

FEDERAL RESERVE BANK OF RICHMOND

General Business and Agricultural Conditions in the Fifth Federal Reserve District

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RICHMOND, VIRGINIA

MARCH 31, 1923

DISTRICT SUMMARY

February being a between-seasons month, active business is not expected by merchants and middlemen, but February of this year measured up higher than the corresponding month last year, and fell very little short of January of this year. All reports received during the month under review indicated a strong probability of satisfactory spring and early summer trade, with employment for all who want to work. Member banks reporting weekly to the Federal Reserve Bank showed increased loans as their customers prepared for crop planting and mercantile and industrial activity with the passing of winter. Savings bank figures continued to rise in both member and non-member banks, reflecting at least a reasonable degree of prosperity among wage earners, and the first installment of income taxes collected by the United States proved that 1922 incomes were considerably above those of 1921. These tax returns indicated also that money was more plentiful on March 15th than was the case last year, this deduction being drawn from the fact that more persons than in previous years paid their entire income tax at the first payment date instead of paying the tax in four installments. Loans to member banks increased during February in the Reserve Bank, but Federal Reserve Notes in circulation declined. The ratio of cash to combined liabilities for reserve deposits and note circulation in the Federal Reserve Bank of Richmond stood at 73.50% on March 14, 1923, in comparison with 54.62% on March 15, 1922. Debits to individual, firm and corporation accounts in leading trade centers of the district during the four weeks ending March 14, 1923, were 19.4% greater than debits in the same cities during the corresponding four weeks of 1922, and totaled only a fraction of 1% less than the debits for the four weeks ending February 14, 1923. Business failures in the Fifth District in February fell 48.8% in number under the February 1922 failures and also

declined 48.5% in total liabilities involved. Labor was fully and profitably occupied during the month, and bad weather interfered very little with outside work. Food prices decreased slightly between January 15th and February 15th, and some of the decreases were on articles of wide consumption such as eggs, though the gain in this article to the consumer was offset by recent advances in sugar, another widely used commodity. Coal production decreased in February under January's output, but continued sufficient to meet current needs, and the near approach of spring promised relief from coal bills to consumers who use it for house heating. Textile mills continued on full time schedules during February, with orders in sufficient numbers to take the output for several months, and cotton mill stock quotations reached higher levels than in many months. February's cotton consumption broke all February records, and the cotton consuming states in the Fifth District used their full share of the record amount. Spot cotton prices advanced nearly two cents per pound during the past month. Tobacco prices during February averaged higher than 1922 prices on both bright and dark markets, and growers generally feel that their season has been a successful one. Good progress was made by planters in preparing the ground for this year's crops, and farmers bought more mules, new machinery and fertilizer this spring than they did in either 1921 or 1922. A larger number of farmers paid cash for their supplies than usual. February building activities continued in increasing volume, the number of permits issued for new work breaking available records for the corresponding month in previous years, and total valuation figures kept pace with the number of permits. Both retail and wholesale trade fully met expectations, and collections were reported fairly satisfactory, though somewhat slower than in January.

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

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

ITEMS	March 7, 1923	February 7, 1923	March 8, 1922
1. Total Loans and Discounts (including all rediscounts)	\$ 453,564,000	\$ 444,969,000	\$ 418,467,000*
2. Total Investments in Bonds and Securities	132,789,000	135,317,000	116,649,000
3. Total Loans and Investments	586,353,000	580,286,000	535,116,000*
4. Reserve Balance with Federal Reserve Bank	36,386,000	37,886,000	33,289,000
5. Cash in Vaults	13,706,000	13,305,000	13,762,000
6. Demand Deposits	336,886,000	341,210,000	304,839,000
7. Time Deposits	152,514,000	149,495,000	131,691,000
8. Borrowed from Federal Reserve Bank	24,297,000	21,754,000	32,522,000

*Does not include Rediscounts.

The above table gives a comparative statement of 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 March 7 and February 7, 1923, and March 8, 1922. As we stated last month, the figures in Item 1 for the two 1923 dates are not comparable with the March 8, 1922 figure, the 1923 figures including all rediscounts, but the 1922 figure excluding them. All other items in the table are comparable.

Comparing the March 7, 1923 figures with those reported a month earlier, February 7, 1923, the beginning of the usual spring expansion is shown. Item 1, Total Loans and Discounts (including all rediscounts), increased from \$444,969,000 on February 7th to \$453,564,000 on March 7th. Between the same two dates, Item 2, Total Investments in Bonds and Securities, declined from \$135,317,000 to \$132,789,000; Item 4, Reserve Balance with Federal Reserve Bank, decreased from \$37,886,000 to \$36,386,000; and Item 6, Demand Deposits, dropped from \$341,210,000 to \$336,886,000. All of these changes indicate an increased demand upon the banks for funds during the four weeks under review, and Item 8, Borrowed from Federal Reserve Bank, with an increase from \$21,754,000 on February 7th to \$24,297,000 on March 7th further indicates the beginning of spring activity in business. The table shows an increase during the four weeks in Item 7, Time Deposits, this figure having increased from \$149,495,000 on February 7th to \$152,514,000 on March 7th.

A comparison of the March 7, 1923 figures with those reported for March 8, 1922 shows marked improvement this year in the condition of the reporting banks. As stated above, the two figures shown for Item 1, Total Loans and Discounts, are not comparable, but the changes in other items show clearly that credit is much easier now than it was a year ago. For example, Item 2, Total Investments in Bonds and Securities, shows an increase from \$116,649,000 so invested on March 8, 1922 to \$132,789,000 on March 7, 1923. Item 4, Reserve Balance with the Federal Reserve Bank, rose from \$33,289,000 on March 8, 1922 to \$36,386,000 on March 7, 1923. Item 6, Demand Deposits, increased from \$304,839,000 on March 8th last year to \$336,886,000 on March 7th this year, and Item 7, Time Deposits, increased from \$131,691,000 to \$152,514,000 between the same two dates. Finally, Item 8, Borrowed from the Federal Reserve Bank, decreased from \$32,522,000 on March 8, 1922, to \$24,297,000 on March 7, 1923. The most striking thing shown in the table is the large gain in Item 7, Time Deposits, the steady increase in this item during the past three years apparently indicating that the thrifty habits formed during the war have borne good fruit. On March 5, 1920, the same banks had Time Deposits amounting to \$98,755,000, and this was at the crest of post-war prosperity. The depression was in full swing by March 4, 1921, but in spite of the changed conditions Time Deposits totaled \$112,421,000 on that date. During 1921 and early in 1922 there was a great deal of unemployment, both voluntary and involuntary, but as shown in our table Time Deposits aggregated \$131,691,000 on March 8, 1922, and rose to \$152,514,000 by March 7, 1923, an increase of 54.4% over the aggregate of deposits on March 5, 1920.

SAVINGS BANK DEPOSITS

Reports from fifteen mutual savings banks in Baltimore giving total deposits at the end of February show an increase over the January 31, 1923 and the February 28, 1922 deposits that corresponds with the increase mentioned in the preceding paragraphs for reporting member banks. At the close of business February 28, 1923 the fifteen savings banks had on deposit an aggregate of \$134,045,000, compared with \$124,282,395 on deposit February 28, 1922, \$122,742,831 on deposit February 28, 1921, and \$119,097,809 on deposit February 28, 1920. Only two of the fifteen banks reported a smaller volume of deposits on February 28, 1923 than on February 28, 1922, and both of these were small institutions. The deposits on February 28, 1923 represent a gain of 12.6% over the total of deposits on February 28, 1920.

FEDERAL RESERVE BANK OPERATIONS

During the four weeks between February 14, 1923 and March 14, 1923, Cash Reserves held by the Federal Reserve Bank of Richmond declined from \$117,753,753.04 to \$110,818,733.67, and Member Bank

Reserve Deposits decreased from \$62,424,579.24 to \$61,349,130.26. Between the same two dates, Total Bills on Hand increased from \$38,818,335.26 to \$44,242,799.33. Federal Reserve Notes in Actual Circulation amounted to \$89,033,215 on February 14th, but declined to \$84,975,640 on March 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 declined from 76.51% on February 14th, to 73.50% on March 14th. In view of the expansion of credit demands, evidenced in increased loans to member banks as mentioned above, the decrease in note circulation may appear as an unusual development, but the upward or downward movement in the volume of notes in circulation does not at all times follow the movement in the volume of loans. After Christmas both loans and notes in circulation tend to decline while bills made during the fall are being liquidated and the surplus cash required for the holiday is being retired. By the middle of February credit requirements for early spring trade and for agricultural work begin to be felt, and loans tend to increase, but the upward turn in note circulation does not necessarily follow immediately. In rediscounting with the Reserve bank, member banks do not call for much cash at this season of the year, but instead they have the credit secured by rediscounting placed to their account on the books of the Reserve Bank and check against the credit as it is needed.

On March 15, 1922, the Cash Reserves of the Federal Reserve Bank of Richmond amounted to \$81,840,834.14; Total Bills on Hand amounted to \$75,332,726.27; Federal Reserve Notes in Actual Circulation totaled \$95,974,509; and Member Bank Reserve Deposits amounted to \$55,176,242.22. The reserve ratio was 54.62%.

DEBITS TO INDIVIDUAL ACCOUNT IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	March 14, 1923	February 14, 1923	March 15, 1922
Asheville, N. C.....	\$ 18,874,000*	\$ 19,515,000*	\$
Baltimore, Md.....	336,200,000	333,200,000	312,992,000
Charleston, S. C.....	36,729,000	39,910,000	23,379,000
Charleston, W. Va.....	32,851,000	34,632,000	27,103,000
Charlotte, N. C.....	36,932,000	33,938,000	24,026,000
Columbia, S. C.....	25,287,000	22,390,000	19,419,000
Cumberland, Md.....	7,329,000	6,929,000	6,594,000
Danville, Va.....	8,203,000	11,131,000	7,423,000
Durham, N. C.....	17,424,000*	17,241,000*
Greensboro, N. C.....	20,295,000	21,990,000	12,679,000
Greenville, S. C.....	22,076,000	22,100,000	13,345,000
Hagerstown, Md.....	8,328,000	7,754,000	6,767,000
Huntington, W. Va.....	25,627,000	23,207,000	16,754,000
Lynchburg, Va.....	18,484,000	18,907,000	16,384,000
Newport News, Va.....	6,617,000	6,741,000	5,806,000
Norfolk, Va.....	66,361,000	64,829,000	52,289,000
Raleigh, N. C.....	26,700,000	27,450,000	14,965,000
Richmond, Va.....	115,097,000	124,333,000	102,730,000
Roanoke, Va.....	20,635,000	20,854,000	17,217,000
Spartanburg, S. C.....	11,043,000	9,495,000	7,255,000
Washington, D. C.....	169,406,000	173,755,000	151,637,000
Wilmington, N. C.....	21,348,000	19,546,000	18,260,000
Winston-Salem, N. C.....	30,136,000	29,236,000	18,813,000
Totals for 21 cities.....	\$ 1,045,684,000	\$ 1,052,327,000	\$ 875,837,000

*Not included in totals.

In the accompanying table, shown above, we give 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 the four weeks ending March 14, 1923 and the four weeks ending February 14, 1923. In addition, we include comparative figures for twenty-one of the twenty-three cities for the four weeks ending March 15, 1922. Debits figures show the total of all checks charged to depositors' accounts, and include all checks cashed over the counter, all pay roll checks, all dividend and interest checks, and all payments of current bills if paid by check. The totals of these items therefore form a valuable barometer of business activity.

Comparing the totals reported by twenty-one cities for the four weeks ending March 14, 1923 with the figures reported for the preceding four weeks, ending February 14th this year, a small decrease is shown during the later period, the totals for the period ending March 14th being \$1,045,684,000 compared with \$1,052,327,000 reported for the corresponding period ending February 14th. The decrease is seasonal, the

period ending February 14th including many late payments on Christmas purchases and the period ending March 14th being too early to include any appreciable volume of spring trade settlements. In addition, the period ending March 14th just precedes the first payment date on income taxes, and these tax demands undoubtedly tend to postpone other payments at this season.

The gain shown by the March 14, 1923 figures over those reported for the corresponding four weeks a year ago is indicative of the greater activity of business this year, and reflects also to some extent the increase in prices. The four weeks ending March 14, 1923 show totals aggregating \$1,045,684,000 compared with \$875,837,000 reported on March 15, 1922 for the corresponding four weeks last year, representing a gain this year of 19.4%. Every section of the District appears to be sharing in the increased business, since every reporting city shows larger figures for the four weeks ending March 14th this year than for the corresponding period last year.

BUSINESS FAILURES IN THE TWELVE FEDERAL RESERVE DISTRICTS FEBRUARY, 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.....	150	206	-27.2	\$ 4,637,721	\$ 6,235,271	- 25.6
New York, Second.....	262	300	-12.7	8,883,288	24,202,858	- 63.3
Philadelphia Third.....	58	93	-37.6	1,024,670	2,436,402	- 57.9
Cleveland, Fourth.....	121	235	-48.5	6,293,852	4,627,038	36.0
Richmond, Fifth.....	109	213	-48.8	2,452,891	4,761,744	- 48.5
Atlanta, Sixth.....	135	270	-50.0	4,029,704	5,331,050	- 24.4
Chicago, Seventh.....	195	288	-32.3	3,081,365	7,876,931	- 60.9
St. Louis, Eighth.....	81	167	-51.5	1,008,734	4,653,231	- 78.3
Minneapolis, Ninth.....	72	97	-25.8	2,217,789	2,300,814	- 3.6
Kansas City, Tenth.....	89	99	-10.1	1,154,384	2,006,480	- 42.5
Dallas, Eleventh.....	91	207	-56.0	2,104,596	5,889,143	- 64.3
San Francisco, Twelfth.....	145	156	- 7.1	3,738,945	2,287,431	63.5
Totals.....	1,508	2,331	-35.3%	\$ 40,627,939	\$ 72,608,393	- 44.0%

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 February 1923 in comparison with February 1922. Statistics for all twelve Federal Reserve Districts are included. February 1923 witnessed a total of 1,508 bankruptcies, with liabilities of \$40,627,939, compared with 2,331 failures reported in February 1922, with liabilities of \$72,608,393, a decrease this year of 35.3% in the number of failures and a decline of 44.0% in the total of liabilities involved. All of the Reserve Districts show fewer failures this year than last, and ten of the twelve districts show lower liabilities, the two showing greater liabilities being the Cleveland and San Francisco districts. The number of failures reported for February 1923 is the lowest number of insolvencies reported for the nation for any month since September 1921.

In the Fifth District, February 1923 shows a gratifying decrease in the number of failures in comparison with February 1922, the current month this year having witnessed only 109 insolvencies in comparison with 213 in February last year, a decline of 48.8%. In the total of liabilities involved, also, the Fifth District shows distinct improvement, the February 1923 total of \$2,452,891 being 48.5% lower than the total of \$4,761,744 reported in February 1922. With the exception of the months of October and December of last year, when 91 and 108 insolvencies were reported, respectively, the February 1923 number of failures is the lowest number for any month since October 1921. The Fifth District percentages of decrease in both the number of failures and the amount of liabilities involved in February of this year in comparison with February 1922 are greater than the average decreases for the twelve Reserve Districts.

The average liability per failure in the Fifth District was \$22,504 during February 1923, compared with \$22,356 in February 1922, and the average liability in the United States was \$26,942 during February 1923 compared with \$31,149 in February 1922.

LABOR—No particular changes have taken place in labor circles since our February 28th Review was written. The demand for workers in the building trades is greater than the available supply, a condition which appears to be national in extent, to judge from Secretary Hoover's recent recommendation that all government and municipal work be stopped or slowed down in order to release workmen for private enterprises. Farm laborers are comparatively scarce, the Department of Agriculture stating that a serious shortage of labor exists in the Eastern Shore counties of Maryland and in the bady weevil infested cotton areas to the south of Virginia. Clerical workers are abundant for all needs, and there are sufficient mechanics desiring work to meet employers' calls. Domestic help continues unsatisfactory and hard to secure, and workers by the day are

less plentiful than they were a few months ago. There was some bad weather in February, which handicapped outside workers, but on the whole the winter has been exceptionally mild and open, and unskilled labor has therefore been more regularly employed than usual. A number of lumbering companies report difficulties in securing sufficient labor to run their plants to capacity, and there is some complaint of a rather high turn-over in labor. Some of our correspondents blame high rents for this apparent unrest that exists among workers, especially unskilled and semi-skilled laborers, and others say that rising commodity prices in many lines are making it harder for the workman to keep up with his living costs. But, in spite of reports of dissatisfied and shifting labor that reach us, no serious troubles are discernible among workers at this time anywhere in the Fifth District.

FOOD PRICES—The monthly report of the United States Bureau of Labor Statistics, released on March 10, 1923, states that retail food prices declined in all of the twenty-two representative reporting cities during the month between January 15th and February 15th, both this year. The declines ranged all the way from three percent in Salt Lake City down to less than five-tenths of one percent in Dallas and Kansas City. Decreases of one percent during the month were reported for Baltimore, Norfolk, and Washington, the three Fifth District cities included in the month's report. For the year which ended February 15, 1923, fourteen of the twenty-two cities show increases, ranging from four percent for Pittsburgh downward to less than five-tenths of one percent for Philadelphia. Baltimore was in the list showing increases, that city's rise being one percent. Eight cities reported decreases for the year, these being Omaha, Salt Lake City and Scranton, two percent; Memphis and Washington, one percent; Manchester, N. H., Norfolk and San Francisco, less than five-tenths of one percent. As compared with average costs during 1913, retail food prices between January 15th and February 15th this year were fifty percent higher in Washington and forty-eight percent higher in Baltimore. Prices for 1913 are not available from Norfolk. Providence and Washington, with increases of fifty percent since 1913, lead the list of cities included in the report, and Salt Lake City with an increase of twenty-one percent is at the bottom. For several months Richmond has shown a greater increase over 1913 prices than any of the cities included in the latest available report, but for some reason unknown to us Richmond was not included among the cities for which figures for the past month were reported.

COAL—The United States Geological Survey, in its weekly report on coal production dated March 10, 1923, says, "Preliminary estimates placed the total output of soft coal, including lignite and coal coked at the mine, at 42,130,000 tons in February of this year, a decrease from the production in January of approximately 16 percent. The two factors responsible for this decline were the less number of working days in February and a decrease of more than 7 percent in the average daily rate of production.

The real test of the sufficiency of production is consumption. A canvass of a selected list of consumers of coal indicated that domestic consumption plus exports during January was approximately 10,700,000 tons per 7-day week, and that approximately 2,000,000 tons of the January output were added to reserve piles. Assuming that coal was burned at the same rate in February as in the month preceding, it appears that production was about equal to consumption and that there was little change in consumers' stocks." In its March 17th report, the Survey says, "The cumulative production of soft coal for the year 1922-1923 to March 10th stands at 388,425,000 tons. As compared with recent coal years the present year is 3.4 percent behind 1921-1922, 23.0 percent behind 1920-1921, 14.3 percent behind 1919-1920, and 26.7 percent behind 1918-1919. The cumulative totals to corresponding date for the last four years are as follows:

1918-1919.....	529,553,000 net tons	1920-1921.....	504,339,000 net tons
1919-1920.....	452,556,000 net tons	1921-1922.....	401,994,000 net tons

There have been no changes of importance to consumers in the retail end of the coal business during the past month. Prices have remained unchanged in all the cities from which we have received reports, but the coal buying period for home owners is nearing its end, and many users will obtain relief from the heavy drain on their resources that was caused by the high prices during the past winter.

TEXTILES—The textile industry is perhaps the most active industry in the Fifth District at this time. All of the mills in the Carolinas and Virginia are running full time, and a large percentage of them are operating at night in an effort to keep up with their orders. New mills are being erected or contracted for in the Carolinas, particularly in North Carolina, and owners of old plants are building additions, enlarging their villages by constructing more homes for operatives, and in many other ways are showing signs of prosperity. But under this activity there is growing a feeling of uneasiness. During the past several months letters from mill executives have been optimistic, and they continue so on the whole, but of late a note of uncertainty is creeping into comments made by some of the best posted authorities in the industry. They write that orders are being taken several months in advance, but they are calling attention to a possibility of the mills having to operate on a falling cotton market during the latter part of 1923, if the cotton crop now being planned turns out an average yield. Of course nothing definite is yet known as to the cotton acreage that will be planted this year, but as mentioned in the paragraph on *Cotton* printed elsewhere in this Review, every indication points

to a considerable increase in acreage, and mill authorities are therefore expecting a considerably larger crop this year. They appear to be afraid that if crop reports during the growing season bear out their expectations, they will have the effect of lowering cotton prices during the late summer and fall, which will make profitable operations on cotton bought at high prices very difficult for them. Mill authorities are also nervous as to the effect that rising cotton prices at the present time may ultimately have upon the demand for cotton goods. All of our correspondents claim that prices asked for cotton goods have not advanced in keeping with raw cotton, but they say that the prices of the finished product will doubtless have to be raised in line with the costs of raw material. If this is done, they are wondering whether or not it will seriously cut down buying by the ultimate consumer. On the whole, the situation appears to be that at the present time the mills are operating profitably and at approximate capacity, but the outlook is complicated by the questions raised, and calls for great caution on the part of the executives.

During February cotton consumption totaled 112,771 bales in North Carolina, 85,670 bales in South Carolina, and 9,798 bales in Virginia, a total consumption of 208,239 bales for the three cotton manufacturing states in the Fifth District. This amount is 36.7 percent of total American consumption for February, which amounted to 556,924 bales.

COTTON—Since our February 28th issue of this Review, spot cotton prices in the Carolinas have risen nearly two cents per pound. In the February issue, we quoted average prices paid for middling, upland short staple cotton during the week ending February 17th, as 28.02 cents per pound. The week ending February 24th averaged 29.27 cents per pound, and during the week ending March 3rd prices rose to an average of 29.88 cents. The week ending March 10th witnessed a slight reaction from the rapid advance, the average for the week being 29.75 cents, but the last week for which figures are available, the one ending March 17th, saw prices rise to 29.90 cents, the highest weekly average since August 1920. The rise in price has not brought out much spot cotton, though there was some selling by growers when the market reached 30 cents at certain places. It appears that most of the cotton is now being held by consuming establishments, cotton factors or co-operative associations, and there is little pressure on holders to sell. The bulk of the crop has of course passed beyond the control of the growers, and therefore price changes are not influencing the marketing of the staple as widely as has been the case in past years.

On March 14th, the Census Bureau gave out the cotton consumption figures for February 1923. The report showed 566,924 bales of lint consumed in February, in comparison with 610,375 bales consumed in January 1923 and 473,336 bales used in February 1922. The consumption in February of this year was a record for that month of the year. Cotton on hand at consuming establishments at the end of February totaled 2,021,903 bales, compared with 1,595,242 bales on hand February 28, 1922. Cotton held in public storage and at compresses on February 28, 1923 amounted to 2,804,494 bales, compared with 4,214,862 bales so held on February 28, 1922.

Plans are now being made for planting this year's cotton crop, and every indication points to a considerable increase in acreage. Various estimates have been made as to the extent of this increase, but at best estimates are usually worthless this early in the season. The weather during the next six weeks will influence the acreage planted very materially, and labor problems will also react upon the acreage. Reports from banks, merchants and fertilizer companies indicate that the farmers are buying considerably more fertilizer this year than they did a year ago, which would seem to indicate an increase in acreage or a more intensive cultivation. Probably the larger sales of fertilizer indicate that both assumptions are correct. There appears to be much study and thought being given to farming under boll weevil conditions, particularly in South Carolina where the weevil did very serious damage during the past two years, and many farmers in that state will concentrate their attention on the intensive cultivation of a comparatively small acreage, but in North Carolina reports indicate that a large acreage will be planted in an effort to make one more crop before the weevil arrives in sufficient numbers to make its control a serious problem.

TOBACCO—The marketing season for tobacco on the bright markets of the District has been almost completed and many warehouses have closed for the season. The dark markets will continue open at least through March, and some of them will remain open through April. The sales of both bright and dark tobacco were less in February than in January, and prices were also lower than during earlier months this season, but these are seasonal developments as the large quantities of scrap and low grade tobaccos come on the market toward its close. On the whole, the season just closing has been a successful one for the growers, both yields and prices having been generally considered good.

The Virginia markets sold 3,633,181 pounds of bright tobacco during February, compared with 5,028,985 pounds sold in January, and 10,643,662 pounds sold in February 1922, but it should be remembered that in 1922 the Co-operative warehouses were not open. The average price realized for bright tobacco during February on the competitive markets was \$26.17 per hundred pounds, compared with \$29.02 per hundred paid in January of this year and \$13.98 per hundred paid in February 1922. There were 5,540,972 pounds of dark tobacco sold in February, compared with 6,293,794 pounds sold in January 1923 and 6,217,179 pounds sold in

February 1922. Average dark tobacco prices were \$19.00 per hundred in February 1923, \$20.13 in January 1923, and \$18.74 in February 1922. The Danville market led in bright tobacco sales during February with a total of 1,734,956 pounds, but South Boston prices led all bright markets for the month, averaging \$29.77 per hundred pounds. Lynchburg led the dark markets with sales totaling 1,616,203 pounds, but Drake's Branch prices averaged \$23.32 per hundred and led all the dark markets.

AGRICULTURAL NOTES—Farmers in the Fifth District are busy with their preparations for this year's operations, and on the whole the weather has been very favorable for early work. The chief interest at this season is the prospect for fruit, and the outlook is fair to good. The extreme cold of March 20 and 21 probably did some damage to peach trees, especially in the Carolinas, but apple buds had not put out and the Commissioner of Agriculture of Virginia is quoted in the press as stating that the cold spell will probably prove a blessing to the apple growers. The low temperature is expected to delay the budding of the trees, thus removing to a considerable extent danger of possible later frosts doing much damage to the crop.

Tobacco beds have been prepared throughout the district, and many of them have been planted. Some damage has been done to grain in Virginia by freezing. Truck crops on the coast of the Carolinas were making good growth up to the middle of March, but it is possible that the freeze of March 20th did serious damage in that section. Preparation of corn land is in full swing in the southern states, and potatoes will be planted in Virginia as soon as the ground thaws and dries out sufficiently. Pastures are greening up well, and farm animals have passed through the winter in better condition on the average than is usually the case, due to the open winter and abundance of feed. Farmers are buying mules, wagons, farm machinery and fertilizer in much larger volume than they did last year, and are making preparations in every way for an energetic, aggressive campaign to make 1923 a profitable year.

BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY, 1923 AND 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.....	317	283	554	694	\$ 3,759,360	\$ 1,725,720	\$ 289,716	\$ 463,200	\$ 1,860,156	85.0%	1
2	Cumberland.....	15	11	12	15	41,815	28,265	25,385	24,835	14,100	26.6	2
3	Frederick.....	3	0	2	3	23,400	0	7,000	6,100	24,300	398.4	3
VIRGINIA												
4	Lynchburg.....	13	11	16	10	23,615	26,125	15,950	2,925	10,515	36.2	4
5	Norfolk.....	90	27	43	29	302,980	79,550	44,824	14,190	251,064	271.0	5
6	Richmond.....	112	87	50	65	1,037,420	632,812	173,609	1,652,130	-1,073,913	- 47.0	6
7	Roanoke.....	78	46	46	31	263,595	84,195	14,090	8,345	185,145	200.1	7
WEST VIRGINIA												
8	Bluefield.....	9	23	3	1	21,500	55,705	875	600	33,930	- 60.3	8
9	Charleston.....	82	31	14	42	205,795	75,437	27,950	14,848	143,460	158.9	9
10	Clarksburg.....	16	18	10	12	18,625	44,410	6,675	55,765	74,875	- 74.7	10
11	Huntington.....	77	90	10	14	171,715	150,140	7,005	5,450	23,130	14.9	11
12	Parkersburg.....					100,000	25,000	25,000	15,000	85,000	212.5	12
NORTH CAROLINA												
13	Asheville.....	47	43	18	12	288,538	285,056	8,493	3,022	8,953	3.1	13
14	Charlotte.....	53	27	6	14	401,000	70,995	10,600	23,000	317,605	337.9	14
15	Durham.....	15	13	6	6	29,550	22,760	21,950	10,100	18,640	56.7	15
16	Greensboro.....	23	13	11	11	204,427	25,655	18,882	3,505	194,149	665.8	16
17	High Point.....	29	8	5	5	47,155	24,150	4,800	4,446	23,359	81.7	17
18	Wilmington.....	7	14	4	1	52,000	49,500	19,000	10,000	11,500	19.3	18
19	Winston-Salem.....	46	34	44	40	548,800	370,405	28,875	8,390	198,880	52.5	19
SOUTH CAROLINA												
20	Charleston.....	15	17	17	20	44,450	108,870	24,030	7,455	47,845	- 41.1	20
21	Columbia.....	56	43	53	75	56,305	56,525	7,817	16,308	8,711	- 12.0	21
22	Greenville.....	23	21	14	18	77,300	74,480	5,750	10,565	1,995	- 2.3	22
23	Spartanburg.....	25	19	21	30	21,830	12,110	12,590	14,205	8,105	30.8	23
DIST. OF COLUMBIA												
24	Washington.....	304	167	336	242	4,524,025	1,404,392	502,855	162,587	3,459,901	220.8	24
Totals.....		1,455	1,046	1,295	1,390	\$12,265,200	\$5,432,257	\$1,303,721	\$2,536,971	\$ 5,599,693	70.3%	

—Denotes Decrease.

There were no signs of recession in the building boom during February, permits for new construction issued in twenty-four of the leading cities in the Fifth District breaking previous records for the corresponding

month of the year. The twenty-four cities issued a total of 1,455 permits for new work in February, with estimated valuations of \$12,265,200, compared with 1,046 permits for new work issued in February 1922, with estimated valuations of \$5,432,257. The number of permits issued does not cover all of the building activities in the reporting cities, because there is a great deal of building being done in the suburbs near all of the cities, these dwellings not being covered by permits issued by city authorities. The general use of automobiles and the establishment of jitney and bus lines is spreading the residence section of our cities.

As a result of the continued activity in construction work, dealers in all kinds of builders' materials are enjoying good business, and are receiving all the orders they can take care of. Prices of building materials are gradually working higher in practically all lines, and wages of workmen are tending to advance, also. Labor for certain phases of construction work is scarce, especially for plasterers, masons, etc., and naturally their wages have advanced more than the wages of the men not quite so much in demand.

FIGURES ON RETAIL TRADE

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

	Baltimore	Richmond	Washington	Other Cities	District
Percentage increase in net sales during Feb., 1923, compared with February, 1922....	7.1	15.7	— 1.2	10.8	4.8
Percentage increase in net sales from January 1, through February 28, compared with sales during the same two months of 1922.....	11.1	22.4	1.7	13.2	8.5
Percentage increase in net sales during February, 1923, over sales in Jan., 1923.....	— 14.2	— 11.5	1.3	— 9.5	— 7.8
Percentage increase in stocks on hand at the end of February, 1923, over stocks on hand at the end of February, 1922.....	9.2	9.6	6.1	7.1	7.7
Percentage increase in stocks on hand at the end of February, 1923, over stocks on hand at the end of January, 1923.....	13.0	18.7	10.0	11.9	12.2
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, two months.....	437.9	413.0	471.0	595.0	466.7
Percentage of outstanding orders at the end of February, 1923, to total purchases of merchandise during the year 1922.....	9.8	10.1	7.8	10.7	9.0

—Denotes decrease.

February is normally a comparatively slow month in retail trade and merchants do not generally expect to do a large volume of business. However, figures received this month from twenty-eight department and general stores, located in fourteen of the leading cities of the Fifth District, show that sales during February declined very little under January sales, the decrease being 7.8%. In comparison with February 1922, February of this year shows a gain in sales of 4.8%, with the stores in Richmond leading with an average gain of 15.7%. The Baltimore stores gained 7.1% and the group of Miscellaneous Cities gained 10.8%, but the reporting stores in Washington lost 1.2% in comparison with the same month a year ago. All of the groups for which averages are calculated show increased cumulative sales since January 1st in comparison with cumulative sales during the same two months of 1922.

In stocks carried, the reporting stores show an increase of 7.7% over stocks on hand February 28, 1922, and a gain of 12.2% over stocks reported at the end of January of this year, the latter increase being of course entirely seasonal, and due to the receipt of spring merchandise. The percentage of average stock on hand at the end of each month since January 1, 1923, to average monthly sales during the same two months, was 466.7% for the District, the Richmond stores showing the most rapid turn-over with an average of 413.0% and the group of Miscellaneous Cities the slowest turn-over with an average of 595.0%. Orders outstanding for merchandise at the end of February amounted to 9.0% of the total purchases during the calendar year 1922.

Last month we stated in our Review that twenty-seven stores had reported to us, but the number should have been twenty-eight. Monthly averages through 1922 were made up from twenty-five reports, but we included three new stores in the January figures, these stores being located in Baltimore, Washington and Charleston, S. C. We regret the misstatement as to the number of firms included, but the actual figures were not affected.

WHOLESALE TRADE

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

	Groceries	Dry Goods	Shoes	Hardware	Furniture	Drugs
Number of reporting firms in each line.....	42	15	21	16	8	14
Net sales (selling price) during Feb., 1923, compared with January, 1923.....	- 4.3	- 9.0	20.2	-15.6	-12.9	-17.7
Net sales (selling price) during Feb., 1923, compared with February, 1922.....	11.8	53.1	20.4	46.5	63.5	13.9

—Denotes Decrease.

The accompanying table shows in percentage form the increase or decrease in the dollar amount of sales made in February 1923 by representative firms dealing in groceries, dry goods, shoes, hardware, furniture and drugs, in comparison with (1) sales made in January 1923, and (2) sales made in February 1922. All lines reported upon show decreased sales in February in comparison with January, both this year, except shoes, which shows a 20.2% gain. In comparison with February 1922 sales, February 1923 shows substantial gains in every line reported upon, the increases in dry goods, hardware and furniture being especially notable. The large increases in hardware and furniture reflect the influence of the building boom mentioned elsewhere in this Review, and doubtless the sharp increase in dry goods sales over last year is influenced by a fear of difficulty in securing goods later in the year as a consequence of the short cotton crop of 1922. Price increases also swelled the February 1923 figures in dry goods, but to nothing like the extent shown by the percentage gain in sales.

Collections were reported as being somewhat slower in February than in the month or two immediately preceding, but this is a natural or usual condition in that month. Merchants have paid out their holiday collections during January, and January sales being as a rule comparatively small, funds are not available until Spring trade opens in larger volume than it does in February. In addition, merchants having to pay large income taxes on or before March 15th are forced to hoard their funds for a month or two previous to that date. The slump in collections was not serious, the percentage of reporting firms that classified their collections as either *Good* or *Fair* being 90.6% in comparison with 92.5% so classified in January 1923. We give below the classifications of collections made by 117 reporting firms for February, and for comparative purposes we have added the total reported for January 1923 and February 1922:

Lines	Good	Collections Reported As			Total
		Fair	Slow	Poor	
Groceries	9	29	3	1	42
Dry Goods	5	9	1	0	15
Shoes	1	17	2	1	21
Hardware	3	10	3	0	16
Furniture	0	9	0	0	9
Drugs	7	7	0	0	14
February 1923 Totals.....	25	81	9	2	117
January 1923 Totals.....	29	81	9	0	119
February 1922 Totals.....	9	57	43	7	116

(Compiled March 21, 1923)

Summary of Business Conditions in the United States.

Continued active business is indicated by the maintenance of a high rate of industrial production, increases in freight traffic and employment, and a large volume of retail and wholesale trade.

PRODUCTION

The Federal Reserve Board's Index of Production in Basic Industries for February was at the same high level as in January. The index number for these industries is now approximately equal to the highest point reached in the past. Since the low point in July 1921, there has been an increase of 61 percent. The volume of new building projected in February was exceptionally large for the season, particularly in Western districts. Railroad freight shipments have been increasing and the car shortage, which was somewhat relieved in December and January, became more marked in recent weeks. A continued increase in industrial employment has been accompanied by further advances in wage rates in a number of industries. Many New England woolen mills announced a wage increase of 12½ percent effective April 30th. A shortage of women workers has been reported in the textile, rubber and garment industries, and there is a shortage of unskilled labor in many industrial centers.

TRADE

Wholesale and retail distribution of goods continued at a high level during February. Sales of both wholesale and retail concerns reporting to the Federal Reserve Banks were well above those of a year ago, but the increase was relatively more pronounced in wholesale trade. Mail order and chain store business was almost as large in February as in January despite the shorter month, and sales of 5 and 10 Cent Stores were actually larger than in January.

WHOLESALE PRICES

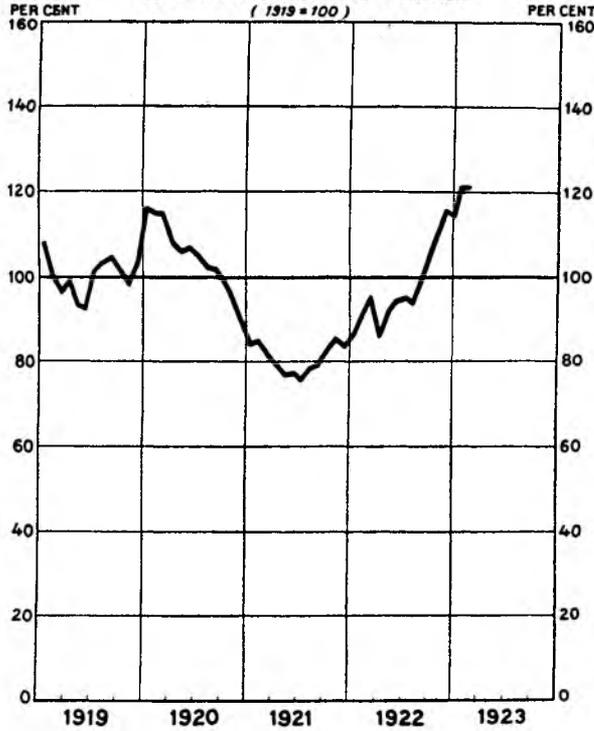
The Bureau of Labor Statistics Index of Wholesale Prices advanced slightly during February. Prices of metals, building materials and clothing increased, while prices of fuels and farm products declined. Building materials and metals during the past year have advanced more than any other groups of commodities and are now about 25 percent higher than in March 1922.

BANK CREDIT

Recent increases in industrial and commercial activity have been reflected in a larger volume of loans by member banks for commercial purposes, especially in the New York, Chicago and San Francisco districts. Loans of this character by reporting member banks are now approximately 500 million dollars larger than at the end of December. This increase has been accompanied by a reduction in holdings of investments so that there has been only a moderate net increase in total loans and investments. The larger demand for funds has not led to any increase during the past month in the total volume of credit extended by the Reserve banks. Total earning assets and loans to member banks on March 21st were approximately the same as four weeks earlier. Borrowings by member banks in the interior increased, particularly in the Chicago district, but borrowings by member banks in the New York district decreased. Since the end of February, there has been a small decline in the volume of Federal Reserve note circulation which is now at approximately the same level as six months ago. Other forms of currency in circulation, however, have recently increased. The market rates on commercial paper advanced further to a range of 5 to 5¼ percent and the rate on bankers' acceptances remained steady at about 4 percent. There has been a slight increase in the yield of short term Treasury Certificates as well as of Government and other high grade bonds.

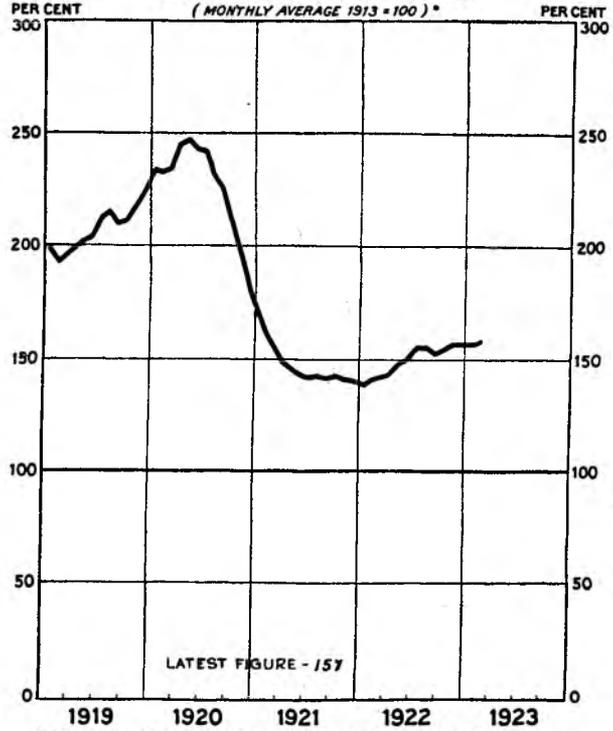
INDEX OF PRODUCTION IN BASIC INDUSTRIES

COMBINATION OF 22 INDIVIDUAL SERIES
CORRECTED FOR SEASONAL VARIATION
(1913 = 100)



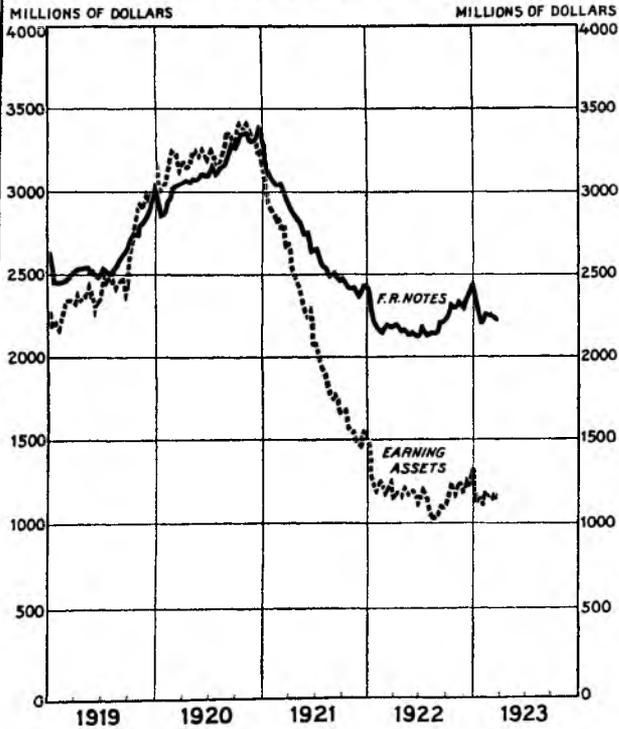
PRICES

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

