hides and sugar were substantially above those prevailing at the beginning of the month; subsequently prices of many of these commodities declined somewhat.

### Bank Credit

During February member banks in leading cities were subjected to withdrawals of deposits on a large scale, reflecting in part withdrawals of balances by interior banks from their city correspondents and in part withdrawals of currency by the public. As a consequence, net demand deposits of these banks declined by \$1,306,000,000 during the month, and their time deposits by \$360,000,000. In order to meet these withdrawals the banks reduced their loans by \$539,000,000, partly through the sale of acceptances to the reserve banks, and their investments by \$363,000,000. They also increased considerably their borrowings at the reserve banks. March figures for member banks are incomplete.

At the Federal reserve banks the banking crisis manifested itself between February 1 and March 4 in a domestic demand for \$1,833,000,000 of currency, including about \$300,000,000 of gold and gold certificates, and in a foreign demand for about \$300,000,000 of gold. As a consequence, the reserve ratio of the Federal reserve banks declined from 65.6 per cent to 45.0 per cent. This reflected a loss of \$655,000,000 in reserves and an increase of \$1,436,000,000 in Federal reserve note circulation, offset in part by a decrease of \$486,000,000 in deposit liabilities.

Between March 4 and March 22, there was a return flow to the reserve banks of \$558,000,000 of gold coin and gold certificates and of \$319,000,000 of other currency, and the reserve ratio advanced to 55.5 per cent. Discounts for member banks, which had increased to \$1,432,000,000 by March 4, declined to \$671,000,000 on March 22.

Money rates in the open market advanced during the banking crisis, and on the resumption of business after the banking holiday, rates were at considerably higher levels than those prevailing on March 3. Subsequently rates declined as more funds became available to the market. On March 3, the discount rate of the Federal Reserve Bank of New York was raised from  $2\frac{1}{2}$  to  $3\frac{1}{2}$  per cent, and on March 4 there was a similar increase at the Federal Reserve Bank of Chicago. The New York bank's buying rate on bills was raised by successive steps from  $\frac{1}{2}$  of 1 per cent on February 26, for bills of the shorter maturities, to  $3\frac{1}{4}$  per cent on March 3. On March 13 the rate for these maturities was raised to  $3\frac{1}{2}$  per cent; subsequently the rate was reduced and on March 22 was 2 per cent.