

FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

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DISTRICT SUMMARY

December was in many respects the best business month of 1922, letters and reports received from practically every industry and trade reporting unusual activity in comparison with earlier months of the year.

Condition reports of member banks in leading cities of the Fifth District show that the banks are entering the new year with loans reduced and liquid resources much increased in comparison with their condition a year ago, and are therefore in far better position to care for expanding needs of their customers as production increases and sales pick up. Deposits show a substantial gain during the past month, and are much larger than they were a year ago. The Federal Reserve Bank of Richmond held Cash Reserves of \$114,386,915.75 on January 17, 1923, in comparison with reserves of \$71,193,460.56 on January 18, 1922, and member banks' borrowings from the Reserve Bank declined from \$88,929,527.85 on January 18, 1922 to \$38,620,897.98 on January 17, 1923. Debits to individual account totals for five weeks ending January 10, 1923, reflect the large volume of December business. Business failures have fallen in number under those reported in December 1921 both in the United States and in the Fifth District, the District decrease being greater in percentage than the national decrease. Labor is fully and profitably employed, and sufficient new work is in immediate prospect to guarantee a job to any person who really wants one. Coal, while high in price, is obtainable in sufficient quantities to supply all the needs of domestic and industrial consumers, and all fear of a winter shortage appears to have been dissipated, thanks to the mild winter and to the increased transportation facilities which the railroads have been able to give since the shopmen's strike was settled. Textile mills continue on practically full time, with orders as far ahead as the mill authorities care to accept them. Fifth District mills consumed 35% of the cotton used in the United States during December. Cotton prices continued upward during December and the first half of January, with result-

ing benefit to cotton growers, North Carolina's benefits being especially marked, that state having grown an unusually large cotton crop this season. Tobacco yields are turning out well, being far above the previous year, and prices are several cents per pound higher than during the 1921-1922 marketing season. Building operations continue in really remarkable volume for this season of the year, and all signs point to a continuation of the boom for some months at least. Retail trade was excellent in December, and a number of those making reports have written us that they enjoyed the best Christmas trade in their several histories. Wholesale trade was seasonally dull during the month under review, but was distinctly better than during December 1921, and collections were on the whole better than in recent months. In brief, general business in the Fifth Reserve District as reported was on the whole so good during December that it may be said to have met and even to have exceeded all reasonable expectations and hopes. The chief dark spot in the District is in South Carolina, in which state ravages of the boll weevil have cut the cotton crop to less than half the state's usual production. Of course the damage was not uniform in all sections and on all farms, but the loss to many farmers was practically complete. There are today in South Carolina thousands of farmers who cannot pay last year's bills, and there are many whose fields run back several years. This naturally reacts on the merchants and on the city workers who produce articles for rural consumption. The little boll weevil's influence can be compared to a stone dropped into a pond, from which waves radiate in every direction in ever-widening circles. The only hope for a restoration of prosperity in the weevil infested sections of South Carolina lies in the determined, scientific, unselfish efforts which a few of the state's leading farmers and others are making to bring about general application of discovered and tried methods of controlling the weevil's depredations. It is a satisfaction to report that some progress toward a solution of the problem has already been made.

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

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

ITEMS	January 10, 1923	December 6, 1922	January 11, 1922
1. Total Loans and Discounts (exclusive of rediscounts)	\$ 451,421,000*	\$ 435,245,000	\$ 419,028,000
2. Total Investments in Bonds and Securities	128,427,000	129,432,000	118,894,000
3. Total Loans and Investments	579,848,000	564,677,000	537,922,000
4. Reserve Balance with Federal Reserve Bank	37,427,000	35,242,000	33,151,000
5. Cash in Vaults	14,945,000	15,161,000	15,673,000
6. Demand Deposits	346,762,000	336,539,000	310,038,000
7. Time Deposits	148,102,000	146,022,000	128,904,000
8. Discounted with Federal Reserve Bank	23,550,000	24,387,000	45,756,000

*Total Loans & Discounts as of January 10, 1923, includes all rediscounts.

Comparative figures giving the principal items of condition in seventy-eight regularly reporting member banks are shown in the above table as of the close of business January 10, 1923, December 6, 1922, and January 11, 1922, affording opportunities for comparing the current month with the corresponding dates a month and a year ago. The reporting banks are located in thirteen cities, representing all sections of the Fifth District, and all items are comparable except Item 1. A change has been made in the method of reporting Total Loans and Discounts, shown in Item 1, and the January 10, 1923, figure given in the table includes all rediscounts, whether rediscounted with the Reserve bank or with other commercial banks. The December 6, 1922 and the January 11, 1922 figures, however, do not include any rediscounts and therefore the three amounts are not comparable.

During the month from December 6, 1922 to January 10, 1923, Item 2, Total Investments in Bonds and Securities, shows a decline amounting to approximately \$1,000,000, and Item 5, Cash in Vault, also decreased slightly. The reporting banks reduced their borrowings from the Reserve Bank from \$24,387,000 on December 6, 1922 to \$23,550,000 on January 10, 1923. An increase during the past month is shown in Item 6, Demand Deposits, amounting to \$10,223,000, and also an increase in Item 7, Time Deposits, of \$2,080,000. Deposit increases are expected about the first of the year, caused by the depositing of interest checks and coupons, and dividends received, and this year the volume is swelled by the redemption of Victory bonds and War Saving Stamps. One-half of the outstanding Victory bonds were redeemable on December 15th and the 1918 issue of War Savings Stamps on January 1st. Item 4, Reserve with the Federal Reserve Bank, shows an increase of \$2,185,000, a reflection of the growth of deposits.

A comparison of the January 10, 1923 figures with those reported a year ago, on January 11, 1922, shows important changes. On January 11, 1922, the seventy-eight reporting banks were lending to customers the \$419,028,000 shown in the accompanying table, but in addition they had loaned still more, represented by rediscounted customers' notes with other commercial banks and with the Reserve Bank. Comparatively few of the larger banks are now rediscounting customers' paper with banks other than the Reserve Bank, but a year ago many of them were doing so. The change in the method of reporting makes it difficult to compare the actual volume of loans outstanding on January 10th this year with the volume outstanding a year ago, but we know that a substantial decrease in the amount of outstanding loans has been secured. This is reflected in the decline in borrowings from the Federal Reserve Bank, the combined bills payable and rediscounts with us shown by the reporting banks having decreased from \$45,756,000 as of January 11, 1922 to \$23,550,000 as of January 10, 1923. Further improvement in the position of the reporting banks is reflected in the year's increase in Investments in Bonds and Securities, in Reserve Balance with Federal Reserve Bank, in Demand Deposits and in Time Deposits.

SAVINGS BANK DEPOSITS

The reports from fifteen mutual savings banks in Baltimore giving total deposits at the end of December 1922 show a corresponding increase to that mentioned in the preceding paragraph on member banks. These Baltimore savings banks had deposits totaling \$133,406,008 at the close of business December 30, 1922, the last business day of that month, compared with \$124,287,362 on deposit in the same banks on the corresponding date in 1921, and \$121,238,025 reported for December 31, 1920. The amount of deposits at the end of 1922 is therefore 7% larger than deposits at the end of 1921 and 10% larger than at the end of 1920, and is also the largest amount reported for any date since the Reserve Bank began tabulating the record in January 1920.

FEDERAL RESERVE BANK OPERATIONS

During the five weeks from December 13, 1922 to January 17, 1923, Cash Reserves held by the Federal Reserve Bank of Richmond rose from \$113,945,084.36 to \$114,386,915.75, and Member Bank Reserve Deposits increased from \$57,893,851.51 to \$61,769,090.07. On the other hand, Total Bills on Hand decreased from \$51,164,318.96 on December 13, 1922, to \$38,620,897.98 on January 17, 1923, and the volume of

Federal Reserve Notes in Actual Circulation fell from \$99,044,900 to \$92,103,795. The ratio* of Total Reserves to Deposit and Federal Reserve Note Liabilities combined was 71.56% on December 13th, but rose to 73.87% on January 17th.

On January 18, 1922, the Cash Reserves of the Federal Reserve Bank of Richmond amounted to \$71,193,460.56; Bills on Hand amounted to \$88,929,527.85; Federal Reserve Notes in Actual Circulation totaled \$102,448,420; and Member Bank Reserve Deposits amounted to \$53,739,613.72. The reserve ratio was 45.92%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FIVE WEEKS ENDING		
	January 10, 1923	December 6, 1922	January 11, 1922
Asheville, N. C.....	\$ 21,563,000	\$ 22,703,000	\$
Baltimore, Md.....	440,590,000	407,759,000	515,682,000
Charleston, S. C.....	*	** 33,282,000	** 32,394,000
Charleston, W. Va.....	48,254,000	46,016,000	.....
Charlotte, N. C.....	45,446,000	43,834,000	34,526,000
Columbia, S. C.....	27,626,000	27,856,000	26,622,000
Cumberland, Md.....	10,254,000	9,414,000	.....
Danville, Va.....	15,636,000	16,225,000	.....
Durham, N. C.....	23,293,000	25,517,000	.....
Greensboro, N. C.....	25,759,000	27,501,000	.....
Greenville, S. C.....	22,500,000	27,998,000	20,882,000
Hagerstown, Md.....	10,751,000	10,218,000	.....
Huntington, W. Va.....	33,105,000	27,934,000	23,616,000
Lynchburg, Va.....	27,631,000	22,498,000	.....
Newport News, Va.....	8,973,000	8,809,000	.....
Norfolk, Va.....	89,485,000	86,158,000	76,054,000
Raleigh, N. C.....	40,800,000	32,350,000	24,050,000
Richmond, Va.....	167,455,000	161,663,000	135,741,000
Roanoke, Va.....	30,603,000	29,116,000	.....
Spartanburg, S. C.....	12,854,000	13,405,000	.....
Washington, D. C.....	224,643,000	211,293,000	199,531,000
Wilmington, N. C.....	27,156,000	29,154,000	25,011,000
Winston-Salem, N. C.....	38,246,000	32,676,000	.....
Totals for 10 cities.....	\$ 1,118,806,000	\$ 1,055,999,000	\$ 1,081,715,000
Totals for 22 cities.....	1,392,623,000	1,320,097,000	.....

*Figures for period ending January 10, 1923, incomplete.

**Not included in Totals.

In the accompanying table we show total debits to individual accounts in the banks located in twenty-three of the leading centers of trade in the Fifth District, the figures given covering periods of five weeks ending on January 10, 1923, and December 6th and January 11th, 1922. These figures offer opportunities for comparing the volume of checks passing through the banks during the five weeks ending January 10, 1923 with the volume during the preceding five weeks, ending December 6, 1922, and the volume during the corresponding period a year ago, ending January 11, 1922. Figures for all three periods are shown for ten cities, and figures for twenty-two cities are shown for the two more recent periods, figures a year ago not being available in some of these cities. In Charleston, S. C., no figures for the period ending January 10, 1923 are shown, since the report for one week during that period has not been received. In order that the Totals shown may be comparable, the figures for Charleston, S. C., for the five weeks ending December 6, 1922 and January 11, 1922 are not included in the totals.

Comparing the figures reported by the ten cities for which 1921 figures are available, the total reported for the five weeks ending January 10, 1923 shows a substantial increase over that reported for the five weeks ending January 11, 1922. All of the cities included in the ten show increases this year except Baltimore, reflecting the more active business that is apparent now in contrast with last year at this time.

The figures for twenty-two cities for the period ending January 10, 1923 show the influence of end-of-the-year payments, in comparison with the figures reported for the period ending December 6, 1922. Because of interest and dividend payments, the period including the first of January generally shows considerably larger totals than any other period of the year, unless of course a distinct improvement in general business conditions later in the year causes later periods to exceed the period containing the first day of the year. In fact, 1922 was such a year, business having improved so distinctly during that year that the period of five weeks ending December 6, 1922, shows higher debits figures than the period which ended January 11, 1922, in all of the reporting cities except one.

**BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS
DECEMBER, 1922 AND 1921.**

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1922	1921		1922	1921	
Boston, First.....	148	190	—22.1	\$ 1,610,876	\$ 6,671,119	— 75.9
New York, Second.....	407	551	—26.1	9,879,829	36,979,329	— 73.3
Philadelphia Third.....	73	124	—41.1	4,267,289	4,176,377	2.2
Cleveland, Fourth.....	117	180	—35.0	3,519,347	4,050,490	— 13.1
Richmond, Fifth.....	108	212	—49.1	11,236,262	5,679,487	97.8
Atlanta, Sixth.....	109	190	—42.6	1,576,358	6,066,401	— 74.0
Chicago, Seventh.....	257	302	—14.9	9,075,862	7,820,313	16.1
St. Louis, Eighth.....	84	142	—40.8	897,491	3,873,516	— 76.8
Minneapolis, Ninth.....	94	100	— 6.0	1,224,152	2,158,515	— 43.3
Kansas City, Tenth.....	63	100	—37.0	1,558,136	2,152,128	— 27.6
Dallas, Eleventh.....	129	197	—34.5	2,118,607	4,307,254	— 50.8
San Francisco, Twelfth.....	225	156	44.2	5,104,812	3,567,453	43.1
Totals.....	1,814	2,444	—25.8%	\$ 52,069,021	\$ 87,502,382	— 40.5%

The figures on business failures given in the table herewith, furnished to us by Dun's Review, show a total of 1,814 bankruptcies in the United States during December 1922, compared with 2,444 in December 1921, a decrease during the more recent month of 630 failures, or 25.8%. The total of liabilities involved in the December 1922 failures was \$52,069,021, compared with a total of \$87,502,382 involved in the December 1921 insolvencies, a decrease during December 1922 of \$35,433,361, or 40.5%. Eleven of the twelve Reserve districts show fewer failures in December 1922 than in December 1921, and eight of the twelve districts show lower total liabilities involved. The San Francisco district is the only one that shows an increase in both number of failures and total liabilities.

In the Fifth District, December 1922 showed a satisfactory decrease in the number of insolvencies, the number having fallen from 212 failures reported for December 1921 to 108 reported for December 1922, a decline of 49.1%. In the total of liabilities involved, however, the Fifth District showed relatively the poorest record in the country, the total involved having increased from \$5,679,487 reported for December 1921 to \$11,236,262 reported for December 1922, an increase during the more recent month of 97.8%. The number of failures reported for December 1922 in the Fifth District was smaller than during any other month of the year except October, but the amount of liabilities involved in the December failures was greater than the amount reported for any other month since the Reserve Bank began keeping a record of failures, and is slightly more than double the entire amount involved in insolvencies during the year 1919.

The average liability per failure in the Fifth District was \$104,040 during December 1922, compared with \$26,790 in December 1921, and the average liability in the United States was \$28,704 during December 1922 compared with \$35,803 in December 1921.

LABOR—Except in the cotton growing sections of South Carolina, where the ravages of the boll weevil have brought the tenant farmers and farm laborers to a really deplorable situation, there is no unemployment of importance in the territory embraced in the Fifth District, and there has not even been the usual seasonal slackening in outside work this year. The weather has been mild and pleasant, and outdoor work of all kinds has been carried on without interruption. Extraordinary activity in construction circles continues to give employment to all workers in the building trades, and skilled workmen are in great demand. Industrial operations are gradually expanding, necessitating employment of additional workers, and construction projects of many kinds now being planned promise a further increase in the demand for laborers. The year 1923 opens with labor conditions entirely different from those of a year ago. On the first of January last year there was widespread unemployment in nearly all of the country, including the Fifth District, and in addition the relations between employers and employees were strained in many cases. Strikes were frequent and bitterly contested, and the outlook for the year appeared anything but encouraging. The probability of the coal and rail strikes was evident to all who gave the matter their thoughtful attention, and the uncertainties arising out of the strained situation in coal and transportation fields held back many business developments, thus operating against expansion of employment in innumeral industries. The year 1923 begins, however, with an entirely different prospect. While no one can say what a year will bring forth, at present labor is almost normally employed, and every indication seems to point toward a further increase in the demand for practically every type of workmen. Wages have virtually ceased declining, thus removing the chief source of friction between employers and employees, and appear to be fairly stable for the immediate future, although there are some signs that appear to indicate the existence of conditions which generally result in rising wages, brought on by shortages of skilled workers in certain trades.

FOOD PRICES—According to the monthly report of the United States Bureau of Labor Statistics, retail food prices decreased during the month ending December 15, 1922, in four of the country's chief cities, but increased in eighteen cities. All of the reporting cities that are located in the Fifth District showed increases, the rise amounting to 2% in Charleston, S. C., and 1% in Baltimore, Richmond, and Washington. In comparison with average prices prevailing in the cities mentioned during the year 1913, food prices were 57% higher in Richmond on December 15, 1922, 55% higher in Washington, 51% in Baltimore, and 46% in Charleston, S. C. As in November, food prices in Richmond during December 1922 were higher in comparison with average prices in the same city during 1913 than was the case in any other city in the United States included in the Bureau of Labor Statistics report.

COAL—In its weekly report dated January 13, 1923, the United States Geological Survey reviews the coal production record of December 1922 and also of the entire year 1922. Speaking of December production, the report says, "Preliminary estimates place the output of soft coal during the month of December at 46,450,000 net tons. This was the largest monthly record since March 1922, and, in fact, it has been exceeded but once since December 1920." The Survey further states, "The test of the sufficiency of production to meet requirements is the state of consumers' stocks. On October 1, 1922, there was in commercial storage approximately 28,000,000 net tons of soft coal. The available information indicates that the rate of consumption has increased since September, but it has not yet equalled the rate of production. Consequently, coal has been flowing into storage, and stocks on January 1, 1923, exceeded those in October. It is not yet clear how great the increase was, but further light will be shed on stocks and consumption after analysis has been made of reports now being received from consumers." The Geological Survey's report gives the following figures on total yearly production of soft coal during each of the past five years:

Year	Production In Net Tons	Average Per Working Day
1918.....	579,386,000	1,880,000
1919.....	465,860,000	1,515,000
1920.....	568,667,000	1,846,000
1921.....	415,922,000	1,350,000
1922.....	407,909,000	1,331,000

Speaking of anthracite coal, the Survey's report dated January 6, 1923, says, "The total output for 1922, as estimated from reports of cars loaded by the anthracite carriers, was 52,465,000 net tons. In comparison with 1921, this was a decrease of 38,009,000 tons, or 42 per cent, which may be attributed to the twenty-three weeks miners' strike during 1922."

In the cities of the Fifth District soft coal may be gotten as needed, but hard, or anthracite, coal is very scarce. Prices are very high for all grades of coal, especially for soft coal in comparison with anthracite, and dealers are threatening to raise prices to the consumers still further, claiming that mine prices are steadily advancing from time to time.

TEXTILES—Textile mills in the Fifth District are enjoying a high degree of prosperity, and are finding ready markets for their output as far ahead as they care to obligate themselves. Early in January we received letters from a number of cotton mill executives, and without exception they wrote that present business is good and that the prospects for 1923 appear to be excellent. Virtually all of the Fifth District mills are running full time, and practically all of them paid good dividends at the end of the year 1922. A number of mills are preparing to enlarge their plants, and have increased their capital stock. There appears to be a growing conviction throughout the country that the South is the logical place for textile manufacturing, and there is much talk of additional mills locating in this section, a development in which the Carolinas appear to be likely to share liberally. The favorable climate, the supply of high grade, native born labor, and the numerous hydro-electric developments give North and South Carolina a combination of inducements to offer that perhaps no other states can fully match.

In December the cotton growing states consumed 324,437 bales of lint cotton, compared with 363,813 bales consumed in November 1922 and 304,756 bales in December 1921. The Christmas holidays undoubtedly played an important part in reducing the consumption in December in comparison with November. Of the 324,437 bales consumed in December 1922, North Carolina used 94,638 bales, South Carolina 81,250 bales, and Virginia 8,365 bales, a total of 184,253 bales for the three textile manufacturing states of the Fifth District. The consumption in the District in December was 57% of total consumption in the cotton growing states, and 35% of the national consumption for the month under review.

Active spindles during December in the United States numbered 34,968,440 and in the cotton growing states numbered 15,856,774, compared with 34,439,142 active spindles in the nation and 15,503,716 in the cotton growing states during December 1921.

COTTON—During the period between December 16, 1922, and January 20, 1923, spot cotton on the markets in the Carolinas rose steadily, each week showing a higher average price for middling than the preceding one. In our Review last month we quoted the average price paid for spots in the Carolinas during the week ending December 16th, the average being 24.93 cents per pound. Later averages are as follows: for the week ending December 23rd, 25.53 cents per pound; for the week ending December 30th, 26.09 cents; for the week ending January 6th, 26.20 cents; for the week ending January 13th, 26.50 cents; and for the week ending January 20th, 27.54. A number of reports of sales running well above 28 cents have reached us. The future market has been very strong, in spite of unsettled political conditions in Europe, the strength being due, among other causes, to the comparatively low ginning figures, high consumption figures, increased activity in Liverpool and Manchester, and good sales of both raw cotton and manufactured goods to the American trade. Mills are buying cotton for future consumption, and spot offerings are scarce, many farmers having turned their cotton over to co-operative associations or having stored it in their own names.

On January 16th, the Census Bureau gave out the cotton consumption figures for December 1922. The report showed 527,945 bales consumed in December, in comparison with 577,561 bales used in November 1922 and 510,925 bales used in December 1921. The figures show a drop of approximately 50,000 bales in December under November, but the Christmas holidays played an important part in the decrease, the decline in December being a regular seasonal occurrence. In addition to this factor, a considerable number of the textile mills in the South were forced to curtail operations one or two days each week during the early part of December because of insufficient water in the streams to run the hydro-electric plants that furnish power to the mills. The Census report states that cotton on hand in consuming establishments at the end of December totaled 1,921,295 bales, compared with 1,738,138 bales so held on December 31, 1921. Cotton held in public storage and at compresses December 31 amounted to 4,074,045 bales, compared with 5,206,663 bales held in the same places December 31, 1921.

The latest available ginning report was released by the Census Bureau on January 9th, and reported ginnings of 9,598,907 bales previous to January 1st. This figure was lower than traders had expected, and had a distinctly bullish effect upon the market.

TOBACCO—The weather in December was favorable for stripping and ordering tobacco, and therefore sales were brisk during the month. The markets were all closed about ten days for the Christmas holidays, however, and therefore sales totals for the month do not truly reflect the activity of the market during the month. The independent Virginia markets sold 8,174,708 pounds of bright tobacco during December, at an average price of \$24.64 per hundred pounds, compared with 11,895,342 pounds sold in December 1921 at an average price of \$20.38 per hundred pounds. In comparing the number of pounds sold in December 1922 with the December 1921 sales, however, it should be remembered that receipts of the Co-operative Association are not included in the December 1922 figures. Dark tobacco sales in Virginia during December totaled 6,895,461 pounds, at an average price of \$18.91 per hundred pounds, compared with 7,040,530 pounds sold in December 1921, at an average of \$17.95 per hundred. In the number of pounds of bright tobacco sold during December, Danville was far in the lead with a total of 3,521,453 pounds, and Danville also paid the highest prices, averaging \$32.30 per hundred for the month. Among the dark markets, Lynchburg led in volume of sales with 2,305,976 pounds, but Drakes Branch paid an average price of \$23.62 per hundred for the tobacco sold there, compared with \$21.60 paid in Lynchburg.

North Carolina markets sold 18,147,152 pounds of producers' tobacco during December 1922, at an average price of \$28.24, compared with an average of \$23.72 per hundred during December 1921. Winston-Salem led in the volume of sales with 4,463,424 pounds, but two warehouses at Mebane paid the highest prices, averaging \$31.93 per hundred for the month.

The Tobacco Growers Co-operative Association furnished the several State Agricultural Commissioners with figures showing total receipts by Association warehouses down to and including December 20, 1922, when the markets closed for the holidays. This report showed receipts in North Carolina amounting to 56,771,454 pounds and in Virginia amounting to 45,808,706 pounds. Adding these figures to sales reported each month by the independent warehouses, North Carolina farmers have marketed 241,196,783 pounds of tobacco, and Virginia farmers have marketed 100,098,113 pounds.

BUILDING OPERATIONS FOR THE MONTHS OF DECEMBER, 1922 AND 1921.

For the fifth consecutive month, building operations for which permits were issued in December 1922 broke all previous records for this season of the year, taking the Fifth District as a whole. Reports from twenty-four leading cities in the Richmond Reserve District show a total of 1,344 permits issued in December for new construction, with estimated valuation of \$13,579,178, compared with 1,154 permits for new work issued in December 1921, with estimated valuation of \$7,376,367, an increase in number of permits of 16.5% and in valuation of 84.1%. December 1922 witnessed 1,305 permits for alterations or repairs, with estimated valuation of \$1,398,785, compared with 1,330 permits for alterations or repairs issued in December 1921, with estimated valuation of \$976,780. In combined valuation of both new work and alterations or repairs, Decem-

ber 1922 shows a total valuation of \$14,977,963, compared with a total of \$8,353,147 in December 1921, a gain for December 1922 of \$6,624,816, or 79.3%.

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.....	450	298	576	622	\$ 5,607,660	\$ 820,900	\$ 312,120	\$ 332,160	\$ 4,766,720	413.4%	1
2	Cumberland.....	15	6	8	7	21,110	16,700	4,475	1,152	7,733	43.3	2
3	Frederick.....	1	1	1	0	200	600,000	2,000	0	597,800	99.6	3
VIRGINIA												
4	Lynchburg.....	15	8	29	5	13,375	7,700	9,160	950	13,885	160.5	4
5	Norfolk.....	45	20	43	40	115,095	90,000	34,790	38,848	21,037	16.3	5
6	Richmond.....	118	94	66	69	1,821,110	872,492	133,601	96,734	985,485	101.7	6
7	Roanoke.....	60	58	13	19	2,925	79,365	133,405	8,075	48,890	55.9	7
WEST VIRGINIA												
8	Bluefield.....	12	11	1	2	30,950	627,300	1,000	225	595,575	94.9	8
9	Charleston.....	44	42	16	9	207,550	48,545	11,310	2,730	167,585	326.8	9
10	Clarksburg.....	11	12	9	8	15,925	29,065	10,815	2,785	5,110	16.0	10
11	Huntington.....	65	* 77	12		83,495	*137,335	4,175		49,665	36.2	11
12	Parkersburg.....					150,000	86,000	25,000	20,000	69,000	65.1	12
NORTH CAROLINA												
13	Asheville.....	32	38	16	24	216,409	117,448	6,087	4,087	100,961	83.1	13
14	Charlotte.....	28	32	5	8	160,570	272,500	4,050	32,450	140,330	46.0	14
15	Durham.....	21	28	4	11	38,000	520,892	6,650	13,695	489,937	91.6	15
16	Greensboro.....	21	17	8	11	93,154	29,500	6,888	5,540	65,002	185.5	16
17	High Point.....	41	27	6	1	93,015	76,043	7,550	300	24,222	31.7	17
18	Wilmington.....	*17	12		3	*62,500	41,000		6,050	15,450	32.8	18
19	Winston-Salem.....	26	38	49	60	49,295	689,000	13,995	13,535	639,245	91.0	19
SOUTH CAROLINA												
20	Charleston.....	6	16	9	17	9,450	46,570	4,725	7,505	39,900	73.8	20
21	Columbia.....	30	26	65	63	185,000	59,700	10,177	9,794	125,683	180.9	21
22	Greenville.....	23	18	7	16	61,460	19,995	11,445	4,235	48,675	200.9	22
23	Spartanburg.....	25	31	24	27	27,277	75,510	4,510	6,120	49,843	61.1	23
DIST. OF COLUMBIA												
24	Washington.....	238	244	338	308	4,513,653	2,012,807	640,857	369,810	2,771,893	116.3	24
Totals.....		1,344	1,154	1,305	1,330	\$13,579,178	\$7,376,367	\$1,398,785	\$ 976,780	\$ 6,624,816	79.3%	

*Includes both new work and repairs.

—Denotes Decrease.

The entire year 1922 witnessed a building boom. January and February witnessed a considerably larger number of permits for new work than the same two months in 1921, though the first two months of 1920 slightly exceeded the same months of 1922. In March the number of permits rose well above the number issued in March 1920, but lacked 4 permits of equaling the number issued in March 1921, that month being the banner month in 1921 building records. After March, however, the 1922 figures showed a distinct gain each month over the corresponding months of both 1921 and 1920, and also exceeded the number of permits issued for new work during 1919 except during the month of June, in which the 1919 figures were larger. The total number of permits issued in 1922 for new work, including all reporting cities in the Fifth District, was 20,675, compared with a total of 17,373 permits issued in the same cities during 1921, a gain for 1922 of 3,302 permits, or 19%. In total valuation the year 1922 shows permits aggregating \$131,402,781, compared with \$85,705,950 for 1921, a gain during 1922 of \$45,696,831, or 53.3%. The greater percentage increase in valuation in comparison with number of permits shows that large industrial and commercial buildings were more frequently undertaken in 1922 than in 1921.

All authorities agree that the building outlook for 1923 is excellent, and contractors, building supply dealers, and workers in the building trades are looking forward to full time operations during the coming months. In spite of the large number of permits issued last year, the housing shortage has by no means been overcome, and early reports for January indicate no slackening in the volume of new work being planned. In Richmond alone, permits for practically a million dollars worth of work were issued during the first three weeks of the new year, and similar reports reach us from other sections of the District. Building operations are much easier to finance now than they were a year ago, and while building costs have recently shown a distinctly advancing tendency, this has not yet been sufficiently marked to check new work to any appreciable degree.

FIGURES ON RETAIL TRADE
As Indicated by Reports from Twenty-five Department Stores in the Fifth Reserve District
for the last Six Months of 1922

Percentage of increase (or decrease) in net sales during the month named, 1922, over same month in 1921:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	— 4.7	1.1	10.6	4.1	8.1	7.9
Richmond	— 1.0	26.4	24.0	5.7	12.8	12.2
Washington	— 7.0	— 4.8	7.3	—5.1	—0.4	0.5
Other Cities	—13.6	— 4.7	8.8	—2.0	5.9	5.0
District Average	— 6.5	0.8	10.9	0.6	5.7	5.6

Percentage of increase (or decrease) in net sales from July 1st, through month named, 1922, over net sales during same period in 1921:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	— 4.7	— 1.8	2.9	3.3	4.6	5.4
Richmond	— 1.0	12.2	16.5	12.9	12.9	12.7
Washington	— 7.0	— 5.9	— 1.4	— 2.7	— 2.1	— 1.4
Other Cities	—13.6	— 9.3	— 3.3	— 2.9	— 0.9	0.7
District Average	— 6.5	— 2.8	2.0	1.5	2.6	3.4

Percentage of increase (or decrease) in net sales during the month named, 1922, over net sales during the immediately preceding month the same year:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	—36.4	9.2	29.8	36.1	3.5	37.2
Richmond	—27.4	18.4	19.1	16.9	3.4	60.8
Washington	—27.6	0.5	16.7	32.1	1.0	58.6
Other Cities	—19.8	6.3	12.8	24.5	4.4	52.8
District Average	—30.5	7.0	21.9	30.9	2.9	48.1

Percentage of increase (or decrease) in stocks at close of month named, 1922, over stocks at same date in 1921

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	0.8	— 7.8	— 6.1	2.5	1.8	7.2
Richmond	— 2.0	— 4.5	— 7.6	— 6.4	—10.3	— 4.5
Washington	4.8	5.2	4.9	11.7	— 1.9	8.8
Other Cities	— 0.6	— 4.3	— 8.2	— 8.4	— 7.7	7.6
District Average	1.8	— 2.9	— 3.2	2.6	— 2.1	4.0

Percentage of increase (or decrease) in stocks at close of the month named, 1922, over stocks at close of preceding month the same year:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	— 3.6	2.5	15.7	11.4	—2.8	—18.1
Richmond	— 1.1	5.2	11.6	12.6	4.6	—17.0
Washington	— 4.8	10.1	12.0	6.9	—6.4	—17.2
Other Cities	— 3.7	1.1	11.3	4.4	1.1	—20.5
District Average	— 3.8	4.9	13.4	8.3	—2.6	—18.1

Percentage of average stocks at close of each month since July 1st, to average monthly net sales during the same period:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	510.2	493.9	466.9	425.2	399.1	344.3
Richmond	428.3	449.4	371.2	357.0	350.3	299.3
Washington	485.9	509.2	509.9	478.3	454.6	382.5
Other Cities	590.4	575.5	567.6	535.3	514.2	437.4
District Average	507.9	508.3	483.0	448.6	426.0	363.5

Percentage of outstanding orders at the end of each month named, 1922, to total purchases of merchandise during 1921:

	July	August	Sept.	Oct.	Nov.	Dec.
Baltimore	6.3	7.5	8.4	8.6	6.5	5.6
Richmond	12.2	12.5	13.4	10.6	9.7	.....
Washington	9.3	7.4	6.5	7.0	6.5	5.1
Other Cities	7.9	7.0	7.0	6.7	5.5	6.2
District Average	8.0	7.8	8.0	8.0	6.6	5.3

In the accompanying table, we have gathered the percentage figures on retail trade for the past six months, printing them again for ready reference. All months include figures from the same twenty-five stores.

December retail trade was exceptionally good in the Fifth District. Several stores reported the best month's business in their histories, and nearly all of them reduced their stocks to a satisfactory level for inventory taking in January. Sales in the District averaged 5.6% above sales in December 1921 and 48.1% above sales in November 1922. From July 1, 1922 through December the reporting stores sold 3.4% more goods than during the corresponding six months of 1921. Stocks on hand were 4.0% larger in dollar value at the end of December 1922 than on the same date in 1921, but were 18.1% less valuable than at the end of

November 1922. The percentage of average stocks carried during the last six months of the year to average monthly net sales during the same period was 363.5%, and outstanding orders on December 31, 1922 amounted to 5.3% of total purchases of merchandise during the calendar year 1921.

WHOLESALE TRADE

Percentage Increase (or Decrease) in Net Sales During Dec., 1922, as Compared With Nov., 1922 and December, 1921.

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	42	15	20	18	9	13
Net sales (selling price) during Dec., 1922, compared with November, 1922.....	— 9.0	—30.5	—22.9	—16.8	—23.3	—13.7
Net sales (selling price) during Dec., 1922, compared with December, 1921.....	9.8	41.6	27.3	23.5	18.8	13.0

—Denotes Decrease.

The figures in the table show that December sales fell under November sales in every line reported upon, but this is a regular seasonal development. By the first of December retailers have bought all of their holiday stock, and as little is purchased during that month as possible, the effort being made to get stocks as low as may be before January 1st, when inventories are usually taken. Wholesalers expect only nominal business during the last six weeks of the year, the amount gotten depending upon the number of refilling orders merchants have to place to keep their stocks complete for the Christmas trade.

The second set of figures in the table shows that refilling orders were more numerous in December 1922 than in December 1921. All reporting lines show increased sales during December 1922 over sales in December 1921, the increases ranging from 41.6% in dry goods to 9.8% for groceries, with shoe sales increasing 27.3%, hardware sales 23.5%, furniture sales 18.8%, and drug sales 13.0%.

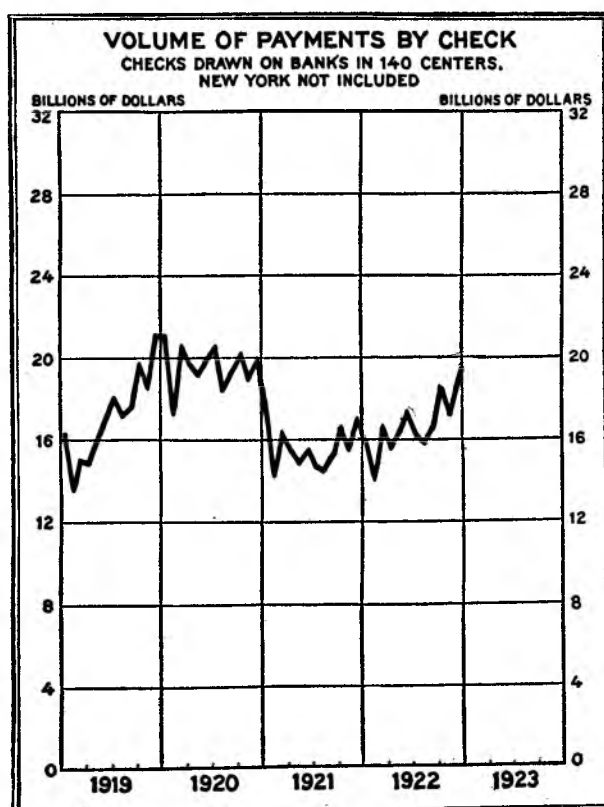
We have totaled the sales reported by all wholesale firms for which we have both 1921 and 1922 figures, and the results are interesting. Our calculations show that 42 wholesale grocers sold \$32,158,493 worth of goods in 1922, compared with \$32,789,154 sold by the same firms in 1921, a decline of 1.9% during 1922. Dry goods sales as shown by reports from 15 jobbers also show a decline from \$23,158,374 in sales during 1921 to \$22,470,431 during 1922, a decrease of 3.0%, and sales made by 20 shoe jobbers dropped from \$16,953,996 in 1921 to \$16,798,786 in 1922, a loss of 0.9%. On the other hand, 18 hardware wholesalers reported sales aggregating \$13,159,671 during 1922, compared with sales totaling \$13,076,513 in 1921, a gain in 1922 of 0.6%, and 7 furniture factories reported sales aggregating \$3,856,841 in 1922 compared with sales amounting to \$2,592,874 in 1921, a gain of 48.7% in 1922. The drug firms began reporting during 1922, and therefore figures for the two years are not available.

One hundred and eighteen firms classified their collections during December as Good, Fair, Slow or Poor. Of this number, 93.2% stated their collections were either Good or Fair, compared with 89.5% so classified by the same firms in November 1922, 88.9% so classified in October, 87.6% in September, 82.4% in August, and 81.7% in July. Last month we wrote that comments by wholesalers indicated some slowing up of collections late in November, but the slight loss was more than recovered before the end of December. We give below the classified reports by lines for December, to which we have added the totals reported for November, October, September, August and July for comparison. A study of the figures will show a steady improvement in collections since July.

Lines Sold	Collections Reported As				Total
	Good	Fair	Slow	Poor	
Groceries	8	28	6	0	42
Dry Goods	5	10	0	0	15
Shoes	3	17	1	0	21
Hardware	3	15	0	0	18
Furniture	0	9	0	0	9
Drugs	8	4	1	0	13
December Totals	27	83	8	0	118
November Totals	26	85	13	0	124
October Totals	27	77	13	0	117
September Totals	19	87	14	1	121
August Totals	14	84	17	4	119
July Totals	12	82	19	2	115

(Compiled January 20, 1923)

Summary of Business Conditions in the United States.



Production and prices remained relatively constant in December, while trade and credit showed the usual increase in the holiday season, followed by declines in January.

PRODUCTION

The index of production in basic industries, after rising rapidly since last August, showed a slight recession in December, though production was maintained at a level near the peak of 1920. The output of pig iron and coal continued to increase but the production of certain other commodities, particularly of cotton textiles and flour, showed declines. In Southern districts the building industry continued active and in all parts of the country much new construction was projected. Railroad traffic continued heavier than a year ago, though seasonal decline in carloadings and the reduction in bad order cars partially relieved freight congestion. Employment at industrial establishments made a further advance in December, accompanied by wage increases in certain industries. Some shortage of labor in the Eastern districts were still reported, but in the Pacific states a substantial surplus of unskilled labor was indicated.

WHOLESALE PRICES

The general level of wholesale prices remained unchanged in December. Among various groups of commodities the price tendencies of recent months were continued. Prices of farm products, cloth, chemicals and house furnishings registered further increases, while fuel and metal prices continued to decline. During January a number of basic commodities advanced in price, and cotton, rubber and lead rose to the highest points since 1920.

TRADE

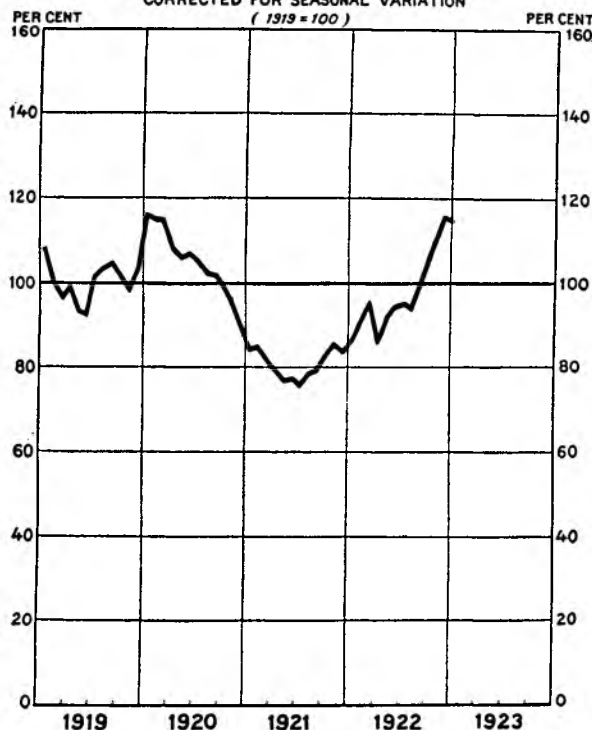
Wholesale trade in most reporting lines showed a seasonal decline during December, but was considerably larger than a year ago. Farm implement dealers, however, reported larger sales than in November and more than doubled their December 1921 business. Retail sales of reporting stores during December reached the largest volume in the last four years.

BANK CREDIT

Dividend and interest payments, and the disbursement of Government funds in connection with the redemption of Victory Notes and War Savings Certificates, together with the usual decline in the demand for currency after the holiday season, were attended by a large increase in the volume of new securities issued and by somewhat easier money conditions. Open market commercial paper rates in financial centers, which were $4\frac{1}{2}$ to $4\frac{3}{4}$ percent in December, declined to $4\frac{1}{4}$ to $4\frac{1}{2}$ percent in January. Member banks in leading cities reported an increase in demand deposits, an important factor in which was the usual seasonal flow of funds from country districts to financial centers. While the volume of loans on stocks and bonds decreased in the first two weeks of January, there was a somewhat larger increase in the investments owned by the banks. At the Federal Reserve Banks the principal change between December 20th and January 24th was a reduction of \$230,000,000 in Federal Reserve Note Circulation, caused by the seasonal decline in currency requirements. Reserves increased \$65,000,000, while earning assets declined \$171,000,000. These changes are similar to developments during the same period a year ago, although the decline in earning assets was less than last year.

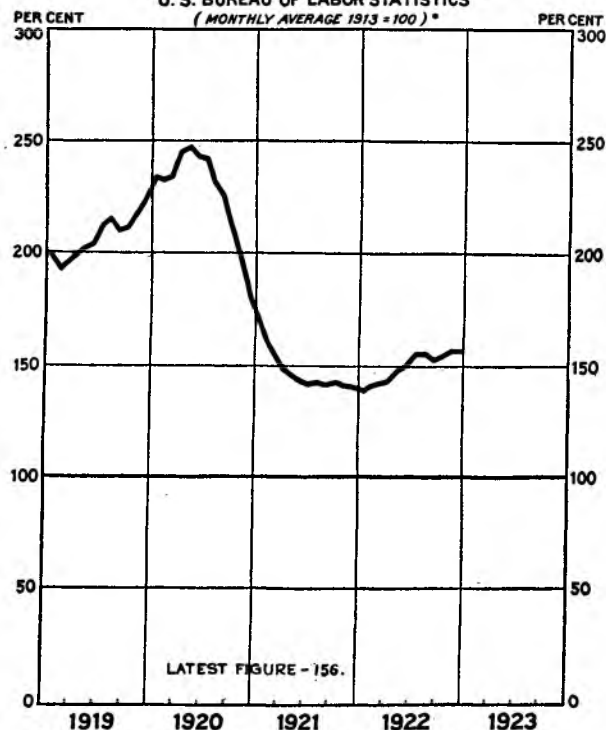
INDEX OF PRODUCTION IN BASIC INDUSTRIES

COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1919 = 100)



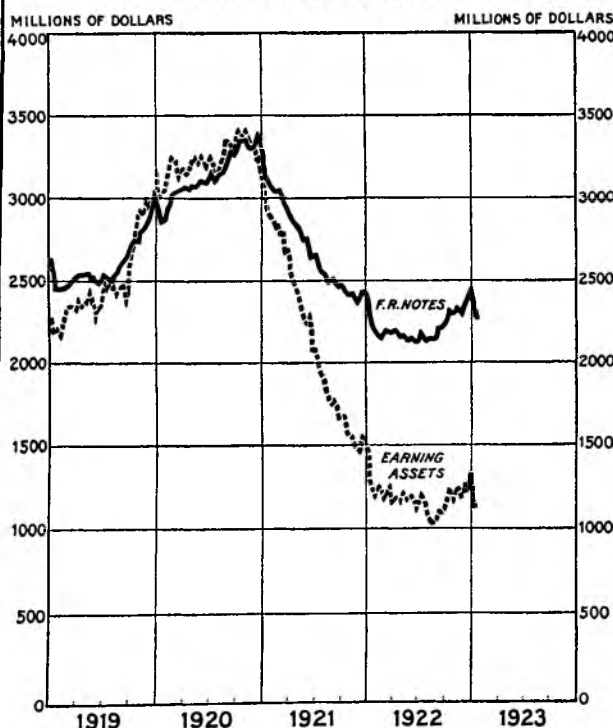
PRICES

INDEX NUMBERS OF WHOLESALE PRICES
U. S. BUREAU OF LABOR STATISTICS
(MONTHLY AVERAGE 1913 = 100) *



* Base adopted by the United States Bureau of Labor Statistics.

BANK CREDIT ALL FEDERAL RESERVE BANKS



BANK CREDIT 800 MEMBER BANKS IN LEADING CITIES

