

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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January 1927 witnessed a fair volume of business in the Fifth Federal reserve district, but the month's activities did not measure up to those of January last year. Debits to individual accounts figures for the four weeks ended February 10th were approximately 4 per cent below aggregate debits during the corresponding period last year. Business failures in the Richmond district in January were less numerous than in January 1926, but the liabilities involved in this year's insolvencies were larger than last year. Labor is not so fully employed as in January a year ago, and a considerable amount of unemployment has developed in recent weeks. Textile mills are running practically full time, but margins are narrow and forward orders scarce. The demand for bituminous coal, while large, is below that of January a year ago, when the strike was on in anthracite fields. Building permits issued in January in the Fifth district were fewer in number and lower in estimated valuation than those issued during the first month of 1926. Retail trade last month at department stores was 3.2 per cent below the volume of trade reported for January last year, and nearly all lines of wholesale trade also reported materially lower sales figures for the opening month of 1927. It should not be overlooked, however, that business was very active at the opening of last year.

**SAVINGS DEPOSITS**—Thirteen mutual savings banks in Baltimore had deposits aggregating \$161,231,987 at the close of business January 31, 1927, compared with \$159,914,868 at the end of December 1926 and \$152,540,104 on January 31st a year ago. The January 31, 1927, figure was the highest on record. Time deposits in sixty-seven regularly reporting member banks, located in thirteen leading cities of the Fifth reserve district, totaled \$219,122,000 on February 9th this year, compared with \$211,895,000 on January 12, 1927, and \$204,136,000 on February 10, 1926. The recovery of savings deposits usually withdrawn prior to the holidays was very rapid this year.

**RESERVE BANK OPERATIONS**—The demand for reserve bank credit expanded slightly in the Fifth District between the middle of January and the middle of February, the volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond rising from \$21,860,000 on January 15th to \$23,658,000 on February 15th. However, total bill holdings at the reserve bank, including bills purchased, declined during the month from \$35,607,000 to \$33,840,000. The volume of Federal reserve notes in actual circulation continued to decline during the period under review, dropping from \$78,689,000 on January 15th to \$74,493,000 on February 15th. Member bank reserve deposits at the Federal reserve bank also declined, from \$70,278,000 at the middle of January to \$69,175,000 at the middle of February. In even thousands of dollars, the cash reserves of the Federal Reserve Bank of Richmond totaled exactly the same amount, \$110,956,000, on both January 15th and February 15th, but the ratio of cash reserves to note and deposit liabilities combined rose during the month from 72.81 per cent to 74.89 per cent.

A smaller volume of reserve bank credit was outstanding at the middle of February this year than at the same time a year ago. The volume of rediscounts for member banks held by the Federal Reserve Bank of Richmond totaled \$23,658,000 on February 15, 1927, compared with \$39,191,000 on February 15, 1926. Total bill holdings of the Richmond bank amounted to \$33,840,000 on the 1927 date and to \$48,323,000 on the corresponding date last year. Member bank reserve deposits were higher this year, totaling \$69,175,000 on February 15th compared with \$65,629,000 a year earlier. The actual circulation of Federal reserve notes stood at \$74,493,000 on February 15, 1927, and \$79,964,000 on February 15, 1926. Total cash reserves amounted to \$110,956,000 at the middle of February this year as compared with \$103,984,000 a year ago, and the ratio of cash reserves to note and deposit liabilities combined rose during the year to 74.89 per cent from 68.78 per cent in February 1926.

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

ITEMS	Feb. 9, 1927	Jan. 12, 1927	Feb. 10, 1926
1. Total Loans and Discounts (including all rediscounts) .....	\$ 520,674,000	\$ 519,291,000	\$ 522,383,000
2. Total Investments in Bonds and Securities .....	137,618,000	132,834,000	130,796,000
3. Reserve Balance with Federal Reserve Bank .....	39,374,000	41,373,000	41,937,000
4. Cash in Vaults.....	13,686,000	14,844,000	13,341,000
5. Demand Deposits .....	384,988,000	392,966,000	380,254,000
6. Time Deposits .....	219,122,000	211,895,000	204,136,000
7. Borrowed from Federal Reserve Bank....	9,748,000	6,310,000	16,891,000

In the accompanying table, the chief items of condition are shown for sixty-seven member banks in thirteen leading cities of the Fifth District, figures for three dates being included to allow for comparison of the February 9, 1927, figures with those of January 12, 1927, and February 10, 1926, the preceding month and year, respectively. It should be understood that the amounts shown represent the condition of the reporting banks on the report dates only, and are not necessarily the highest or lowest figures that occurred during the period under review.

During the month between January 12th and February 9th, both this year, total loans and discounts to customers of the reporting banks rose \$1,383,000, and the banks increased their investments in bonds and securities by \$4,784,000. Time deposits also increased during the month, rising \$7,227,000. On the other hand, the aggregate reserve balances of the reporting banks at the Federal reserve bank dropped \$1,999,000, and cash in vaults declined \$1,158,000. Demand deposits decreased \$7,978,000 between January 12th and February 9th, and borrowing by the sixty-seven reporting banks at the reserve bank rose \$3,438,000.

The volume of credit extended by the reporting member banks to their customers in the form of loans and discounts on February 9, 1927, was \$1,709,000 less than the volume of loans and discounts outstanding on February 10, 1926, but total investments in bonds and securities owned by the reporting banks were \$6,822,000 higher on the 1927 date than a year earlier. Aggregate reserve balances at the reserve bank were \$2,563,000 below those a year ago, but cash in vaults rose during the year by \$345,000. Demand deposits increased \$4,734,000 and time deposits gained \$14,986,000 during the year, while total borrowing by the reporting banks at the reserve bank decreased by \$7,143,000.

### DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	Feb. 9, 1927	Jan. 12, 1927	Feb. 10, 1926
Asheville, N. C. ....	\$ 30,765,000	\$ 36,211,000	\$ 29,044,000
Baltimore, Md. ....	383,971,000	441,263,000	409,612,000
Charleston, S. C. ....	24,921,000	22,529,000	25,570,000
Charleston, W. Va. ....	36,300,000	42,981,000	37,209,000
Charlotte, N. C. ....	46,624,000	47,063,000	46,439,000
Columbia, S. C. ....	18,286,000	18,985,000	16,244,000
Cumberland, Md. ....	7,799,000	8,148,000	7,956,000
Danville, Va. ....	12,668,000	12,670,000	10,068,000
Durham, N. C. ....	23,618,000	28,644,000	27,332,000
Greensboro, N. C. ....	23,230,000	25,229,000	25,597,000
Greenville, S. C. ....	21,135,000	20,180,000	24,609,000
Hagerstown, Md. ....	9,849,000	10,205,000	9,507,000
Huntington, W. Va. ....	23,749,000	27,054,000	24,391,000
Lynchburg, Va. ....	18,719,000	23,621,000	20,862,000
Newport News, Va. ....	9,854,000	13,969,000	10,109,000
Norfolk, Va. ....	72,889,000	78,723,000	74,179,000
Raleigh, N. C. ....	32,405,000	27,248,000	45,671,000
Richmond, Va. ....	136,848,000	144,599,000	141,094,000
Roanoke, Va. ....	26,846,000	29,298,000	26,709,000
Spartanburg, S. C. ....	13,867,000	14,767,000	14,248,000
Washington, D. C. ....	224,046,000	231,070,000	221,032,000
Wilmington, N. C. ....	18,360,000	19,339,000	21,317,000
Winston-Salem, N. C. ....	39,147,000	37,449,000	38,515,000
<b>Totals</b> .....	<b>\$1,255,896,000</b>	<b>\$1,361,245,000</b>	<b>\$1,307,314,000</b>

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 given to allow for comparison of the latest available figures with those of the preceding

like period and the corresponding period last year.

Total debits in the twenty-three reporting centers during the four weeks ended February 9, 1927, amounted to \$1,255,896,000, a decrease of 7.7 per cent under the total of \$1,361,245,000 reported by the banks in the same cities during the preceding like period ended January 12, 1927, a seasonal decline due to the large debits figures just before Christmas and around January 1st. The decline was quite general among the reporting cities, larger figures during the more recent period having been reported by only four centers, Charleston, S. C., Greenville, Raleigh and Winston-Salem.

In comparison with debits figures totaling \$1,307,314,000 reported for the four weeks ended February 10, 1926, those reported for the corresponding period this year, ended February 9, 1927, show a decline of 3.9 per cent, a relatively good showing in view of a generally lower price level prevailing this year in comparison with a year ago. Larger figures for the 1927 period were reported for Asheville, Charlotte, Columbia, Danville, Hagerstown, Roanoke, Washington and Winston-Salem, but the other fifteen centers reported lower totals this year.

**BUSINESS FAILURES**—*Dun's Review* for February 5th, in commenting on failure statistics for January, says, "The month of January invariably brings the largest number of commercial failures each year, due to the strain of annual settlement, and last month's defaults in the United States show a considerable increase. Thus, the January insolvencies number 2,465, which is about 19 per cent above the 2,069 failures for December and is, in fact, the highest total for any month since January 1922, when the number was 2,723. It is, moreover, approximately 7.5 per cent in excess of the 2,296 defaults for January last year. On the other hand, some rise in insolvencies is to be expected, in view of steadily increasing numbers of firms and individuals in business. With the larger number of failures in January, the liabilities increased to \$51,290,232. This is about 12.2 per cent above the \$45,619,578 of December, and exceeds by approximately 17.5 per cent the \$43,651,444 of January last year. It is, however, less than the amounts for January of both 1925 and 1924, as well as of that month in 1921."

Commercial failures in the Fifth reserve district in January 1927 totaled 170, compared with 182 in January 1926, the district showing a decrease of 7.1 per cent this year in contrast with an increase of 7.5 per cent in the number of failures in the nation. Except for 1924, January insolvencies in the district were fewer in number than in any January since 1921. Liabilities in the district last month totaled \$3,533,544, compared with \$3,516,504 in January a year ago, an increase this year of only five-tenths of 1 per cent in contrast with the national increase of 17.5 per cent. Aggregate liabilities in January 1927 were larger than those of January 1926 and 1924, but were lower than those of January 1925, 1923, 1922 and 1921.

**LABOR**—Since the first of the year a considerable amount of unemployment has developed in the Fifth reserve district, chiefly as a result of a decrease in construction work undertaken in recent weeks. This surplus of workers is reported by employers to have increased the efficiency of those able to retain jobs. The weather since the first of January has been good for all kinds of outdoor work, and employed persons have had steadier work than is customary at this season. The surplus of labor is in the building trades, in unskilled labor circles, and in clerical lines. Most factory operatives are normally employed, and coal miners have not been laid off in appreciable numbers. The outlook for labor in the district is problematical, depending largely upon the volume of building work that develops during the spring, upon road, street and sewer work, and upon the outcome of negotiations between bituminous coal mine operators and miners in union fields. On the whole, it appears now that there will not be as great a demand for workers this year as there was in 1926, but on the other hand there do not seem to be signs of really serious unemployment problems except for the less efficient workers.

**COAL**—Bituminous coal production totaled approximately 56,882,000 net tons in January, and the daily average production for that month was higher than during any other month on record except November 1926. Total production during the present coal year to February 12th—approximately 268 working days—was 513,431,000 net tons, as compared with 468,707,000 tons to the same date a year earlier. This year's production is greater than that of any other of the past eight years, the large figure being due chiefly to the British coal strike during the summer and fall of 1926, which greatly increased the demand for export and bunker coal. In West Virginia, production continues slightly below that of Pennsylvania, but is far above production in any other state. In 1926, West Virginia mined approximately 147,209,000 net tons of bituminous coal, compared with 151,119,000 tons mined in Pennsylvania and 69,700,000 tons brought to the surface in Illinois. Stocks of coal in retail yards were about the same on February 1st as in October 1926, but were slightly lower than they were just prior to the long strike of 1922. Since the settlement of the British coal strike, some recession in coal prices, at both wholesale and retail, have been made.

**TEXTILES**—Cotton mills in the Fifth reserve district consumed 255,398 bales of lint cotton in January 1927, compared with 254,102 bales used in December 1926 and 241,621 bales consumed in January a year ago. North Carolina mills used 140,001 bales in January, 138,260 bales in December 1926, and 131,688 bales in January 1926; South Carolina mills used 103,813 bales in January this year,

105,793 bales in December last year, and 98,628 bales in January a year ago; and Virginia mills used 11,584 bales last month, 10,049 bales the preceding month, and 11,305 bales in January 1926. Fifth district consumption in January this year was 42.2 per cent of national consumption, compared with 41.4 per cent in January 1926, showing a gain during the year for the district at the expense of New England. During recent weeks cotton prices have been firmer than they were last fall, and the mills have therefore been able to hold their prices steady. There has as yet been no considerable volume of forward orders placed, but the mills appear to be in an improved position in comparison with that of a few months ago, when cotton prices were steadily declining as it became increasingly apparent that the 1926 cotton crop would break all records. The margin on which Fifth district mills are operating is small, and operators contend that there is little profit in the business they are securing, but on the whole the outlook in the industry seems to have improved distinctly since last fall.

### BUILDING OPERATIONS FOR THE MONTHS OF JANUARY 1927 AND 1926.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1927	1926	1927	1926			
		1927	1926	1927	1926							
1	Baltimore, Md.....	226	281	751	936	\$ 1,724,640	\$ 2,226,240	\$ 312,240	\$ 478,440	\$— 667,800	— 24.7%	1
2	Cumberland, Md....	4	15	2	5	14,475	23,268	800	3,005	— 10,998	— 41.9	2
3	Frederick, Md.....	5	4	2	12	66,500	57,000	5,900	23,350	— 7,950	— 9.9	3
4	Hagerstown, Md....	12	6	4	2	68,300	920	29,050	700	95,730	5 909.3	4
5	Danville Va.....	8	11	9	6	4,080	62,085	2,325	5,560	— 61,240	— 90.5	5
6	Lynchburg, Va.....	15	9	27	10	76,997	25,405	13,242	3,560	61,274	211.5	6
7	Norfolk, Va.....	39	59	59	39	136,833	194,715	25,505	38,870	— 71,247	— 30.5	7
8	Petersburg, Va.....	3	5	6	11	10,200	9,200	4,475	2,585	— 2,890	— 24.5	8
9	Richmond, Va.....	61	100	54	75	740,022	771,491	20,110	175,607	— 186,966	— 19.7	9
10	Roanoke, Va.....	49	41	14	21	147,549	78,440	2,240	10,630	60,719	68.2	10
11	Bluefield, W. Va...	8	10	4	2	54,754	9,675	1,900	5,050	41,929	284.7	11
12	Charleston, W. Va.	29	20	7	12	44,395	39,932	6,400	21,655	— 10,792	— 17.5	12
13	Clarksburg, W. Va	5	12	2	6	4,175	2,825	300	2,650	— 1,000	— 18.3	13
14	Huntington, W.Va.	26	40	5	1	28,485	93,040	3,200	160	— 61,515	— 66.0	14
15	Parkersburg, W.Va	16	13	4	3	125,300	72,950	9,200	1,900	59,650	79.7	15
16	Asheville, N. C. ....	21	52	37	50	196,200	350,375	8,575	62,567	— 208,167	— 50.4	16
17	Charlotte, N. C.....	47	22	19	8	439,506	261,925	25,680	104,050	99,211	27.1	17
18	Durham, N. C.....	30	28	8	10	69,900	118,275	14,450	21,770	— 55,695	— 39.8	18
19	Greensboro, N. C.	27	41	26	20	216,800	158,870	21,365	21,972	57,323	31.7	19
20	High Point, N. C....	31	64	3	4	85,050	219,060	1,425	21,750	— 154,335	— 64.1	20
21	Raleigh, N. C.....	23	44	15	10	69,600	261,900	34,600	27,675	— 185,375	— 64.0	21
22	Salisbury, N. C.....	11	10	6	6	98,250	22,310	4,650	2,250	78,340	319.0	22
23	Wilmington, N. C.	14	6	2	5	25,900	70,750	1,000	3,050	— 46,900	— 63.6	23
24	Winston-Salem, N. C.	62	68	28	22	159,980	657,886	30,025	15,043	— 482,924	— 71.8	24
25	Charleston, S. C. ...	13	3	24	29	6,800	3,616	27,265	9,010	21,439	169.8	25
26	Columbia, S. C.....	8	10	15	30	193,800	46,483	2,415	5,925	143,807	274.4	26
27	Greenville, S. C.....	6	10	29	21	16,800	40,800	14,800	13,050	— 22,250	— 41.3	27
28	Spartanburg, S. C.	19	24	6	29	34,785	*78,160	6,850	7,115	— 43,640	— 51.2	28
29	Washington, D. C.	192	123	216	239	2,679,675	\$ 3,470,300	226,080	258,680	— 823,225	— 22.1%	29
Totals.....		1,010	1,131	1,384	1,624	\$ 7,539,751	\$ 9,427,896	\$ 856,067	\$ 1,347,629	—\$2,379,707	— 22.1%	

—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.

Reports from building inspectors in twenty-nine Fifth district cities show 1,010 permits for new construction issued in January 1927, a decrease of 10.7 per cent under the 1,131 permits issued in the same cities in January 1926. Estimated valuation figures for new work provided for in the January permits totaled \$7,539,751, a decrease of 20 per cent under the total of \$9,427,896 in January last year. Permits for alteration or repair work totaled 1,384 in January this year and 1,624 in the corresponding month in 1926, while estimated valuation figures for this class of work totaled \$856,067 in January 1927 and \$1,347,629 in January 1926. Total valuation figures for all classes of work were \$8,395,818 in January this year, compared with \$10,775,525 a year ago, a decline in 1927 of 22.1 per cent. The decline in construction work is district wide, eighteen of the twenty-nine reporting cities showing lower figures this year than last. Several gains that are high in percentage were reported, but most of them were due to small figures last year rather than to any marked activity this year. Hagerstown, Roanoke, Parkersburg, Charlotte, Greensboro and Columbia reported figures that probably indicate real gains. The three largest cities, Baltimore, Washington and Richmond, showed declines in estimated valuation, while both Baltimore and Richmond also reported fewer permits issued in January 1927 than in January 1926. January was the fourth consecutive month during which the volume of work provided for in permits issued in the reporting cities was lower than during the corresponding month of the preceding year, which would seem to indicate that a definite recession in construction activity has developed.

**COTTON**—Spot cotton prices have advanced nearly a cent a pound since our January 31st *Review* was compiled. During the week ended January 15th, the average price paid the growers on Carolina markets was 12.22 cents per pound for middling, short staple upland cotton. During the week ended January 22nd, the average rose to 12.64 cents, and continued upward to 12.67 cents during the last week in January. The price during the first week in February, ended on the 5th, averaged 12.81 cents, and the thirteen cents line was crossed during the following period, the average for the week ended February 12th being 13.61 cents. A large part of the cotton offered for sale was below middling grade, however, and the average price obtained by the sellers was probably two or three cents below the basis figure.

According to the Census Bureau's consumption report for January, 604,584 bales of lint cotton were used by American mills during the month, compared with 605,217 bales consumed in December 1926 and 582,315 bales in January 1926. Cotton growing states consumed 437,788 bales in January, or 72.4 per cent of national consumption, compared with 411,652 bales, or 70.7 per cent of national consumption, used in January a year ago. Cotton held by consuming establishments numbered 1,852,987 bales at the end of January 1927, compared with 1,766,392 bales so held on December 31st and 1,815,232 bales on January 31, 1926. Public warehouses and compresses held 6,070,020 bales on January 31st this year, compared with 6,478,998 bales on December 31, 1926, and 5,180,988 bales on January 31, 1926. Exports in January totaled 1,115,792 bales, compared with 1,531,297 bales shipped abroad in December and 749,967 bales in January a year ago, while imports numbered 56,939 bales in January this year, 39,851 bales in December, and 62,061 bales in January last year. Spindles active in January numbered 32,633,550, compared with 32,496,250 in December and 32,810,308 in January 1926.

**TOBACCO**—VIRGINIA tobacco sales in January totaled 28,949,147 pounds, and brought an average of \$15.37 per hundred pounds, all types included. Total sales of leaf tobacco this season to February 1st aggregated 110,412,865 pounds, compared with 107,769,107 pounds sold prior to the same date in 1926. In both years the sales totaled 79 per cent of the year's estimated production. Bright tobacco sold in January totaled 14,787,909 pounds, at an average price of \$20.58 per hundred, compared with 10,941,471 pounds of this type sold in January 1926, at an average of \$14.27 per hundred. Dark tobacco sold in January totaled 10,767,095 pounds, compared with 7,753,880 pounds sold in January a year ago. The average price paid for Dark tobacco last month was \$8.62, compared with \$15.99 in January 1926. Prices for the better grades of Dark tobacco were much better in January than earlier in the season, but prices for the common grades remained exceedingly low. Sales of 2,166,298 pounds of Burley tobacco last month brought the season total of this type to the highest point on record in Virginia. Burley sales averaged \$16.03 per hundred in January, compared with \$17.18 per hundred in January a year ago. Sun-Cured sales on the Richmond market totaled 1,227,845 pounds last month, compared with 1,124,205 pounds sold in January 1926. The average price paid for Sun-Cured in January was \$10.58 per hundred, compared with \$15.91 in the corresponding month of 1926. Danville sold 6,808,960 pounds of Bright tobacco last month, South Boston sold 3,321,523 pounds of the same type, and Farmville sold 2,348,399 pounds of Dark tobacco. Danville also led in price paid with an average of \$22.81 per hundred, while Drakes Branch paid an average of \$11.49 per hundred for 931,400 pounds of Dark tobacco, leading the Dark markets.

NORTH CAROLINA auction markets sold 21,119,368 pounds of tobacco for growers in January, at an average price of \$20.88 per hundred pounds, compared with 23,879,601 pounds sold for an average of \$18.57 per hundred in January 1926. Total sales this season, to February 1st, amounted to 361,909,343 pounds, compared with 329,752,911 pounds sold prior to February 1, 1926. Winston-Salem sold 5,706,038 pounds in January 1927, leading all markets, while Durham with sales of 2,104,044 pounds ranked second. In average price paid, Fuquay Springs led last month with \$27.08 per hundred pounds, Mebane coming second with \$25.82.

**AGRICULTURAL NOTES**—January and February are comparatively inactive months on farms, but this year the weather from the middle of January to the middle of February was so favorable for outdoor work that preparations for planting were advanced rapidly. In commercial trucking sections of the Fifth district there has been great activity, and a great part of the land is ready for planting at the proper time. Temperatures from the middle of January to February 18th averaged well above seasonal levels, and fruit growers were becoming exceedingly anxious, fearing that the mild weather would bring out peach and apple buds too early, but the weather became decidedly colder on February 19th, and premature development will probably be checked before serious damage is done. Grain crops have had comparatively little snow cover this winter, but on the other hand ice and sleet storms have also been few in number, and winter crops are therefore in good condition. Moisture in the upper section of the district has been practically normal, according to official weather reports, but some complaint as to dry weather has been reported from South Carolina.

## FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of JANUARY 1927

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in January 1927 sales over sales in January 1926:					
	— 4.3	— .2	— 3.0	— 2.1	— 3.2
Percentage increase in January 1927 sales over average January sales during the three years 1923-1925, inclusive:	4.7	17.5	13.8	— 1.1	8.4
Percentage increase in stock on hand January 31, 1927, over stock on January 31, 1926:	— 2.8	2.6	— .08	3.9	— .6
Percentage increase in stock on hand January 31, 1927, over stock on December 31, 1926:	— 4.4	— 7.3	— 10.5	4.0	— 6.0
Percentage of sales in January 1927 to average stock carried during that month:	23.6	24.0	25.2	20.1	23.8
Percentage of outstanding orders on January 31st to total purchases of goods in 1926:	6.5	5.2	6.0	5.2	6.1
Percentage of collections in January to total accounts receivable on January 1st:	25.7	27.6	37.9	37.0	30.0

— Denotes decreased percentage.

Retail trade in the Fifth reserve district in January, as reflected by sales of thirty leading department and general stores, was in smaller volume than in January 1926. Sales in January this year dropped 3.2 per cent below those of the same month last year, but averaged 8.4 per cent above average January sales during the three years 1923-1925, inclusive. Stocks of merchandise on the shelves of the reporting stores at the end of January this year averaged six-tenths of 1 per cent less, at retail selling prices, than at the end of January 1926, and were 6.0 per cent smaller than stocks on December 31, 1926. Sales in January averaged 23.8 per cent of stocks carried that month, and collections in January amounted to 30.0 per cent of outstanding receivables on January 1st. Outstanding orders for merchandise on January 31st totaled 6.1 per cent of aggregate purchases in 1926.

This month we have compared January sales to average January sales during the three years 1923-1925, inclusive, instead of using the five year base as heretofore. This change was made because figures for several reporting stores were not available as far back as 1920, and also to eliminate the distorting influence of marked expansion in the size of three or four stores.

## WHOLESALE TRADE, JANUARY 1927

	<i>34 Groceries</i>	<i>12 Dry Goods</i>	<i>7 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>12 Drugs</i>
Percentage increase in January 1927 sales, compared with sales in January 1926:						
	— 6.4	— 5.0	26.5	— 3.8	— 42.9	— 4.0
Percentage increase in January 1927 sales, compared with sales in December 1926:	— 2.9	47.4	65.0	9.7	— 1.9	13.7
Percentage increase in stock on January 31, 1927, compared with January 31, 1926:	— 6.5(11)	— 16.8(5)	36.5(4)	— 5.3(7)	.....	.....
Percentage increase in stock on January 31, 1927, compared with December 31, 1926:	1.3(11)	25.2(5)	6.3(4)	.1(8)	.....	.....
Percentage of collections in January to total accounts receivable on January 1, 1927:	59.6(21)	35.9(8)	35.7(6)	38.4(12)	29.7(3)	57.9(8)

— Denotes decreased percentage.

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

Eighty-six wholesale firms reported on their January business, as shown in the accompanying table of percentages. Sales in dry goods, shoes, hardware and drugs showed the usual seasonal increases over December sales, but grocery and furniture sales declined in comparison with the earlier month. In comparison with sales in January 1926, sales in January this year were lower in every line reported upon except shoes, furniture showing a particularly large decrease. Stocks of groceries, dry goods, shoes and hardware on the shelves of the reporting firms all increased during January, but on January 31st stocks of groceries, dry goods and hardware held by the reporting firms were lower than at the end of January 1926. Collections in January averaged better than in January last year in dry goods, shoes and hardware, but collections in grocery, furniture and drug lines were not so good last month as a year ago.

(Compiled February 19, 1927)

# BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)

Industrial activity has been slightly larger since the turn of the year than at the close of 1926. Seasonal liquidation of reserve bank credit has been in unusually large volume owing chiefly to the inflow of gold from abroad, and conditions in the money market have been easy. Wholesale prices have continued to decline.

**PRODUCTION.** Output of factories was larger in January than in December, but smaller than in January 1926 or 1925. Mineral production, though somewhat below the December level, continued in unusually large volume, reflecting the maintenance of production of bituminous coal, crude petroleum and copper. Manufacture of iron and steel, which was sharply curtailed in December, increased in January and February. Automobile output was increased considerably from the unusually low level of production reached last December but the number of passenger cars produced since the beginning of the year has been smaller than for the corresponding period of the past four years. The textile industries have continued active since December without, however, showing the usual seasonal increase. Building contracts awarded in 37 states during the first seven weeks of the year were smaller in value than those for the same period of 1926. Decreases have been largest in New York and in the New England, Southern and Northwestern states, while increases occurred in the Middle Atlantic and Central Western states. By types of building, contracts awarded for residential and industrial building in January showed large reductions as compared with December and with January 1926, while contracts for commercial buildings were larger than a month or a year ago.

**TRADE.** Retail trade showed more than the usual seasonal decline between December and January. Sales of department stores were in about the same volume as a year ago, while those of mail order houses were 7 per cent smaller. Wholesale trade declined in nearly all leading lines in January and was considerably smaller than a year ago. Inventories of department stores were reduced less than is customary and at the end of the month were in about the same volume as in January 1926. Stocks of merchandise carried by wholesale firms increased slightly, but continued in smaller volume than in the corresponding month of the previous year. Freight car loadings declined somewhat more than the usual seasonal amount between December and January, but owing chiefly to heavier shipments of coal this year, weekly loadings since the beginning of the year were larger than for the same period of 1926. Shipments of merchandise in less than car load lots were also slightly larger than last year, but those of most basic commodities were smaller.

**PRICES.** The general level of wholesale prices declined fractionally in January, according to the index of the Bureau of Labor Statistics, considerable advances in prices of livestock being somewhat more than offset in the total by decreases in nearly all other commodity groups included in the index. Prices of non-agricultural products, as a group, declined to the lowest level since early in 1922. In February there were decreases in the prices of iron and steel, non-ferrous metals, bituminous coal, grains and hides, while prices of cattle, sheep, cotton and gasoline increased.

**BANK CREDIT.** Commercial loans of member banks in leading cities continued to decline during the four weeks ending February 16th, although at a less rapid rate than in earlier weeks, and in the middle of February the volume of these loans was about \$270,000,000 below the seasonal peak reached in the middle of November, though about \$200,000,000 above last year's level. Loans on securities also declined during the period, while the banks' investment holdings increased somewhat. The volume of reserve bank credit remained during the four weeks ending February 23rd near the low level reached at the end of January. Liquidation of reserve bank credit since the high point of last December has been in excess of \$500,000,000, the unusual extent of this reduction being due chiefly to the large inflow of gold from abroad. Total bills and securities of the reserve banks on February 23rd were about \$200,000,000 smaller than on the corresponding date of last year. Easier money conditions in February were reflected in a decline in the rate on prime commercial paper from 4-4¼ per cent to 4 per cent after the first week of the month.

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Note: The shortness of February prevents the preparation and publication of the charts which usually accompany the national summary.

# FIFTH FEDERAL RESERVE DISTRICT

