FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

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RICHMOND, VIRGINIA, FEBRUARY, 28, 1922.

NATIONAL SUMMARY.*

During the past month improvement of conditions in several basic industries has furnished a more hopeful prospect for the trade of the coming months. This better outlook has in some measure been offset by labor and other difficulties in the textile industry which have resulted in reduced activity in that branch of business. Fluctuations in the price of raw materials have subjected the textile trade to still further difficulty, while in that as well as in others the lack of forward orders has made it difficult to plan policies far in advance. In iron and steel varying opinions exist as to the situation and outlook. It is to be noted, however, that there has been a distinct increase in the activity of the plants of the United States Steel Corporation as well as some increase in the activity of independent mills. The net outcome of these changes has been to diminish the irregularity and unevenness noted in the movement of industry during 1921. Textiles and allied lines which have been far in advance of others are losing their relative momentum. The evening tendency thus evidenced by current readjustments is reflected in the fact that the Board's price index remains unchanged at 138. Wholesale and retail trade indexes are disposed to show recession of buying in most parts of the country save for seasonal activity in special lines such as dry goods. The volume of employment (another important factor in influencing demand for goods), shows but little modification. As compared with last year, the volume of building is very much larger, January permits being more than double what they were a year ago. Financially, the month has shown continued reduction in the volume of credit required by the community. Foreign exchange has shown a decidedly stronger tendency, the highest levels for a long time past having been reached in sterling, francs and some other European currencies. Business failures are on a materially higher level than in 1921, while the month of February, as previously predicted by commercial agencies, also shows an increase in commercial failures as contrasted with January.

DISTRICT SUMMARY

Reports of condition from eighty-two reporting member banks in thirteen cities of the District show increases in investments and time deposits, and decreases in loans and in rediscounts with the Federal Reserve Bank in comparison with the figures of a year ago. The statements of the Federal Reserve Bank of Richmond show that between January 11, 1922, and February 8, 1922, both cash reserves and member bank reserve deposits increased, while bills on hand and notes in circulation decreased, both movements tending to strengthen the Bank's position, as is shown by the increase in our reserve ratio from 45.00% on January 11, 1922, to 52.46% on February 8, 1922. A year ago, on February 4, 1921, this ratio was 49.01%. Debits to Individual Account figures from eleven cities for the week ending February 1, 1922, show a decline of 19.2% under debits reported by the same cities for the week ending February 2, 1921. Production of coal is again greater than current consumption. Tobacco prices have been well maintained, and farmers have realized fairly satisfactory returns for their crops. Building operations continued during January on a much larger scale than last year, as is shown by the increase of 49.4% in permits issued in twenty-two reporting cities. Wholesale trade, while reluctant and nervous, was not unsatisfactory, on the whole.

On the other hand, business failures during January were more numerous than during any other month in the past three years, and total liabilities were next to the greatest, Dun's Review reporting 233 insolvencies in the Fifth District, with liabilites of $4,696,036, during January, 1922. The labor situation is unchanged, and the number of unemployed has not diminished. Clothing and shoes are moving sluggishly, and all retail trade is hesitant and discriminating. The textile industry has apparently suffered a slump after a spurt before Christmas, and cotton prices fell steadily during January and early February, though followed by some recovery in more recent weeks.

As stated in our Review last month, our correspondents quite generally believe that the setbacks mentioned above are temporary and their belief is unshaken in the soundness of, or at least the distinct improvement in, fundamental conditions. Many business leaders write us that the District is in much better condition than it was a year ago, and they are optimistic for 1922.

*The National Summary supplied by the Division of Analysis & Research of the Federal Reserve Board.

CONDITION OF EIGHTY-TWO REPORTING MEMBER BANKS IN SELECTED CITIES.

ITEMS	February 1, 1922	January 4, 1922	February 4, 1921
1. Total Loans and Discounts (exclusive of rediscounts)	$ 417,170,000	$ 419,678,000	$ 438,895,000
2. Total Investments in Bonds and Securities	122,376,000	119,334,000	118,657,000
3. Total Loans and Investments	539,546,000	539,012,000	557,552,000
4. Reserve Balance with Federal Reserve Bank	31,781,000	30,890,000	39,308,000
5. Cash in Vaults	12,702,000	13,844,000	16,182,000
6. Demand Deposits	300,816,000	308,082,000	329,190,000
7. Time Deposits	130,413,000	128,136,000	116,121,000
8. Discounts with Federal Reserve Bank	41,009,000	49,188,000	63,791,000

The preceding table shows the principal items of condition for eighty-two identical reporting member banks, located in thirteen of the leading cities of the Fifth District, at the close of business February 1, 1922, January 4, 1922, and February 4, 1921, thus affording comparisons of the current month with the preceding month of this year and with the corresponding date a year ago. All items are strictly comparable for the three dates.

Between February 4, 1921, and February 1, 1922, item number two, Total Investments in Bonds and Securities, increased from $118,657,000 to $122,376,000, a gain of 3.1%, and item number seven, Time Deposits, increased from $116,121,000 to $130,413,000, a gain of 12.3%. The increase in investments indicates a tendency toward easier credit conditions. The increase in Time Deposits has been going on steadily during the past year, a rather striking development in view of generally depressed conditions and a large amount of unemployment.

The figures as of February 1, 1922, show declines in all items except numbers two and seven, in comparison with the figures as of February 4, 1921. Between the two dates, Item 1, Total Loans and Discounts, decreased from $438,895,000 to $417,170,000, a decline of 5%; Item 3, Total Loans and Investments, decreased from $557,552,000, to $539,546,000, a decline of 3.2%; Item 4, Reserve Balance with Federal Reserve Bank, decreased from $39,308,000 to $31,781,000, a decline of 19.1%; Item 5, Cash in Vaults, decreased from $16,182,000 to $12,702,000, a decline of 21.5%; Item 6, Demand Deposits, decreased from $329,190,000 to 300,816,000, a decline of 8.6%; and Item 8, Discounts with the Federal Reserve Bank, decreased from $63,791,000 to $41,009,000, a decline of 35.7%.

Comparing the figures as of February 1, 1922, with those reported for January 4, 1922, a continuation of the improvement in credit conditions noted in our November and December Reviews is shown. Within the four weeks between the two dates, the reporting banks increased their Investments in Bonds and Securities, their Reserve Balance with the Federal Reserve Bank, and their Time Deposits, and decreased their Total Loans and Discounts to their customers and their Discounts with the Federal Reserve Bank. The only unfavorable comparisons noted in the statements are the decreases in Cash in Vaults and in Demand Deposits.

FEDERAL RESERVE BANK OPERATIONS.

Between January 11, 1922, and February 8, 1922, Cash Reserves held by the Federal Reserve Bank of Richmond rose from $70,506,890.55 to $80,884,351.59, and total Member Bank Reserve Deposits increased from $53,370,467.04 to $53,939,644.92. Between the same two dates, Total Bills on hand decreased from $88,681,755.37 to $80,434,147.16, and Federal Reserve Notes in Actual Circulation decreased from $102,198,930 to $96,378,480. The ratio of total reserves to Deposit and Federal Reserve Note Liabilities combined was 45.00% on January 11, 1922, but rose to 52.46% on February 8, 1922. On February 4, 1921, one year ago, this ratio was 49.01%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS.

This month we show Debit to Individual Account figures from twenty-one cities for the week ending February 1, 1922, all sections of the District being adequately represented to give a true index of business activity. In the table below, Maryland is represented by Baltimore, Cumberland and Hagerstown; Virginia by Danville, Lynchburg, Newport News, Norfolk, Richmond and Roanoke; West Virginia, by Charleston and Huntington; North Carolina, by Charlotte, Greensboro, Raleigh, Wilmington and Winston-Salem; South Carolina, by Charleston, Columbia, Greenville and Spartanburg; and the District of Columbia, by Washington. As announced in our Review last month, the cities that formerly reported clearings now send us debits figures instead, and we have discontinued the publication of clearing figures. The debits to individual account include all charges to deposit accounts of individuals, firms and corporations, charges against savings accounts and time deposits, and payment of certificates of deposit. This of course includes pay rolls, an item that did not show in the clearing totals, and is therefore a much more accurate indicator of business activity than clearings figures could be.

CITIES	Debits for the Weeks Ending		
	February 1, 1922	January 4, 1922	February 2, 1921
Baltimore, Md.	$ 78,876,000	$ 121,929,000	$ 104,723,000
Charleston, S. C.	6,001,000	7,600,000	6,400,000
Charleston, W. Va.	6,100,000*	----------	----------
Charlotte, N. C.	5,572,000	8,504,000	4,588,000
Columbia, S. C.	4,591,000	7,071,000	4,550,000
Cumberland, Md.	1,554,000*	----------	----------
Danville, Va.	1,905,000*	----------	----------
Greensboro, N. C.	3,558,000*	----------	----------
Greenville, S. C.	2,882,000	5,198,000	3,505,000
Hagerstown, Md.	1,443,000*	----------	----------
Huntington, W. Va.	3,979,000	4,462,000	5,957,000
Lynchburg, Va.	4,384,000*	----------	----------
Newport News, Va.	1,392,000*	----------	----------
Norfolk, Va.	13,528,000	14,884,000	15,046,000
Raleigh, N. C.	3,750,000	9,000,000	3,890,000
Richmond, Va.	25,057,000	27,555,000	33,867,000
Roanoke, Va.	4,306,000*	----------	----------
Spartanburg, S. C.	2,054,000*	----------	----------
Washington, D. C.	34,628,000	36,351,000	36,414,000
Wilmington, N. C.	4,030,000	5,807,000	7,443,000
Winston-Salem, N. C.	3,683,000*	----------	----------
Totals	$ 182,894,000	$ 248,361,000	$ 226,383,000

* Not included in totals.

Figures showing debits to individual account are available for the past year from eleven of the twenty-one cities listed, and figures showing totals for the weeks ending January 4, 1922 and February 2, 1921, are included in the table, giving an opportunity for comparison of the week ending February 1, 1922, with the corresponding weeks of the previous month and of the previous year. The eleven cities show debits for the week ending February 1, 1922, amounting to $182,894,000 in comparison with debits aggregating $226,383,000 for the week ending February 2, 1921, a decline of 19.2%. The average decline reported by the Federal Reserve Board for 167 cities between the same two weeks was 7.8%. The week ending February 2, 1921, included a larger proportion of the normal end-of-month payments than the corresponding week of 1922, which ended on the first.

In comparison with the week ending January 4, 1922, the figures for the week ending February 1 show a decline of 25.4%, but this is seasonal. Debits for the week that includes the first of the year are always larger than normal weeks, due to the many end-of-month and end-of-year settlements that are made at that time.

BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS

City and District	Number		Per Cent Increase	Liabilities		Per Cent of Increase or Decrease
	1922	1921		1922	1921	
Boston, First	209	183	14.2	$ 2,600,442	$ 3,841,114	32.3—
New York, Second	429	390	10.0	22,885,754	9,808,623	133.3
Philadelphia, Third	136	96	41.7	2,561,559	2,183,908	17.3
Cleveland, Fourth	242	133	82.0	6,238,303	6,661,913	6.4—
Richmond, Fifth	233	142	64.1	4,696,036	3,887,908	20.8
Atlanta, Sixth	283	195	45.1	5,012,931	4,054,436	23.6
Chicago, Seventh	362	222	63.1	10,314,358	9,182,523	12.3
St. Louis, Eighth	177	126	40.5	4,013,092	2,370,168	69.3
Minneapolis, Ninth	109	48	127.1	2,597,637	583,858	344.9
Kansas City, Tenth	112	82	36.6	3,400,430	1,767,286	92.4
Dallas, Eleventh	207	155	33.5	4,326,594	3,359,871	28.8
San Francisco, Twelfth	224	123	82.1	5,148,644	4,435,023	16.1
Totals	2,723	1,895	43.7%	$ 73,795,780	$ 52,136,631	41.5%

The monthly report on business failures sent us by Dun's Review shows that January was another disastrous month for weak firms. For the Fifth District, the month of January witnessed 233 failures, with combined liabilities of $4,696,036, compared with 142 failures, with liabilities of $3,887,908, reported for January, 1921. The figures show an increase of 64.1% in number of failures and of 20.8%

in liabilities involved, compared with a national increase of 43.7% in number of failures and of 41.5% in liabilities involved. All Reserve Districts suffered an increase in number of failures in January, 1922, compared with January, 1921, but the Boston and Cleveland districts had lower liabilities this year than last. The average liability per failure during January, 1922, in the Fifth District, was $20,155, compared with a national average of $27,101. The average liability per failure during January, 1921, was $27,380 in the Fifth District and $27,513 in the nation as a whole.

LABOR—Developments in labor since our last Review have been on the whole unfavorable. The ranks of the unemployed have not lessened, but have tended to increase. Employment agencies report more calls for work during January than during previous months, with no increase in the calls for help from employers. The street car strike that began January 16, in Richmond, Norfolk and Portsmouth is unsettled at this writing, but has probably not increased the number of unemployed. New men, many of them previously unemployed, have taken the places of the strikers, and several hundred of the strikers have gone into the jitney business. As a result of the Disarmament program, a number of shipyard employees have been laid off in Newport News. A street car strike has been called in Columbia, S. C. Severe weather in January and early February checked much out-door work, resulting in lessened time for those workers thus employed. Employment agencies report an influx of young men from Northern and Eastern cities, these being tempted to come into this section by erroneous reports of activity in the industries of the District.

The only increased demands for labor noted in January were for unskilled labor for employment on sewer construction in Richmond, and for auto mechanics to assist in keeping the increased number of jitneys in operation.

COAL—After falling far below actual requirements for current consumption in December, the national output of bituminous coal increased sharply during the first week of January, and during the week ending January 28, the rate of production equaled consumption and provided some coal for reserve, thus reversing the movement that had been evident since mid-November, when coal began flowing from storage. The week ending February 4 showed a further increase, the week's output reaching 9,708,000 net tons.

In view of the expiration of the miners' working agreement on April 1, some data on reserve stocks of coal may be of interest. A joint report issued by the Bureau of the Census, Department of Commerce, and the United States Geological Survey, Department of the Interior, gives figures as of January 1, 1922. The report summarizes the situation as follows:

"**Bituminous Coal**—At the beginning of the new year American consumers had on hand approximately 47,000,000 tons of soft coal. This was a million tons less than the revised figures of stocks on November 1. While much above the low mark of June, 1920, it was still 16,000,000 tons, or 25 per cent, below the maximum of 63,000,000 tons reached on the day of the Armistice.

"In terms of days' supply the present stock appears larger than it would in times of normal business. At the rate of consumption prevailing during December, the reserve was sufficient to last 41 days, if evenly divided. Were business active, the present stocks would last not more than 32 days, if evenly divided.

"But the stocks are never evenly divided. In every community there are consumers who store virtually no coal. Therefore, as experience has shown, symptoms of a shortage develop in a very few days, if the delivery of coal is interrupted. Such interruptions have occurred in the past through mine strikes, traffic congestion on the railroads, or severe winter weather.

"Today (February 7), the trend of production is upward and coal is being added to storage. In the last week of January 9,626,000 net tons were produced, and not more than 9,000,000 tons consumed and exported.

"**Anthracite**—Retail coal dealers' stocks of anthracite on January 1, were smaller than on November 1, last, but larger than at any time in 1919 or 1920. It is the opinion of the trade that the quantity in the possession of householders is below normal. Incomplete reports on the quantity held in storage by producers indicate little change since November 1. Nearly a million tons of by-product coke is on hand at coke plants, much of which can be used for domestic fuel."

CLOTHING AND SHOES—January and February are clearance months in retail clothing and shoe lines, and bargain sales have been very much in evidence this year. Sharp reductions in prices have been made in comparison with those asked before Christmas, and a fair amount of buying has been stimulated, but the results have not been all that was hoped for. Unemployment or reduced wages has lessened the buying power of the public, and prices of agricultural products have seriously affected the farmer trade. It is becoming increasingly evident that clothing and shoes can be sold only when real values are given, and that buyers are seeking standard goods instead of novelties.

TEXTILES—The textile industry as a whole found January a disappointing month. In the face of steadily falling prices for raw cotton, with a resultant paralyzing effect on any tendency to place orders for future delivery, new business, which had been rather confidently expected after the holidays, did not materialize to the extent hoped for, and orders received were generally small. The mills continued to run on approximately full time in an effort to get the cost of production as low as possible, but orders being far less than the output, some accumulation of stock has resulted. January inventories, however, show that most of the mills have comparatively small stocks on hand, and the majority of our correspondents think that the situation in the industry is much improved in comparison with the outlook a year ago. Because of the hesitancy buyers are showing in committing themselves for the future, many of the mills are beginning to restrict their output by shortening their operating time. It remains to be seen whether the textile strike in New England will divert any material volume of orders to Southern mills. During January of this year the Southern mills in operation represented a higher percentage of the total mills running than was the case a year ago, active spindles in cotton-growing states in January representing 45.4% of the nation's active total, in comparison with 36.1% of the nation's active total in January, 1921.

TOBACCO—Sales of leaf tobacco on the markets of Virginia and North Carolina have been limited since our last Review. The serious snow of January 27th and 28th made roads practically impassable and reduced sales during the week ending February 4, but at other times the markets were well supplied. The farmers are clearing up their crops, and barns are being emptied as fast as the tobacco can be prepared and marketed. Most of the markets in the bright belt either closed on February 10 or 17, or will close within the next two weeks. The dark markets expect to close not later than March 31.

In spite of the large amount of low grade tobacco coming on the markets as the farmers clean their barns, prices have been well sustained during the past month. On the whole, all grades have been in active demand, and the bidding for the common grades has been perhaps better than earlier in the season. The average price on the Richmond market during January was $18.96 per 100 pounds, mostly suncured leaf, compared with an average of $9.50 per 100 pounds received in January, 1921, but this year only 439,200 pounds was sold during the month, in comparison with 1,086,240 pounds sold in January of last year. The Danville market sold 5,079,560 pounds in January, at an average of $18.20 per 100 pounds, compared with 7,826,937 pounds sold in January, 1921, at an average of $29.13.

There have been no new developments in the retail prices of tobacco products since the reduction of 20% on cigarettes mentioned in our Review last month. The South Carolina legislature is considering a luxury tax bill which proposes a tax that will average approximately 20% on tobacco products sold at retail.

COTTON—The cotton market was nervous and uncertain during January and the first half of February. The spot prices paid for middling upland on the markets of North and South Carolina opened with an average of 17.46 cents per pound during the week ending January 7, the highest weekly average reached since the week ending November 5, 1921, but the price trend then turned downward, and fell steadily during the next four weeks. The average price for the week ending January 14 dropped to 17.22 cents per pound; the week ending January 21 averaged 16.60 cents; the week ending January 28 averaged 15.78 cents; and the week ending February 4 averaged 15.51 cents, the lowest average reported since the week ending August 27, 1921. The week ending February 11 witnessed a slight recovery, however, the week's average being 15.73 cents per pound. In the face of the falling prices mentioned, the farmers have continued to withhold the crop from the markets.

On February 14th, the Census Bureau announced that cotton consumed by spinners in January, 1922, amounted to 526,552 bales of lint, compared with 366,463 bales consumed in January, 1921. The January, 1922, figures were slightly higher than those for December, 1921, which month in turn was higher than any month since July, 1920. The report further shows that stocks in the hands of manufacturers totaled 1,675,033 bales on January 31, 1922, compared with 1,263,961 bales on January 31, 1921, but stocks in warehouses totaled 4,618,226 bales compared with 5,645,482 bales thus stored on January 31, 1921. The statistical position of cotton appears stronger. The combined lint cotton in warehouses and on hand at consuming establishments totaled 6,293,259 bales on January 31, 1922, compared with 6,909,443 bales so held on January 31, 1921, a drop this year of 616,184 bales. At the same time, the recent figures for consumption show a decided increase over the corresponding months a year ago. The outstanding unsettled element in the cotton situation at present is the friction in New England between the manufacturers and their employees over wage and working time adjustments. The employees are resisting the adjustment and strikes in several mill centers are developing. The outcome of these, and their effect on the cotton market, is problematical.

BUILDING OPERATIONS FOR THE MONTH OF JANUARY, 1922 AND 1921.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease, Total Valuation	Per Cent. of Increase or Decrease	No.
		New		Repairs								
		1922	1921	1922	1921	1922	1921	1922	1921			
	MARYLAND											
1	Baltimore...........	233	214	661	763	$3,448,100	$1,414,200	$ 179,700	$ 287,000	$1,926,600	113.3	1
2	Cumberland.........	6	2	6	10	9,245	7,000	1,930	7,145	2,970—	21.0—	2
3	Frederick...........	1	2	1	0	300	2,075	600	0	1,175—	56.6—	3
	VIRGINIA											
4	Lynchburg..........	7	5	5	1	168,250	21,400	5,650	200	152,300	705.1	4
5	Norfolk.............	23	24	53	30	241,600	81,000	43,340	38,270	165,670	138.9	5
6	Richmond...........	59	41	55	52	349,030	289,368	88,176	33,127	114,711	35.6	6
7	Roanoke............	*71	*39	......	......	*245,340	*45,570	....	....	199,770	438.4	7
	WEST VIRGINIA											
8	Charleston	65	24	16	15	162,836	28,428	7,050	18,537	122,921	261.7	8
9	Clarksburg**.......	20	......	7	.....	31,830	....	2,315	....	....	....	9
10	Huntington.........	65	*66	7	......	135,770	*128,230	1,525	....	9,065	7.1	10
11	Parkersburg........	.....	......	......	......	20,000	15,000	10,000	10,000	5,000	20.0	11
	NORTH CAROLINA											
12	Asheville	34	12	9	30	354,450	42,412	1,556	21,398	292,196	457.9	12
13	Charlotte...........	28	15	3	9	302,200	130,370	7,150	7,650	171,330	124.1	13
14	Durham	16	3	4	6	42,405	9,200	15,100	16,382	31,923	124.8	14
15	Greensboro	18	8	6	8	144,000	29,900	2,375	24,425	92,050	169.4	15
16	High Point..........	26	*5	3	......	69,185	*25,400	2,800	....	46,585	183.4	16
17	Wilmington.........	6	10	2	4	70,000	13,450	1,000	2,100	55,450	356.6	17
18	Winston-Salem......	25	3	37	40	51,175	7,800	6,830	19,425	30,780	113.1	18
	SOUTH CAROLINA											
19	Charleston..........	24	*29	23	......	82,417	*46,925	10,324	....	45,816	97.6	19
20	Columbia...........	12	19	58	81	60,900	79,600	48,859	23,235	6,924	6.7	20
21	Greenville...........	20	18	15	22	90,675	59,125	16,190	5,700	42,040	64.9	21
22	Spartanburg.........	22	16	28	10	15,220	31,125	9,930	3,425	9,400—	27.2—	22
	DIST. OF COLUMBIA											
23	Washington.........	182	75	326	258	2,069,465	754,775	176,432	219,310	1,271,812	130.6	23
	Totals.......	943	631	1,318	1,339	$8,132,563	$3,262,353	$ 636,517	$ 737,329	$4,769,398	119.2%	

*Includes both new work and repairs. —Denotes decrease.
**Clarksburg, W. Va. not included in totals.

We show in the accompanying table building permits issued in twenty-three important cities of the Fifth District during January, 1922, with comparative figures from twenty-two of them for January, 1921. Staunton, Virginia, which formerly reported these figures to us each month, has voluntarily withdrawn from the list. The twenty-two cities reported 943 permits for new construction in January, 1922, estimated to cost $8,132,563 in comparison with 631 permits for new work issued in January, 1921, to cost $3,262,353, an increase in the number of permits amounting to 49.4% and in the estimated cost of work amounting to 149.3%. In alteration and repair work, the figures for the two months vary little, January, 1922, having witnessed the issuance of 1,318 permits to cost $636,517, in comparison with 1,339 permits to cost $737,329 for the same class of work issued in January, 1921. In combined valuation of both new work and alterations or repairs, January, 1922, totals $8,769,080, in comparison with $3,999,682 for January, 1921, an increase this year of $4,769,398, or 119.2%. All reporting cities show a larger number of permits this year for new work than during the corresponding month last year except Frederick, Md., Norfolk, Va., Wilmington, N. C., and Columbia, S. C. Of these four, Norfolk and Wilmington report larger valuation totals this year than last. In combined valuation of both new work and alterations or repairs, all reporting cities report larger figures for January, 1922, except Cumberland and Frederick, Md., and Spartanburg, S. C.

This month we received letters from twelve important dealers in various types of building materials, in addition to the regular monthly reports from building inspectors, and all of them are optimistic as to building prospects for 1922. Several of our correspondents comment upon the evident desire of an unusually large number of people to own their homes, and they expect a large amount of residence construction work to develop in the spring. At the same time, a number of them agree that brokerage charges and high interest rates charged on real estate loans is a serious drawback that must be overcome, and without exception our correspondents complain of freight rates on building material. They state that freight charges frequently add fifty per cent. or more to the cost of material delivered at the job.

MISCELLANEOUS—A wagon manufactuer writes us that the outlook in his business is poor. He states that 1921 was the poorest year in the history of his firm, and says in explanation that "while autos and trucks are largely responsible for this, we believe that we would have fair business if farmers were getting fair prices for their products." A buggy manufacturer says, "We sold one hundred and forty-six new buggies during the entire year 1921. Under normal conditions we usually sell around two thousand. There is, however, a slight increase this January over January, 1921, and we think that business will be some better this year." One of the largest canners of foods in the District writes that the year 1922 promises to be a better year in food circles than last year, but higher prices for canned foods are expected. Reports indicate that the oyster packing business is good, and meat packers are doing a fair amount of business, but peanut products manufacturers, and dealers in peanuts, report poor business, and say that the consumption of peanuts is abnormally low. The outlook for future business in the paper manufacturing trade is good, though no phenomenal change in the trade is expected. Paper box makers report the prospects for business during 1922 encouraging, and some of them are making up reserve stock with the belief that a greater volume of orders later in the spring will absorb the surplus. Live stock dealers are finding business extremely dull, most of the trading being among the farmers themselves. An important live stock dealer in the Carolinas writes us that more mules have been shipped out of his section this season than have been shipped into it from the West.

REPORT ON WHOLESALE TRADE.

LINES SOLD	Net Sales in January, 1922, Compared With	
	Sales in December, 1921	Sales in January, 1921
Groceries (46)*	— 5.6%	— 14.9%
Dry Goods (14)*	54.9	2.5
Shoes (20)*	— 3.8	36.5
Hardware (19)*	7.1	— 13.5
Furniture (8)*	—13.3	206.7
Total (107 firms)	6.3%	— 2.4%

*Number of reporting firms.

The table above shows in percentage form the increase or decrease in the dollar amount of sales made in January, 1922, by representative firms dealing in groceries, dry goods, shoes, hardware and furniture, in comparison with (1) sales made in December, 1921, and (2) sales made in January, 1921. Increases in sales in January, 1922, over December, 1921, are shown in dry goods and hardware, while groceries, shoes and furniture show slight declines. The decline in groceries is probably accounted for by the absence of buying of Christmas specialties during January. In comparison with January, 1921, sales during January, 1922, show declines in groceries and in hardware, both declines being largely due to price changes within the year. Between the two dates, sales of dry goods, shoes and furniture increased, the gain in furniture being particularly noticeable, but it should be mentioned that a year ago furniture factories were selling practically nothing for future delivery, and were receiving only occasional orders for pressing needs. When the slump in business came during the last half of 1920, the furniture manufacturing and wholesaling business practically ceased, and most factories closed down for months. For the past several months the business has been slowly improving, but business gotten in January was disappointing, the Expositions not bringing forth the expected volume of orders.

Of the forty-six reporting wholesale grocers, forty-three commented upon expected price developments. Fifteen of them think that prices on the average have not reached bottom, fourteen think that prices are fairly steady at present levels, and eleven express the belief that most articles will advance during the spring and summer. Three firms write that the price situation is unsettled, and they decline to commit themselves as to future developments. Eight dry goods wholesalers expect lower prices, three state that few changes are expected, and one looks for general advances. One firm says the situation is very unsettled, and another writes that fall prices will advance, in his opinion, but there will be no changes until that time. In shoe lines, twelve jobbers expect further declines, six believe that present prices will hold, and one expects advances. Sixteen hardware jobbers are expecting lower quotations, while one claims that the bottom has been reached. None expect material advances in hardware prices at wholesale. Ten furniture manufacturers believe that present wholesale prices are stable, while only one expects any further declines. Nearly all reporting firms, in all lines, expect future changes to be slowly and reluctantly made, and no drastic changes are expected in either direction.

One hundred and thirteen firms commented upon collections in their January reports, classifying their answers as to the state of collections as follows:

Lines Sold	Good	Fair	Slow	Poor	Total
Groceries	4	25	11	6	46
Dry Goods	0	6	7	2	15
Shoes	0	14	6	1	21
Hardware	2	9	6	2	19
Furniture	2	7	3	0	12
Totals	8	61	33	11	113
Totals December, 1921	9	67	26	5	107

FIGURES ON RETAIL TRADE.

As Indicated By Reports from Twenty-Two Representative Department Stores for the Month of January, 1922.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage decrease in net sales during January, 1922, under sales in January of last year	— 19.5	— 14.0	— 12.1	— 21.8	— 17.0
Percentage increase in the selling value of stock on hand on January 31, 1922, compared with stocks on hand January 31, 1921	3.3	9.4	3.6	16.8	5.4
Percentage decrease in the selling value of stocks on hand on January 31, 1922, compared with stocks on hand December 31, 1921	— 2.0	— 8.7	— 9.7	— 1.9	— 5.1
Percentage of net sales during January, 1922, to value of stocks on hand at the close of the same month	406.3	449.2	414.3	595.1	414.3
Percentage of outstanding orders on January 31, to total purchases during the calendar year 1921	8.1	7.0	3.7	3.9	5.9

— Denotes decrease.

Confidential reports received this month from twenty-two of the leading department stores in the Fifth District show net sales, in actual dollar value, 17% lower during January, 1922, than during January, 1921. Last year at the end of January practically the same stores reported increased sales over January, 1920, indicating that the declining general business activity had not at that time seriously affected the city department stores. In view of that fact, this year's decrease of 17% in January sales is not alarming, but on the other hand shows a rather better situation in retail circles than might be expected under the circumstances, with considerable unemployment and consequent reduction in the buying power of the public. It is also worthy of note that price recessions within the year doubtless account for part of the decline reported this year.

All cities reported larger stocks on hand at the end of January than at the end of the same month a year ago, the district average increase being 5.4%. On the other hand, special sales during January reduced the value of stocks on hand at the end of the month 5.1% below the value of those on hand at the end of the previous month, December, 1921.

The ratio of net sales during January, 1922, to the selling value of stocks on hand at the end of the same month was 414.3%, and the outstanding orders for merchandise at the end of the month amounted to 5.9% of total purchases of merchandise during the calendar year 1921.

It should be pointed out that the figures given above represent retail trade in the cities and large towns of the District, and perhaps are not truly representative of conditions in towns that serve the rural sections. No accurate figures are available to show the trend of retail trade in rural sections, but the information obtainable leads us to believe that the city stores are obtaining more nearly a normal volume of business than those located in smaller towns. Collections in the city stores are much better than in the stores serving the country trade, the slowness of collections in the latter being due chiefly to the level of prices for farm products.

(Compiled February 18, 1922)