

FEDERAL RESERVE BANK OF RICHMOND

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General Business and Agricultural Conditions in the Fifth Federal Reserve District for the Month of February, 1921

[COMPILED MARCH 15, 1921]

As the year 1921 moves along, signs that the Fifth District generally is slowly but surely working back to normal are accumulating. The spirit of optimism mentioned in our report for January continued through February in all industrial and business activities, with the possible exception of the textile field. Building operations increased 78.5% over January's record, and fell only 19.9% below the February, 1920, valuation in dollars, which, in view of the greater purchasing power of the dollar this year, in reality denotes that construction provided for in February, 1921 was practically the same as in February, 1920. February failures reported by Dun's Review, while numerically greater by two than in January, were considerably below the previous month in total liabilities. The labor situation has

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changed little, the number of unemployed on March 1 remaining practically the same as on February 1. Figures received from wholesalers show increased sales in nearly all lines in comparison with January, and retail trade figures show a gain of 8.6% in dollar value in comparison with the corresponding month of 1920. The increase denotes a considerably larger volume in number of sales or units of merchandise sold than the figures indicate, due to lower prices now prevailing. Reduction in acreage for both cotton and tobacco seems

assured, and farmers are determined to make the 1921 crops more economically than for the several years past. Adjustments are being made between employers and employees in the matter of wages as commodity prices continue the downward trend.

COLLECTIONS.—Dun's Review reports 144 failures in the Fifth Reserve District in February, 1921, with combined liabilities of \$3,170,347, compared with forty failures with liabilities of \$1,335,730 during the corresponding month of 1920. In number of failures reported, February shows an increase of two over January, but in liabilities January exceeded February by \$717,561. The average liabilities in February failures are \$22,016 in comparison with an average of \$27,380 for January.

Reports on collections received from thirty-six wholesale firms give the following data:

LINES SOLD	Collections Reported as				
	Good	Fair	Slow	Poor	Total
Groceries.....	4	1	3*	0	8
Dry Goods.....	1	6†	1	0	8
Boots and Shoes.....	0	6	1	1	8
Hardware.....	1	5†	0	2	8
Furniture.....	0	1	3	0	4
February Totals.....	6	19	8	3	36
January Totals.....	10	17	6	5	38

* One reported slow to poor.

† One reported fair to slow.

Of the eleven firms stating definitely that their collections are either poor or slow, seven are located in the two Carolinas where the inactive markets and the crop-holding movements—principally for cotton and tobacco—have resulted in delayed payment of debts.

Twenty-five leading retail stores located in fourteen important cities of the Fifth District report collections satisfactory, with only one exception. Charge sales are less than they were a year ago, due to more care being exercised in granting credit, but on the whole people continue to buy what they need, and thus exhibit little decreased purchasing power. Collections in the city stores and the actual increase in net sales reported during February, 1921, in comparison with February, 1920, would seem to show that many consumers have suffered no disastrous effects from the curtailment of income.

PAR CLEARANCE IN NORTH CAROLINA.—On November 15, 1920, North Carolina as a whole State was placed in the Par List of the Federal Reserve System, and until February 5, 1921, we were collecting checks on all banks in North Carolina. On that day a law was passed authorizing non-member banks and trust companies to charge exchange not exceeding 1-8 of 1%, and in the case of checks presented at the counter of the drawee bank by the Federal Reserve Bank of Richmond, an express company, or the Post Office Department, or any of its agents, to pay by means of a check drawn on some other bank, instead of cash. Customers' checks payable specifically in cash, or payable to the State of North Carolina or the United States Government, were excepted.

While many non-member banks continued to remit to us at par, a considerable number endeavored to take advantage of the law, and eventually 243 out of the 560 non-member State banks became parties to a suit in which an injunction was obtained, the result of which caused us to discontinue handling checks drawn upon those banks. Of the 243, however, 24 subsequently made arrangements to continue to remit at par.

From time to time we have issued corrected lists of the banks (parties to the injunction suit) whose checks we are unable to handle, but, notwithstanding our effort to the contrary, and notwithstanding the fact that the banks on the injunction list hold only one-seventh of the total deposits in North Carolina, much confusion has resulted. Merchants and wholesale dealers, both within and without the Fifth District, are finding it difficult to keep posted as to which non-member banks in North Carolina are paying checks drawn upon themselves through the Federal Reserve System and which are not, and in many cases checks are being declined which are collectible as before through the Federal Reserve Bank of Richmond without exchange.

A hearing with reference to the case was had by the Superior Court of Union County, N. C., on March 1, and steps are being taken to have the case transferred to the United States Court and given the earliest possible consideration.

NOTE.—For more detailed information see Circular of the Federal Reserve Bank of Richmond, dated March 5, 1921, including list of injunction banks.

MONTHLY CLEARINGS

No.	CITIES	For Month of February		Increase or Decrease	Per Cent. of Increase or Decrease	No.
		1921	1920			
1	Asheville, N. C.....	\$ 3,886,724	\$ 4,929,282	\$ 1,042,558-	21.2-	1
2	Baltimore, Md.....	292,558,624	326,380,672	33,822,048-	10.4-	2
3	Charleston, S. C.....	10,752,495	20,295,232	9,542,737-	47.0-	3
4	Charlotte, N. C.....	8,227,494*				4
5	Columbia, S. C.....	7,641,260	14,534,407	6,893,147-	47.4-	5
6	Frederick, Md.....	1,824,902	1,748,326	76,576	4.4	6
7	Greensboro, N. C.....	4,206,099	5,222,295	1,016,196-	19.5-	7
8	Greenville, S. C.....	5,620,844	11,644,815	6,023,971-	51.7-	8
9	Hagerstown, Md.....	2,210,782	2,637,869	427,087-	16.2-	9
10	Huntington, W. Va.....	7,378,809	7,337,669	41,140	.6	10
11	Newport News, Va.....	2,636,143	3,565,453	929,310-	26.1-	11
12	Norfolk, Va.....	27,478,033	43,325,060	15,847,027-	36.6-	12
13	Raleigh, N. C.....	5,292,470	7,195,218	1,902,748-	26.4-	13
14	Richmond, Va.....	180,879,685	250,737,040	69,857,355-	27.9-	14
15	Spartanburg, S. C.....	2,634,598*				15
16	Washington, D. C.....	63,457,801	64,625,838	1,168,037-	1.8-	16
	Totals.....	\$ 615,824,671	\$ 764,179,176	\$ 148,354,505-	19.4-	

* Not included in totals.

- Denotes decrease.

The table presents comparative figures from fourteen cities in the Fifth District for February, 1921 and 1920, and shows a decrease from \$764,179,176 cleared in February, 1920, to \$615,824,671 for February, 1921—a loss of \$148,354,505, or 19.4%.

This is an improvement over the 25.3% decline reported in January, 1921, in comparison with January, 1920, and in view of generally lowered prices is not discouraging. It will also be noticed that two cities—Frederick, Md., and Huntington, W. Va.—show larger February clearings this year than last, which again is better than the January record, when all cities registered declines.

CONDITION OF EIGHTY REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	March 4, 1921	February 4, 1921	March 5, 1920
Total Loans and Discounts (exclusive of rediscounts).....	\$ 423,486,000	\$ 428,556,000	\$ 489,248,000
Total Investments in Bonds and Securities	127,754,000	127,257,000	89,858,000
Reserve Balance with Federal Reserve Bank	32,970,000	38,618,000	37,142,000
Cash in Vaults.....	14,684,000	15,864,000	17,900,000
Net Demand Deposits.....	322,294,000	324,181,000	362,462,000
Time Deposits.....	112,421,000	111,763,000	98,755,000

During 1920 eighty-two banks sent us weekly condition reports, but two of them have been consolidated with non-reporting banks. This year eighty-four banks are reporting regularly, but in order that the figures may be comparable we have prepared the table given above from reports submitted by the same eighty members in both 1921 and 1920. The figure given for "Total Loans and Discounts" as of March 5, 1920, is not comparable with the figures given for the two dates in 1921 because last year this item included investments in miscellaneous stocks and bonds, other than Government securities, which investments are this year included in the second item, "Total Investments in Bonds and Securities." The \$89,858,000 listed under this second heading in 1920 showed ownership of Government securities only. All other items are strictly comparable.

The figures presented show that total loans and discounts decreased between February 4, 1921 and March 4, 1921, to the amount of \$5,070,000, or 1.2%, while total investments in bonds and securities increased \$479,000, or .38% during the same four weeks. Reserve balances carried with the Federal Reserve Bank decreased \$5,648,000, or 14.6%, and cash in vaults decreased \$1,180,000, or 7.4%, between February 4 and March 4, 1921. During the same period demand deposits decreased \$1,887,000, or .58%, but time deposits increased \$658,000, or .59%.

Compared with figures as of March 5, 1920, the figures on March 4, 1921, show a decrease in combined loans and investments of \$27,866,000, or 4.8%; a decrease in reserve balance of \$4,172,000, or 12.6%; a decrease in cash in vaults of \$3,216,000, or 18.0%; and a decrease in demand deposits of \$40,168,000, or 11.1%. The only increase for the year is shown in time deposits, the increase amounting to \$13,666,000, or 13.8%. The efforts made by the banks of the Fifth District to take care of the demands made upon them by their customers is clearly shown in the percentages given herewith, the decrease in loans and investments being the smallest decrease noted.

DEBITS TO INDIVIDUAL ACCOUNT IN CLEARING HOUSE CENTERS

CITIES	For the Weeks Ending		
	March 2, 1921	February 2, 1921	March 3, 1920
Baltimore, Md.....	\$ 100,436,000	\$ 104,723,000	\$ 120,559,000
Charleston, S. C.....	6,789,000	6,400,000	10,874,000
Charlotte, N. C.....	5,600,000	4,588,000	11,726,000
Columbia, S. C.....	5,302,000	4,550,000	9,184,000
Greenville, S. C.....	3,501,000*	3,505,000*
Huntington, W. Va.....	5,655,000*	5,957,000*
Norfolk, Va.....	14,679,000	15,046,000	23,115,000
Raleigh, N. C.....	3,900,000	3,890,000	5,500,000
Richmond, Va.....	27,372,000	33,867,000	31,888,000
Washington, D. C.....	36,868,000*	36,414,000*
Wilmington, N. C.....	4,961,000*	7,443,000*
Totals for seven cities...	\$ 164,078,000	\$ 173,064,000	\$ 212,846,000
Totals for eleven cities...	215,063,000	226,383,000

* Not included in totals for seven cities.

Weekly totals of debits to individual account at banks in seven leading clearing house cities for which 1920 figures are available for comparison show a decrease between the weeks ending March 3, 1920, and March 2, 1921, amounting to \$48,768,000, or 22.9%. The week ending March 2, 1921, shows a decrease of \$11,320,000, or 5.0% under the week ending February 2, 1921. The debits to individual account figures include all checks for pay-rolls, checks cashed over the counter, checks deposited by customers in the same bank upon which drawn—and in fact, all checks charged to individual accounts. Since many of these checks do not pass through clearing houses, and many others are duplicated in those figures, it is evident that "debits to individual account" are more accurate indicators of business activity than "clearing house" figures. In view of the lower prices prevailing now in comparison with a year ago, and lessened pay-rolls due both to lower wages and restricted

operations, a decrease in debits to individual account for the week ending March 2, 1921, of 22.9% under those for the week ending March 3, 1920, shows that the volume of business is not much less than it was a year ago, though less in dollar value.

LABOR.—There is no scarcity of labor anywhere in the Fifth District, to judge from letters and reports received from leaders in practically every industry represented in our territory. The only calls for labor that cannot be immediately supplied come from housewives for cooks, where an actual shortage appears; but this condition is relatively unimportant.

Manufacturers, builders, and other employers of labor are desirous of adjusting wages to lower levels in order to reduce production costs. Both employers and employees have shown a reasonableness in adjusting themselves to changing conditions, and there has been little friction between the two groups. In the Fifth District reductions in wages have been made in the textile industry, in lumber operations, in farm work, and for all classes of unskilled labor. Some reductions have also been made in the building trade and other industries, but these have been less general than in the industries previously mentioned.

Unemployment has not materially increased during the past month. Railroads have further reduced their forces, but tobacco manufacturers employed additional workers during February. Farmers are not seeking wage-workers this season, but are looking for "share croppers," in which arrangement the worker shares the responsibility with the landlord. The "back to the farm movement" as a result of unemployment in industries has not been very marked, although enough persons have returned to the rural sections to assure the farmers an ample labor supply for 1921 operations.

FOODS.—February witnessed few changes in food prices, those noted being of a downward trend. In the city of Richmond the distributing dairies reduced prices of milk and butter, and early in March announced a further reduction in milk. Eggs sold at the end of February down to thirty cents, in comparison with eighty-five cents, the high mark reached last fall. White potatoes have declined sharply, the quotation of one large store being sixty-five cents per bushel during the second week in March. Flour, meats, and other staples remained stationary during February. Fruit packers report that January and February sales compare favorably with those for the same two months last year, and reports from wholesale grocers indicate that there has been no slackening in orders received. It appears unlikely that there will be as many vegetables and early spring fruits on the market this season as is usual, the dealers contending that existing freight rates make customary shipments from the South unprofitable.

AGRICULTURE.—The agricultural situation in the Fifth District is very unsettled. Due to a multiplicity of conflicting counsels, the farmers are hesitating in making plans for the 1921 crops. They do not know whether reduction in acreage will be profitable or not, and they are afraid that markets for miscellaneous crops will not be available if they experiment with a diversity of products. The Southern farmer has been for generations a one-crop farmer—either cotton or tobacco—and in many localities he has never learned to raise or market many other things. It follows that prevailing prices for cotton and tobacco make his decision a problem. In the space of one year the cotton planter has seen prices for his chief product decline from forty-two to ten cents, a decrease of more than 75%, while fertilizer quotations are off only 25% to 30% from last spring's prices, with little reduction in cost of farm labor, though some of the employees thrown out of work in industrial fields have returned to the farm.

From the best data available it appears that acreage in both cotton and tobacco will be materially reduced this year, some authorities stating that the decrease will approximate 25%. It also seems that the use of fertilizer will be restricted in 1921, which will further restrict the output, though aiding the farmers' efforts to reduce production costs. Less than 50% of the usual amount of fertilizer has been bought for this season of the year, and farmers are showing little interest in making contracts. The prices are unsatisfactory and they also encounter some difficulty in making usual financial arrangements for their purchases because of unsettled bills for last year, which have grown out of the crop-holding movement and the low returns received for 1920 crops.

The month of February witnessed further declines in cotton, and markets were inactive. There was practically no market for the low grades. Tobacco prices improved somewhat, however, for the better grades, but off-color and damaged goods have been sold for a few cents per pound. A few scattering reductions have been made recently in manufactured tobacco, chiefly in cigar prices, but on the whole the consumer has not begun to share in lower tobacco costs.

The prospect for the 1921 fruit crop is being endangered by the exceptionally early season throughout the District and the consequent early blooming of many varieties. No damage has been done so far, and the work of pruning and spraying orchards is practically completed.

Excessive moisture in many sections of the District has prevented the usual plowing in February, and the preparations for the new crops are behind normal years.

Winter wheat is showing up well in Maryland and South Carolina, but only fair in Virginia and North Carolina, with some reduction in acreage in the last-named State. Early Irish potatoes have been planted in Eastern Virginia and North Carolina, and the sweet potato acreage in the two Carolinas is being materially increased this year. Commercial producers of cabbage plants report the poorest sales in the history of the business, some of them estimating their sales as low as 25% of normal.

COAL.—The coal situation as reported in January continued through February. The extremely mild winter, together with the shut-downs or restrictions in running time in industry, has lessened the demand for coal so materially that the West Virginia mines have not had sufficient orders to keep them running to capacity. For the first time in many months there has been some unemployment in the coal fields. Reports indicate that mine prices have steadily declined during the past two or three months, but retail prices show only slight reductions during that period. Retailers attribute this situation to existing freight rates and to the existence of contracts made at the prices obtaining at the mines last summer.

TEXTILES.—In our January report we said: "The general feeling among textile manufacturers in the Fifth District is decidedly optimistic." It is doubtful if the opinion expressed at the close of February was quite as hopeful as it had been thirty days previously, for while a considerable number of orders were received in January and early February, the number since received has not borne out the promises indicated by January's activity. Our reports indicate that there is developing a tendency toward a second curtailment in running time, but this movement may not become general. One of the largest mills in the District writes that in spite of reductions of 40% in wages it can not sell its finished product except at figures below the cost of raw material and manufacturing. This situation is reflected in the steady decline in Southern textile mill shares.

CLOTHING AND SHOES.—The prices quoted for spring clothing and shoes are much more reasonable than prices named a year ago for the corresponding grades, but consumers are disappointed in the quotations. The drastic cuts made by dealers immediately after Christmas, in an effort to clear out their winter stocks, offered false hopes to the public, and it was generally thought that a first-class suit could probably be bought in the spring for considerably less than now appears possible. The prices quoted for spring shoes are more nearly in keeping with the reductions made in moving winter's stocks and it is possible today to buy a good pair of shoes for \$10 for either men or women. The decline is more noticeable in mens' wear than in goods for women, the element of style entering so much less into the former business. Neither the clothing nor the shoe trade is very active, except for new styles and novelties for the Easter trade, though the public generally is buying for actual needs. More attention is given to materials and prices before making purchases. It appears from prices gathered that tailored suits have declined less than ready-made clothing, due perhaps to the less general wage adjustments thus far made among tailors as compared with machine operators.

Clothing accessories have not declined materially during the past month, with the exception of hosiery, but heavy declines in these had been previously registered during the winter months. Shirts, collars, ties, underwear, hosiery, and practically all kinds of dress goods are lower than they were last year, and far below the peak prices reached since the pre-war days.

BUILDING MATERIALS.—Without exception our correspondents handling lumber state that their product is being sold below cost of production, and they claim that other building materials have not declined in proportion, which is tending to hold up building. Several correspondents estimate that lumber has fallen at least 50% below the peak prices of 1920. It is claimed that stocks on hand are not excessive, and some dealers claim that stocks are even somewhat below normal. The past two months have seen some improvement in demand for lumber, but only at bargain prices, and no rush of orders is expected by any of our correspondents. On the whole, however, the dealers are hopeful, and the following quotation from a prominent manufacturer closely reflects the majority opinion received by us this month.

We as manufacturers of lumber believe and think that lumber has been well liquidated and according to information we have received from our salesmen on the road we have every reason to believe that as spring approaches the demand for lumber will improve. We are not looking for any radical improvement but we are inclined to think we have turned the corner and from now on conditions should gradually improve.

Business in builders' hardware is reported as improving, and dealers are more hopeful than they have previously been. Glass manufacturers, however, are not receiving enough orders to keep them running, and with large stocks on hand most of the manufacturers have closed temporarily.

In the building materials field complaint against present freight rates is frequent and bitter. Lumber manufacturers claim that the present scale is causing enormous waste in the forests, the freight charges making the salvage of the cheaper grades of lumber unprofitable. Sand and gravel people contend that their products can not stand the present rates.

BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY, 1921 AND 1920.

No-	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease, Total Valuation	Per Cent. of Increase or Decrease	C Z
		New		Repairs		1921	1920	1921	1920			
		1921	1920	1921	1920							
MARYLAND												
1	Baltimore.....	265	409	883	624	\$ 2,762,620	\$ 2,745,720	\$ 824,040	\$ 488,160	\$ 352,780	10.9	1
2	Cumberland.....	13	5	10	13	19,100	5,945	6,300	6,150	13,305	110.0	2
3	Frederick.....	2	2	3	3	5,600	16,200	6,150	2,950	7,400	38.6	3
VIRGINIA												
4	Lynchburg.....	7	10	3	7	14,375	225,800	1,300	1,875	212,000	93.1	4
5	Norfolk.....	16	45	46	28	394,679	265,300	25,765	34,075	121,069	40.4	5
6	Richmond.....	55	41	75	59	455,464	483,229	192,152	430,195	265,808	29.1	6
7	Roanoke.....	*70	*52			45,750*	214,705*			168,955	78.7	7
8	Staunton.....	*1	*4			1,500*	9,800*			8,300	84.7	8
WEST VIRGINIA												
9	Charleston.....	63	37	19	14	248,070	122,025	8,837	3,650	131,232	104.7	9
10	Huntington.....	*97	*57			477,458	125,345*			352,113	280.2	10
11	Parkersburg.....					15,000	30,500	10,000	10,000	15,500	38.3	11
NORTH CAROLINA												
12	Asheville.....	24	26	30	24	63,225	152,865	26,055	7,435	71,020	44.3	12
13	Charlotte.....	16	22	9	10	94,800	64,150	83,950	100,000	14,600	8.9	13
14	Durham.....	4	5	2	7	10,800	35,000	1,250	31,150	54,100	81.8	14
15	Greensboro.....	19	10	7	2	84,915	33,475	21,500	1,750	71,190	202.1	15
16	High Point.....	14	*17			19,675	46,600*			26,925	57.8	16
17	Wilmington.....	12	9	3	4	24,100	60,000	11,200	73,500	98,200	73.6	17
18	Winston-Salem.....	31	59	34	48	155,575	532,783	13,268	10,883	374,823	68.9	18
SOUTH CAROLINA												
19	Charleston.....	28	24	20	9	198,410	595,375	18,496	61,500	439,969	67.0	19
20	Columbia.....	16	28	63	65	61,850	139,200	21,065	25,450	81,735	49.6	20
21	Greenville.....	20	14	31	5	65,075	92,885	6,685	16,715	37,840	34.5	21
22	Spartanburg.....	17	28	23	4	9,575	76,975	9,815	420	58,005	74.9	22
DISTRICT OF COLUMBIA												
23	Washington.....	104	150	336	235	373,540	1,297,151	252,486	239,961	911,086	59.3	23
Totals.....		894	1,054	1,597	1,161	\$ 5,601,156	\$ 7,371,028	\$ 1,540,314	\$ 1,545,819	\$ 1,775,377	19.9	

* Includes both new and repairs.

- Denotes decrease.

The housing situation looks much better at the end of February than it did a month previously. Building inspectors in twenty-three of the leading cities of the District issued 894 permits for new construction during February, in comparison with January of this year when only 624 permits were issued in the same cities. The February record then is 270 ahead of January. In permits issued for alterations and repairs, February, 1921, shows 1,597 in comparison with 1,348 during January, 1921. In total valuation the permits issued in February of this year is 19.9% less than the corresponding month of last year, but January's decrease under last year was 45.4%.

The table printed herewith shows that seven of the twenty-three cities issued permits of higher valuation in February of this year than last year, and nine of the reporting cities show more permits for new construction than during the same month last year. It is clear from the figures given that the building situation at the end of February looks better than it did earlier in the season, and indications received early in March point to continued improvements. A press report from Baltimore states that there is considerable activity in residence construction, this report listing permits in February for ten two-story brick dwellings, seventeen two-story frame dwellings, and one three-story brick apartment house, and in a new annex, eighty-three permits for two-story brick dwellings, and twenty-two two-story frame dwellings—a total of 133 permits for residences, many of which will provide for two or more families.

In spite of greater activity in building indicated above, there is still much hesitation in making plans for other construction that is also needed. There is a general feeling that it is unwise to enter into contracts in the face of falling markets for both building materials and labor, and people with funds for investment are still skeptical as to the wisdom of investing in rental property.

In commenting on the causes of reluctance in undertaking construction work, a big wholesale lumber dealer writes:

In our opinion, this condition will continue until the financial situation is adjusted to a more favorable basis for investors and home builders and until the wages of the class of labor that enter into building construction is adjusted on a more equitable basis than prevails at the present time.

FIGURES ON RETAIL TRADE
As Indicated by Reports from Twenty-five Representative Department Stores
for the Month of February, 1921

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase (or decrease) in net sales during February over or under sales in February, 1920.....	5.3	14.2	8.4	15.9	8.6
Percentage increase (or decrease) in net sales from January 1st through February 28, 1921, in comparison with sales during the same two months of 1920.....	4.6	4.2	8.8	9.4	6.4
Percentage of decrease in stocks on hand at the end of February, 1921, in comparison with stocks on hand on the same date in 1920.....	24.0-	13.1-	29.9-	21.4-	24.8-
Percentage of increase in stocks on hand on February 28, 1921, compared to stocks on hand January 31, 1921.....	6.9	7.7	9.8	13.9	8.9
Percentage of average stocks on hand at the end of each month since January 1, 1921, to average monthly net sales during the same two months.....	341.6	403.1	370.9	434.3	368.7
Percentage of outstanding orders for merchandise on February 28, 1921, to total purchases of merchandise during the calendar year 1920.....	7.9	6.1	4.8	6.9	6.6

- Denotes decrease.

The figures on retail trade for February, 1921, in comparison with February, 1920, are gratifying and prove conclusively that the public has means to make all necessary purchases. Last year at this time the wave of careless spending was in progress and prices were probably from 15% to 25% higher than they are this year; but in spite of expectations to the contrary, our inquiries show positively that a greater volume of trade is being done than was done during the corresponding period of 1920. The actual dollar increase in sales during February over February 1920 amounts to 8.6%, and the increase from January 1, 1921, through February is 6.4% over sales during the first two months of last year. Stocks on hand at the end of February have been reduced in selling value 24.8% under values at the close of February, 1920, but receipts of spring merchandise have increased stocks on hand on February 28, 1921, over stocks on hand at the close of January, 1921, to the amount of 8.9%.

Outstanding orders at the end of February this year were 6.6% of total purchases of merchandise, at cost prices, during the calendar year 1920. The rate of turn-over is satisfactory, the percentage of average stocks on hand at the end of the first two months of 1921 to net sales during the same two months being 368.7%, the lowest figure yet reported to us, with the exception of January, which was 343.9%. The January figure was extraordinarily low, however, due to special efforts during January to move winter stocks before the arrival of spring goods. Last August this item reached the figure of 560.7%, compiled from reports received from twenty-two of the same stores included in the twenty-five used this month.

During February only four reporting stores out of twenty-five sold less goods in dollars than in February, 1920, and only eight of the twenty-five sold less goods during January and February combined than during the same two months last year. The greatest increase in net sales reported by an individual store during February in comparison with February, 1920, was 44.9%, and the greatest decrease was 13.0%.

It is pleasing to report that the net increase in sales made by retail stores in the Fifth District during January, 1921, in comparison with sales in the same stores in January, 1920, was the largest percentage increase in the twelve Federal Reserve Districts, according to figures released by the Division of Analysis and Research of the Federal Reserve Board. The increase in the Fifth District amounted to 5.4%.

FIGURES ON WHOLESALE TRADE

LINES SOLD	Net Sales in February, 1921, Compared with	
	Sales in January, 1921	Sales in February, 1920
Groceries.....	2.2-	14.5-
Dry Goods.....	14.4	50.4-
Boots and Shoes.....	77.0	42.6-
Hardware.....	6.9-	37.4-
Furniture.....	246.4	52.3-

- Denotes Decrease.

The figures presented in the preceding table were compiled from thirty-six reports sent us by leading wholesale firms or manufacturers, in which sales were given in actual figures. We received eight reports each from dealers in groceries, dry goods, boots and shoes, and hardware, and four from furniture manufacturers. The dry goods, boots-and-shoes, and furniture reports show increases over January, 1921, and the decrease shown by grocery and hardware dealers is less than the decrease in number of business days during February in comparison with January. In comparison with February, 1920, the past month still shows decreases in all lines from which reports were received, but the percentages of decrease are less in every case than they were in January.

An examination of the figures shows that wholesale business is improving in all lines, but especially in dry goods, boots and shoes and furniture. In dry goods, January sales were 40.3% greater than December, 1920, sales, but 65.2% under sales in January, 1920, while February sales show an increase over January of 14.4% and a decrease under February, 1920, of 50.4%. Boot and shoe dealers sold 77.6% less goods in January, 1921, than in January, 1920, and 7.1% less than in December, 1920, but in February the same firms sold only 42.6% less than in February, 1920, and reported 77.0% more than in January, 1921. Furniture shows the largest increase of the several lines, the increase in sales in February over January being 246.4%, with a decrease in comparison with February, 1920, of 52.3%, compared to a decrease in January under December, 1920, sales of 2.4%, and a decrease under January, 1920, sales of 74.1%.

In collections the several firms report conditions practically unchanged from January, twenty-five of the thirty-six firms stating that collections are either good or fair, while eleven write that they are slow or poor. The answers on outstanding orders are incomplete, but indications are that the amounts were greater at the end of February than they were at the end of January or December.

MISCELLANEOUS.—As a result of the uncertain situation in agriculture in the Fifth District, the dealers in burlap for fertilizer bags, in agricultural implements, in buggies and wagons are finding business exceedingly dull. The paper mills have insufficient orders to keep them running to capacity, and prices of paper products have declined steadily during the past three months. Trunk and bag manufacturers report business at less than 50% of normal, stating that sales are very hard to make, except under guaranteed prices, which no concern can afford to make.

Musical instrument dealers say that their business is fair, except in the strictly agricultural sections. Cotton seed oil mills write us that oil is now selling for less than 25% of its value a year ago, and even at the new low level the demand is poor. The demand is also poor for cotton seed meal and hulls. Tanners report that business is quiet, but it is believed that the outlook is somewhat more favorable than it was a month or so ago. Buyers are conservative in their purchases and have been reducing their stocks to a minimum.