

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT

RICHMOND, VIRGINIA

APRIL 30, 1926

DISTRICT SUMMARY—In March and the early weeks in April business activity in the Fifth Federal Reserve District was maintained at a slightly higher level than in the corresponding period of last year. Building operations in the District as a whole, as measured by the value of building permits, continued larger than in the corresponding month of the preceding year, although the number of permits issued was smaller than a year ago. Retail trade exceeded that of March 1925 by 8 per cent and for the first quarter of 1926 sales were 6 per cent larger than in the corresponding period of last year. Wholesale sales of shoes and drugs were larger than last year, but sales of groceries, dry goods, hardware and furniture were smaller. Crop planting this year is about ten days later than in 1925, but the soil is full of moisture and is in excellent condition for quick growth. Continued cold weather held back the apple crop, which is the leading fruit crop in the District, until danger from late frost damage had practically passed. A year ago the drought which began in April retarded agricultural operations and resulted in materially reduced yields for almost all crops in the District. So far this year, however, weather conditions have not been favorable for early plantings but there is sufficient moisture and prospects for yields are more satisfactory than in 1925. Prices, however, for the leading agricultural products, cotton and tobacco, are lower than in 1925.

FEDERAL RESERVE BANK OPERATIONS—Changes in the principal items of the statement of the Federal Reserve Bank of Richmond were less marked between March 15th and April 15th than in most years, during which period borrowing usually increases as a result of crop planting. This year rediscounts for member banks declined from \$46,575,000 on March 15th to \$45,673,000 on April 15th, probably only a daily fluctuation. Unfavorable weather seems to be delaying

spring work, thereby postponing some of the borrowing necessary at planting time. Total bills held by the Federal Reserve Bank, including rediscounts for members and acceptances purchased in the open market, showed about the same recession between the middle of March and the middle of April as that shown in rediscounts, the total of all bill holdings declining from \$57,040,000 to \$56,211,000. During the month under review, member banks reduced their reserves at the Federal Reserve Bank from \$67,046,000 to \$64,804,000. The circulation of Federal Reserve notes continued to decline, as is customary at this season when book credit rather than cash is needed by bank customers, falling from \$78,508,000 on March 15th to \$74,118,000 on April 15th. The changes in the items enumerated lowered the cash reserves of the Federal Reserve Bank of Richmond from \$92,570,000 on March 15th to \$84,630,000 on April 15th, and reduced the ratio of cash to note and deposit liabilities combined from 63.34 per cent to 58.65 per cent.

The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond on April 15th this year was \$5,000,000 higher than on April 15, 1925, the amount having risen from \$40,652,000 at the middle of April last year to \$45,673,000 on the corresponding date this year. Total bill holdings of the Reserve Bank also increased in about the same proportion, rising during the year from \$52,676,000 to \$56,211,000. On the other hand, all the other items used in this comparison declined during the year under review. Member bank reserve deposits decreased from \$66,266,000 on April 15, 1925, to \$64,804,000 on April 15, 1926. Federal Reserve notes in actual circulation dropped from a total of \$75,356,000 to \$74,118,000. The cash reserves of the Federal Reserve Bank of Richmond fell from \$94,039,000 last year to \$84,630,000 this year. Finally, the ratio of cash reserves to note and deposit liabilities combined dropped from 64.90 per cent on April 15, 1925, to 58.65 per cent on April 15, 1926.

The National Summary will be found on page 9

CONDITION OF SIXTY-EIGHT REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	April 14, 1926	March 10, 1926	April 15, 1925
1. Total Loans and Discounts (including all rediscounts)	\$ 519,859,000	\$ 520,883,000	\$ 486,117,000
2. Total Investments in Bonds and Securities	131,220,000	126,981,000	136,476,000
3. Reserve Balance with Federal Reserve Bank	39,638,000	41,423,000	40,665,000
4. Cash in Vaults.....	13,898,000	13,969,000	14,121,000
5. Demand Deposits	365,947,000	370,718,000	352,582,000
6. Time Deposits	206,946,000	206,604,000	185,475,000
7. Borrowed from Federal Reserve Bank.....	19,270,000	22,101,000	19,746,000

The accompanying table shows the principal items of condition reported by sixty-eight identical member banks on three dates, April 14, 1926, March 10, 1926, and April 15, 1925, thus affording an opportunity for comparing the latest date with the corresponding dates a month and a year earlier. It should be understood in studying the figures that they represent conditions on the report dates only, and are not necessarily the highest or lowest figures that occurred during the intervening period.

Between March 10th and April 14th, both this year, total loans extended to customers by the reporting banks declined from \$520,883,000, to \$519,859,000, a rather unusual development at this season when crop planting necessitates additional credit. The recession was probably due to the unfavorable weather, which delayed farm work. Total investments in bonds and securities rose from \$126,981,000 on March 10th to \$131,220,000 on April 14th, and time deposits rose during the month from \$206,604,000 to \$206,946,000. On the other hand, the reserve balances of the reporting banks at the Federal Reserve Bank declined between March 10th and April 14th from \$41,423,000 to \$39,638,000, cash in vaults dropped from \$13,969,000 to \$13,898,000, and demand deposits decreased from \$370,718,000 to \$365,947,000. The reporting institutions reduced their borrowing at the Reserve Bank from \$22,101,000 on March 10th to \$19,270,000 on April 14th.

A year ago on April 15, 1925, total loans and discounts in the sixty-eight reporting banks amounted to \$486,117,000, and investments in bonds and securities totaled \$136,476,000. Reserve balance with the Reserve Bank totaled \$40,665,000; cash in vaults totaled \$14,121,000; demand deposits amounted to \$352,582,000; and time deposits aggregated \$185,475,000. Borrowing at the Reserve Bank by the reporting banks a year ago totaled \$19,746,000.

SAVINGS DEPOSITS—Fourteen mutual savings banks in Baltimore had combined deposits aggregating \$154,135,898 on March 31, 1926, a new record for these institutions. A month earlier, on February 28th, deposits in the fourteen banks totaled \$152,767,526, and a year ago, on March 31, 1925, deposits amounted to \$148,015,204. When these mutual savings banks began reporting to the Federal Reserve Bank in January 1920, aggregate deposits amounted to \$118,733,466, but during the six years since that time deposits have increased \$35,402,432. Time deposits in sixty-eight regularly reporting member banks also increased during the past month, rising from \$206,604,000 on March 10th to \$206,946,000 on April 14th. The latter figure compares with \$185,475,000 of time deposits in the same banks on April 15, 1925.

BUSINESS FAILURES—*Dun's Review* for April 3rd, in commenting on the March failure statistics, says, "It was to be expected that March would bring a total of commercial failures in the United States larger than that for the short month of February and the increase is about 10 per cent. Thus, reports show 1,984 defaults last month, against 1,801 in February and 1,859 in March 1925. The increase over the number for the earlier year is, therefore, a little less than 7 per cent. The record of liabilities, however, shows improvement, last month's failures having involved \$30,622,547 altogether. Not only is this about 10.5 per cent under the \$34,176,348 for the shorter month of February, but it is smaller than the figures for each month since last October, and is 10 per cent under the \$34,004,731 for March 1925. It is, in fact, less than for any March since 1920, when the business mortality was at an unusually low point."

In the Fifth District, commercial failures in March numbered 124, in comparison with 127 failures in March last year. Liabilities also were lower this year than last, March 1926 liabilities totaling \$2,004,057 compared with \$2,640,261 in March 1925. Failures during each of the past five months have been less

numerous in the Fifth District than during the corresponding months of the preceding year, and liabilities have been lower during each of the past four months. The first quarter of 1926 witnessed 424 insolvencies in the Fifth District, with liabilities of \$7,365,868, compared with 436 insolvencies and liabilities of \$10,360,060 reported during the first quarter of 1925.

DEBITS TO INDIVIDUAL ACCOUNTS IN LEADING TRADE CENTERS

CITIES	TOTAL DEBITS FOR THE FIVE WEEKS ENDING		
	April 14, 1926	March 10, 1926	April 15, 1925
Asheville, N. C.	\$ 47,104,000	\$ 40,030,000	\$ 30,264,000
Baltimore, Md.	501,203,000	504,552,000	480,425,000
Charleston, S. C.	32,315,000	31,270,000	35,822,000
Charleston, W. Va.	43,319,000	40,970,000	43,547,000
Charlotte, N. C.	61,148,000	57,115,000	60,875,000
Columbia, S. C.	23,703,000	19,153,000	25,504,000
Cumberland, Md.	10,492,000	9,653,000	10,135,000
Danville, Va.	9,523,000	11,014,000	9,670,000
Durham, N. C.	29,241,000	33,949,000	24,990,000
Greensboro, N. C.	28,321,000	29,298,000	27,189,000
Greenville, S. C.	29,492,000	31,130,000	25,209,000
Hagerstown, Md.	13,229,000	11,008,000	13,145,000
Huntington, W. Va.	29,544,000	30,044,000	31,318,000
Lynchburg, Va.	24,574,000	22,401,000	22,221,000
Newport News, Va.	11,402,000	10,749,000	9,378,000
Norfolk, Va.	86,866,000	84,415,000	79,807,000
Raleigh, N. C.	19,496,000	32,836,000	30,772,000
Richmond, Va.	152,144,000	165,000,000	145,427,000
Roanoke, Va.	31,107,000	30,514,000	28,550,000
Spartanburg, S. C.	18,439,000	17,225,000	20,814,000
Washington, D. C.	284,549,000	268,232,000	267,776,000
Wilmington, N. C.	27,258,000	23,684,000	26,993,000
Winston-Salem, N. C.	45,977,000	45,075,000	37,480,000
Totals for 23 Cities.....	\$1,560,446,000	\$1,549,322,000	\$1,487,311,000

In spite of lower wholesale prices prevailing during recent weeks in comparison with earlier weeks this year and the corresponding weeks in 1925, unfavorable weather for spring activities, lower prices for tobacco and cotton, and increasing dullness in coal mining and textile manufacturing in the Fifth District, aggregate debits to individual, firm and corporation accounts in twenty-three leading trade centers rose from \$1,549,322,000 during the five weeks ended March 10, 1926, to \$1,560,446,000 during the five weeks ended April 14, 1926, an increase of seven-tenths of one per cent. Fifteen of the twenty-three reporting cities showed higher totals during the more recent period, while eight cities showed lower figures.

In comparison with the five weeks ended April 15, 1925, when debits aggregating \$1,487,311,000 were reported by the twenty-three cities, the total of \$1,560,446,000 reported for the corresponding five weeks this year shows an increase of 4.9 per cent. Sixteen cities reported higher figures for the 1926 period, while seven cities reported lower totals this year. The differences in cotton and cotton goods prices appear to account for most of the declines reported this year in comparison with last year, although lower prices for many other commodities and less construction activity also played their part.

LABOR—Employment conditions in the Fifth District at the middle of April are satisfactory on the whole. Practically all of the manufacturing plants in the District are operating full time and are using their normal quotas of workers, building is under way in sufficient volume to employ all carpenters, masons, plasterers, plumbers and others in the building trades, and a considerable amount of road and street work is being done in certain sections of the District, giving work to a large number of unskilled laborers. The supply of workers is ample to meet all needs, but there is no material surplus except in clerical lines. The demand for and the supply of farm labor are probably nearer equal this year than for some time, although some shortage still exists in certain localities. The supply of workers willing to go to the farms has been augmented somewhat by less active demand for unskilled labor in many of the towns and cities, and farmers are learning to substitute machine for manual labor, the two influences serving to draw the demand and supply of farm

labor together. Prospects for fairly steady employment of all workers seems good except for coal miners and textile mill operatives. Seasonal recession in the demand for coal reduces output at the mines in the spring and early summer, and there is much agitation for some curtailment in operations among the Carolina textile plants.

COAL—The rate of bituminous coal production in the United States continued to decline through March and the first half of April, a regular seasonal development. March production totaled 46,137,000 net tons, compared with 46,577,000 tons mined during the shorter month of February and 37,626,000 tons in March 1925. Total production for the year during the 1925-1926 coal year, which ended March 31st, amounted to approximately 540,800,000 net tons, compared with 471,133,000 net tons dug during the preceding year, ended March 31, 1925. March production was larger than March production in 1925, 1924, 1921 and 1919, but was below production in March 1923, 1922, 1920, 1913 and 1917. Total production for the coal year just closed exceeded production during all of the past ten coal years except 1917-1918, 1918-1919 and 1923-1924.

On April 1st retail coal yards announced summer prices, cuts ranging from \$1.00 to \$2.50 per ton being made. Coal yards had more late winter business this year than usual, the weather having continued sufficiently cold to make fires in homes necessary until late in April.

TEXTILES—The textile mills in the Fifth District operated full time in March and consumed 255,077 bales of cotton, perhaps a record figure. This large volume of production was principally to fill orders received earlier in the year, since new orders were small and were only for filling-in purposes. North Carolina mills used 137,764 bales of cotton, South Carolina mills 105,792 bales, and Virginia mills 11,521 bales. All three States used more cotton than in March 1925, when a total of 231,651 bales were consumed. Throughout the textile industry declining prices of raw cotton and cotton goods and the large stocks of cotton on hand, accompanied by a falling off in the volume of exports, have resulted in a considerable degree of uncertainty and there have been frequent reports indicating that jobbers and retailers are buying only for immediate needs. Reports in the early weeks of April indicate that there has been some curtailment of manufacturing activity.

COTTON—Spot cotton prices in the Carolinas continued to decline between the middle of March and the middle of April, the recession being due to a combination of circumstances working against prices. While it is yet too early to estimate with any degree of certainty the acreage to be planted to cotton, early reports indicate that the acreage will be about as large as usual in the District as a whole. Favorable soil conditions for crop growing so far this year, declining exports, and a larger supply of cotton on hand than a year ago, indicating a larger carry-over of cotton at the end of the present season, have been depressing factors on cotton prices, which are now lower than at any time since early in 1922. Average prices in the two Carolinas dropped in the month under review from 17.78 cents per pound during the week ended March 13th to an average of 17.47 cents during the week ended April 17th, the latest period for which figures are available.

On April 14th, the Census Bureau issued its cotton consumption report for March, giving the number of bales of lint consumed as 634,593 bales compared with 583,407 bales used in March 1925. The March figure was the highest for any month on record, but being released at a time when mill authorities were advocating curtailment of operations it exerted little influence on the cotton market. Cotton on hand at consuming establishments on March 31st totaled 1,767,686 bales, compared with 1,633,783 bales so held a year ago. Public warehouses and compresses held 4,162,628 bales at the end of March, compared with 2,028,331 bales at the end of March 1925. Exports during March totaled 519,732 bales, in comparison with 556,185 bales sent abroad during the shorter month of February and 740,076 bales exported in March last year. Total exports for the season—August 1, 1925 to March 31, 1926—totaled 6,506,362 bales, compared with 6,972,100 bales exported during the corresponding eight months ended March 31, 1925. Imports in March of 45,726 bales exceeded imports of 33,955 bales in March 1925.

Cotton growing States consumed 438,396 bales of lint cotton in March, compared with 392,027 bales used in March a year ago. March 1926 consumption amounted to 69.1 per cent of national consumption, compared with 67.2 per cent of national consumption taken by the cotton growing States in March last year.

Cotton planting in the Fifth District is under way, but is not advanced as far as usual at this time of the year. Weather has been unfavorable for farm work, but a considerable part of the South Carolina crop has been planted. Indications at present point to the usual acreage in the Fifth District, and about the

normal amount of fertilizer is being put under the seed. Weevil danger appears somewhat less serious now than was the case two or three months ago, the cold weather of January and February, with continued low temperature well into April, having increased the mortality among the hibernating weevils.

TOBACCO—VIRGINIA auction markets sold 2,434,912 pounds of producers' tobacco during March, compared with 1,552,736 pounds sold in March last year. All Virginia markets closed during March, except a few receiving stations of the Co-operative Association. Average prices on all grades except Sun-cured were lower last month than in March 1925, and as is usually the case at the close of the season the grades of tobacco sold in March were very poor. Danville led in sales last month with 910,265 pounds, and also led in prices paid for Bright tobacco with an average of \$8.74 per hundred pounds, but Richmond sold 101,365 pounds of Sun-cured tobacco for \$13.85 per hundred and Bedford sold 202,591 pounds of Dark tobacco at \$12.04 per hundred. Total production of tobacco in Virginia in 1925 was approximately 129,542,000 pounds, in comparison with 136,390,000 pounds grown in 1924. The 1925 crop brought approximately \$20,000,000, in comparison with \$28,000,000 for the 1924 crop. Grades of Bright and Dark tobacco were much poorer this year than last, but Sun-cured tobacco was better during the season just closed than in 1924. In auction sales this season Danville was far in the lead with 33,551,982 pounds, South Boston ranking next with 9,427,362 pounds. Lynchburg ranked third for all types, and led the Dark markets with 8,196,141 pounds. Richmond sold 3,804,150 pounds of Sun-cured tobacco, handling all of that type.

NORTH CAROLINA tobacco markets closed in February, but final figures for the season were not available last month. Auction warehouses in North Carolina sold 340,617,785 pounds of producers' tobacco during the season just ended, the Tobacco Growers Co-operative Association received approximately 28,929,748 pounds, and about 7,000,000 pounds of North Carolina grown tobacco were sold outside the State. Total production for 1925 was therefore approximately 376,547,533 pounds, exceeding the final estimate of 361,020,000 pounds made by the Department of Agriculture last December. In season sales Wilson was far in the lead with 66,192,842 pounds, Greenville ranking second with 41,329,080 pounds and Winston-Salem third with 36,008,443 pounds. In 1924 Winston-Salem was in second place, but Greenville sales went ahead in 1925-1926. Fuquay Springs led in price this season with \$28.87 per hundred.

TOBACCO GROWERS CO-OPERATIVE ASSOCIATION receipts in Virginia and the two Carolinas to March 20th totaled 83,196,241 pounds, approximately 14 per cent of the total of 551,130,000 pounds produced by the three States. In 1924 the Association received 22.7 per cent of the tobacco grown; in 1923, 28.9 per cent; and in 1922, 34.7 per cent. Co-operative receipts in pounds by States since the organization of the Association are given by the North Carolina Crop Reporting Service as follows:

<i>Year</i>	<i>North Carolina</i>	<i>Virginia</i>	<i>South Carolina</i>	<i>Aggregate</i>
1922	64,953,771	83,258,314	15,376,949	163,589,034
1923	74,581,428	77,489,320	28,065,090	180,135,838
1924	36,000,567	56,745,109	11,075,474	103,821,150
1925	28,929,748	34,545,419	19,721,074	83,196,241

AGRICULTURAL NOTES—March and early April weather was unseasonably cold and wet, and early spring farm work was considerably handicapped. Some planting was done, especially in South Carolina, but preparations for seeding are probably ten days behind those of 1925. On the whole, however, prospects are better than they were at mid-April last year. Soil now has plenty of moisture and is in good condition for planting, while at this time last year the drought which began in February and became serious in April had already begun to cut into prospective yields. Wheat in the District is not quite up to last year's or the ten-year average, chiefly due to inadequate moisture in the ground when it was planted and to the very late spring this year, but soil conditions are so much better at present than they were a year ago that a short period of warm weather will enable the grain to make up its deficiency. The unusually late spring was beneficial to apples, preventing development to a dangerous point before the last frosts, but the snow and freeze of April 18 and 19 probably cut seriously into the peach crop of the District, especially in Virginia. Some orchardists think the crop was practically killed, but others contend that sufficient buds escaped to make a fair crop. Truck crops were seriously hurt or set back by the cold spell, and probably will be at least ten days to two weeks late in coming on the market. Farm labor appears to be somewhat scarcer in Maryland and West Virginia this year, but in Virginia the supply is about equal to last year's and in South Carolina there has been a slight increase in available workers. Pastures are in poor condition, having gone into the winter weakened by the long drought last summer and being retarded this spring by continued cold, but a few warm days in conjunction with the moisture in the ground should quickly overcome the poor development.

BUILDING OPERATIONS FOR THE MONTHS OF MARCH, 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.....	580	777	1,071	1,027	\$ 6,276,480	\$ 4,725,840	\$ 936,720	\$ 591,840	\$ 1,895,520	35.6%	1
2	Cumberland, Md....	23	47	8	25	18,341	135,440	1,530	14,106	— 129,675	— 86.7	2
3	Frederick, Md.....	10	21	7	1	23,250	99,620	7,772	2,000	— 70,598	— 69.5	3
4	Hagerstown, Md....	29	49	9	20	22,530	254,105	4,395	53,975	— 281,155	— 91.3	4
5	Danville Va.....	11	11	20	0	53,045	229,700	17,277	0	— 159,378	— 69.4	5
6	Lynchburg, Va....	28	20	34	26	88,186	128,555	29,651	52,850	— 63,568	— 35.0	6
7	Norfolk, Va.....	68	213	80	74	185,339	432,109	37,182	41,020	— 250,608	— 53.0	7
8	Petersburg, Va....	7	16	11	14	40,950	26,774	6,450	7,515	— 13,111	— 38.2	8
9	Richmond, Va.....	126	222	67	79	886,904	2,102,205	173,266	72,394	— 1,114,429	— 51.2	9
10	Roanoke, Va.....	109	117	55	61	271,125	401,966	24,580	14,807	— 121,068	— 29.0	10
11	Bluefield, W. Va..	17	33	3	8	70,434	89,400	850	3,500	— 21,616	— 23.3	11
12	Charleston, W. Va.	43	43	39	9	129,055	989,106	32,590	44,300	— 871,761	— 84.4	12
13	Clarksburg, W. Va.	22	16	21	14	72,780	224,275	9,850	2,445	— 144,090	— 63.6	13
14	Huntington, W. Va.	* 88	* 301	.....	.....	* 210,380	* 1,118,667	.....	.....	— 908,287	— 81.2	14
15	Parkersburg, W. Va.	44	42	14	5	353,220	76,000	7,250	1,100	— 283,370	367.5	15
16	Asheville, N. C....	98	65	48	62	661,690	1,322,002	60,165	23,848	— 623,995	— 46.4	16
17	Charlotte, N. C....	64	73	15	17	1,257,125	628,688	11,650	87,419	552,668	77.2	17
18	Durham, N. C.....	45	35	18	10	119,714	154,497	13,075	24,360	— 46,068	— 25.8	18
19	Greensboro, N. C..	107	77	35	37	1,506,998	311,140	42,270	36,585	1,201,543	345.5	19
20	High Point, N. C..	107	82	9	9	554,130	250,635	13,410	3,850	— 313,055	123.0	20
21	Raleigh, N. C.....	45	101	14	22	149,287	448,115	11,350	7,915	— 295,393	— 64.8	21
22	Salisbury, N. C....	13	22	15	16	60,600	87,100	4,540	2,670	— 24,630	— 27.4	22
23	Wilmington, N. C..	11	8	8	8	33,800	14,950	19,600	21,900	16,550	44.9	23
24	Winston-Salem, N. C.	90	96	37	113	1,056,800	364,965	20,055	31,315	680,575	171.7	24
25	Charleston, S. C....	14	11	28	18	14,977	13,450	8,900	4,253	6,174	34.9	25
26	Columbia, S. C....	7	4	45	35	517,826	5,965	16,926	21,760	507,027	1,828.8	26
27	Greenville, S. C....	11	28	24	22	51,050	103,055	6,470	13,770	— 59,305	— 50.8	27
28	Spartanburg, S. C..	31	33	30	44	55,600	129,510	8,240	11,532	— 77,202	— 54.7	28
29	Washington, D. C..	408	356	503	285	7,228,450	5,054,450	316,760	325,466	2,165,294	40.2	29
Totals.....		2,168	2,618	2,268	2,061	\$21,759,686	\$18,803,617	\$1,842,774	\$1,518,495	\$ 2,372,061	11.1%	

* Huntington's figures not included in totals, because 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.

In spite of continued unfavorable weather, the usual spring expansion in construction work began in March, the volume of new work provided for in permits issued approximately doubling the February volume. Permits issued for new construction in twenty-eight Fifth District cities numbered 2,168 in March, an increase of 67.5 per cent over the 1,294 permits issued in February, while the March valuation of \$21,759,686 exceeded the \$10,864,128 reported in February by 100.3 per cent. In comparison with the corresponding month last year, when 2,618 permits for new work were issued with a value of \$18,803,617, March this year shows a decline of 17.2 per cent in number of permits but an increase of 15.7 per cent in valuation. Eleven cities reported a larger number of permits in March 1926 than in March 1925, two cities reported the same number, while fifteen cities reported fewer permits. In valuation for new work, only eleven cities reported higher figures in March than in March last year, but the total for the eleven exceeded the total for the remaining seventeen cities by over two million dollars. Baltimore and Washington reported substantial increases, but Richmond's valuation declined over 50 per cent. As a whole the North Carolina cities show the greatest activity in construction work in proportion to their population. Total valuation figures in the reporting cities for all classes of work amounted to \$23,812,840 in March 1926 and \$21,440,779 in March 1925, an increase this year of \$2,372,061, or 11.1 per cent.

The F. W. Dodge Corporation reports that contracts awarded for construction work in the Fifth District during March totaled \$57,934,991, of which \$14,187,221 was for residential contracts.

FIGURES ON RETAIL TRADE
As Indicated By Reports from Thirty-Two Representative Department Stores for the
Month of MARCH 1926

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in March 1926 sales over sales in March 1925:	6.4	2.7	12.0	6.2	8.0
Percentage increase in cumulative sales from January 1st through March, over sales during the corresponding three months in 1925:	4.6	1.9	9.3	3.8	6.0
Percentage increase in March 1926 sales over average March sales during the years 1920-1924, inclusive:	4.2	34.9	20.2	5.1	12.9
Percentage increase in stock on hand March 31, 1926, over stock on March 31, 1925:	3.8	2.5	4.3	— 1.2	3.2
Percentage increase in stock on hand March 31, 1926, over stock on February 28, 1926:	9.2	6.9	7.0	9.7	8.3
Percentage of sales during March 1926 to average stock carried during that month:	28.3	29.1	28.7	23.3	27.9
Percentage of cumulative sales since January 1st to average stock carried during each of the three months:	72.6	74.1	78.4	64.2	73.8
Percentage of outstanding orders on March 31st, to total purchases of merchandise in 1925:	4.9	5.5	5.4	5.5	5.2
Percentage of collections in March, to total accounts receivable on March 1st, this year:	24.2	28.1	39.3	33.4	28.8

— Denotes decreased percentage:

Department store sales in the Fifth District in March exceeded March 1925 sales by 8.0 per cent, at least part of the increase being due to the earlier date of Easter this year. Twenty-five of the thirty-two reporting stores showed higher sales figures in March than in March 1925. Cumulative sales since January 1st this year averaged 6.0 per cent above sales during the corresponding three months last year, and March sales were 12.9 per cent above average March sales during the five years 1920-1924, inclusive. Much of the last named increase was due to enlargement of four or five stores in Richmond and Washington.

Stocks on hand at the end of March were 3.2 per cent greater than stocks on March 31, 1925, and 8.3 per cent greater than on February 28th this year. The percentage of sales during March to average stock carried was 27.9 per cent, and the percentage of cumulative sales since January 1st to average stock carried during each of the three months was 73.8 per cent, indicating an annual turnover rate of 2.95 times, a slightly higher figure than the 2.90 times rate during the first three months of 1925.

Collections during March amounted to 28.8 per cent of total receivables outstanding at the beginning of the month, compared with 29.8 per cent of outstanding receivables collected in March 1925.

WHOLESALE TRADE, MARCH 1926

Percentage increase (or decrease) in sales in March 1926, compared with sales in February 1926:						
37 Groceries	13 Dry Goods	11 Shoes	19 Hardware	5 Furniture	12 Drugs	
10.8	— 4.3	46.7	16.3	5.2	11.4	
Percentage increase (or decrease) in sales in March 1926, compared with sales in March 1925:						
— 0.5	— 7.8	18.5	— 3.5	—11.7	7.2	
Percentage increase (or decrease) in sales from Jan 1, 1926 through March 31st, compared with sales during the same three months in 1925:						
— 2.5	— 3.9	5.4	— 4.7	— 0.9	6.7	
Percentage increase (or decrease) in stock on March 31, 1926, compared with February 28, 1926:						
— 5.2(11)	— 0.1(6)	— 0.5(5)	1.6(5)	.....	.....
Percentage increase (or decrease) in stock on March 31, 1926, compared with March 31, 1925:						
— 5.6(11)	—21.9(6)	— 2.7(5)	4.5(5)	.....	.....
Percentage of collections in March to total accounts receivable on March 1, 1926:						
72.7(24)	28.4(8)	25.7(9)	36.1(15)	41.1(3)	62.7(8)	

— Denotes decreased percentage.

NOTE: The number of firms reporting stock and collection data in each group is shown immediately following the percentages.

March wholesale trade, as reflected in sales by ninety-six firms in six lines, showed gains over February in groceries, shoes, hardware, drugs and furniture, while dry goods registered a decline. Sales in March this year exceeded March 1925 sales in only two lines, shoes and drugs, lower sales being reported in groceries, dry goods, hardware and furniture. In cumulative sales since January 1st, the first three months this year show larger sales in shoes and drugs, but lower sales in groceries, dry goods, hardware and furniture. Price changes probably account for the decrease in grocery and dry goods sales.

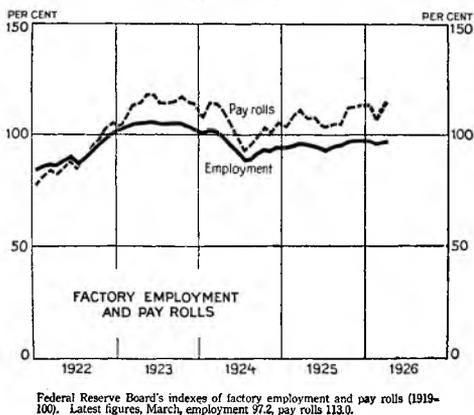
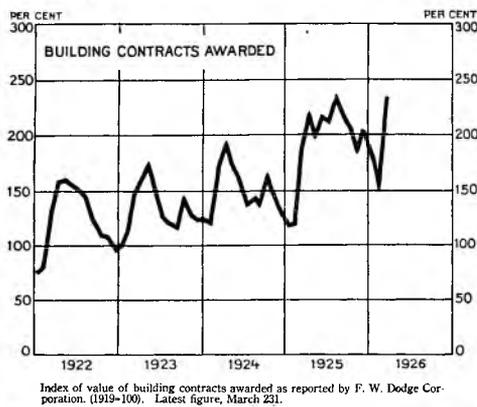
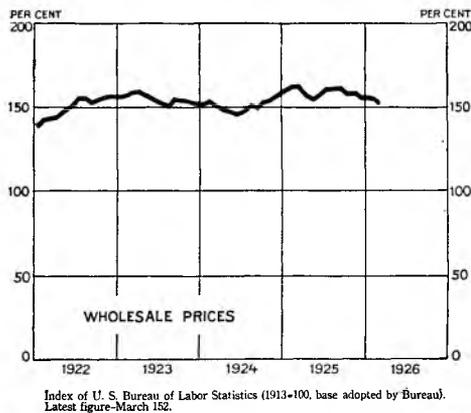
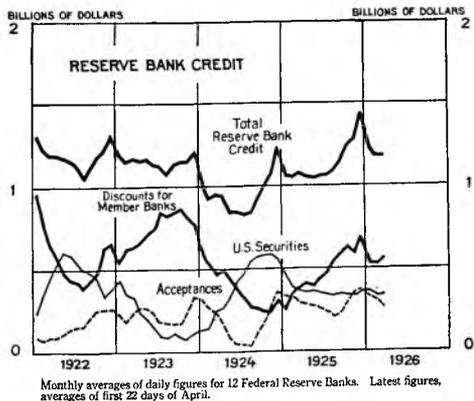
Stocks on hand at the end of March were greater in hardware than at either the end of February this year or at the end of March 1925, but grocery, dry goods and shoe stocks on March 31, 1926, were lower than on either February 28, 1926, or March 31, 1925. Stock figures are not available in furniture and drug lines.

Collections during March were somewhat better in groceries, hardware, furniture and drugs than in February, but were slower in dry goods and shoes. Groceries led in collections with 72.7 per cent of total receivables outstanding on March 1st, drugs ranking second with 62.7 per cent and furniture third with 41.1 per cent. Hardware collections averaged 36.1 per cent, dry goods 28.4 per cent, and shoes 25.7 per cent.

(Compiled April 20, 1926)

BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)



Industrial output increased in March and the distribution of commodities continued in large volume owing to seasonal influences. The level of wholesale prices declined for the fourth consecutive month.

PRODUCTION. The Federal Reserve Board's index of production in basic industries increased in March to the highest level for more than a year. Larger output was shown for steel ingots, pig iron, anthracite, copper, lumber and newsprint, and there were also increases in the activity of textile mills. The output of automobiles increased further and was larger than in any previous month, with the exception of last October. Building contracts awarded also increased in March, as is usual at this season, and the total was near the high figure of last summer. Particularly large increases in building activity as compared with a year ago occurred in the New York, Atlanta and Dallas Federal reserve districts. Contracts awarded continued larger during the first half of April than in the same period of last year. Condition of the winter wheat crop has improved since the turn of the year and on April 1st was estimated by the Department of Agriculture to be 84 per cent of normal, compared with 68.7 per cent last year and an average of 79.2 per cent for the same date in the past ten years.

TRADE. Wholesale trade showed a seasonal increase in March and the volume of sales was larger than a year ago in all leading lines except dry goods and hardware. Sales of department stores and mail order houses increased less than is usual in March. Compared with March a year ago sales of department stores were 7 per cent and sales of mail order houses 9 per cent larger. Stocks of principal lines of merchandise carried by wholesale dealers, except groceries and shoes, were larger at the end of March than a month earlier but for most lines they were smaller than a year ago. Stocks at department stores showed slightly more than the usual increase in March and were about 3 per cent larger than last year. Freight car loadings during March continued at higher levels than in the corresponding period of previous years. Shipments of miscellaneous commodities and merchandise in less-than-carload lots were especially large. Loadings of coal, owing to the large production of anthracite, were also larger, while shipments of coke decreased considerably from the high levels of preceding months.

PRICES. Wholesale prices, according to the Bureau of Labor Statistics index, declined by more than 2 per cent in March to the lowest level since September 1924. The decline was general for nearly all groups of commodities and the largest decreases were noted in grains, cotton, wool, silk, coke and rubber. In the first two weeks of April prices of basic commodities were steadier than in March. Prices of grains, flour and potatoes increased, while prices of cotton goods, wool, silk, bituminous coal, pig iron and rubber declined.

BANK CREDIT. Commercial loans of member banks in leading cities were relatively constant between the middle of March and the middle of April at a level about \$200,000,000 higher than at the end of January and approximately equal to the high point reached last autumn. Continued liquidation of loans to brokers and dealers was reflected in a further decline in the total of loans on securities, which on April 14th were more than \$500,000,000 below the high point reached at the end of last year.

At the reserve banks an increase in the volume of member bank borrowing during the last two weeks of March was followed by a marked decline in the first three weeks of April, which brought the total near the lowest levels of the year. Holdings of U. S. securities increased continuously during the month, while acceptances declined seasonally. Total bills and securities were in smaller volume at the end of the period than at any other time during the year and only slightly larger than a year ago.

Open market rates on commercial paper declined in April from $4\frac{1}{4}$ - $4\frac{1}{2}$ per cent to 4 - $4\frac{1}{4}$ per cent and rates on acceptances and on security loans were also lower in April than in March. On April 23rd the discount rate at the Federal Reserve Bank of New York was reduced from 4 to $3\frac{1}{2}$ per cent.

ANALYSIS OF AVERAGE EXPENSES AND PROFITS OF MEMBER BANKS -- FIFTH FEDERAL RESERVE DISTRICT

CALENDAR YEAR 1925

PREPARED BY
FEDERAL RESERVE BANK OF RICHMOND

PER CENT OF GROSS EARNINGS

