

FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

By CALDWELL HARDY, Chairman and Federal Reserve Agent

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DISTRICT SUMMARY

January reports indicate a continued gradual improvement in business conditions. Even in the sections of the Fifth District that have suffered most from the ravages of the boll weevil, a better feeling prevails and organized plans are being made with a view to reducing its ravages as much as possible in the coming season. As a result more mules, fertilizer and farm machinery are being bought than was the case last year.

Member banks reporting from thirteen of the District's leading cities show decreased loans and rediscounts, indicating some little further strengthening of financial conditions. Savings bank deposits, in both member and non-member banks, show an increase during January over December, and reached record totals for the reporting institutions. Loans to member banks were reduced and Federal Reserve Notes in circulation declined with a resulting rise in cash reserves of the Federal Reserve Bank. The reserve ratio of the Richmond Reserve Bank was 76.51% on February 14th, in contrast with 73.87% on January 17th this year and 52.04% on February 15, 1922. Debits to individual accounts in twenty-three of the District's leading trade centers considerably exceeded debits in the same cities during January 1922, and fell comparatively little below the debits during December, in spite of the absence of end-of-year payments in the January figures. Business failures in the Fifth District as well as in the United States at large were fewer than in January 1922, and the total of liabilities involved in the insolvencies was also smaller during January 1923 than in January 1922. Labor is fully employed, wages have ceased declining and show tendencies upward slightly, and good weather has permitted out-door work to progress unusually well for this season of the year. Sufficient coal is obtainable to supply the District's pressing needs, and no further price increases were made during January and early February. Textile mills continue full operations, January being one of the most

active months in the history of the textile industry in the Fifth District, the mills in the two Carolinas and Virginia consuming 36.8% of the cotton used in the entire United States during that month. Some new mills are being built, especially in North Carolina, and other mills are adding new units, building additional houses for operatives, and making extensive improvements in other ways around their plants. January cotton consumption was the third highest monthly record, according to the consumption report of the Census Bureau, and exceeded any previous January. Cotton prices have continued upward, and farmers are now receiving the highest prices obtained since the spring and early summer of 1920. Tobacco prices are considerably above those of 1922, and the crop is much larger, the two factors yielding the tobacco growers handsome returns. Building operations continue to break records for the season of the year under review. Building material dealers are naturally prospering as a result of the extensive building program being carried out everywhere. Retail trade is much better than a year ago, twenty-three of the twenty-five department stores sending us reports for January showing larger sales during the month than during January 1922. Wholesale trade is picking up rapidly after the inventory season, all of the six reporting lines for which statistics are given in this Review showing gains in sales in January over sales in January 1922, and all of them except shoes and furniture showing larger sales in January than in December 1922. In the case of furniture, January sales were smaller than those in December, but the reporting factories have a much larger volume of orders for future delivery than they had a month ago, good business having been secured at the January Expositions held in Grand Rapids, Chicago, and High Point. Collections in both retail and wholesale business are steadily improving, and on all new accounts payments are promptly made, the only trouble arising from slow accounts carried over from previous seasons.

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

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

ITEMS	February 7, 1923	January 10, 1923	February 8, 1922
1. Total Loans and Discounts (including all rediscounts)	\$ 444,969,000	\$ 451,421,000	\$ 420,216,000*
2. Total Investments in Bonds and Securities	135,317,000	128,427,000	123,286,000
3. Total Loans and Investments	580,286,000	579,848,000	543,502,000
4. Reserve Balance with Federal Reserve Bank	37,886,000	37,427,000	32,168,000
5. Cash in Vaults	13,305,000	14,945,000	13,992,000
6. Demand Deposits	341,210,000	346,762,000	305,076,000
7. Time Deposits	149,495,000	148,102,000	130,516,000
8. Borrowed from Federal Reserve Bank	21,754,000	23,550,000	38,264,000

*Does not include Rediscounts.

The above table shows the principal items of condition in seventy-eight regularly reporting member banks, located in thirteen cities of the Fifth District, as of the close of business February 7 and January 10, 1923, and February 8, 1922. The table affords opportunity for comparisons between the latest available figures, those of February 7, 1923, with corresponding figures a month and a year earlier. Because of a change this year in the method of reporting loans and discounts, the figures in Item 1 for the two 1923 dates are not comparable with the February 8, 1922 figure, the 1923 loan figures including all rediscounts, but the 1922 figure excluding them. All other items in the table are comparable.

During the four weeks between January 10th and February 7th, of this year, the usual seasonal developments took place in the reporting banks. Item 1, Total Loans and Discounts (including all rediscounts) declined from \$451,421,000. on January 10th to \$444,969,000. on February 7th, the decline being due chiefly to the settlement of obligations incurred by merchants during the pre-holiday season. As a corollary of the decline in outstanding loans, demand deposits show a decrease from \$346,762,000. on January 10th to \$341,210,000. on February 7th. A similar decline is shown in Item 8, Borrowed from the Federal Reserve Bank, discounts and rediscounts decreasing from \$23,550,000. on January 10th to \$21,754,000. on February 7th. Item 5, Cash in Vault, shows a decline from \$14,945,000. to \$13,305,000. within the four weeks. On the other hand, Item 2, Total Investments in Bonds and Securities, increased from \$128,427,000. on January 10th to \$135,317,000. on February 7th; Item 4, Reserve Balance with the Federal Reserve Bank, shows a slight increase from \$37,427,000. to \$37,886,000. between the same two dates; and Item 7, Time Deposits, increased from \$148,102,000. to \$149,495,000.

A comparison of the February 7, 1923, figures with those reported for February 8, 1922, shows the decided strengthening that has taken place in the condition of the reporting banks. As stated above, the figures for Item 1, Total Loans and Discounts, are not comparable, but it is certain that if the rediscounts that were outstanding at the time could be ascertained and added to the \$420,216,000. of Loans reported for February 8, 1922, the resulting total would materially exceed the \$444,969,000. in combined Loans and Discounts reported for February 7, 1923. A considerable reduction in outstanding loans to customers has therefore occurred during the year, and this lessened pressure on the banks for accommodation enabled them to reduce their borrowings from the Reserve Bank from \$38,264,000. on February 8, 1922 to \$21,754,000. on February 7, 1923. Cash in Vault shows a small decrease during the year, hardly more than a daily fluctuation, but all other items show increases. Total Investments in Bonds and Securities increased from \$123,286,000. on February 8, 1922 to \$135,317,000. on February 7, 1923; Reserve with Federal Reserve Bank rose from \$32,168,000 to \$37,886,000. between the same dates; Demand Deposits increased from \$305,076,000. to \$341,210,000.; and Time Deposits grew from \$130,516,000 to \$149,495,000. The gains of \$36,134,000. in Demand Deposits and \$18,979,000. in Time Deposits, together with the decrease in Loans previously pointed out, clearly indicate the improvement in the financial position of the banks during the past year.

SAVINGS BANK DEPOSITS

Reports from fifteen mutual savings banks in Baltimore giving total deposits at the end of January show an increase over the December 31, 1922 and the January 31, 1922 deposits that corresponds with the increase mentioned for reporting member banks. At the close of business January 31, 1923 the fifteen savings banks had on deposit an aggregate of \$133,835,731, compared with \$123,885,687. on deposit January 31, 1922, \$122,749,845. on deposit January 31, 1921, and \$118,733,466. on deposit January 31, 1920. Only two of the fifteen banks reported a smaller volume of deposits on January 31, 1923 than on January 31, 1922, and these two were both small institutions. It is interesting to note that the amount on deposit in these identical banks on January 31, 1923 was \$15,102,265. greater than the total of deposits on January 31, 1920, when wages were at their highest point and employees believed that they were exceedingly prosperous.

FEDERAL RESERVE BANK OPERATIONS

During the four weeks from January 17, 1923 to February 14, 1923, Cash Reserves held by the Federal Reserve Bank of Richmond rose from \$114,386,915.75 to \$117,753,753.04, and Member Bank Reserve Deposits increased from \$61,769,090.07 to \$62,424,579.24. Between the same two dates, Total Bills on Hand increased from \$38,620,897.98 to \$38,818,335.26, the increase being no more than a daily fluctuation. Federal Reserve Notes in Actual Circulation amounted to \$92,103,795. on January 17th, but declined to \$89,033,215. on February 14th. As a result of the changes in the items referred to, the ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities combined rose from 73.87% on January 17th to 76.51% on February 14th.

On February 15, 1922, the Cash Reserves of the Federal Reserve Bank of Richmond amounted to \$79,252,613.05; Bills on Hand amounted to \$79,186,215.87; Federal Reserve Notes in Actual Circulation totaled \$97,494,194; and Member Bank Reserve Deposits amounted to \$53,485,873.25. The reserve ratio was 52.04%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FIVE WEEKS ENDING		
	February 14, 1923	January 10, 1923	February 15, 1922
Asheville, N. C.....	\$ 24,265,000	\$ 21,563,000	\$
Baltimore, Md.....	424,200,000	440,590,000	377,485,000
Charleston, S. C.....	45,221,000	31,063,000	30,188,000
Charleston, W. Va.....	43,375,000	48,254,000	.....
Charlotte, N. C.....	43,191,000	45,446,000	30,616,000
Columbia, S. C.....	29,054,000	27,626,000	25,633,000
Cumberland, Md.....	8,780,000	10,254,000	.....
Danville, Va.....	13,751,000	15,636,000	.....
Durham, N. C.....	22,065,000	23,293,000	.....
Greensboro, N. C.....	27,256,000	25,759,000	.....
Greenville, S. C.....	27,500,000	22,500,000	16,015,000
Hagerstown, Md.....	10,139,000	10,751,000	.....
Huntington, W. Va.....	29,458,000	33,105,000	20,975,000
Lynchburg, Va.....	24,317,000	27,631,000	.....
Newport News, Va.....	8,742,000	8,973,000	.....
Norfolk, Va.....	81,267,000	89,485,000	67,696,000
Raleigh, N. C.....	35,950,000	40,800,000	21,530,000
Richmond, Va.....	160,460,000	167,455,000	127,967,000
Roanoke, Va.....	26,336,000	30,603,000	.....
Spartanburg, S. C.....	12,318,000	12,854,000	.....
Washington, D. C.....	220,238,000	224,643,000	192,372,000
Wilmington, N. C.....	24,358,000	27,156,000	21,228,000
Winston-Salem, N. C.....	36,974,000	38,246,000	.....
Totals for 11 cities.....	\$ 1,120,897,000	\$ 1,149,869,000	\$ 931,705,000
Totals for 23 cities.....	1,379,215,000	1,423,686,000	.....

Accompanying this paragraph, we show in tabular form the volume of debits to individual, firm and corporation accounts in twenty-three leading centers of trade and industry in the Fifth Reserve District, the figures included covering five weeks ending February 14, 1923 and the five weeks ending January 10, 1923. In addition, we include figures from eleven of the twenty-three cities for the five weeks ending February 15, 1922. These figures picture the volume of transactions by bank check in the reporting cities, and form a valuable barometer of trade activity. In our next Review we will be able to give 1922 figures for twenty-one of the twenty-three cities, thus increasing the value of the table as a business index.

Comparing the figures reported by the eleven cities for which 1922 figures are available, the total reported for the five weeks ending February 14, 1923 shows a very substantial increase over the total reported by the same cities for the five weeks ending February 15, 1922, the amount having grown from \$931,705,000. reported last year to \$1,120,897,000. reported for the corresponding period this year. Every one of the eleven cities show larger figures for the 1923 period, and, considering the time of the year included, indicate an exceptionally large volume of check transactions in comparison with other five weeks' periods during the past two years.

An examination of the totals reported by twenty-three cities for the five weeks' periods ending February 14th and January 10, 1923, shows perhaps even more clearly the justification for the confidence with which business has begun this year. The total reported for the five weeks ending February 14th amounted to \$1,379,215,000., compared with a total of \$1,423,686,000. reported for the five weeks ending January 10th, a decrease of only \$44,471,000., or 3.1%. Considering that the period ending January 10th contained the first of the year, with its large volume of annual, semi-annual and quarterly payments of interest, dividends,

etc., the smallness of the decrease during the period ending February 7th is encouraging, and justifies the general belief that business is now on the upgrade.

BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS JANUARY, 1923 AND 1922.

City and District	Number		Per Cent Increase or Decrease	Liabilities		Per Cent of Increase or Decrease
	1923	1922		1923	1922	
Boston, First.....	172	209	-17.7	\$ 2,716,407	\$ 2,600,442	4.5
New York, Second.....	441	429	2.8	14,478,212	22,885,754	- 36.7
Philadelphia Third.....	114	136	-16.2	2,767,619	2,561,559	8.0
Cleveland, Fourth.....	182	242	-24.8	7,235,898	6,238,303	16.0
Richmond, Fifth.....	173	233	-25.8	3,623,783	4,696,036	- 22.8
Atlanta, Sixth.....	186	283	-34.3	2,689,396	5,012,931	- 46.4
Chicago, Seventh.....	283	362	-21.8	6,250,185	10,314,358	- 39.4
St. Louis, Eighth.....	97	177	-45.2	1,855,028	4,013,092	- 53.8
Minneapolis, Ninth.....	108	109	- 0.9	2,655,679	2,597,637	2.2
Kansas City, Tenth.....	81	112	-27.7	1,491,314	3,400,430	- 56.1
Dallas, Eleventh.....	117	207	-43.5	1,524,107	4,326,594	- 64.8
San Francisco, Twelfth.....	172	224	-23.2	1,922,869	5,148,644	- 62.7
Totals.....	2,126	2,723	-21.9%	\$ 49,210,497	\$ 73,795,780	- 33.3%

The figures on business failures given in the table herewith were furnished by Dun's Review, and show both the number of insolvencies and the total of liabilities involved for January 1923 in comparison with January 1922. Statistics for all of the twelve Federal Reserve Districts are included. January 1923 witnessed a total of 2,126 bankruptcies, with liabilities of \$49,210,497, compared with 2,723 failures reported in January 1922, with liabilities of \$73,795,780., a decrease of 21.9% in the number of failures and a decline of 33.3% in the total of liabilities involved. All of the Reserve Districts show fewer failures this year than last except in New York, where the increase was small. Eight of the twelve districts show lower liabilities, the four showing greater liabilities being the Boston, Philadelphia, Cleveland and Minneapolis districts. The number of failures was larger in January 1923 than in December 1922, but this is a seasonal increase. Nearly every year witnesses a number of insolvencies soon after the Christmas holidays, especially in the number of voluntary bankruptcies. The weak firms try to hold on through the Christmas trade, and in addition to this some firms find themselves insolvent when January inventories are taken. Every District reports more failures in January 1923 than in December 1922 except Dallas and San Francisco.

In the Fifth District, January 1923 shows a gratifying decrease in the number of failures in comparison with January 1922, the current month this year having witnessed only 173 insolvencies in comparison with 233 in January last year, a decline of 25.8%. In the total of liabilities involved, also, the Fifth District shows distinct improvement, the January 1923 total of \$3,623,783. being 22.8% lower than the total of \$4,696,036. reported in January 1922.

The average liability per failure in the Fifth District was \$20,947. during January 1923, compared with \$20,155. in January 1922, and the average liability in the United States was \$23,147. during January 1923 compared with \$27,101. in January 1922.

LABOR—Perhaps nothing else in industry or trade quite so clearly shows the improvement in general conditions as the contrast in employment statistics this year with those of a year ago. In January 1922 there was a great deal of unemployment in the United States, including the territory embraced in the Fifth Reserve District, and in addition to the absence of demand for workers, the weather during January and early February was cold and wet, with snow on the ground much of the time in the upper half of the Fifth District. This year, however, it is doubtful if there is any involuntary unemployment, and the weather has been almost ideal for outside work. Instead of a serious surplus of labor, there are now shortages of satisfactory workmen in some lines, demands for brick masons, and plasterers, and, to a less degree, farm hands being especially noted. Good domestic help is also very scarce in the cities. Employment agencies report no trouble in placing all applicants of good character. The Public Employment Bureau of Richmond, which may be taken as typical of all the cities of the District, reports that during January it placed 333 common laborers in comparison with 30 placed in January 1922. Last year 703 persons applied for work during January but the Bureau succeeded in placing only 279 of the workers, while this year during January the Bureau placed 763 workers out of 1,416 applicants. The report states that the only surplus exists in the number of unskilled men who want clerical positions, but this is a surplus that nearly always exists, office work appearing very attractive and desirable to most young men, though the opportunities in industry and trade are probably greater for the average untrained man.

FOOD PRICES—The monthly report of the United States Bureau of Labor Statistics, released on February 10, 1923, states that retail food prices declined in sixteen of nineteen reporting cities between December 15, 1922 and January 15, 1923. The increases were in Little Rock and Manchester, the rise amounting to 1%, and in Chicago, which reported an increase of less than five-tenths of 1%. The declines ranged downward from 4% in Denver, decreases of 3% being reported for Peoria and St. Louis, 2% for Butte, Richmond, St. Paul, Salt Lake City, Seattle and Washington, 1% for Baltimore, Cleveland, Omaha and Providence, and less than five-tenths of 1% for Detroit and Portland, Maine. For the year which ended January 15th, the report revealed that fifteen of the cities experienced increases, ranging from less than five-tenths of 1% at Omaha to 6% at Cleveland. At Peoria the level of prices declined 3% during the year, at Richmond and Scranton there was a drop of 2%, and at Manchester a decrease of 1%. As compared with the average cost in the year 1913, the retail cost of foods on January 15th ranged from 24% higher at Salt Lake City to 54% higher at Richmond.

COAL—The United States Geological Survey, in its weekly report on coal production in the United States, states that "preliminary estimates place the output of soft coal, including lignite and coal coked at the mines, during the month of January 1923 at 50,123,000 net tons, an increase over December 1922 of approximately 8%.

A canvass of a selected list of consumers of coal indicated that on January 1, 1923, there was in commercial storage approximately 36,000,000 net tons of bituminous coal. This was an increase over the reserve on November 1st of 4,000,000 tons. During November and December 1922 the rate of consumption, including exports, was nearly 10,000,000 tons per week. The trend in the rate of production was slightly downward during the latter part of January, but the total output exceeded consumption and coal flowed into storage."

The survey's report under date of February 17th has the following to say in reference to the production of anthracite: "Receipt of final data on the shipments of anthracite permits a revision of the estimates of anthracite production in January. The total output, including mine fuel, local sales, and barge and washery output, is placed at 8,713,000 net tons. Accumulated production during the present coal year to date stands at a little less than 39,500,000 tons. This is approximately 49% less than the average production during the corresponding periods of the past nine coal years."

According to the official reports quoted above, the tendency in the production of bituminous coal during January and early February has been slightly downward each week. This decline in shipments is probably due to local weather disturbances, which delayed the prompt return of coal cars to the mines. In the Fifth District, coal is obtainable in sufficient quantities to meet actual needs, though anthracite is hard to secure, and many domestic consumers have been obliged to use soft coal in their furnaces. Prices of coal at retail have been stationery in the District since our last month's Review was written, though there has been considerable talk among the coal dealers of prospective increases, especially in bituminous coal prices. The District as a whole has enjoyed mild weather during the winter months, with little snow or ice, which has naturally helped overcome the threatened coal shortage that resulted from the long strike last summer.

TEXTILES—Since our January 31st Review was written no material change has been noted in the textile industry in the Fifth District. Mills are busy, with forward orders on hand for several months' output, and a considerable number of them are operating at night, and thus giving employment to additional operatives. The past year witnessed the construction or projection of several finishing plants for cotton textiles in the Fifth District, making it possible to finish and bleach the cloth woven in the South without the necessity of long hauls from Southern mills to Northern finishers and bleachers.

In January the cotton growing states consumed 384,019 bales of lint cotton, compared with 324,437 bales consumed in December 1922 and 325,104 in January last year. Of the 384,019 bales consumed in January 1923, North Carolina used 120,129 bales, South Carolina 93,175 bales, and Virginia 11,159 bales, a total of 224,463 bales for the three textile manufacturing states of the Fifth District. The consumption in the District in January was 58.5% of total consumption in the cotton growing states, and 36.8% of the national consumption for the month under review.

Active spindles during January in the United States numbered 35,240,835 and in the cotton growing states numbered 15,966,294, compared with 34,441,419 active spindles in the nation and 15,631,678 in the cotton growing states during January 1922. Of the active spindles in the cotton growing states, 11,001,527 spindles, or 68.9%, were located in the two Carolinas and Virginia.

COTTON—In our January 31st Review, we quoted spot cotton prices in the two Carolinas through the week ending January 20th. The price for that week averaged 27.54 cents per pound, middling basis and 7/8 inch staple. The following week, ending January 27th, the price slumped slightly, the week averaging 27.45 cents per pound, and during the week ending February 3rd there was a further decline to an average of 27.41 cents. These declines were perhaps only temporary reactions against a somewhat

too sudden advance during the preceding weeks, since during the week ending February 10th the slight declines of the two previous weeks were more than made up, the average price for the week being 27.70 cents. The latest week for which figures are available, ending February 17th, shows an average of 28.02 cents, with scattered sales being made at still higher figures. The rise in prices has not stimulated much selling, however, and indications are that spots are becoming depleted. As we pointed out last month, all of the so-called distress cotton has been sold, and the remaining supply is largely in the hands of co-operative associations or farmers who are able to make financial arrangements to hold their crop.

On February 14th, the Census Bureau gave out the cotton consumption figures for January 1923. The report showed 610,375 bales of lint consumed in January, in comparison with 527,945 bales used in December 1922 and 526,698 bales used in January 1922. The January consumption has been exceeded only twice heretofore, once in March 1916, when 612,754 bales were used, and again in May 1917, when 615,412 bales were consumed. The report states that the growth of the textile industry in the South is largely responsible for the increased activity. Cotton on hand at consuming establishments at the end of January totaled 1,986,605 bales, compared with 1,668,668 bales on hand January 31, 1922. Cotton held in public storage and at compresses January 31st amounted to 3,841,689 bales, compared with 4,621,708 bales held in the same places January 31, 1922.

TOBACCO—January weather was, on the whole, favorable for the marketing of tobacco, and prices continued firm, the average for the month being higher in the Fifth District than during December, grades considered. The offerings during the month under review were of fairly good grades in Virginia, but the North Carolina markets are more nearly reaching the end of the season and are receiving a large amount of common grades and scrap.

The independent Virginia markets sold 4,668,601 pounds of bright tobacco during January, at an average price of \$29.36 per hundred pounds, compared with 9,543,411 pounds sold in January 1922 at an average price of \$18.95 per hundred pounds. In addition to the sales reported for January 1923, the Tobacco Growers Co-operative Association received a considerable amount of tobacco for future disposal, but no exact figures on the Association receipts are yet available. Dark tobacco sales in Virginia during January totaled 6,293,794 pounds, at an average price of \$20.13 per hundred pounds, compared with 5,306,046 pounds sold in January 1922, at an average of \$20.00 per hundred. Danville again led the bright markets in the number of pounds sold, January sales in the warehouses of that city aggregating 1,991,095 pounds. The price of the tobacco sold at Brookneal averaged \$31.51 per hundred during the month. Lynchburg, with sales of 1,945,391 pounds, led the dark markets; but the highest average price for tobacco sold was at Drakes Branch, the price averaging \$25.50, compared with the average of \$22.16 for tobacco sold in Lynchburg.

North Carolina markets sold 9,263,919 pounds of producers' tobacco during January, but the average prices on the several markets during the month are not shown in the monthly bulletin of the North Carolina Co-operative Crop Reporting Service. Winston-Salem warehouses sold 2,327,696 pounds during the month, and have sold 26,200,523 pounds this season. The season sales of Wilson amount to 35,258,585 pounds. The average price for the entire season in North Carolina this year is \$27.72 per hundred pounds, compared with an average of \$24.18 per hundred pounds to the same date last year.

Previous to January 1, 1923, the Tobacco Growers Co-operative Association received 56,771,454 pounds of tobacco in North Carolina, 39,025,676 pounds in Virginia, and 15,356,949 pounds in South Carolina, these figures including bright tobacco only. The Association has made its third payment to South Carolina growers, and the second payment in some other sections of the District.

BUILDING OPERATIONS FOR THE MONTHS OF JANUARY, 1923 AND 1922.

The great activity in building work of all kinds continued during January, the total number of permits for new construction breaking all former records for that month in the year in twenty-four reporting cities in the Fifth Reserve District. The month witnessed a total of 1,525 permits for new work, estimated to cost \$10,453,472. Housing corporations are taking out many permits, under each of which a number of houses are built, and therefore the number of permits fails to show the actual number of new structures that are being provided. In January 1922 the total number of permits for new work reached only 973, estimated to cost \$8,240,668, and these permits did not cover as many buildings per permit as the ones now being issued. Charleston, W. Va. and Charleston, S. C. are the only cities of the twenty-four included in the accompanying table that report fewer permits issued in January 1923, but nine of the twenty-four cities show lower valuation figures this year. Nine of the reporting cities show increases in valuation amounting to more than one hundred percent in comparison with January 1922, Spartanburg, S. C., leading with an increase of 770.4%. The combined valuation for the twenty-four reporting cities during January 1923 was 32.7% greater than combined valuation during January 1922.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1923	1922	1923	1922			
		1923	1922	1923	1922							
MARYLAND												
1	Baltimore.....	318	233	773	661	\$ 3,881,640	\$ 3,448,100	\$ 502,200	\$ 179,700	\$ 756,040	20.8%	1
2	Cumberland.....	12	6	6	6	22,875	9,245	4,825	1,930	16,525	147.9	2
3	Frederick.....	2	1	0	1	6,500	300	0	600	5,600	622.2	3
VIRGINIA												
4	Lynchburg.....	22	7	20	5	70,575	168,250	9,432	5,650	93,893	54.0	4
5	Norfolk.....	83	23	64	53	260,320	241,600	26,247	43,340	1,627	0.6	5
6	Richmond.....	143	59	58	55	1,549,148	349,030	157,880	88,176	1,269,822	290.4	6
7	Roanoke.....	74	*71	36		192,430	*245,340	10,736		42,174	17.2	7
WEST VIRGINIA												
8	Bluefield.....	11	10	3	1	23,900	76,275	1,350	800	46,825	60.8	8
9	Charleston.....	50	65	28	15	217,020	162,836	38,882	7,050	86,016	50.6	9
10	Clarksburg.....	20	20	9	7	38,900	31,830	3,780	2,315	8,535	25.0	10
11	Huntington.....	99	65	10	7	272,232	135,770	5,295	1,525	140,232	102.1	11
12	Parkersburg.....					75,000	20,000	20,000	10,000	65,000	216.7	12
NORTH CAROLINA												
13	Asheville.....	46	34	11	9	269,363	354,450	4,742	1,556	81,901	23.0	13
14	Charlotte.....	35	28	14	3	159,675	302,200	47,990	7,150	101,685	32.9	14
15	Durham.....	18	16	3	4	162,800	42,405	850	15,100	106,145	184.6	15
16	Greensboro.....	18	18	19	6	238,825	144,000	11,802	2,375	104,252	67.2	16
17	High Point.....	*36	26		3	*225,550	69,185		2,800	153,565	213.3	17
18	Wilmington.....	9	6	2	2	25,400	70,000	2,500	1,000	43,100	60.7	18
19	Winston-Salem.....	52	25	63	37	233,850	51,175	46,855	6,830	222,700	383.9	19
SOUTH CAROLINA												
20	Charleston.....	10	24	13	23	8,715	82,417	5,423	10,324	78,603	84.8	20
21	Columbia.....	55	12	58	58	95,880	60,900	9,786	48,859	4,093	3.7	21
22	Greenville.....	25	20	18	15	67,255	90,675	32,620	16,190	6,990	6.5	22
23	Spartanburg.....	27	22	30	28	194,913	15,220	23,995	9,930	193,758	770.4	23
DIST. OF COLUMBIA												
24	Washington.....	360	182	197	326	2,155,706	2,069,465	361,198	176,432	271,007	12.1	24
Totals.....		1,525	973	1,435	1,325	\$10,453,472	\$8,240,668	\$1,328,388	\$ 639,632	\$ 2,901,560	32.7%	

*Includes both new work and repairs. —Denotes Decrease.

It follows as a natural result of the large volume of building work being undertaken that dealers in building materials of all kinds are active, and doing a profitable business. We have received letters from a number of building supply dealers, and without exception they are optimistic as to the year's outlook for them. Prices of material are gradually working higher.

WHOLESALE TRADE

Percentage Increase (or Decrease) in Net Sales During Jan., 1923, as Compared With Dec., 1922 and January, 1922.

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	44	14	21	17	9	14
Net sales (selling price) during Jan., 1923, compared with December, 1922.....	1.4	74.2	— 1.4	27.2	— 1.8	33.2
Net sales (selling price) during Jan., 1923, compared with January, 1922.....	18.5	64.0	30.9	46.3	57.4	25.0

—Denotes Decrease.

The accompanying table shows in percentage form the increase or decrease in the dollar amount of sales made in January 1923 by representative firms dealing in groceries, dry goods, shoes, hardware, furniture and drugs, in comparison with (1) sales made in December 1922, and (2) sales made in January 1922. Increases in sales in January 1923 over sales in December 1922 are shown in groceries, dry goods, hardware and drugs, while shoes and furniture show slight declines. Of the nine furniture factories included in the table, six showed larger January sales in comparison with December, but the average for the

month fell below the previous month. However, the furniture factories have a much larger volume of orders for future delivery than they had a month ago, and these will show up as sales during later months this year. In comparison with January 1922 sales, January 1923 shows increases in every line reported upon, the gains ranging from 18.5% for groceries up through 25.0% for drugs, 30.9% for shoes, 46.3% for hardware, and 57.4% for furniture, to the maximum increase of 64.0% for dry goods. Price changes account for a small percentage of some of the increases, but for the most part the figures reflect genuine increases in the volume of goods sold.

One hundred and nineteen firms classified their collections for January as *Good, Fair, Slow, or Poor*, and of this number 110 firms rated them as either *Good* or *Fair*, a total of 92.5% of all reporting firms. In December 1922 the same firms reported 93.2% *Good* or *Fair*, but in January 1922 only 61.1% were placed in either of those classifications. We give below the classified reports by lines for January 1923, and for reference we have added the totals for December 1922 and January 1922. No drug firms were reporting in January 1922, and therefore for that month only five lines are included in the totals given herewith.

Lines	Collections reported as				Total
	Good	Fair	Slow	Poor	
Groceries	8	31	5	0	44
Shoes	3	10	1	0	14
Dry goods	2	17	2	0	21
Hardware	6	11	0	0	17
Furniture	1	8	0	0	9
Drugs	9	4	1	0	14
January 1923 totals	29	81	9	0	119
December 1922 totals	27	83	8	0	118
January 1922 totals	8	61	33	11	113

FIGURES ON RETAIL TRADE

As Indicated By Reports from Twenty-seven Representative Department Stores
for the Month of January, 1923.

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during January, 1923, compared with January, 1922.....	14.8	29.1	4.8	15.7	12.2
Percentage increase in net sales from January 1, through January 31, compared with sales during the same one month of 1922.....	14.8	29.1	4.8	15.7	12.2
Percentage increase in net sales during January, 1923, over sales in Dec., 1922.....	— 44.6	— 55.5	— 59.3	— 55.1	— 53.1
Percentage increase in stocks on hand at the end of January, 1923, over stocks on hand at the end of January, 1922.....	2.1	7.0	8.1	— 1.4	4.6
Percentage increase in stocks on hand at the end of January, 1923, over stocks on hand at the end of December, 1922.....	— 4.0	— 7.0	— 2.8	— 0.5	— 3.3
Percentage of average stocks on hand at the end of each month since Jan. 1, to average net sales each month during the same period, one month.....	379.8	356.0	451.5	518.8	418.8
Percentage of outstanding orders at the end of January, 1923, to total purchases of merchandise during the year 1922.....	8.7	12.5	8.1	8.5	8.9

—Denotes decrease.

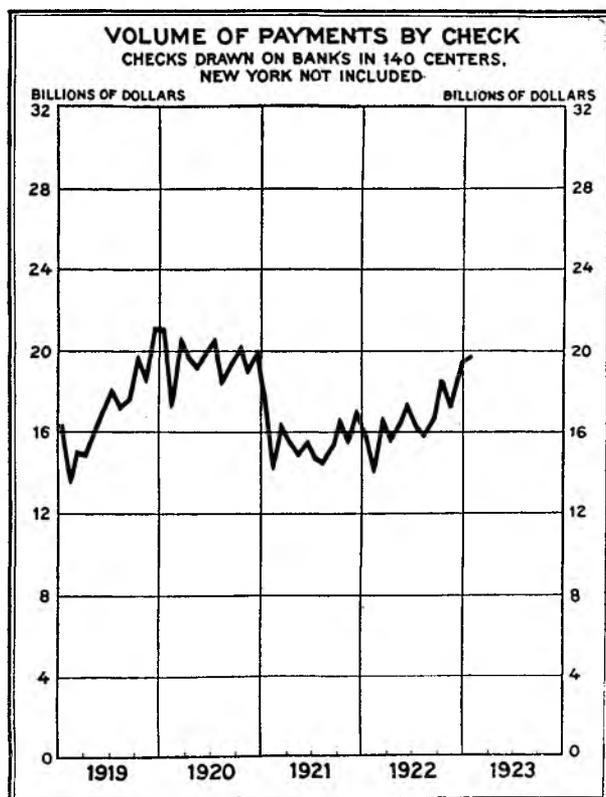
January normally witnesses a big drop in retail sales in comparison with the four or five preceding months, and January 1923 was no exception, reports received from twenty-seven department stores showing

a decrease in sales during that month of 53.1% in comparison with sales in December 1922. On the other hand, January 1923 sales exceeded January 1922 sales by 12.2%, the Richmond stores leading with a gain during the month of 29.1%. All of the four groups of stores show increases in comparison with the corresponding month a year ago. Stock on hand at the end of January 1923 was reported to be 4.6% larger in selling value than stocks on hand January 31, 1922, this increase probably being largely accounted for by increased prices for cloth goods. In comparison with stocks on hand at the end of 1922, those on hand at the end of January 1923 show a decline of 3.3%. The ratio of stocks on hand at the end of the month to net sales during the month stood at 418.8% at the end of January. Outstanding orders for merchandise at the end of January amounted to 8.9% of total purchases during the calendar year 1922.

The figures in the table were calculated from twenty-seven reports, twenty-five of them being stores that have reported in previous years, and two of them being firms that have just joined the reporting list. One of the new stores is a leading Washington firm, and the other is one of the largest stores in Charleston, S. C. The addition of these two stores distinctly increases the value of the averages, the Washington store satisfactorily completing the representative character of the reporting firms in that city, and the Charleston store reflecting conditions in the extreme Southern section of the District.

(Compiled February 17, 1923)

Summary of Business Conditions in the United States.



Further increase in the volume of production in basic industries to a level higher than in 1919 or 1920, a continued advance in the prices of many basic commodities, additional borrowing from Banks for commercial purposes, and somewhat higher money rates are the principal recent developments in the business situation.

PRODUCTION

Production in basic industries, as measured by the Federal Reserve Board's index, was 6% higher in January than in December, and reached a volume exceeded only once in the past, in May 1917. Production of steel ingots and of anthracite coal, and mill consumption of cotton, showed particularly large advances, and most other important industries increased their output. Building operations have been maintained on a large scale. The expansion in production during January was accompanied by a substantial increase in freight shipments. Car loadings of forest products, reflecting the continued building activity, reached the highest monthly total on record and loadings of merchandise and miscellaneous commodities were higher than in any January of the past four years. Industrial employment continued to increase during January, and shortages of both skilled and unskilled labor were reported by textile mills, steel mills and anthracite coal mines. More wage increases at industrial establishments were announced than in December. There is still some unemployment in states west of the Mississippi. In industrial and commercial centers there has recently been a larger demand for office workers, although throughout the country there is much unemployment in this group.

PRICES

The index number of the Bureau of Labor Statistics, computed from the wholesale prices of about 400 commodities, including finished and semi-finished products as well as raw materials, showed the same average level of prices in January as in November and December. Between December and January the prices of clothing, fuel, metals, building materials, chemicals and house furnishings advanced, but these advances were accompanied by declines in farm products and food, so that the combined index remained unchanged. During recent weeks the prices of a number of basic commodities advanced rapidly and in many cases reached the highest points since 1920 or the early part of 1921. Among commodities reaching new high levels for the current movement were corn, beef, cotton, wool, silk, hides, lumber, rubber, linseed oil, copper, lead and pig iron.

TRADE

An active distribution of goods for this season of the year is indicated by reports to the Reserve Banks both by wholesale and retail dealers for the month of January. Sales of department stores in over 100 cities were 12% larger than in January 1922. Inventories for January show that there has been no large increase in stocks of goods held by department stores, and the rate of turnover continued rapid. In wholesale lines there were particularly large sales during January of dry goods, drugs, hardware and farm implements.

BANK CREDIT

The larger volume of commercial borrowing at member banks in recent weeks has been contrary to the usual trend of the season. Commercial loans of reporting member banks on February 14 were \$243,000,000 or 3% larger than at the end of December and 7% above the level at the end of July, when the general demand for credit first showed an upward turn. This increased demand for credit at the member banks has resulted recently in an increased volume of borrowing by the member banks at the Reserve Banks, chiefly Boston, New York and Philadelphia. On February 21 the loans to member banks were \$628,000,000 or \$248,000,000 higher than in midsummer. During the same period the volume of Government securities and Bankers acceptances held by all Federal Reserve Banks declined \$160,000,000, resulting therefore in a net increase of \$87,000,000 in the loans and security holdings of the Reserve Banks. The volume of Federal Reserve Notes in circulation, which showed the usual post holiday decline in January began to increase on January 31, a week earlier than last year. Money rates also showed a tendency to become firmer, especially in recent weeks. The open market rate for commercial paper, which was 4% last summer, rose during February from a range of 4¼-4½% to a range of 4¾-5%. On February 23 the discount rate on all classes of paper at the Boston and New York Reserve Banks was advanced from 4 to 4½%.

