

# MONTHLY REVIEW

## BUSINESS AND AGRICULTURAL CONDITIONS



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RICHMOND, VIRGINIA

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**DISTRICT SUMMARY.**—Business in the Fifth Federal reserve district in January was in smaller volume than in January a year ago. Debits to individual account figures in clearing house banks, one of the best business barometers, were less than during the same period a year ago. Business failures in the district were more numerous than in January last year, but the liabilities were less. The employment situation continued unsatisfactory, with many workers in industry and building trades unable to find employment. Coal production was relatively low in January, although somewhat better in the Fifth district than in other bituminous fields. Textile mills, having about caught up with forward orders placed last fall, were forced to curtail operations to some extent in January to prevent accumulation of manufactured goods. Cotton prices declined approximately \$7.50 a bale between the middle of January and the middle of February. Retail trade, as indicated by department store sales, was moderately below sales in January a year ago, and wholesale trade in most lines for which comparative figures are available was also in smaller amount this year.

On the other hand, there are signs that seem to offer encouragement to expectation of early improvement in business. Bank loans to customers at the middle of February were below those of last year, indicating some liquidation of last year's indebtedness. Aggregate deposits are considerably higher now than they were at this time in 1927. Building permits issued in January were the highest in estimated valuation for any month since March 1926, and numerous other large projects are planned for early construction, all of which should afford substantial relief to the unemployed, and this in turn should be favorably reflected in retail and wholesale trade. Tobacco brought good prices in January, and North Carolina growers are selling the largest crop ever raised in that State for more than \$100,000,000. With a better supply of food and feed stuffs on the farm, and smaller indebtedness than in some other recent years, farmers are in a favorable position to begin their 1928 operations. On the whole, most signs at present appear rather favorable, but much will depend upon good weather.

**RESERVE BANK OPERATIONS.**—Rediscounts for member banks held by the Federal Reserve Bank of Richmond declined slightly during the past month, dropping from a total of \$26,405,000 on January 15th to \$25,319,000 on February 15th. Total earning assets of the Richmond bank declined between the same dates from \$80,228,000 to \$55,112,000, as a result of reductions of approximately \$21,000,000 in holdings of bankers' acceptances and \$3,000,000 in Government securities. Following a seasonal trend, the circulation of Federal Reserve notes continued to decline during the month under review, falling from \$72,412,000 at the middle of January to \$66,176,000 at the middle of February. Member bank reserve deposits, in keeping with a drop in deposits in member banks, declined from \$73,176,000 on January 15th to \$72,323,000 on February 15th. The several changes mentioned, especially the marked reduction in holdings of acceptances and Government securities, raised the Bank's cash reserves from \$70,523,000 on January 15th to \$92,379,000 on February 15th, and brought up the ratio of cash reserves to note and deposit liabilities combined from 47.36 per cent to 64.96 per cent.

A larger volume of reserve bank credit was outstanding in the Fifth district 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 \$25,319,000 on February 15, 1928. Total earning assets of the Richmond bank increased, however, to a much greater extent, larger holdings of bankers' acceptances and Government securities raising the total of earning assets from \$40,900,000 on February 15th last year to \$55,112,000 on the corresponding date this year. Member bank reserve deposits also increased during the year, rising from \$69,175,000 to \$72,323,000 between the middle of February last year and the same time this year. On the other hand, the circulation of Federal reserve notes declined between the dates under review from \$74,493,000 to \$66,176,000, and the cash reserves of the Federal Reserve Bank of Richmond dropped from \$110,956,000 on February 15, 1927, to \$92,397,000 on February 15, 1928. Reflecting the changes in dollar amounts enumerated herein, the ratio of cash reserves to note and deposit liabilities combined decreased from 74.89 per cent at the middle of February last year to 64.96 per cent on February 15th this year.

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

ITEMS	Feb. 15, 1928	Jan. 11, 1928	Feb. 16, 1927
Total Loans and Discounts (including all rediscounts).....	\$515,471,000	\$527,253,000	\$517,778,000
Total Investments in Bonds and Securities.....	174,559,000	174,963,000	138,887,000
Reserve Balance with Federal Reserve Bank.....	43,137,000	44,921,000	44,160,000
Cash in Vaults.....	11,784,000	13,748,000	12,793,000
Demand Deposits .....	380,873,000	391,495,000	388,316,000
Time Deposits .....	246,687,000	244,545,000	213,944,000
Borrowed from Federal Reserve Bank.....	15,499,000	14,127,000	13,109,000

In the accompanying table, the chief items of condition are shown for sixty-six member banks in thirteen leading cities of the Fifth district, figures for three dates being included to allow for comparison of the February 15, 1928, figures with those of January 11, 1928, and February 16, 1927, 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 11th and February 15th, both this year, total loans and discounts to customers of the reporting banks declined \$11,782,000, and the banks reduced their investments in bonds and securities by \$404,000. Demand deposits also decreased during the month, falling \$10,622,000. The aggregate reserve balances of the reporting banks at the Federal reserve bank dropped \$1,784,000, and cash in vaults declined \$1,968,000. Time deposits increased \$2,142,000 between January 11th and February 15th, and borrowing by the sixty-six reporting banks at the reserve bank rose \$1,372,000.

The volume of credit extended by the reporting member banks to their customers in the form of loans and discounts on February 15, 1928, was \$2,307,000 less than the volume of loans and discounts outstanding on February 16, 1927, but total investments in bonds and securities owned by the reporting banks were \$35,672,000 higher on the 1928 date than a year earlier. Aggregate reserve balances at the reserve bank were \$1,023,000 below those of a year ago, and cash in vaults declined during the year by \$1,009,000. Demand deposits decreased \$7,443,000, but time deposits gained \$32,743,000 during the year, while total borrowing by the reporting banks at the reserve bank rose by \$2,390,000.

**SAVINGS DEPOSITS**—At the end of January 1928, thirteen mutual savings banks in Baltimore had aggregate deposits amounting to \$178,980,572, the highest figure on record, compared with deposits in the same banks totaling \$177,010,993 on December 31, 1927, and \$161,231,987 on January 31, 1927. Time deposits in sixty-six regularly reporting member banks, located in thirteen Fifth district cities, totaled \$246,687,000 on February 15th this year, compared with \$244,545,000 on January 11, 1928, and \$213,944,000 on February 16, 1927.

### DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	TOTAL DEBITS DURING THE FIVE WEEKS ENDED		
	February 15, 1928	January 11, 1928	February 16, 1927
Asheville, N. C. ....	\$ 31,396,000	\$ 35,308,000	\$ 39,934,000
Baltimore, Md. ....	463,334,000	517,392,000	473,900,000
Charleston, S. C. ....	30,491,000	31,611,000	30,659,000
Charleston, W. Va. ....	43,870,000	54,690,000	44,789,000
Charlotte, N. C. ....	66,649,000	65,827,000	58,730,000
Columbia, S. C. ....	28,125,000	29,953,000	23,630,000
Cumberland, Md. ....	10,477,000	10,840,000	9,775,000
Danville, Va. ....	14,264,000	17,722,000	14,960,000
Durham, N. C. ....	37,533,000	42,916,000	30,052,000
Greensboro, N. C. ....	29,772,000	33,833,000	28,925,000
Greenville, S. C. ....	31,340,000	33,446,000	26,745,000
Hagerstown, Md. ....	11,526,000	13,927,000	12,468,000
Huntington, W. Va. ....	25,701,000	29,699,000	29,385,000
Lynchburg, Va. ....	22,966,000	27,180,000	23,125,000
Newport News, Va. ....	10,985,000	13,310,000	12,487,000
Norfolk, Va. ....	78,801,000	86,519,000	89,849,000
Raleigh, N. C. ....	26,814,000	35,085,000	37,555,000
Richmond, Va. ....	170,050,000	176,368,000	166,496,000
Roanoke, Va. ....	31,110,000	36,507,000	32,727,000
Spartanburg, S. C. ....	17,441,000	19,668,000	17,061,000
Washington, D. C. ....	271,590,000	294,207,000	276,279,000
Wilmington, N. C. ....	20,827,000	23,451,000	22,257,000
Winston-Salem, N. C. ....	51,975,000	56,843,000	47,764,000
<b>Totals</b> .....	<b>\$ 1,527,037,000</b>	<b>\$ 1,686,302,000</b>	<b>\$ 1,549,552,000</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 five 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 five weeks ended February 15, 1928, amounted to \$1,527,037,000, a decrease of 9.4 per cent under the total of \$1,686,302,000 reported by the banks in the same cities during the preceding like period ended January 11, 1928, a seasonal decline due to the large debits figures just before Christmas and around January 1st. Charlotte, N. C., was the only city to report higher figures for the more recent period.

In comparison with debits figures totaling \$1,549,552,000 reported for the five weeks ended February 16, 1927, those reported for the corresponding period this year, ended February 15th, show a decline of 1.5 per cent. Larger figures for the 1928 period were reported for Charlotte, Columbia, Cumberland, Durham, Greensboro, Greenville, Richmond, Spartanburg and Winston-Salem, but the other fourteen cities reported lower totals this year. Among the nine cities which reported higher figures, eight are textile or tobacco centers.

**BUSINESS FAILURES**—In commenting on the business mortality record for January, *Dun's Review* of February 4th says, "The larger number of commercial failures in the United States reported for January marks a seasonal trend, the high point of each year invariably being reached in the opening month. With a total of 2,643, the latest returns show an increase of more than 22 per cent over the 2,162 defaults of December, and a rise of a little more than 7 per cent over the 2,465 insolvencies of January 1927. The number of failures for last month is, in fact, the largest for any month since January 1922, when the total was 2,723, but the present liabilities of \$47,634,411 have been exceeded on many occasions during the last five years. The amounts were above \$50,000,000 in four months last year,—namely, in December, April, March and January, the maximum being about \$59,900,000 in March. For January a year ago, the indebtedness approximated \$51,300,000, or fully 8 per cent above last month's total."

In the Fifth reserve district, January 1928 witnessed 197 failures, with liabilities aggregating \$3,192,930, compared with 170 bankruptcies and liabilities totaling \$3,533,544 in January 1927.

**LABOR**—The employment situation still continues unsatisfactory in the Fifth reserve district, with more idle workers in the cities than at any other time in several years, but signs of improvement in the near future are more in evidence than was the case a month or two ago. Permits secured in January for construction work to be done during the coming spring and summer were the highest in value for any month since March 1926, and this work will give employment to many skilled and unskilled workmen. Coal miners and textile employees continued to work on restricted schedules during the past month, and prospects for immediate improvement in those industries do not appear bright. Farming operations will require some labor for planting during the next few weeks, but farm wages do not attract many city workers even when they are unemployed.

**COAL**—Bituminous coal production totaled approximately 44,208,000 net tons in January, an increase over 41,277,000 tons mined in December but a large decline from the 56,882,000 tons mined in January 1927. Total production during the present coal year to February 11th—approximately 267 working days—was 410,283,000 net tons, the lowest figure for any year since 1922-1923. Production in West Virginia and Pennsylvania was approximately the same during January and the first half of February. Retail stocks of both bituminous and anthracite coal are slightly larger than a year ago. Retail coal prices are lower this year than for several winters, and dealers are stocked with nearly all types and sizes. Deliveries to householders are about normal, but nearly all industrial consumers of coal are using less than seasonal average.

**TEXTILES**—Textile mills in the Fifth reserve district continued some curtailment of operations during January, but the mills in the Carolinas made a relatively better showing than the average for the nation. In cotton consumption, Fifth district mills used 257,948 bales last month, compared with 255,398 bales consumed in January a year ago. National consumption figures were lower in January 1928 than in January 1927, in contrast to the increase in the Fifth district. North Carolina mills consumed 140,634 bales last month, South Carolina mills used 105,904 bales, and Virginia mills 11,410 bales, the North and South Carolina figures exceeding those of January 1927. Orders received since the New Year were below seasonal average, due to a waiting attitude on the part of buyers in the face of a declining cotton market. Mills have apparently adopted a general policy of curtailment in operations rather than to accumulate manufactured stock, and the industry has gotten back to a hand-to-mouth basis. With the unsettling effects of acreage discussions preventing any real stabilization of the cotton market, the difficulties under which the mills are working do not appear likely to lessen materially until production probabilities for this year become apparent, but on the other hand the jobbers and retailers have small stocks and must buy a considerable amount of textiles for the spring and summer trade. Textile executives report strong price resistance by jobbers and retailers, and the margin of profit is claimed to be very narrow. On the whole, the outlook is less favorable than it was last fall, when buyers showed some disposition to anticipate their requirements.

## BUILDING OPERATIONS FOR THE MONTHS OF JANUARY 1928 AND 1927.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1928	1927	1928	1927			
		1928	1927	1928	1927							
1	Baltimore, Md.....	465	226	816	751	\$ 4,976,800	\$ 1,724,640	\$1,071,120	\$ 312,240	\$ 4,011,040	196.9%	1
2	Cumberland, Md....	4	4	3	2	8,225	14,475	375	800	— 6,675	— 43.7	2
3	Frederick, Md.....	2	5	0	2	4,400	66,500	0	5,900	— 68,000	— 93.9	3
4	Hagerstown, Md....	15	12	5	4	23,035	68,300	9,875	29,050	— 64,440	— 66.2	4
5	Danville Va.....	10	8	5	9	21,930	4,080	1,820	2,325	— 17,345	— 270.8	5
6	Lynchburg, Va.....	16	15	17	27	59,935	76,997	7,840	13,242	— 22,464	— 24.9	6
7	Norfolk, Va.....	54	39	65	59	86,575	136,833	48,515	25,505	— 27,248	— 16.8	7
8	Petersburg, Va.....	1	3	2	6	600	10,200	4,500	4,475	— 9,575	— 65.2	8
9	Richmond, Va.....	57	61	62	54	956,614	740,022	148,862	20,110	345,344	45.4	9
10	Roanoke, Va.....	32	49	19	14	220,878	147,549	14,884	2,240	85,973	57.4	10
11	Bluefield, W. Va..	10	8	1	4	5,805	54,754	200	1,900	— 50,649	— 89.4	11
12	Charleston, W. Va.	69	29	11	7	150,995	44,395	19,880	6,400	120,080	236.4	12
13	Clarksburg, W. Va.	13	5	9	2	94,510	4,175	57,480	300	147,515	3,296.4	13
14	Huntington, W. Va.	21	26	1	5	33,740	28,485	350	3,200	2,405	7.6	14
15	Parkersburg, W. Va.	11	16	2	4	69,650	125,300	2,100	9,200	— 62,750	— 46.7	15
16	Asheville, N. C. ....	21	21	28	37	117,525	196,200	16,405	8,575	— 70,845	— 34.6	16
17	Charlotte, N. C. ....	59	47	33	19	616,450	439,506	31,311	25,680	182,575	39.2	17
18	Durham, N. C. ....	38	30	12	8	7,178,400	69,900	21,038	14,450	7,115,088	8,435.2	18
19	Greensboro, N. C. ....	37	27	34	26	249,735	216,800	61,482	21,365	73,052	30.7	19
20	High Point, N. C. ....	31	31	5	3	110,400	85,050	2,530	1,425	26,455	30.6	20
21	Raleigh, N. C. ....	23	23	9	15	752,350	69,600	8,975	34,600	657,125	630.6	21
22	Salisbury, N. C. ....	16	11	11	6	65,675	98,250	3,575	4,650	— 33,650	— 32.7	22
23	Wilmington, N. C. ....	11	14	7	2	15,600	25,900	4,200	1,000	— 7,100	— 26.4	23
24	Winston-Salem, N. C. ....	69	62	46	28	297,275	159,980	15,250	30,025	122,520	64.5	24
25	Charleston, S. C. ....	17	13	23	24	11,460	6,800	13,000	27,265	— 9,605	— 28.2	25
26	Columbia, S. C. ....	19	8	43	15	72,750	193,800	23,920	2,415	— 99,545	— 50.7	26
27	Greenville, S. C. ....	11	6	25	29	34,000	16,800	21,530	14,800	23,930	75.7	27
28	Spartanburg, S. C. ....	22	19	12	6	67,595	34,785	4,970	6,850	30,930	74.3	28
29	Washington, D. C. ....	93	192	280	216	4,422,125	2,679,675	207,770	226,080	1,724,140	59.3	29
<b>Totals.....</b>		<b>1,247</b>	<b>1,010</b>	<b>1,586</b>	<b>1,384</b>	<b>\$20,725,032</b>	<b>\$ 7,539,751</b>	<b>\$1,823,757</b>	<b>\$ 856,067</b>	<b>\$ 14,152,971</b>	<b>168.6%</b>	

— 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.

After failing for fifteen consecutive months to equal the record of the corresponding month of the preceding year, building permits issued in twenty-nine leading cities of the Fifth reserve district turned upward in January and reached the highest valuation figure reported for any month since March 1926. Permits issued last month for new construction in the twenty-nine reporting cities numbered 1,247, compared with 1,010 permits issued for the same class of work in January a year ago, while January 1928 valuation figures totaled \$20,725,032, compared with only \$7,539,751 in the corresponding month of 1927. Seventeen cities issued a larger number of permits last month, while four cities issued the same number, leaving only eight cities which issued fewer permits than in January a year ago. In estimated valuation of new work, seventeen cities reported higher and twelve cities reported lower figures in January 1928 than in January 1927. In total valuation of all classes of work, including both new and alterations or repairs, sixteen cities gained while thirteen declined last month in comparison with January a year ago. Among the individual cities, the figures for Durham, N. C., stand out with a total of over \$7,000,000, due to extensive construction at Duke University. Baltimore's gain of more than \$4,000,000 and Washington's increase of nearly \$2,000,000 also stand out prominently. Richmond, Charlotte and Winston-Salem reported substantial gains in work provided for last month, but Norfolk reported a decrease in estimated valuation. Next to Durham, the highest percentage increase in valuation was reported by Clarksburg, W. Va., but this was caused chiefly by low figures in January 1927 rather than by unusually large totals last month. The same statement applies also to Raleigh, but to a less degree, Raleigh's January 1928 total ranking fifth among the cities of the district.

Building contracts awarded in the Fifth district in January totaled \$27,606,830, including both urban and rural construction, compared with \$27,776,000 awarded in January 1927. Of the January 1928 total, \$11,039,270 represented contracts for residential types of construction, according to statistics collected by the F. W. Dodge Corporation.

**COTTON**—The downward trend in spot cotton prices, which began last September, continued during January and early February. In our *Review* last month we quoted the average price paid growers for upland middling cotton on the Carolina markets during the week ended January 14th as 18.99 cents per pound. The weeks ended January 21st and 28th witnessed averages of 18.64 cents and 18.15 cents, respectively. In the first week of February, ended on the 4th, the average price

dropped below the 18 cents level to 17.28 cents. The market rallied during the week ended February 11th, however, and the average price rose to 17.55 cents per pound. Thus there was a net decline of nearly a cent and a half a pound, or \$7.50 a bale, during the latest four weeks for which figures are available.

According to the Census Bureau's consumption report for January, 582,417 bales of lint cotton were used by American mills during the month, compared with 543,598 bales consumed in December 1927 and 603,242 bales in January 1927. Cotton growing states consumed 438,966 bales in January, or 75.4 per cent of National consumption, compared with 437,779 bales, or 72.6 per cent of National consumption, used in January a year ago. Cotton held by consuming establishments numbered 1,706,893 bales at the end of January 1928, compared with 1,707,326 bales so held on December 31st and 1,852,074 bales on January 31, 1927. Public warehouses and compresses held 5,014,029 bales on January 31st this year, compared with 5,655,736 bales on December 31, 1927, and 6,158,508 bales on January 31, 1927. Exports in January totaled 728,935 bales, compared with 767,314 bales shipped abroad in December and 1,115,792 bales in January a year ago, while imports numbered 41,445 bales in January this year, 41,211 bales in December, and 56,939 bales in January last year. Spindles active in January numbered 31,697,876, compared with 31,715,388 in December and 32,635,706 in January 1927.

The Census Bureau's report of ginnings prior to January 16th, released on January 23rd, was remarkably close to the Department of Agriculture's final crop estimate of the year, given out in December. Total ginnings prior to January 16th were 12,501,845 bales, and the Department of Agriculture's final estimate last December was 12,789,000 bales. On the face of the ginning returns, the Carolinas apparently gathered a few hundred bales more this year than were expected, while the Virginia yield fell slightly below the official crop estimate. The final ginning report of the year will be issued in March.

**TOBACCO—VIRGINIA** auction tobacco sales in January totaled 25,301,177 pounds, and brought an average of \$16.68 per hundred pounds, all types included. Total sales of leaf tobacco this season to February 1st aggregated 116,694,854 pounds, approximately 82 per cent of the estimated crop, compared with 109,136,158 pounds, or about 75 per cent of the crop, sold prior to the same date in 1927. Bright, or flue-cured, tobacco sold in January totaled 15,598,006 pounds, at an average price of \$17.95 per hundred, compared with 14,199,641 pounds of this type sold in January 1927, at an average of \$21.04 per hundred. Dark, or fire-cured, tobacco sold in January totaled 6,627,443 pounds, compared with 10,767,095 pounds sold in January a year ago. The average price paid for Dark tobacco last month was \$11.37, compared with \$8.62 in January 1927. Prices for Dark tobacco advanced each month during the present selling season. Sales of Burley tobacco totaled 1,977,108 pounds last month. Burley sales, all at Abingdon, averaged \$26.02 per hundred in January, compared with \$16.03 per hundred in January a year ago. The January 1928 price is the highest paid for Burley since 1922. Sun-cured sales on the Richmond market totaled 1,098,620 pounds last month, compared with 1,227,845 pounds sold in January 1927. The average price paid for Sun-cured in January was \$13.78 per hundred, compared with \$10.58 in the corresponding month of 1927. Danville sold 7,139,423 pounds of Bright tobacco last month, South Boston sold 4,412,430 pounds of the same type, and Lynchburg sold 1,787,746 pounds of Dark tobacco. Danville also led the Bright markets in price paid with an average of \$19.34 per hundred, while Bedford paid an average of \$13.34 per hundred for 530,949 pounds of Dark tobacco, leading the Dark markets.

NORTH CAROLINA auction markets sold 25,344,667 pounds of tobacco for growers in January, at an average price of \$19.07 per hundred pounds, compared with 21,119,368 pounds sold for an average of \$20.88 per hundred in January 1927. Total sales this season, to February 1st, amounted to 458,030,000 pounds, compared with 361,909,000 pounds sold prior to February 1, 1927. Winston-Salem sold 7,727,955 pounds in January 1928, leading all markets, while Oxford with sales of 2,854,600 pounds and Durham with 2,794,406 pounds ranked second and third, respectively. In average price paid, Mebane led last month with \$25.06 per hundred pounds, Durham coming second with \$22.34. North Carolina this year has apparently raised the second largest tobacco crop ever raised by any state, the record being held by Kentucky which raised 512,000,000 pounds in 1919.

**AGRICULTURAL NOTES**—There is little activity on farms at this season of the year, and this year the weather was unfavorable for outside work between the middle of January and the middle of February. The cold temperatures were favorable for fruit trees, but on the other hand winter grains were damaged in some cases by hard freezes. The soil is in good condition for work when warm weather comes. In nearly all sections of the Fifth district there has been plenty of rain to give the ground a good supply of moisture. There is an effort being made by agricultural leaders to prevent acreage increases in cotton and tobacco this year. Fertilizer prices are said to be much higher than last year, but since comparatively little fertilizer was used in 1927 many farmers will have to increase their tonnage this year if production is to be kept up. Most of the farmers of the Fifth district are in better position to begin the year's operations than they were a year ago. On the whole, crops last fall brought more money than those of the preceding season, and in addition yields of both food and feed crops were good.

## FIGURES ON RETAIL TRADE

As Indicated By Reports from Thirty Representative Department Stores for the Month of January 1928

	<i>Baltimore</i>	<i>Richmond</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
Percentage increase in January 1928 sales over sales in January 1927:					
	— 5.3	1.5	— 2.0	— 8.2	— 3.7
Percentage increase in January 1927 sales over average January sales during the three years 1923-1925, inclusive:	.6	19.2	11.9	— 8.6	5.3
Percentage increase in stock on hand January 31, 1928, over stock on January 31, 1927:	— 5.8	— 1.1	1.3	— .9	— 2.2
Percentage increase in stock on hand January 31, 1928, over stock on December 31, 1927:	— 9.6	— 8.3	— 8.6	— 5.9	— 8.7
Percentage of sales in January 1928 to average stock carried during that month:	23.1	25.3	24.1	17.5	22.9
Percentage of collections in January 1928 to accounts receivable on January 1st:	27.3	30.5	32.6	32.4	29.9

— Denotes decreased percentage.

Retail trade in the Fifth reserve district in January, as reflected in sales of thirty leading department stores, was in smaller volume than in January 1927. Sales in January this year dropped 3.7 per cent below those of the same month last year, but averaged 5.3 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 2 per cent less, at retail selling prices, than at the end of January 1927, and were 8.7 per cent smaller than stocks on December 31, 1927. Sales in January averaged 22.9 per cent of stocks carried that month, and collections in January amounted to 29.9 per cent of outstanding receivables on January 1st. Collections in Baltimore and Richmond were better than last year, but Washington and the Other Cities reported the collection of smaller percentages of outstanding receivables.

The percentage formerly carried in the table showing the ratio of outstanding orders for merchandise to total purchases during the previous year has been discontinued. Since the general adoption of the so-called hand-to-mouth policy in buying, the outstanding order percentage has lost its significance.

## WHOLESALE TRADE, JANUARY 1928

	<i>31 Groceries</i>	<i>11 Dry Goods</i>	<i>5 Shoes</i>	<i>15 Hardware</i>	<i>5 Furniture</i>	<i>13 Drugs</i>
Percentage increase in January 1928 sales, compared with sales in January 1927:						
	— 4.3	— 7.1	— 8.7	.1	4.2	— 3.2
Percentage increase in January 1928 sales, compared with sales in December 1927:	— 1.7	29.2	62.3	5.1	37.0	12.5
Percentage increase in stock on January 31, 1928, compared with January 31, 1927:	— 4.0(11)*	25.0(4)*	—35.0(4)*	— .4(7)*	.....	.....
Percentage increase in stock on January 31, 1928, compared with December 31, 1927:	2.2(11)*	25.5(4)*	9.9(4)*	2.1(7)*	.....	.....
Percentage of collections in January to total accounts receivable on January 1, 1928:	59.2(18)*	31.9(8)*	33.6(5)*	36.3(11)*	25.7(3)*	47.9(8)*

— Denotes decreased percentage.

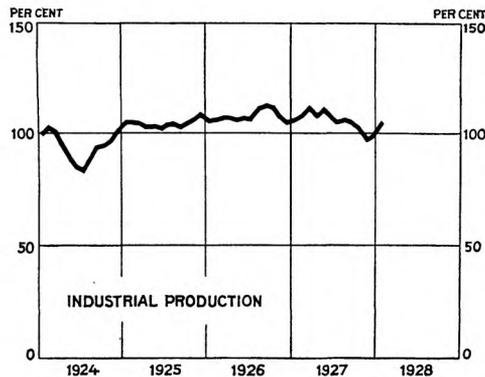
\* Number of reporting firms.

Eighty wholesale firms, representing six lines, reported on their January business, as shown in the accompany table of percentages. Sales in all lines except groceries showed seasonal increases over December sales. In comparison with sales in January 1927, sales in January this year were lower in every line reported upon except hardware and furniture. 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, shoes and hardware held by the reporting firms were lower than at the end of January 1927. Collections in January were slower in every line than collections in January a year ago.

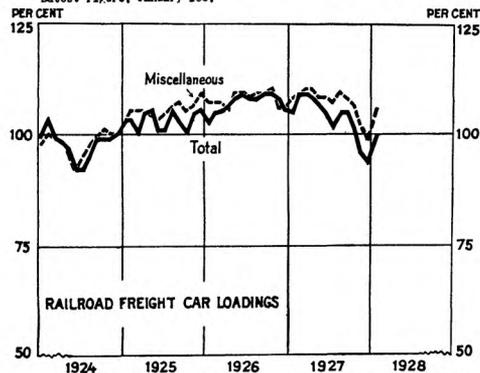
(Compiled February 20, 1928)

# BUSINESS CONDITIONS IN THE UNITED STATES

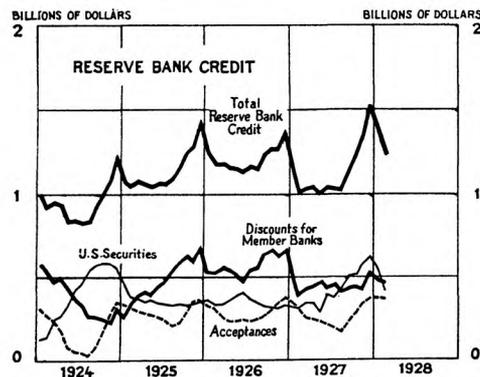
(Compiled by the Federal Reserve Board)



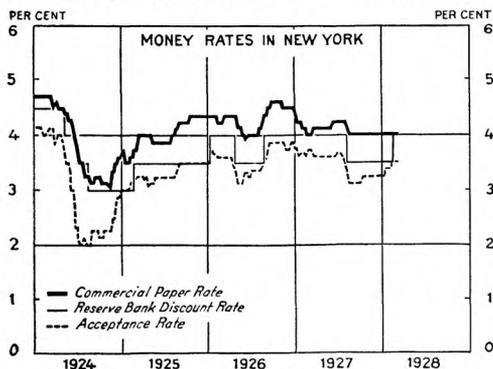
Index number of production of manufactures and minerals combined, adjusted for seasonal variations (1923-1925 average = 100). Latest figure, January 106.



Cars of revenue freight loaded as reported by the American Railway Association. Index numbers adjusted for seasonal variations, (1923-25 average = 100). Latest figures, January, total 100, miscellaneous 106.



Monthly averages of daily figures for 12 Federal Reserve banks. Latest figures are averages of first 22 days in February.



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

Industrial production and shipments of commodities by railroads increased considerably in January from the low point reached at the end of 1927. The general level of wholesale commodity prices showed a slight decline.

**PRODUCTION.** The increase of 6 per cent in industrial production from December to January reflected a larger output of manufactures, particularly of iron and steel and automobiles. Daily average production of steel ingots increased by over 25 per cent, the largest monthly increase since 1924. Buying of steel products by the railroads, and by the automobile and construction industries, was also active in January, and, notwithstanding the large volume of production and shipments, unfilled orders showed an increase during the month. Since the first of February production of steel products has continued active with new orders and shipments more nearly in balance than in previous months. Automobile production, which in December was in the smallest volume since 1922, increased considerably in January and was only slightly smaller than in the same month of the preceding year. Cotton consumption showed about the usual seasonal increase in January following substantial curtailment in December, and the woolen and silk industries were somewhat more active than in December. Production of metals, after adjustment for customary seasonal changes, was in practically the same volume in January as in December. Building contracts awarded in January exceeded those for the corresponding month of last year and awards during the first half of February were in practically the same volume as a year ago.

**TRADE.** Sales of department stores showed more than the usual seasonal decline in January from the high levels in December and averaged slightly smaller than in January of last year. Sales of mail order houses, on the other hand, were about 6 per cent larger than a year ago. Wholesale trade in nine leading lines averaged larger than in January of last year. Stocks of groceries and hardware carried by wholesale firms were smaller than a year ago, but reports in other lines indicated that stocks were somewhat larger. Freight car loadings for all groups of commodities were larger in January than in December, the increase being particularly large for miscellaneous commodities. Compared with January of last year, however, loadings of all classes of commodities except live stock were smaller.

**PRICES.** The Bureau of Labor Statistics index number of wholesale commodity prices declined from 96.8 per cent of the 1926 average in December to 96.3 per cent in January. Prices of farm and hide and leather products increased, while prices of meats and dairy products, textiles, fuels, nonferrous metals and rubber declined. During the first two weeks of February, prices of grains, cotton, silk and wool advanced, while those of cattle, sugar and rubber declined.

**BANK CREDIT.** For the four weeks ending February 15th, total loans and investments of member banks in leading cities showed a decline of more than \$200,000,000, the decline being almost entirely in loans on securities. From the peak at the turn of the year this class of loans decreased by nearly \$460,000,000. Loans for commercial purposes, after a further decline in January, showed a seasonal increase in the first two weeks of February. The decline in the volume of loans since the first of the year has been accompanied by a corresponding decline in net demand deposits, while time deposits have continued to increase. At the reserve banks the total volume of member bank borrowing declined seasonally during the opening weeks of the year and reached a low point on January 25th, but increased by about \$70,000,000 between that date and February 21st. This increase in discounts accompanied smaller reductions in the reserve banks' holdings of United States securities and acceptances, and the total volume of reserve bank credit in use showed an increase for the four weeks. During the four weeks ending February 21st, a firmer tendency in the money market was indicated by increased rates on call and time loans and by a further increase from 3% per cent to 3½ per cent in the rate on 90-day bankers' acceptances. Between January 25th and February 21st discount rates at eleven Federal reserve banks were advanced from 3½ to 4 per cent.