

MONTHLY REVIEW

BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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Seasonal dullness marked February business in the Fifth reserve district, and in some lines the recessions from recent activity were greater than can be explained by seasonal trends alone. Rediscounts held by the Richmond reserve bank declined between the middle of February and the middle of March, an unseasonal development at a time when increased demands for agricultural loans usually cause a rise in borrowing by banks in rural sections. City member banks slightly increased their borrowing at the reserve bank to counteract deposit withdrawals by correspondent banks in agricultural sections and by merchants for use in discounting bills for spring merchandise. Debits to individual accounts figures for four weeks ended March 9th were 6.2 per cent below total debits during the preceding four weeks ended February 9th, and were also 9.9 per cent below aggregate debits for the corresponding period ended March 10, 1926. Business failures were more numerous and total liabilities involved were greater in the Fifth District in February than in any other February since 1922. Unemployment spread considerably between the middle of February and the middle of March, and in some localities reached rather serious proportions. Construction work provided for in permits issued in February was less than that provided for in February 1926 permits, and for the fifth consecutive month, total valuation figures for permits issued fell below the figures for the same month of the preceding year.

The outlook in the textile field improved during February and early March, and practically all Fifth District mills are running full time, with a larger volume of forward orders on the books than they have had in many months. Increased domestic cotton consumption and higher exports of cotton in comparison with the same period in 1926 caused spot cotton prices to rise slightly during the past two months, and this firmness in raw material prices had a beneficial effect upon the textile industry. Retail trade in February was moderate only, but was probably up to seasonal average for years in which Easter occurs as late as it does this year. Present indications suggest a favorable agricultural season, but it is too early to put much dependence upon crop prospects.

SAVING DEPOSITS—Deposits in thirteen mutual savings banks in Baltimore increased last month, rising from a total of \$161,231,987 at the end of January to \$161,981,216 at the end of February. On February 28, 1926, the same reporting banks had aggregate deposits of \$152,665,800, indicating an increase during the past year of slightly more than 6 per cent. On the other hand, time deposits in sixty-seven reporting member banks in the Fifth District declined last month, dropping from \$219,122,000 on February 9th to \$214,489,000 on March 9th. Time deposit figures in commercial banks do not represent as large a percentage of actual savings as mutual saving bank deposits, however, the commercial bank deposits containing a considerable volume of temporarily idle funds in expectation of withdrawal for commercial use.

RESERVE BANK OPERATIONS—Rediscounts for member banks at the Federal Reserve Bank of Richmond declined from \$23,658,000 on February 15th to \$20,313,000 on March 15th, both this year, a movement contrary to seasonal experience. In most years discounts increase in the Fifth District between the middle of February and the middle of March, due to agricultural demands incident to fertilizer purchases and other expenses incurred in connection with crop planting. This year all reports indicate a marked fall in fertilizer tonnage purchased by the farmers of the District, and this probably accounts for the unusual reduction in the volume of rediscounts. Total bill holdings of the Federal Reserve Bank of Richmond declined during the month under review from \$33,840,000 to \$30,915,000, the decrease being partly due to a reduction of approximately \$500,000 in the holdings of bankers' acceptances purchased from member banks and in the open market. The actual circulation of Federal Reserve notes dropped from \$74,493,000 on February 15th to \$72,542,000 on March 15th, a seasonal decline, and member bank reserve deposits registered only a daily fluctuation during the four weeks, falling from \$69,175,000 to \$68,920,000 between February 15th and March 15th. The several changes mentioned did not materially affect the Bank's cash reserves, which rose from \$110,956,000 at the middle of February to \$111,173,000 at the middle of March. The ratio of cash reserves to note and deposit liabilities combined rose a little over 3 points during the month, from 74.89 per cent on February 15th to 77.99 per cent on March 15th.

Between March 15, 1926, and March 15, 1927, the volume of rediscounts held by the Federal Reserve Bank of Richmond dropped approximately 56 per cent, declining from \$46,575,000 a year ago to \$20,313,000 on the 1927 date. Total bill holdings of the Richmond bank also declined, falling from \$57,040,000 to \$30,015,000 during the year. The volume of Federal Reserve notes in actual circulation stood at \$78,508,000 on March 15th last year, but dropped to \$72,542,000 on March 15, 1927. Member bank reserve deposits rose during the year from \$67,046,000 to \$68,920,000. The lessened demand for Reserve bank credit this year resulted in increased cash reserves of the Federal Reserve Bank of Richmond from \$92,570,000 on March 15, 1926, to \$111,173,000 on March 15th this year, and the ratio of cash reserves to note and deposit liabilities combined rose from 63.34 per cent to 77.99 per cent during the same period.

CONDITION OF SIXTY-SEVEN REPORTING MEMBER BANKS IN SELECTED CITIES

ITEMS	March 9, 1927	February 9, 1927	March 10, 1926
1. Total Loans and Discounts (including all rediscounts)	\$ 516,929,000	\$ 520,674,000	\$ 520,883,000
2. Total Investments in Bonds and Securities	140,599,000	137,618,000	126,981,000
3. Reserve Balance with Federal Reserve Bank	41,847,000	39,374,000	41,423,000
4. Cash in Vaults.....	13,839,000	13,686,000	13,969,000
5. Demand Deposits	379,938,000	384,988,000	370,718,000
6. Time Deposits	214,489,000	219,122,000	206,604,000
7. Borrowed from Federal Reserve Bank....	10,844,000	9,748,000	22,101,000

Figures in the above table show the principal items of condition reported by sixty-seven identical member banks on three dates, March 9, 1927, February 9, 1927, and March 10, 1926, thus affording data for a comparison of the latest available figures with those of the preceding month this year and the corresponding month last year. The figures are from all member banks in thirteen leading cities of the Fifth Reserve District.

Comparing the changes in the items between February 9th and March 9th, both this year, total loans and discounts show a decrease of \$3,745,000 during the four weeks. The reporting banks increased their investments in bond and securities by \$2,981,000 between February 9th and March 9th, and added \$2,473,000 to their reserve deposits at the Federal reserve bank. Cash in vault changed little during the month, rising by \$153,000. Deposits declined materially, probably due chiefly to withdrawals by correspondent banks in agricultural sections and to discounting by city merchants of bills for spring merchandise. Demand deposits declined \$5,050,000 and time deposits dropped \$4,633,000 during the period under review. The several changes in the principal items necessitated an increase in rediscounts at the reserve bank, which rose \$1,096,000 during the month.

Total loans and discounts for customers reported by the sixty-seven member banks was \$3,954,000 less on March 9th this year than on March 10th a year ago, while investments of the reporting banks in bonds and securities rose \$13,618,000 during the year. Aggregate reserve balances of the reporting institutions at the Federal reserve bank rose \$424,000, while cash in vault decreased \$130,000, both daily fluctuations merely. Demand deposits rose \$9,220,000 during the year under review, and time deposits increased by \$7,885,000. Increased deposits, with a decline in the demand for credit by customers, enabled the reporting banks to reduce the volume of borrowing at the reserve bank by \$11,257,000 between March 10, 1926, and March 9, 1927, a reduction of approximately 51 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FOUR WEEKS ENDED		
	March 9, 1927	February 9, 1927	March 10, 1926
Asheville, N. C.	\$ 34,103,000	\$ 30,765,000	\$ 29,044,000
Baltimore, Md.	365,490,000	383,971,000	409,612,000
Charleston, S. C.	27,141,000	24,921,000	25,570,000
Charleston, W. Va.	32,359,000	36,300,000	37,209,000
Charlotte, N. C.	47,686,000	46,624,000	46,439,000
Columbia, S. C.	20,783,000	18,286,000	16,244,000
Cumberland, Md.	7,826,000	7,799,000	7,956,000
Danville, Va.	8,906,000	12,668,000	10,068,000
Durham, N. C.	24,412,000	23,618,000	27,332,000
Greensboro, N. C.	22,770,000	23,230,000	25,597,000
Greenville, S. C.	20,801,000	21,135,000	24,609,000
Hagerstown, Md.	9,409,000	9,849,000	9,507,000
Huntington, W. Va.	22,566,000	23,749,000	24,391,000
Lynchburg, Va.	17,669,000	18,719,000	20,862,000
Newport News, Va.	9,453,000	9,854,000	10,109,000
Norfolk, Va.	67,856,000	72,889,000	74,179,000
Raleigh, N. C.	19,237,000	32,405,000	45,671,000
Richmond, Va.	119,744,000	136,848,000	141,094,000
Roanoke, Va.	25,654,000	26,846,000	26,709,000
Spartanburg, S. C.	11,713,000	13,867,000	14,248,000
Washington, D. C.	211,068,000	224,046,000	221,032,000
Wilmington, N. C.	17,567,000	18,360,000	21,317,000
Winston-Salem, N. C.	34,091,000	39,147,000	38,515,000
Totals	\$ 1,178,304,000	\$ 1,255,896,000	\$ 1,307,314,000

The accompanying table shows total debits to individual, firm and corporation accounts at clearing house banks in twenty-three of the leading cities of the Fifth Federal reserve district during three

periods of four weeks each, ended March 9, 1927, February 9, 1927, and March 10, 1926. Debits figures include all checks drawn against depositors' accounts, and therefore form one of the best barometers of business activity.

The total of debits during the four weeks ended March 9, 1927, amounted to \$1,178,304,000, compared with \$1,255,896,000 during the preceding four weeks ended February 9th, a decline during the more recent period of \$77,592,000, or 6.2 per cent. Seventeen of the twenty-three cities reported lower figures for the period ended March 9th, while increased figures were reported by Asheville, Charleston, S. C., Charlotte, Columbia, Cumberland and Durham. The four largest cities, Baltimore, Washington, Richmond and Norfolk, showed declines.

In comparison with the four weeks' period ended March 10, 1926, in which total debits in the reporting cities amounted to \$1,307,314,000, the corresponding period this year witnessed a recession to \$1,178,304,000, a decline of \$129,010,000, or 9.9 per cent, a considerable part of which was probably due to decreased activity in construction work this year in most of the reporting cities. A lower price level this year also reduced the amount of debits to some extent. The decline was quite general throughout the Fifth Reserve District, only four cities—Asheville, Charleston, S. C., Charlotte and Columbia—attaining higher figures during the 1927 period than in the corresponding four weeks a year earlier.

BUSINESS FAILURES—In commenting on the business mortality record for February 1927, Dun's Review for March 5th says, "A seasonal decline in the number of failures in the United States invariably begins in February, and the total reported for last month was 2,035. This is 17.4 per cent below the 2,465 commercial defaults of January, but a part of this substantial decrease is accounted for by the fact that February is the shortest month of a year, and is made still shorter by holidays. Comparing with the 1,801 insolvencies of February 1926, an increase of 13.0 per cent appears, although in this connection some allowance should be made for the larger number of firms and individuals now engaged in business. Like the number of failures, last month's liabilities of \$46,940,716 show a falling off from the \$51,290,232 of January, the reduction being 8.5 per cent. On the other hand, the amount for February exceeds by 37.4 per cent the \$34,176,348 of the corresponding month of 1926. There were more large defaults last month than a year ago, those for \$100,000 or more of indebtedness in each case numbering 54, against 44 in the earlier year, and the liabilities of last month's large insolvencies approximate \$25,200,000, as compared with only about \$13,500,000 for such failures in February 1926. The defaults of unusual size supply 53.7 per cent of last month's aggregate indebtedness, while in February last year the large insolvencies provided 39.6 per cent of the total liabilities of all failures."

In the Fifth District, February failures numbered 156, compared with 170 in January this year and 118 in February 1926, while February 1927 liabilities of \$4,248,597 exceeded the \$3,533,544 of January 1927 and the \$1,845,307 of February last year. Both the number of failures and the total of liabilities involved exceeded those of any February since 1922, and liabilities were the highest for any month since May 1925.

LABOR—Unemployment has spread further since the middle of February, and in some of the larger cities an unusual number of workers are idle. The volume of construction work under way is smaller than at this time in 1926, and this fact together with increased efficiency of workmen who are employed has reduced the demand for both skilled and unskilled labor in all lines either directly or indirectly connected with building. There is a marked surplus of clerical workers in all the cities, and the supply of domestic servants is considerably greater than the demand. Farm labor is somewhat more abundant than in recent years, as is nearly always the case when lack of employment in the cities drives some unskilled laborers back to the rural districts. Factory employees are better employed than other groups, especially in textile and tobacco industries, although during the latter part of February and early March a few cotton mills operated on a short time schedule. The threat of trouble in union coal mining regions has kept the demand for bituminous coal at an unusually high level for this season, and West Virginia miners have therefore continued to have steady employment, in spite of the settlement of the British coal strike. On the whole the weather in the Fifth District has been favorable for outside work since the middle of February, and laborers with jobs were able to put in regular hours.

COAL—The total production of bituminous coal during the month of February is estimated by the Bureau of Mines, Department of Commerce, at 52,904,000 net tons, and total production during the present coal year to March 12th—approximately 292 working days—amounts to 566,474,000 tons, the highest output of any recent year. Daily production in February was about 1.5 per cent under that of January, a seasonal decline, but the decrease was somewhat less marked than normally occurs at this season, probably due to the building up of reserve stocks of coal against possible trouble in the unionized fields after the expiration of present working agreements between mine owners and miners. Retail yards have large stocks on hand, and many industrial plants have accumulated reserve piles of fuel sufficient to run them from sixty to ninety days. Retail prices have dropped slightly in many yards during the past month as the demand from consumers lessened with the approach of moderate weather.

TEXTILES—The concensus of opinion indicates some improvement in outlook in the textile field during the past month. A large volume of goods is moving into trade channels, and while most of it moves on short orders, the mills have more future delivery business booked than they have previously had in recent months. Spot cotton prices did not fluctuate widely between the middle of February and the middle of March, and the mills were able to hold their quotations firm. In some cases jobbers and retailers who postponed orders have been obliged to pay premiums for immediate or short time delivery of urgently needed goods. A few mills operated on reduced schedule during part of February and into March, due to an accumulation of manufactured goods in their warehouses, but these goods have practically all been moved and the mills have resumed full time operations. Fifth District mills consumed 249,638 bales of lint cotton in February, of which North Carolina mills used 137,094 bales, South Carolina mills 101,595 bales, and Virginia mills 10,949 bales. The February figures compare with 255,398 bales consumed during the longer month of January this year and 233,236 bales used in February 1926. Consumption in the Fifth District in February totaled 42.6 per cent of National consumption, compared with 41.1 per cent in 1926 and 39.9 per cent in 1925.

BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY 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.....	327	274	886	816	\$ 2,191,200	\$ 1,616,160	\$ 462,360	\$ 688,384	\$ 349,016	15.1%	1
2	Cumberland, Md....	15	18	3	1	75,390	33,495	1,375	415	42,855	126.4	2
3	Frederick, Md.....	6	2	3	0	27,330	7,700	1,500	0	21,130	274.4	3
4	Hagerstown, Md....	18	9	5	9	30,530	55,995	3,325	3,610	— 25,750	— 43.2	4
5	Danville Va.....	12	12	21	11	60,225	462,885	5,862	9,115	— 405,913	— 86.0	5
6	Lynchburg, Va.....	38	19	27	26	96,101	79,729	29,655	23,499	22,528	21.8	6
7	Norfolk, Va.....	61	93	69	36	181,275	210,350	46,796	31,439	— 13,718	— 5.7	7
8	Petersburg, Va....	6	6	6	7	9,430	17,504	2,935	13,080	— 18,219	— 59.6	8
9	Richmond, Va.....	101	112	62	63	454,625	1,486,764	82,896	48,155	— 997,398	— 65.0	9
10	Roanoke, Va.....	88	82	34	21	241,532	198,941	11,200	4,715	49,076	24.1	10
11	Bluefield, W. Va...	7	7	8	3	20,700	23,090	48,300	1,300	44,610	182.9	11
12	Charleston, W. Va.	76	39	14	10	156,738	133,481	95,750	5,950	113,057	81.1	12
13	Clarksburg, W. Va	12	7	10	6	9,275	18,730	8,085	1,750	— 3,120	— 15.2	13
14	Huntington, W. Va.	37	74	1	4	193,420	219,635	500	6,500	— 32,215	— 14.2	14
15	Parkersburg, W. Va	12	15	7	3	21,550	44,850	10,750	2,350	— 14,900	— 31.6	15
16	Asheville, N. C....	28	91	42	26	151,105	839,475	22,430	43,835	— 709,775	— 80.4	16
17	Charlotte, N. C....	46	45	17	14	263,234	221,440	314,675	17,385	339,084	142.0	17
18	Durham, N. C.....	40	35	14	11	179,725	243,510	11,520	31,275	— 83,540	— 30.4	18
19	Greensboro, N. C.	55	45	20	29	300,556	995,750	9,570	20,552	— 706,176	— 69.5	19
20	High Point, N. C...	55	59	5	6	158,300	154,600	4,800	12,050	— 3,550	— 2.1	20
21	Raleigh, N. C.....	23	50	11	7	80,125	148,264	3,950	28,050	— 92,239	— 52.3	21
22	Salisbury, N. C....	15	16	2	5	60,145	52,700	675	6,700	1,420	2.4	22
23	Wilmington, N. C.	7	7	5	7	11,350	195,500	9,800	5,800	— 180,150	— 89.5	23
24	Winston-Salem, N. C.	85	83	24	32	540,350	224,300	23,475	15,306	324,219	135.3	24
25	Charleston, S. C....	18	11	18	23	32,860	17,635	5,405	7,867	12,763	50.0	25
26	Columbia, S. C....	18	13	35	39	133,500	38,440	6,230	7,920	93,370	201.4	26
27	Greenville, S. C....	11	8	30	22	158,800	39,800	16,730	12,350	123,380	236.6	27
28	Spartanburg, S. C.	21	12	16	23	14,610	70,275	3,285	3,865	— 56,245	— 75.9	28
29	Washington, D. C.	233	124	252	230	3,645,925	3,232,765	242,820	324,340	331,640	9.3	29
	Totals.....	1,471	1,368	1,647	1,490	\$ 9,499,906	\$11,083,763	\$1,486,654	\$1,377,557	—\$1,474,760	— 11.8%	

— 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.

Construction work provided for in permits issued in February by building inspectors in twenty-nine leading centers of the Fifth Reserve District exceeded the volume of work provided for in permits issued in February 1926 in the number of projects, but fell below last year's figures in total estimated valuation for the work. Permits for new work issued in the 29 cities in February numbered 1,471, with estimated valuation of \$9,499,906, compared with 1,368 permits estimated to cost \$11,083,763 issued in the same cities in February 1926. Sixteen cities show increases this year in the number of permits and 14 report higher valuation figures. Increases in valuation figures of more than 100 per cent were reported by Cumberland, Frederick, Bluefield, Charlotte, Winston-Salem, Columbia and Greenville. Among the four largest cities of the District, Baltimore and Washington reported higher figures for February this year, while Norfolk and Richmond reported lower totals. In alteration and repair work, 1,647 permits issued in February 1927 compare with 1,490 permits issued in February last year. Valuation figures for alteration and repair work in February this year totaling \$1,486,654 also exceeded \$1,377,557 reported by the same cities for the corresponding month in 1926. Combined valuation figures for all classes of work totaled \$10,986,560 in February 1927 and \$12,461,320 in February 1926, a decline this year of \$1,474,760, or 11.8 per cent.

Contracts actually awarded during February for construction work in the Fifth District totaled

\$24,943,643, of which \$9,552,638 was for residential work, according to statistics collected by the F. W. Dodge Corporation. These figures include suburban and rural construction in addition to the city work covered by building permit figures.

COTTON—Spot cotton prices continued to advance slowly during the month between February 12th and March 12th, making a net gain of approximately half a cent a pound, according to figures released by the Cotton Quotation Service of the Department of Agriculture. The average price paid growers in the Carolinas for middling grade upland short staple cotton during the week ended February 12th was 13.16 cents per pound, and the average price paid during the week ended March 12th was 13.67 cents. Since the week ended December 11, 1926, when the average price was 11.17 cents per pound, the price has advanced 2.50 cents, or approximately \$12.50 per bale, but at present the quotations are 4 cents, or \$20 a bale, under the figures quoted at the middle of March last year.

The Census Bureau's cotton consumption report for February, issued on March 14, showed 590,447 bales used during the month, compared with 604,584 bales consumed during the longer month of January and 565,118 bales used in February last year. Total consumption for the seven months of the present season—August 1st to February 28th—amounted to 4,024,487 bales, compared with 3,745,552 bales consumed in the corresponding period ended February 28, 1926. Cotton growing states used 425,442 bales in February 1927, against 437,778 bales in January this year and 396,640 bales in February a year ago. Manufacturing establishments held 1,933,077 bales on February 28th, compared with 1,852,987 bales on January 31st and 1,832,655 bales on February 28, 1926. Public warehouses and compresses held 5,433,820 bales in storage at the end of February this year, compared with 6,070,020 bales so held a month earlier and 4,740,450 bales on February 28th last year. February exports totaled 1,010,507 bales, a figure slightly below the total of 1,115,792 bales sent abroad during the longer month of January but nearly double the 556,185 bales exported in February 1926. Exports during the seven months of this cotton year totaled 7,699,553 bales, compared with 5,986,630 bales shipped over seas during the corresponding seven months ended February 28, 1926. Spindles active in February numbered 32,872,102, compared with 32,633,550 in January this year and 33,009,138 in February last year.

TOBACCO—VIRGINIA tobacco markets sold 27,787,995 pounds of producers' tobacco in February, at an average price of \$10.56 per hundred pounds. Total sales this season to March 1st reached 138,200,860 pounds, which is approximately 98.5 per cent of the estimated sales for the year. Several markets closed during February and the remainder, excepting a few Fire-cured houses, will close by the middle of March. Flue-cured, or Bright, tobacco sales for February totaled 9,703,471 pounds, compared with 8,120,921 pounds sold during the corresponding month last year, while Fire-cured, or Dark, tobacco sales totaled 15,052,196 pounds, the largest amount ever sold during a single month and nearly four times the 3,977,595 pounds of this type sold in February 1926. Sun-cured sales on the Richmond market totaled 2,485,051 pounds, compared with 631,500 pounds sold in the same month last year. The average price of Flue-cured for the month was \$15.96 per hundred pounds, compared with \$10.96 in February 1926. Fire-cured tobacco averaged \$7.18, compared with \$11.78 in February last year. The average for Sun-cured was \$9.58 in February 1927 and \$15.90 in February 1926. The quality of tobacco sold last month was comparatively poor, grades running 15 per cent good, 30 per cent medium, and 55 per cent common. Danville led all markets with sales aggregating 4,790,431 pounds of Flue-cured, Lynchburg ranking second with sales of 3,482,272 pounds of Fire-cured. In season sales, Danville leads with 44,003,368 pounds, South Boston ranking second with 18,178,949 pounds. Lynchburg leads the Fire-cured markets for the season with sales of 8,949,997 pounds prior to March 1st.

NORTH CAROLINA auction markets sold only 8,136,678 pounds of tobacco for growers in February, compared with 12,702,929 pounds sold during the corresponding month last year, but total sales for the season to March 1st reached 370,233,624 pounds this year compared with 343,858,832 pounds sold prior to the same date a year ago. The average price paid in February this year was \$15.91 per hundred pounds, compared with \$13.51 per hundred in February 1926. In total sales in February, Winston-Salem led with 3,171,383 pounds, Oxford and Durham ranking second and third with sales totaling 1,085,779 pounds and 1,038,884 pounds, respectively.

AGRICULTURAL NOTES—The weather during the past month was mild, and in a number of localities considerable early farm work was done. On the whole, however, the ground has been too wet for plowing. Soil is in excellent condition, with plenty of moisture, and early prospects appear to be unusually favorable. A cold spell at the end of February checked premature development of fruit buds, but most of March has been mild and there is considerable danger to fruit from a late freeze. Fertilizer sales during the early part of this season were much below those of the corresponding period in 1926, which may affect yields of this season's crops. Many farmers, especially growers of cotton and dark tobacco, found last year unprofitable, and are forced to plant their 1927 crops at less expense than in more favorable seasons. The demand for farm labor has been below the supply during the past month, but when heavy work gets fully under way additional help will be needed and employed, and some scarcity of labor may develop.

FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty-One Representative Department Stores for the Month of FEBRUARY 1927

Percentage increase in February 1927 sales over sales in February 1926:	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
— 1.6	12.6	.4	— 2.9	.3	
Percentage increase in total sales since Jan. 1st, over sales during the same two months in 1926:	— 2.1	5.8	— 1.4	— 2.5	— 1.2
Percentage increase in February 1927 sales over average February sales during the three years 1923-1925, inclusive:	— 1.2	23.5	11.7	6.6	6.2
Percentage increase in stock on hand February 28, 1927, over stock on February 28, 1926:	— 3.1	1.5	.5	3.4	— 1.0
Percentage increase in stock on hand February 28, 1927, over stock on January 31, 1927:	4.9	2.8	9.6	9.8	6.9
Percentage of sales in February 1927 to average stock carried during that month:	21.1	24.0	24.6	18.4	22.2
Percentage of total sales since Jan. 1st, to average stock carried during each of the two months:	45.0	47.6	49.0	38.2	45.9
Percentage of outstanding orders on February 28th to total purchases of goods in 1926:	6.9	6.3	5.2	5.0	6.0
Percentage of collections in February to total accounts receivable on February 1st:	22.1	27.2	29.4	29.9	25.5

— Denotes decreased percentage.

Retail trade, as reflected in sales of thirty-one leading department stores in the Fifth Federal Reserve District, was three-tenths of 1 per cent greater in dollar amount in February 1927 than in February 1926, although the Baltimore stores averaged a decline of 1.6 per cent and the group of stores in Miscellaneous Cities showed a decrease of 2.9 per cent. Richmond sales increased 12.6 per cent and Washington sales gained four-tenths of 1 per cent. Total sales during the first two months of 1927 averaged 1.2 per cent below sales in the corresponding 1926 months, Richmond with an increase of 5.8 per cent showing the only gain this year. February sales this year averaged 6.2 per cent above average February sales during the three years 1923-1925, inclusive, the Baltimore stores alone failing to register a gain.

Average stocks on the shelves of the reporting stores at the end of February were 1.0 per cent below those of February 28, 1926, in retail selling value, but were 6.9 per cent above those of January 31st this year, the latter increase being seasonal and due to the receipt of spring merchandise.

The percentage of sales to average stocks carried during February was 22.2 per cent for the District as a whole, and the percentage of total sales during the first two months of this year to average stocks carried during each of the two months was 45.9 per cent, indicating an annual turnover of 2.75 times.

Collections by the reporting stores during February totaled 25.5 per cent of outstanding receivables on February 1st, all cities showing lower figures than in January.

WHOLESALE TRADE, FEBRUARY 1927

Percentage increase in February 1927 sales, compared with sales in February 1926:					
<i>34 Groceries</i>	<i>12 Dry Goods</i>	<i>6 Shoes</i>	<i>16 Hardware</i>	<i>5 Furniture</i>	<i>12 Drugs</i>
— 7.3	— 4.0	13.8	5.2	—11.7	— 4.3
Percentage increase in February 1927 sales, compared with sales in January 1927:					
— 6.3	4.7	18.1	— 7.5	17.3	—13.8
Percentage increase in total sales since Jan. 1, 1927, compared with sales during the same two months in 1926:					
— 6.9	— 4.5	19.1	.3	—29.5	— 6.8
Percentage increase in stock on February 28, 1927, compared with stock on February 28, 1926:					
— 3.9(11)	—13.9(5)	32.1(4)	— 7.3(7)
Percentage increase in stock on February 28, 1927, compared with stock on January 31, 1927:					
— .1(11)	7.4(5)	— 1.4(4)	2.6(8)
Percentage of collections in February to accounts receivable on February 1, 1927:					
59.9(21)	30.8(8)	27.1(5)	33.4(12)	37.4(3)	51.3(8)

— Denotes decreased percentage.

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

Eighty-five 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 1927 in dry goods, shoes and furniture, but were less in groceries, hardware and drugs. The fewer business days in February doubtless accounted in part for the declines. In comparison with February 1926 sales, those made in February this year were less in all lines, except shoes and hardware, which gained 13.8 per cent and 5.2 per cent, respectively. Shoe and hardware sales since January 1st were greater than sales during the first two months of 1926, but total sales for the two months declined this year in groceries, dry goods, furniture and drugs. Part at least of the decline in dry goods was due to lower prices for cotton goods this year, and much of the decrease in furniture sales was due to unusually large sales in January 1926.

Stocks of dry goods and hardware increased moderately during February, while grocery and shoe stocks declined very slightly. At the end of the month stocks of groceries, dry goods and hardware were lower than on February 28, 1926, but shoe stocks were 32.1 per cent larger on the 1927 date.

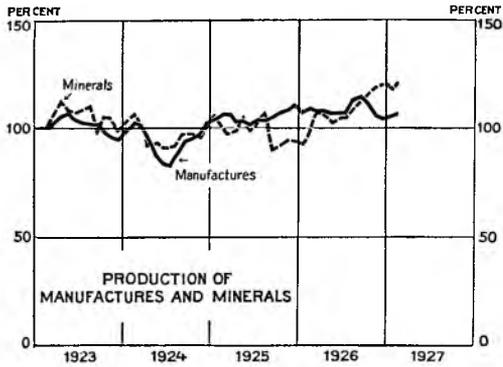
Collections during February in groceries totaled 59.9 per cent of accounts receivable on February 1st. Drugs, with an average of 51.3 per cent, ranked next in percentage of outstanding receivables collected during the month, followed by furniture with 37.4 per cent, hardware with 33.4 per cent, dry goods with 30.8 per cent, and shoes with 27.1 per cent. Dry goods, shoe, hardware and furniture percentages were higher in February this year than a year ago, but grocery and drug figures were lower this year.

(Compiled March 19, 1927)

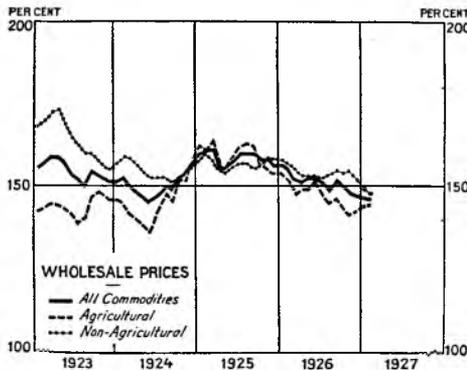
BUSINESS CONDITIONS IN THE UNITED STATES.

(Compiled by the Federal Reserve Board)

Industrial output increased further in February and was slightly larger than a year ago, and distribution of commodities by the railroads was larger than for the corresponding period of any previous year. The general level of wholesale prices continued to decline and was in February at the lowest level since the summer of 1924.



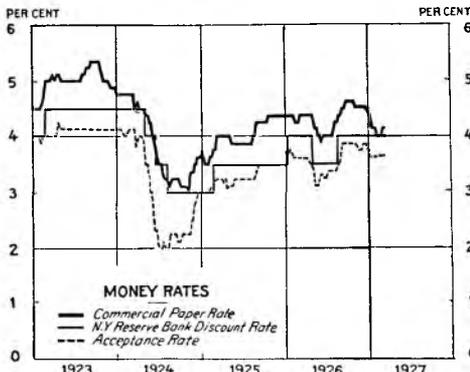
Index numbers of production of manufactures & minerals, adjusted for seasonal variations (1923-25 average=100). Latest figures, February, manufactures 106, minerals 120.



Indexes of U. S. Bureau of Labor Statistics (1913=100). Latest figures, February, all commodities 146.4, non-agricultural commodities 148.3, agricultural commodities 113.8.



Federal Reserve Board's indexes of factory employment and payrolls (1919=100). Latest figures, February, employment 93.7, payrolls 106.5.



Weekly rates in New York money market: commercial paper rate on 4 to 6 months paper and acceptance rate on 90-day paper.

PRODUCTION. Production of manufactures increased in February for the second consecutive month, and the output of minerals, after declining in January, advanced once more in February to the record level reached last December. Factory production and employment, however, continued smaller than during the corresponding month of last year. Production of iron and steel has increased steadily since December, and reports indicate that operations of steel mills in March were at almost the same high rate as in March, 1926. Automobile production increased from 234,000 cars in January to 298,000 cars in February, and weekly figures of employment in Detroit factories indicate some further additions to production in March, but output has continued much smaller than a year ago. Daily average consumption of cotton by mills in February was larger than in any previous month on record, but activity of woolen and silk mills decreased as compared with January. Production of bituminous coal has been maintained in large volume, while that of anthracite has been considerably reduced. The output of building materials was smaller during the first two months of this year than in the corresponding period of 1926. The value of building contracts awarded in February was 3 per cent smaller than in the same month of last year, but awards for the first three weeks in March were in approximately the same volume as in 1926. Contracts in Southeastern and Northwestern states have been considerably smaller than a year ago, while those in the Central West have been much larger.

TRADE. Retail trade showed less than the usual seasonal decline between January and February. Sales of department stores and chain stores were larger than in February of last year, while those of mail order houses were smaller. Wholesale firms reported a smaller volume of business in February than a year ago, and this decline occurred in nearly all leading lines. Inventories of department stores increased in February in anticipation of the usual expansion in spring trade, but the growth was less than is customary at this season and at the end of the month stocks were slightly smaller than a year ago. Stocks of merchandise carried by wholesale firms also increased in February, but they were generally smaller than in the corresponding month of last year.

Railroad shipments of commodities have increased steadily since January by more than the usual seasonal amount and have exceeded those for the same period last year, owing to larger shipments of coal, of miscellaneous commodities, and of merchandise in less-than-carload lots.

PRICES. Wholesale prices, according to the index of the Bureau of Labor Statistics, continued to decline in February. Among non-agricultural products decreases occurred in the prices of coal, petroleum, iron and steel, nonferrous metals, and lumber, and the index for non-agricultural prices as a group was at the lowest post-war level. Prices of livestock and livestock products and of clothing materials advanced in February. During the first three weeks of March there were decreases in prices of grains, livestock, sugar, silk, wool, coal, petroleum and gasoline, while prices of potatoes, pig iron, hides and rubber advanced.

BANK CREDIT. Demand for commercial credit at member banks in leading cities increased seasonally between the middle of February and the middle of March. There was also growth in the volume of funds used in the security market as indicated by increases in loans to brokers and dealers in securities. Consequently total loans of the reporting banks at the end of the period were close to the level of last autumn. Financial operations of the United States Treasury around the middle of March, with disbursements temporarily in excess of receipts, resulted in a temporary abundance of funds which was reflected at member banks in leading cities in a growth of deposits, in reduced indebtedness at the reserve banks, and in increased holdings of securities.

At the reserve banks, following changes in holdings of bills and securities accompanying the financial operations of the Treasury, the total volume of credit outstanding on March 23 was somewhat larger than four weeks earlier.

Conditions in the money market in March were slightly firmer than in February. Rates on prime commercial paper advanced from 4 per cent to 4-4 1/4 per cent and call money was also higher, while rates on acceptances declined somewhat.