

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

MARCH 31, 1926

Business developed a rather distinct dullness during February, although there does not appear to be any definite reason for this reluctant attitude. The total volume of business done was probably not much below seasonal average, and in some lines was above the level of February 1925, but trade lacked the briskness that was plainly visible during the winter, and the business secured had to be worked for harder than in recent months. Total debits to individual accounts at clearing house banks in twenty-three leading trade centers during the four weeks ended March 10th dropped 4.5 per cent below the total reported for the four weeks ended February 10th, which is usually one of the comparatively low points of the year. Building permits issued in February were very little above those of January in number and valuation, and were considerably below those of February 1925. Wholesale trade was not up to seasonal average. Retail trade, while exceeding slightly that of February 1925, was retarded by unfavorable weather, and department store collections were slower than a year ago. Textile mills did not secure as large a volume of forward orders as prospects at the turn of the year led them to expect, and the approach of mild weather had a deterrent effect on business in the coal mining sections of West Virginia. Declining prices for cotton and tobacco also exerted a depressing influence on trade.

In spite of the unfavorable factors mentioned, however, fundamental conditions appear to be sound. Early season weather has been favorable for agriculture, credit is available for all legitimate needs, labor is seasonally employed, and time deposits in member banks and savings institutions testify to the purchasing power of the banking public. Insolvencies in February in the Fifth District were below those of February 1925 in both number and liabilities. The number of building operations now under way or being planned for the near future, while below those of 1925, promise steady employment for many workers during the summer, and indicate a large volume of business for lumber dealers, brick yards, and all other dealers in building materials.

**RESERVE BANK OPERATIONS**—Rediscounts for member banks held by the Federal Reserve Bank of Richmond increased during the past month, rising from a total of \$39,191,000 on February 15th to \$46,575,000 on March 15th. An increase at this time is seasonal, and is due to agricultural demands incident to fertilizer purchases and other expenses incurred in connection with crop planting. Total bill holdings, including rediscounts and acceptances purchased in the open market, aggregated \$48,323,000 on February 15th and \$57,040,000 on March 15th. Member bank reserve deposits at the Reserve Bank rose from \$65,629,000 to \$67,046,000 during the month, the change being little more than a daily fluctuation. Federal Reserve notes in actual circulation declined from a total of \$79,964,000 on February 15th to \$78,508,000 on March 15th. A decline in note circulation coinciding with an increase in rediscounts appears contradictory, but is due to the fact that early spring credit extensions are chiefly book entries rather than cash loans. The several changes in the items enumerated lowered the cash reserves of the Federal Reserve Bank of Richmond from \$103,984,000 on February 15th to \$92,570,000 on March 15th, and reduced the ratio of cash reserves to note and deposit liabilities combined from 68.78 per cent to 63.34 per cent.

All of the leading items except cash reserves on the Reserve Bank's statement were higher on March 15th this year than on March 15, 1925. During the year the volume of rediscounts for member banks rose from \$32,082,000 to \$46,575,000 and total bills held rose from \$43,165,000 to \$57,040,000. Member bank reserve deposits rose from \$62,779,000 to \$67,046,000, and the volume of Federal Reserve notes in actual circulation changed from \$77,859,000 to \$78,508,000. On the other hand, the increased volume of Reserve Bank credit outstanding this year reduced the cash reserves of the Federal Reserve Bank of Richmond from \$102,985,000 on March 15, 1925, to \$92,570,000 on March 15, 1926, and the ratio of cash reserves to note and deposit liabilities combined dropped from 73.08 per cent to 63.34 per cent.

*The National Summary will be found on page 8*

## CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	March 10, 1926	February 10, 1926	March 11, 1925
1. Total Loans and Discounts (including all rediscounts) .....	\$ 520,883,000	\$ 522,383,000	\$ 484,658,000
2. Total Investments in Bonds and Securities .....	126,981,000	130,796,000	131,448,000
3. Total Loans and Investments.....	647,864,000	653,179,000	616,106,000
4. Reserve Balance with Federal Reserve Bank .....	41,423,000	41,937,000	38,582,000
5. Cash in Vaults.....	13,969,000	13,341,000	14,389,000
6. Demand Deposits .....	370,718,000	380,254,000	370,132,000
7. Time Deposits .....	206,604,000	204,136,000	188,167,000
8. Borrowed from Federal Reserve Bank.....	22,101,000	16,891,000	11,204,000

Figures in the above table show the principal items of condition reported by sixty-eight identical member banks on three dates, March 10, 1926, February 10, 1926, and March 11, 1925. The number of banks reporting figures on the two earlier dates was larger than the number reporting on March 10, 1926, but the decrease in number was due entirely to mergers among the reporting institutions and did not affect the comparative value of the figures. The figures are from all member banks in thirteen leading Fifth District cities.

Comparing the changes in the items between February 10th and March 10th, both this year, total loans and discounts show a decrease from \$522,383,000 to \$520,883,000, and total investments in bonds and securities declined from \$130,796,000 to \$126,981,000. The reporting banks' reserve accounts at the Reserve Bank dropped from \$41,937,000 to \$41,423,000 during the month, while cash in vaults rose from \$13,341,000 to \$13,969,000, both minor fluctuations. Demand deposits declined from \$380,254,000 on February 10th to \$370,718,000 on March 10th, but time deposits rose from \$204,136,000 to \$206,604,000 between the same dates. The decline in demand deposits was probably due to withdrawals from reporting banks by correspondent banks in agricultural sections, and to discounting of bills for spring merchandise by city merchants. The volume of borrowing by the reporting banks at the Reserve Bank rose from \$16,891,000 at the middle of February to \$22,101,000 at the middle of March, an increase made necessary by the decline in deposits previously mentioned.

Between March 11, 1925, and March 10, 1926, outstanding loans to customers at the reporting banks increased from \$484,658,000 to \$520,883,000. During the year demand deposits changed little, rising from \$370,132,000 to \$370,718,000, but time deposits increased from \$188,167,000 to \$206,604,000. Investments in bonds and securities declined from \$131,448,000 to \$126,981,000. Reserve balances rose from \$38,582,000 last year to \$41,423,000 this year, but cash in vaults dropped from \$14,389,000 to \$13,969,000. The increase in credit extended to customers so far exceeded receipts from increased deposits, sales of securities, etc., that it necessitated increasing the volume of rediscounts at the Reserve Bank from \$11,204,000 on March 11th last year to \$22,101,000 on March 10th this year.

**SAVINGS DEPOSITS**—Savings deposits increased in February in both savings banks and in reporting member banks maintaining savings departments. Fourteen mutual savings banks in Baltimore reported aggregate deposits of \$152,767,526 on February 28th, compared with \$152,641,405 reported on January 31st this year and \$146,867,172 on February 28th last year. Time deposits in sixty-eight regularly reporting member banks rose from \$204,136,000 on February 10, 1926, to \$206,604,000 on March 10, 1926. On March 11, 1925, time deposits in the sixty-eight banks totaled \$188,167,000.

### DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

The accompanying table shows debits to individual, firm and corporation accounts in the clearing house banks of twenty-three trade centers in the Fifth Reserve District, three equal periods of four weeks being included to allow for comparison of the latest available figures with those of the preceding like period this year and the corresponding period last year.

The total of debits during the four weeks ending March 10, 1926, amounted to \$1,248,680,000, compared with \$1,307,314,000 during the preceding four weeks ending February 10th, a decline during the more recent period of \$58,634,000, or 4.5 per cent. Twenty of the twenty-three cities reported declines, Asheville, Baltimore and Greenville showing the only increases during the four weeks ending March 10th. Lower debits totals between the middle of February and the middle of March, in comparison with the preceding like period, is not unusual, but the decrease this year appears to be rather larger than seasonal average and perhaps indicates a somewhat more marked dullness in trade than in customary at this time of the year.

In comparison with the four weeks' period ending March 11, 1925, in which total debits amounted to \$1,176,095,000, the corresponding period this year witnessed an increase of \$72,585,000, or 6.2 per cent. Fourteen cities reported higher figures this year, including the largest cities, while nine showed lower totals.

Five of the declines were chiefly due to reduced returns on textile operations, two were brought about by lower tobacco prices and reduced tobacco yields, and one was due to exceptionally high figures last year as a result of a shifting of State funds.

CITIES	TOTAL DEBITS FOR THE FOUR WEEKS ENDING		
	March 10, 1926	February 10, 1926	March 11, 1925
Asheville, N. C. ....	\$ 32,813,000	\$ 29,044,000	\$ 19,627,000
Baltimore, Md. ....	409,870,000	409,612,000	353,590,000
Charleston, S. C. ....	24,847,000	25,570,000	26,094,000
Charleston, W. Va. ....	32,850,000	37,209,000	31,517,000
Charlotte, N. C. ....	45,828,000	46,439,000	44,884,000
Columbia, S. C. ....	15,238,000	16,244,000	21,223,000
Cumberland, Md. ....	7,612,000	7,956,000	7,746,000
Danville, Va. ....	8,716,000	10,068,000	8,791,000
Durham, N. C. ....	27,045,000	27,332,000	20,983,000
Greensboro, N. C. ....	23,206,000	25,597,000	21,454,000
Greenville, S. C. ....	24,773,000	24,609,000	24,727,000
Hagerstown, Md. ....	8,875,000	9,507,000	13,116,000
Huntington, W. Va. ....	24,320,000	24,391,000	19,850,000
Lynchburg, Va. ....	17,237,000	20,862,000	17,586,000
Newport News, Va. ....	8,479,000	10,109,000	7,025,000
Norfolk, Va. ....	68,989,000	74,179,000	66,238,000
Raleigh, N. C. ....	24,736,000	45,671,000	55,985,000
Richmond, Va. ....	135,790,000	141,094,000	124,409,000
Roanoke, Va. ....	24,412,000	26,709,000	22,899,000
Spartanburg, S. C. ....	13,621,000	14,248,000	15,967,000
Washington, D. C. ....	214,816,000	221,032,000	200,455,000
Wilmington, N. C. ....	19,180,000	21,317,000	21,058,000
Winston-Salem, N. C. ....	35,427,000	38,515,000	30,871,000
Total for 23 Cities.....	\$1,248,680,000	\$1,307,314,000	\$1,176,095,000

**BUSINESS FAILURES**—In commenting on the business mortality record for February 1926, *Dun's Review* of March 6th says, "The short month of February not unnaturally brought a smaller number of commercial failure in the United States, a total of 1,801 being reported. This is 21.6 per cent below the 2,296 defaults of January, when the number usually is at the high point of a year, and is only slightly above the 1,793 failures of February 1925. Last month's liabilities of \$34,176,348 are, moreover, 21.7 per cent less than the \$43,661,441 of January, and show a decrease of 14.8 per cent from the \$40,123,017 of February last year. The manufacturing class had more defaults last month than in February 1925, but this increase was practically offset by reductions among traders, agents, brokers, etc. In each of the three groups—manufacturing, trading and other commercial—the indebtedness fell off last month, notably in the manufacturing division. The failures for \$100,000 or more in each case during February of this year numbered 44 and involved \$13,528,107 altogether, making the best showing, both as to number and liabilities, of any February since 1920."

In the Fifth District, February insolvencies numbered 118, with liabilities totaling \$1,845,307, compared with 182 failures and \$3,516,504 of indebtedness in January this year, and 121 failures and \$3,690,398 of liabilities in February 1925. In number, February failures this year were 35.2 per cent below those of January and 2.5 per cent below those of February last year, while February 1926 liabilities were 47.5 per cent and 50 per cent below those of January 1926 and February 1925, respectively. The Fifth District record for February in every comparison is distinctly better than the national average. Liabilities last month were the lowest reported for any February since 1920, while the number of failures was the lowest since 1923, when 109 insolvencies were reported for the Fifth District in February.

**LABOR**—There were no material changes in employment conditions in the Fifth Reserve District between the middle of February and the middle of March. A considerable volume of new construction work was begun, although the continuation of inclement weather postponed the start on some projects. The approach of mild weather, together with the settlement of the anthracite strike, lessened demand for bituminous coal, and mines in West Virginia were less active during the past month than earlier in the season. Manufacturing plants continued operations at or near full time, using their customary number of employees. The number of workers and the demand for their services appear to be fairly well balanced throughout the District, with no serious surplus or shortage at any particular point. Agricultural workers continue scarcer than any other class, but farmers have not yet been able to do much work in preparation for this year's planting, and the shortage has therefore not been felt to any material extent. In most of the cities there is a surplus of clerical workers and by-the-day domestic help, but practically all skilled workers are normally employed for this season of the year.

## BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY, 1926 AND 1925.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1926	1925	1926	1925			
		1926	1925	1926	1925							
1	Baltimore, Md.....	274	449	816	579	\$ 1,616,160	\$ 3,884,640	\$ 688,384	\$ 404,880	\$-1,984,976	- 46.3%	1
2	Cumberland, Md...	18	29	1	12	33,495	590,460	415	8,915	- 565,465	- 94.3	2
3	Frederick, Md.....	2	7	0	3	7,700	21,175	0	3,050	- 16,525	- 68.2	3
4	Hagerstown, Md...	9	24	9	13	55,995	78,500	3,610	7,635	- 26,530	- 30.8	4
5	Danville Va.....	12	8	11	0	462,885	48,080	9,115	0	423,920	881.7	5
6	Lynchburg, Va.....	19	19	26	15	79,729	80,065	23,499	6,630	16,533	19.1	6
7	Norfolk, Va.....	93	67	36	72	210,350	81,915	31,439	51,359	108,515	81.4	7
8	Petersburg, Va.....	6	4	7	0	17,504	11,150	13,080	0	19,434	174.3	8
9	Richmond, Va.....	112	170	63	70	1,486,764	2,024,024	48,155	56,703	- 545,808	- 26.2	9
10	Roanoke, Va.....	82	85	21	39	198,941	238,500	4,715	16,559	- 51,403	- 20.2	10
11	Bluefield, W. Va...	7	23	3	6	23,090	73,775	1,300	12,300	- 61,685	- 71.7	11
12	Charleston, W. Va.	39	14	10	12	133,481	18,509	5,950	17,901	103,021	282.9	12
13	Clarksburg, W. Va	7	17	6	8	18,730	35,076	1,750	6,650	- 21,246	- 50.9	13
14	Huntington, W. Va.	* 74	* 159	* 4	.....	* 219,635	* 399,455	* 6,500	.....	- 173,320	- 43.4	14
15	Parkersburg, W. Va	15	25	3	5	44,850	78,050	2,350	3,875	- 34,725	- 42.4	15
16	Asheville, N. C. ....	91	42	26	48	839,475	195,840	43,835	43,950	643,520	268.4	16
17	Charlotte, N. C. ....	45	55	14	6	221,440	1,134,170	17,385	5,705	- 901,050	- 79.0	17
18	Durham, N. C. ....	35	21	11	6	243,510	76,250	31,275	20,300	178,235	184.6	18
19	Greensboro, N. C. ....	45	56	29	31	995,750	157,312	20,552	48,190	810,800	394.5	19
20	High Point, N. C. ....	59	68	6	0	154,600	131,065	12,050	0	35,585	27.2	20
21	Raleigh, N. C. ....	50	58	7	15	148,264	187,724	28,050	19,200	- 30,610	- 14.8	21
22	Salisbury, N. C. ....	16	24	5	9	52,700	175,615	6,700	24,600	- 140,815	- 70.3	22
23	Wilmington, N. C. ....	7	7	7	5	195,500	38,575	5,800	2,350	160,375	391.9	23
24	Winston-Salem, N. C.	83	62	32	82	224,300	591,265	15,306	27,115	- 378,774	- 61.3	24
25	Charleston, S. C. ....	11	9	23	23	17,635	6,775	7,867	6,056	12,671	98.8	25
26	Columbia, S. C. ....	13	14	39	55	38,440	46,750	7,920	8,789	- 9,179	- 16.5	26
27	Greenville, S. C. ....	8	12	22	10	39,800	83,805	12,350	12,280	- 43,935	- 45.7	27
28	Spartanburg, S. C. ....	12	20	23	24	70,275	76,600	3,865	10,860	- 13,320	- 15.2	28
29	Washington, D. C. ....	124	557	230	169	3,232,765	4,777,550	324,340	119,241	-1,339,686	- 27.4	29
	Totals.....	1,294	1,946	1,486	1,317	\$10,864,128	\$14,943,215	\$1,371,057	\$ 945,093	\$-3,653,123	- 23.0%	

\* Huntington's figures not included in totals, because 1925 figures do not show new and repair work separately.

—Denotes decrease

NOTE-- The figures in the above table reflect the amount of work provided for in the corporation limits of the several cities, but take no account of suburban developments.

Building permits issued during February for new construction in twenty-eight Fifth District cities totaled 1,294 in number and \$10,864,128 in estimated valuation. These figures exceed the January 1926 figures, when 1,080 permits valued at \$9,272,771 were issued, but are below the 1,946 permits and \$14,943,215 of February 1925. Eighteen of the twenty-eight cities reported fewer permits in February than in February last year, and eighteen cities—not necessarily the same ones—reported lower valuation figures. The three largest cities, Baltimore, Washington, and Richmond, sent in much lower figures in both number and valuation this year. On the other hand, increases in valuation for new work of more than 50 per cent were reported by Danville, Norfolk, Charleston, W. Va., Asheville, Durham, Greensboro, Wilmington and Charleston, S. C., Asheville probably making the best record if number of permits in addition to valuation be considered.

Alteration and repair permits totaled 1,486 in February, compared with 1,617 in January this year and 1,317 in February last year, while valuation figures for this class of work amounted to \$1,371,057 in February, \$1,341,909 in January, and \$945,093 in February last year.

Combined valuation figures for all classes of work amounted to \$12,235,185 in February, which was 15.3 per cent above the total of \$10,614,680 of combined valuation in January 1926 but 23 per cent below the \$15,888,308 reported in February 1925.

**COAL**—The most important development to the nation in the coal business during the past month was the settlement of the anthracite strike, but in the Fifth District the return of the anthracite miners to the pits had comparative little effect. The Fifth District does not depend to any considerable extent upon hard coal, and the re-opening of the hard coal mines did not reduce orders for bituminous coal much more than seasonal average.

Bituminous coal production has declined steadily since the middle of January, a regular seasonal development as spring approaches. Average daily tonnage mined dropped from 2,178,200 net tons during the week ended January 16th to 1,845,800 tons during the week ended February 27th. The rate of production continues considerably above the rate a year ago, however, and is higher than in any recent year except 1922-1923, when reserves were being rebuilt after the long strike of 1922. Total production in February was

46,577,000 net tons, about 13 per cent below production during the longer month of January. Production of soft coal during the first 286 days of six recent coal years was as follows, 1922-1923 being omitted because of the long strike in the spring and summer of 1922:

1919-1920.....	456,446,000 net tons	1923-1924.....	527,726,000 net tons
1920-1921.....	510,450,000 net tons	1924-1925.....	442,890,000 net tons
1921-1922.....	407,941,000 net tons	1925-1926.....	505,092,000 net tons

West Virginia production in February totaled 11,294,000 net tons, a decline of 8 per cent under the 12,295,000 tons mined in January, but the decline was less than the national drop of 13 per cent.

**TEXTILES**—Developments in the textile industry during February and early March were disappointing. Declining cotton prices weakened cloth and yarn quotations, and forward orders did not increase as all signs at the turn of the year indicated they would. Favorable early season prospects for a large cotton crop this year were largely responsible for the decline in cotton and the accompanying slump in the demand for textiles. Jobbers are buying in small scattered lots and the executive officer of a large mill in the Fifth District estimates that the aggregate amount of goods being sold is only about sixty per cent of what it should be at this season of the year. Stocks of textiles in secondary hands are not large, however, and mill authorities profess to expect a considerably larger volume of business in the near future than they received during the past six weeks.

Textile mills in the Fifth District consumed 233,236 bales of cotton in February, a decline of 3.5 per cent from the 241,621 bales used during the longer month of January, but an increase of 6.2 per cent over the 219,517 bales consumed in February 1925. All of the cotton consuming States in the District used more cotton in February than in February last year, North Carolina consumption rising from 120,995 bales in February 1925 to 128,123 in February 1926, South Carolina consumption rising from 88,362 bales to 94,783 bales, and Virginia consumption rising from 10,160 bales to 10,330 bales. Total Fifth District consumption in February amounted to 41.1 per cent of National consumption, compared with 39.9 per cent in February 1925.

**COTTON**—Adversely influenced by favorable early season prospects for this year's cotton crop, fear of larger ginning figures in the Census Bureau's forthcoming final report for 1925, and decreased export figures, the cotton market declined steadily from the first of February. In our *Monthly Review* last month we quoted average prices paid for spot cotton on Carolina markets during the week ended February 13th, the average being 19.42 cents per pound, middling basis short staple. The following week, ended February 20th, the price dropped to an average of 19.09 cents per pound, and the week ended February 27th witnessed a further decline to 18.66 cents. In the first week in March, ended the 6th, the average price was 17.85 cents and during the latest period for which figures are available, the week ended March 13th, the average went down to 17.78 cents, the lowest weekly average since May 6, 1922.

On March 13th, the Census Bureau released consumption figures for February. On the whole the figure was somewhat above trade expectations, and the cotton market responded to the favorable news, moving upward slightly. The gain was not sustained, however, quotations soon settling back to earlier levels. Consumption by American mills in February totaled 567,244 bales, compared with 583,192 bales used in January 1926 and 550,775 bales consumed in February 1925. Cotton growing States used 399,046 bales, or 70.3 per cent, of the 567,244 bales for the Nation, compared with 372,560 bales, or 67.6 per cent, of National consumption consumed in the cotton growing States in February last year. Total consumption for the season to date—August 1, 1925 to February 28, 1926—was 3,744,415 bales, compared with 3,503,792 bales used during the corresponding seven months ended February 28, 1925. Cotton on hand in consuming establishments on February 28th totaled 1,831,296 bales, compared with 1,811,392 bales on January 31st this year and 1,542,382 bales on February 28th last year. Public warehouses and compresses held 4,744,090 bales at the end of February, compared with 5,175,834 bales so held on January 31st and 3,073,396 bales on February 28, 1925. Active spindles during February numbered 33,028,966, compared with 32,803,156 in January 1926 and 33,358,798 in February 1925. Mills which are operating are running longer hours this year than at the same time last year, which accounts for increased cotton consumption in February 1926 by a smaller number of active spindles. Exports of cotton in February declined sharply, dropping to 556,185 bales in comparison with 749,967 bales sent abroad in January this year and 811,838 bales exported in February 1925. Imports also fell off to 38,355 bales in February, compared with 62,061 bales in January and 59,902 bales in February a year ago. Total exports for the seven months of the present cotton year amounted to 5,986,630 bales, compared with 6,232,024 bales shipped abroad during the seven months ended February 28, 1925.

Although it is yet too early in the season to arrive at any satisfactory estimate as to the size of the 1926 cotton crop, reports to the Department of Agriculture indicate that the probable weevil danger is of very serious proportions. Soils, on the other hand, are generally in excellent condition, with plenty of moisture, and if the season should be reasonably early the crop could be well advanced toward maturity before weevil damage becomes excessive.

**TOBACCO**—VIRGINIA tobacco markets sold 13,438,838 pounds of producers' tobacco in February, at an average price of \$11.69 per hundred pounds. Of the tobacco sold, 8,120,921 pounds represented Bright tobacco, and 3,977,585 pounds Dark tobacco, the balance of the sales being Sun-cured and Burley. Total sales of all types of tobacco in Virginia this year, including deliveries to the Co-operative Association, totaled 130,112,190 pounds, approximately 3 per cent greater than early season estimates of the year's probable sales. Prices of all types of tobacco averaged lower in February than in January, a seasonal development due to the poor grades offered when the farmers clean up their crops. Sun-cured tobacco was the only type bringing a higher price in February than during the same month in 1925. On the whole, February prices were the lowest for any month since monthly prices began to be recorded in 1920. Very little tobacco remained on the farms after March 1st, and a number of markets closed during February. The markets that remained open on March 1st, except Richmond, all closed during the first three weeks of that month.

NORTH CAROLINA farmers sold 12,702,929 pounds of tobacco in February, bringing season sales up to 343,858,832 pounds. The average price paid in February was \$13.51, Fuquay Springs leading with an average of \$23.34. Winston-Salem lead in volume of sales with a total of 3,940,705 pounds. All North Carolina markets have closed for the season, and next month season summary figures should be available for publication.

**AGRICULTURAL NOTES**—The past month was an inactive one on farms, weather conditions preventing early season preparation of soils for planting this year's crops. During the third week in March cold weather materially damaged early truck in the Carolinas, and in South Carolina fruit was also considerably hurt. On the whole, however, the weather thus far in 1926 has been favorable for the farmers. Fruit trees in all commercial sections came through the winter in splendid condition, and small grains benefitted from the snow cover and the absence of wide spread ice storms. Grains show good stands and strong color, although the blades are short. There is a splendid supply of moisture in the ground throughout the Fifth District, and as soon as slightly warmer weather comes, spring work will go forward rapidly. Farm labor has been available in sufficient quantity to meet all needs this season, but it is likely that the opening of spring activities will show a considerable shortage of workers. Farm wages are practically the same as in 1925. In several crops there appears to be some tendency toward planting increased acreages, but agricultural experts contend that prospects are not bright for much increase in consumer demand, and they have issued warnings to farmers against over production.

**FIGURES ON RETAIL TRADE**  
As Indicated By Reports from Thirty-One Representative Department Stores for the  
Month of FEBRUARY 1926

Percentage increase in February 1926 sales over sales in February 1925:				
<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 2.0	— 6.8	7.9	2.2	1.4
Percentage increase in cumulative sales from Jan. 1st through February, over sales during the same two months in 1925:				
3.5	1.3	11.6	1.6	5.8
Percentage increase in February 1926 sales over average February sales during the years 1920-1924, inclusive:				
— 3.8	31.9	21.4	14.1	10.4
Percentage increase in stock on hand February 28, 1926, over stock on February 28, 1925:				
6.7	3.3	6.3	— 3.5	4.9
Percentage increase in stock on hand February 28, 1926, over stock on January 31, 1926:				
5.2	4.2	8.3	15.8	8.2
Percentage of sales during February 1926 to average stock carried during that month:				
20.8	21.1	25.5	20.3	22.4
Percentage of cumulative sales since January 1st to average stock carried during each of the two months:				
44.5	45.2	51.3	43.0	46.8
Percentage of outstanding orders on February 1st, to total purchases of merchandise in 1925:				
6.4	8.2	6.9	6.9	6.9
Percentage of collections in February, to total accounts receivable on February 1st, this year:				
24.2	26.7	41.5	29.4	28.2

— Denotes decreased percentage.

Retail trade as reflected in department store sales in the Fifth Reserve District was 1.4 per cent larger in February than in February last year, and was probably up to seasonal average. February sales in the reporting stores exceeded average February sales during the five years 1920-1924, inclusive, by 10.4 per cent. Cumulative sales during January and February were 5.8 per cent above sales during the corresponding two months of 1925.

Merchandise on the shelves of the reporting stores at the end of February were 4.9 per cent greater, measured by retail selling prices, than at the end of February last year and 8.2 per cent greater than on January 1st this year, the latter increases being seasonal and due to the arrival of spring goods. Outstanding orders for merchandise at the end of February amounted to 6.9 per cent of 1925 purchases.

The percentage of sales in February to average stock carried averaged 22.4 per cent, and the percentage of total sales since January 1st to average stock carried during each of the two months was 46.8 per cent, indicating an annual turnover rate of 2.81 times.

February collections amounted to 28.2 per cent of receivables on the first of the month, compared with collections of 30.2 per cent in February 1925.

### WHOLESALE TRADE, FEBRUARY 1926

Percentage increase (or decrease) in sales in February 1926, compared with sales in January 1926:					
37 Groceries	14 Dry Goods	11 Shoes	19 Hardware	5 Furniture	13 Drugs
— 5.2	5.8	30.5	—10.6	—24.2	—10.9
Percentage increase (or decrease) in sales in February 1926, compared with sales in February 1925:					
— 2.7	0.7	— 4.5	— 3.0	— 3.9	4.8
Percentage increase (or decrease) in sales from Jan. 1, 1926 through Feb. 28th, compared with sales during the same two months in 1925:					
— 3.6	— 1.9	— 3.5	— 5.4	4.9	6.5
Percentage increase (or decrease) in stock on February 28, 1926, compared with January 31, 1926:					
— 1.8(10)	— 4.3(7)	1.8(5)	4.3(5)	.....	.....
Percentage increase (or decrease) in stock on February 28, 1926, compared with February 28, 1925:					
— 6.2(10)	—20.6(7)	— 3.9(5)	0.2(6)	.....	.....
Percentage of collections in February to total accounts receivable on February 1, 1926:					
60.8(24)	30.1(8)	26.3(8)	30.8(15)	35.3(3)	57.5(8)

— Denotes decreased percentage.

NOTE: The number of firms reporting stock and collection data appear immediately following the percentages.

Ninety-nine wholesale firms, representing six leading lines, sent confidential reports on February's business to the Federal Reserve Bank of Richmond. February sales were greater than sales in January 1926 in dry goods and shoes, but were less in groceries, hardware, furniture and drugs. The fewer business days in February doubtless accounted in part for the declines, however. In comparison with February 1925 sales, those made in February this year were less in all lines except dry goods and drugs, which gained seven-tenths of 1 per cent and 4.8 per cent, respectively. Furniture and drug sales since January 1st were greater this year than sales during the first two months of 1925, but total sales for the two months declined this year in groceries, dry goods, shoes and hardware.

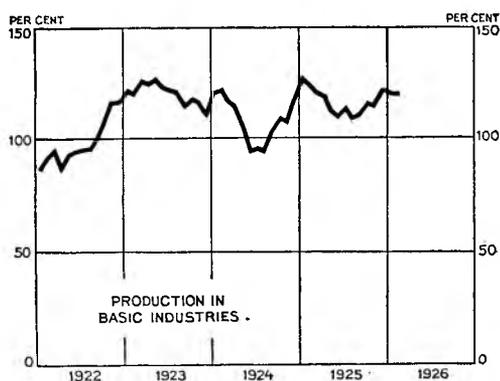
Stocks of shoes and hardware increased slightly during February, but at the end of the month stocks of groceries and dry goods were smaller than on January 31st. Stocks on February 28th were slightly larger in hardware than on the corresponding date last year, but grocery, dry goods and shoe stocks declined, the drop in dry goods amounting to 20.6 per cent.

Collections during February in groceries totaled 60.8 per cent of bills receivable on February 1st. Drugs, with an average of 57.5 per cent, ranked next in percentage of collections to outstanding receivables, followed by furniture with 35.3 per cent, hardware with 30.8 per cent, dry goods with 30.1 per cent, and shoes with 26.3 per cent.

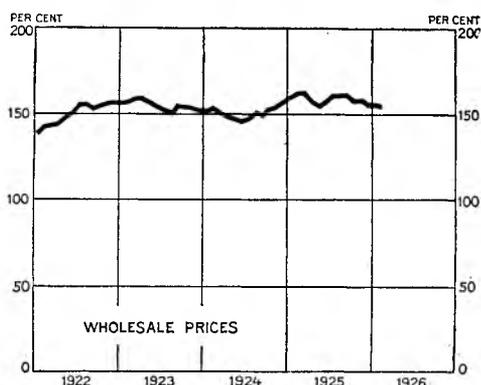
(Compiled March 20, 1926)

# BUSINESS CONDITIONS IN THE UNITED STATES.

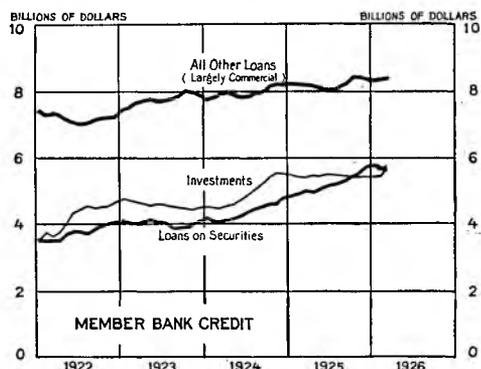
(Compiled by the Federal Reserve Board)



Index of 22 basic commodities adjusted for seasonal variation (1919-100). Latest figure-February 121.



Index of U. S. Bureau of Labor Statistics (1913-100, base adopted by Bureau). Latest figure-February 155.



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures are averages for first three weekly report dates in March.



Federal Reserve Board's indexes of factory employment and pay rolls (1919-100). Latest figures, February, employment 97.0, pay rolls 111.5.

Production and trade continued in February at the high level of the preceding month, while the general average of prices declined and was lower in February than at any time since the latter part of 1924.

**PRODUCTION.** The Federal Reserve Board's index of production in basic industries, which is adjusted for seasonal variations, indicated a continuation of productive activity during February in about the same volume as in the preceding two months. Mill consumption of cotton and the output of flour, anthracite, copper and newsprint showed increases in February when allowance is made for the usual seasonal changes, and the output of iron and steel and lumber remained practically unchanged. Activity in the woolen industry and the production of cement declined. Automobile production was in considerably greater volume in February and was larger than a year ago, although smaller than in the corresponding month of 1924. Employment and earnings of factory workers increased after the seasonal recession of January and were in February at practically the same levels as during the latter part of 1925. The volume of building contracts awarded declined both in January and in February, but remained larger than in the corresponding months of last year. Reports by farmers to the Department of Agriculture of intentions to plant in 1926 indicate that the acreage of spring wheat and tobacco will be slightly smaller, the acreage of corn will be about the same, and that of oats, barley, hay and potatoes larger than in 1925.

**TRADE.** Wholesale trade in February was in about the same volume as a year ago. A smaller volume of sales was reported for groceries, dry goods and hardware, while sales of meats, shoes and drugs were larger. Inventories of wholesale firms dealing in groceries, dry goods, shoes and hardware were smaller at the end of February than a year ago. Trade at department stores and at mail order houses was larger than in February of last year and department store stocks were about 5 per cent greater than on the corresponding date of 1925. Freight car loadings continued at about the same daily rate in February as in the preceding two months. Shipments of merchandise in less-than-car load lots and of miscellaneous commodities were particularly larger.

**PRICES.** The general level of wholesale prices as measured by the Bureau of Labor Statistics index, after remaining unchanged for two months, declined in February to a point slightly below the low figures of 1925, reported for last May. The greater part of the decline since last autumn has been in prices of agricultural commodities. In February prices of all major groups of commodities, except fuels, declined, and particularly large reductions occurred in the prices of grains, cotton, wool, silks and rubber. Price advances in February were shown for petroleum, coke and paper. During the first three weeks of March prices of grains, cotton, wool and silk continued to decline, and recessions were also reported in the prices of sugar and hardwood lumber.

**BANK CREDIT.** At member banks in leading cities demand loans, chiefly for commercial purposes, showed an increase, partly seasonal in character, between the middle of February and the middle of March, and on March 17th the total volume of these loans was close to the high point reached last autumn. A further decline of loans on securities, which accompanied the sharp recession in securities prices in March, carried the total to a point nearly \$430,000,000 below that reached at the end of the year. Following a growth during February in the volume of Reserve Bank credit outstanding, there was a sharp decline early in March to about the same level as a year ago. Factors contributing to the decline have been continued imports of gold and some reduction in member bank reserve requirements, as well as the temporary abundance of funds resulting from the excess of Treasury disbursements over receipts around March 15th. Open market rates on prime commercial paper, after a slight decline in February, advanced in March to  $4\frac{1}{4}$ - $4\frac{1}{2}$  per cent, the level which had prevailed since last October.