

# MONTHLY REVIEW

## CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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### FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 28, 1930

1930 began with business at or near seasonal levels in the Fifth Federal reserve district. On the whole the developments of the first six weeks of this year compare favorably with those in the same period last year. Speaking collectively, the member banks in the district are in a more satisfactory condition at present than they were a year ago. Their loans are lower this year, and their deposits are also down somewhat, but their borrowing at the reserve bank has been approximately cut in half, while their investments, reserve balances and cash in vaults show relatively little change. This Bank's earning assets are lower than a year ago, but the cash reserves and the ratio of reserves to note and deposit liabilities combined are much higher. Debits to individual accounts figures in the leading cities of the Fifth district have been running behind the figures for the preceding year since last November, but probably much of this decrease is due to lessened activity in stock trading this year and is therefore not indicative of any material decline in ordinary business payments. Savings deposits in both mutual savings and member banks are higher than a year ago, testifying to large purchasing power in the district. Employment conditions are less satisfactory now than in February 1929, but prospects for additional work improved during the past month. Coal production continues at seasonal levels, and with relatively low reserve stocks on January 1st the prospects for fair demand during the next few months are at least equal to those of last year. Tobacco markets sold comparatively large amounts of tobacco in January for prices somewhat above the January 1929 prices for most types. The tobacco manufacturing industry in the Fifth district grew more in 1929 than the average for the Nation. Retail trade in January was better than in the same month last year in Maryland, the District of Columbia, and in West Virginia. Wholesale trade reported seasonal gains in January business over December, but was a little lower than the volume of trade in January 1929. Finally, the situation in the construction field improved in January in comparison with the past several months. Permits issued in January exceeded in valuation those of December and also were larger than

the figures for January last year, and figures for contracts actually awarded last month were at approximately the seasonal level.

The outstanding unfavorable elements in the situation in the Fifth district are the very low cotton prices and short yields of cotton in certain sections of the Carolinas, the poor demand for cotton textile products, an increase in commercial failures, and a marked decline in retail and wholesale trade in the Carolinas. These weak spots in the business field have been reflected to other lines, of course, and the effects have been felt in other sections which have business dealings with the affected areas. The Eastern counties in South Carolina are the most seriously affected by the disastrous decline in cotton prices, the yield of cotton in those counties having been small last year, but some cotton growing counties in North Carolina are nearly as hard hit.

#### Reserve Bank Statement.

ITEMS	000 omitted		
	Feb. 15 1930	Jan. 15 1930	Feb. 15 1929
Rediscounts .....	\$ 21,149	\$ 29,918	\$ 36,999
Open market paper.....	14,124	11,736	15,736
Government securities .....	9,902	9,902	2,775
Total earning assets.....	\$ 45,175	\$ 51,556	\$ 55,510
Circulation of Fed. Res. notes....	81,543	86,373	76,704
Members' reserve deposits.....	65,775	64,114	68,082
Cash reserves .....	113,216	105,916	98,264
Reserve ratio .....	75.69	69.06	66.63

Rediscounts for member banks held by the Federal Reserve Bank of Richmond declined \$8,769,000, or 29.3 per cent, between January 15th and February 15th, both this year, and on the latter date totaled \$15,850,000, or 42.8 per cent, less than on February 15th last year. About 80 per cent of last month's decline and approximately 60 per cent of the year's decrease in member bank borrowing at the reserve bank was in rediscounts for banks in the larger cities. The Bank increased its portfolio of open market paper by \$2,388,000, or 20.3 per cent, last month, but assets of this character dropped \$1,612,000, or 10.2 per cent, during the year. Government security holdings of the

Richmond bank remained unchanged from January 15th to February 15th at a figure \$7,127,000, or 256.8 per cent, above that of February 15, 1929. The various changes in earning assets during the month and year resulted in a net decrease in total earning assets of \$6,381,000, or 12.4 per cent, between January 15th and February 15th, and of \$10,335,000, or 18.6 per cent, between February 15th last year and the corresponding date this year.

The circulation of Federal reserve notes declined \$4,830,000, or 5.6 per cent, between January 15th and February 15th, a regular seasonal reduction, but on February 15th this year circulation exceeded that of February 15, 1929, by \$4,839,000, or 6.3 per cent. Member bank reserve deposits at the Federal Reserve Bank of Richmond rose 2.6 per cent last month, being \$1,661,000 higher at the middle of February than on January 15th, but a decline in reserve deposits of \$2,307,000, or 3.4 per cent, occurred during the past year, chiefly due to lower aggregate deposits in member banks against which reserves must be carried. The several changes mentioned, with others of less significance, raised the total cash reserves of the Richmond bank as of February 15, 1930, to a point \$7,300,000, or 6.9 per cent, above the total on January 15, 1930, and \$14,952,000, or 15.2 per cent, above the total on February 15, 1929. The ratio of cash reserves to note and deposit liabilities combined was 75.69 per cent on February 15th this year, 6.63 points higher than a month earlier and 9.06 points higher than on February 15th a year ago.

### Member Bank Statement.

ITEMS	000 omitted		
	Feb. 12 1930	Jan. 15 1930	Feb. 13 1929
Loans on stocks and bonds (including Governments) .....	\$192,139	\$188,682	\$201,799
All other loans.....	302,464	309,650	316,055
Total loans and discounts.....	\$494,603	\$498,332	\$517,854
Total inv. in bonds & stocks.....	155,109	153,199	158,408
Reserve balance at F. R. Bank..	37,979	39,709	41,241
Cash in vaults.....	11,147	11,481	11,412
Net demand deposits.....	352,830	352,924	369,679
Time deposits.....	240,177	235,410	239,668
Borrowed from Fed. Res. Bank....	7,234	14,258	16,820

The figures in the above table are totals of the principal items of condition as of the three dates for fifty-eight member banks in twelve of the leading cities of the Fifth Federal reserve district.

Loans on stocks and bonds at the reporting member banks increased \$3,457,000, or 1.8 per cent, during the past month, but on February 12th were \$9,660,000, or 4.8 per cent, less than loans on stocks and bonds on February 13, 1929. All other loans declined last month by \$7,186,000, or 2.3 per cent, and at the middle of February were \$13,591,000, or 4.3 per cent, less than a year earlier. Total loans and discounts show net declines of \$3,729,000, or 7/10ths of 1 per cent, in the past month and \$23,251,000, or 4.5 per cent, in the year. Investments in bonds and securities by the reporting banks changed relatively little during the year, on February 12th being \$1,910,000 higher than a

month earlier but \$3,299,000 below the total on February 13, 1929. Aggregate reserve deposits of the fifty-eight reporting banks on February 12, 1930, were \$1,730,000, or 4.4 per cent, less than reserves a month earlier and \$3,262,000, or 7.9 per cent, below the total a year ago, last month's decline representing little more than a daily fluctuation while the year's decrease is accounted for by lower deposits against which reserves are carried. Cash in vaults decreased slightly last month as is usual at this season of the year, and on the latest report date was \$265,000, or 2.3 per cent, less than a year earlier. Aggregate deposits made a net gain of \$4,673,000 between January 15th and February 12th, a very slight decrease in demand deposits being offset by a rise in time deposits. On February 12th this year aggregate deposits were \$16,340,000, or 6.8 per cent, less than total deposits on February 13, 1929, the decrease being entirely in demand deposits. Time deposits at the middle of February were \$509,000 above time deposits on February 13th last year, a very small figure but a significant one, this being the first increase of time deposits over the corresponding figure a year earlier since October 1928. The fifty-eight reporting banks reduced their borrowing at the reserve bank still further last month, their rediscounts at the Richmond bank declining between January 15th and February 12th by \$7,024,000, or 49.3 per cent, and on the latter date being \$9,586,000, or 57.0 per cent, less than on February 13, 1929.

### Debits to Individual Accounts.

CITIES	000 omitted		
	Total Debits, Five Weeks Ended		
	Feb. 12 1930	Jan. 8 1930	Feb. 13 1929
Asheville, N. C.....	\$ 30,180	\$ 33,098	\$ 30,565
Baltimore, Md. ....	463,752	503,697	468,501
Charleston, S. C.....	24,940	31,750	31,468
Charleston, W. Va.....	49,351	59,089	47,737
Charlotte, N. C.....	62,213	65,181	69,943
Columbia, S. C.....	28,426	33,500	28,676
Cumberland, Md. ....	10,264	11,093	11,088
Danville, Va. ....	12,297	14,958	12,035
Durham, N. C.....	32,370	33,889	39,530
Greensboro, N. C.....	25,522	28,216	29,786
Greenville, S. C.....	26,531	27,442	29,497
Hagerstown, Md. ....	10,839	12,893	12,287
Huntington, W. Va.....	25,933	29,427	26,730
Lynchburg, Va. ....	22,839	26,215	23,643
Newport News, Va.....	12,441	14,564	12,316
Norfolk, Va. ....	68,183	77,288	75,486
Portsmouth, Va. ....	5,981	6,015	6,273
Raleigh, N. C.....	25,437	30,504	37,256
Richmond, Va. ....	157,264	178,577	172,261
Roanoke, Va. ....	36,742	41,869	34,045
Spartanburg, S. C.....	16,324	19,619	17,674
Washington, D. C.....	276,115	288,524	320,584
Wilmington, N. C.....	16,738	21,438	20,297
Winston-Salem, N. C...	48,832	48,811	54,070
District Totals .....	\$1,489,514	\$1,637,657	\$1,611,748

Aggregate payments by check drawn on the clearing house banks in twenty-four leading cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of five weeks, thus affording opportunity for comparison of the latest

figures, for the five weeks ended February 12, 1930, with the preceding like period this year and the corresponding period a year ago.

An examination of the figures shows a seasonal decline in total payments during the latest five weeks in comparison with the preceding period ended January 8th. The earlier period was raised to high figures by transactions in December preceding Christmas and by large annual payments on or about January 1st. The decrease this year was somewhat larger than occurs in most years, however, and was district wide, every city reporting lower totals for the five weeks ended February 12th except Winston-Salem, N. C. The average decline in the district in the later period was slightly more than 9 per cent.

A comparison of the figures for the five weeks ended February 12th this year with the corresponding period ended February 13, 1929, discloses a decrease for the 1930 period of 7.6 per cent, the most unfavorable comparison with the same period of the preceding year for any month since September 1928, and the third consecutive month in which debits to individual accounts dropped below those of the preceding year. In the five weeks ended February 12, 1930, only four of the twenty-four reporting cities showed larger figures than a year ago, these being Roanoke with an increase of 7.9 per cent, Charleston, W. Va., with a gain of 3.4 per cent, Danville with 2.2 per cent, and Newport News with 1.0 per cent. Baltimore showed a very small decrease, but all of the other larger cities declined materially, Washington decreasing 13.9 per cent, Charlotte 11.1 per cent, Norfolk 9.7 per cent, and Richmond 8.7 per cent. Winston-Salem, which reported the only gain for the period under review over the immediately preceding five weeks, showed a decline of 9.7 per cent in comparison with the 1929 period. It is probable that the decline in check payments this year does not actually represent as great a decrease in general business as the figures might indicate, the 1929 figures having been swelled to a considerable extent by stock trading, of which there appears to be much less this year.

### **Savings Deposits.**

At the close of business January 31st, twelve mutual savings banks in Baltimore had aggregate deposits totaling \$190,250,263, in comparison with \$189,048,745 on December 31, 1929, and \$187,929,960 on January 31, 1929. Time deposits in fifty-eight reporting member banks also increased last month and reached a level above that of the corresponding date last year. Time deposits in the fifty-eight member banks totaled \$240,177,000 on February 12th, compared with \$235,410,000 on January 15th this year and \$239,668,000 on February 13th last year.

### **Commercial Failures.**

Business failures in most years are at the highest point in January, due to the strain of year-end settlements, and in January this year insolvencies in the Fifth district numbered 184, compared with 116 in December and 170 in January last year. However, the district increase of 8.2 per cent during the year was

a little better than the National increase of 8.8 per cent. Liabilities involved in Fifth district bankruptcies last month totaling \$4,509,938 compared with \$2,032,894 in December and \$2,165,331 in January 1929, the year's increase of 108.3 per cent contrasting quite unfavorably with the National rise of 13.6 per cent. The number of insolvencies in the district last month was larger than in any other month since January 1928, and the January 1930 liabilities were the largest monthly total since November 1928.

### **Employment Conditions.**

No material change occurred in employment conditions in the Fifth reserve district during the past month, but prospects for additional work later in the year improved. There is evidence of an increase in construction activities to be begun during the first half of 1930, and some industrial plants are reporting increased orders. For example, a car manufacturing plant in Richmond has recently announced receipt of a large order for box cars from a leading railroad, which will enable the company to give employment to a large number of men for several months. A new cigarette plant now nearing completion in Richmond will open shortly, and will employ several hundred new workers, most of whom will be women. On the whole, the outlook seems to have improved distinctly since the first of the year, and with the approach of warm weather to lighten the expenses of living the unemployment situation should be less serious than for the past few months.

### **Coal.**

Bituminous coal production in the United States in January 1930 totaled 49,778,000 net tons, compared with 46,200,000 tons mined in the shorter month of December and 51,456,000 tons in January a year ago. The increase last month in comparison with December was larger than the longer month accounted for, daily production being higher than in the earlier month. Total production this coal year to February 8th (approximately 265 working days) amounted to 449,510,000 net tons, a higher figure than for the corresponding periods of the two preceding years but less than the output in 1926-27. West Virginia continued to lead all states in the mining of bituminous coal in January.

The United States Bureau of Mines, Department of Commerce, issued a report on February 18th on commercial stocks of coal as of January 1, 1930. This report showed an increase in the stock of bituminous coal since October 1st, indicating production greater than consumption during the fall and winter. Most of the excess production over consumption occurred in October. However, the reserve stocks on January 1, 1930, were the lowest for any corresponding date since 1923. The cold weather this season increased consumption, and in November, December and January it was greater than in the corresponding months a year earlier.

### **Textiles.**

The textile industry in the Fifth district is probably in worse condition than any other major industry, with

the possible exception of lumbering. Yarn and cloth mills are operating below capacity, and are finding buyers reluctant in placing orders except for immediate or very early shipment. Some of the mills are accumulating more manufactured stock in their warehouses than they like, and there is much complaint about low profits on the goods sold. Most of the mills are keeping their employees at work on at least part time, but some wage reductions have been announced in the district. However, there is no concerted action on wage reductions, the cases that have occurred being worked out independently by each mill.

The textile manufacturing establishments of the Fifth reserve district consumed 261,391 bales of cotton in January this year, of which North Carolina mills used 138,302 bales, South Carolina mills 110,519 bales, and Virginia mills 12,570 bales. Consumption of cotton in the district totaled 290,146 bales in January last year. The cotton used in the two Carolinas and Virginia in January 1930 was 45.28 per cent of consumption in the United States for that month, and compared with 43.42 per cent of National consumption used in the same states in January 1929.

### Cotton Statistics.

In our January 31st *Review* we quoted the average spot cotton price on leading Southern markets on January 17th as 16.80 cents per pound, but since that time there has been a marked softening of the market and the average price dropped below the 16 cents line to an average of 15.70 cents on January 31st, and on February 7th fell below the 15 cents mark to 14.67 cents. There was a partial recovery during the latest week for which figures are available, and on February 14th the average price was 15.33 cents. This price was 3.49 cents per pound below the average on the corresponding date in 1929, a decline of approximately \$17.50 per bale.

Consumption of cotton in the mills of the United States in January totaled 577,235 bales, an increase over 453,892 bales used in December but 13.6 per cent below the January record of 668,286 bales set in 1929, according to the February 14th report of the Bureau of the Census. Total consumption of cotton in the six months ended January 31st amounted to 3,319,837 bales, against 3,447,645 bales consumed in the corresponding period of the 1928-1929 season. Cotton on hand at manufacturing establishments on January 31, 1930, totaled 1,830,096 bales, compared with 1,844,248 bales on hand a month earlier, December 31st, and 1,768,165 bales on January 31, 1929. Public warehouses and compresses held 5,406,771 bales of cotton in storage at the end of January, compared with 5,914,422 bales in storage a month earlier and 4,615,312 bales a year ago. Bales of cotton exported last month totaled 728,737, a smaller figure than 910,321 bales shipped over seas in December or 788,595 bales exported in January last year. January 1930 imports totaled 51,474 bales, compared with 36,190 bales in December and 54,939 bales in January 1929. Cotton spindles active at some time in January numbered 29,198,134, compared with 29,069,510 in December and 30,753,168 in January 1929.

Consumption of cotton in the cotton growing states numbered 451,519 bales in January 1930, against 353,971 bales in December and 508,221 bales in January last year. The cotton growing states used 78.22 per cent of National consumption in January this year, compared with 77.99 per cent in December and 76.05 per cent in January 1929. Of the 451,519 bales used in Southern states last month, the three Fifth district states which manufacture cotton goods, the two Carolinas and Virginia, consumed 261,391 bales, or 57.89 per cent, compared with 57.09 per cent in January last year.

### Tobacco Marketing.

Virginia auction markets sold 30,822,463 pounds of producers' tobacco in January, at an average price of \$17.97 per hundred pounds. Season sales to February 1st totaled 112,649,230 pounds, approximately 86 per cent of the estimated sales for the season. In January 1929 sales of 24,348,739 pounds of tobacco brought the season sales up to 98,176,637 pounds, which was 83.7 per cent of the year's total sales. Flue-cured tobacco sold in January totaled 16,306,242 pounds, at an average price of \$16.46 per hundred, compared with 11,971,795 pounds of this type sold in January 1929, at an average of \$15.36 per hundred. Fire-cured tobacco sales in January were unusually heavy, totaling 8,338,601 pounds compared with 7,730,008 pounds in January 1929. The average price paid for fire-cured tobacco last month was \$18.13, the highest January price since 1925, compared with \$12.45 in January last year. Sales of Burley tobacco, all at Abingdon, totaled 4,489,552 pounds last month, and averaged \$24.76 per hundred pounds, sales of this type being the largest for any month on record. Sun-cured sales on the Richmond market totaled 1,686,098 pounds last month, and the average price received by growers was \$13.62 per hundred pounds. Danville sold 8,569,154 pounds of flue-cured tobacco last month, South Boston sold 3,959,303 pounds of the same type, and Lynchburg with 2,276,172 pounds led the fire-cured markets. Petersburg led the flue-cured markets in price paid with an average of \$17.84 per hundred pounds, while Drakes Branch paid an average of \$21.69 per hundred for fire-cured tobacco, leading the markets for that type. The quality of tobacco sold in January 1930 was better than in January 1929. The Burley market at Abingdon closed early in February and some flue-cured markets have also closed, but the remainder will continue operations until about March 1st.

North Carolina auction markets sold 26,708,007 pounds of tobacco for growers in January, at an average price of \$16.80 per hundred pounds, compared with 27,798,339 pounds sold for an average of \$16.30 per hundred in January 1929. Total sales this season, to February 1st, amounted to 473,047,438 pounds, compared with 475,123,360 pounds sold prior to February 1, 1929. Winston-Salem sold 7,666,598 pounds in January 1930, leading all markets, while Henderson with sales of 3,177,644 pounds and Oxford with 2,772,222 pounds ranked second and third, respectively. In average price paid, Mebane led last month with

\$20.62 per hundred pounds, Roxboro coming second with \$19.67.

### Tobacco Manufacturing.

Internal revenue figures released by the Treasury Department show the importance of the Fifth reserve district in the tobacco industry. For example, in 1929 this district paid \$291,565,933.55 in taxes on cigarettes alone, out of a total of \$357,205,753.91 paid by the entire country. North Carolina paid taxes on cigarettes amounting to \$223,168,258.44, and Virginia paid \$68,397,602.04, both leading the third state, New York, by a very wide margin. North Carolina also led all states with taxes totaling \$22,824,616.10 on smoking and chewing tobacco and snuff. Virginia paid \$1,057,051.33 taxes on cigars manufactured, but this amount was exceeded by six other states, most of Virginia's cigars being cheap package goods. Out of aggregate tobacco taxes paid to the Federal Government in 1929 totaling \$449,058,963.84, the Fifth district paid \$321,630,291.55, or nearly 72 per cent. North Carolina alone paid 54.9 per cent of all tobacco manufacturing taxes last year. Total taxes collected by the Government on tobacco products in 1929 exceeded the 1928 taxes by 9.3 per cent, but the amount paid by North Carolina increased 14.3 per cent last year and Virginia's aggregate tax rose 15.6 per cent. The third tobacco manufacturing state, New York, showed a decline in 1929 taxes paid of 19.1 per cent in comparison with the 1928 figures. An interesting feature of the Treasury Department report was a gain in tobacco manufacturing taxes paid by Kentucky of 105.7 per cent, due to an increase in taxes paid on cigarettes from approximately \$2,000,000 in 1928 to \$11,000,000 in 1929.

### Retail Trade, 35 Department Stores.

Jan. 1930 sales, compared with Jan. 1929:				
Baltimore	Washington	Other Cities	District	
10.0	1.6	— 9.7	2.8	
Jan. 31, 1930 stocks, compared with Jan. 31, 1929:				
— 3.5	— 0.5	— 5.8	— 3.0	
Jan. 31, 1930 stocks, compared with Dec. 31, 1929:				
— 6.9	— 6.3	— 6.1	— 6.5	
Times stock turned in Jan. 1930:				
0.270	0.253	0.187	0.244	
Percentage of Jan. 1, 1930 receivables collected in Jan.:				
27.1	31.7	34.1	29.9	

— Denotes decreased percentage.

This month we include figures in the table on retail trade from thirty-five leading department stores in the Fifth reserve district, an increase of five stores over the number which reported regularly in 1929. Four of the additional stores are located in North Carolina, giving that state better representation in the statistics than it had previously. Sales in January for the 35 stores as a whole were slightly larger than total sales in the same stores in January 1929, but the increase was almost entirely due to favorable returns from Baltimore and Washington. Outside of those two cities, only four stores reported higher sales in January this year than in January a year ago, one of the four being in North Carolina and the other three in West Vir-

ginia. Of the 35 reporting stores, including those in Baltimore and Washington as well as those in the Other Cities, only 13 stores reported higher figures for last month. Percentage changes in sales varied very widely, ranging all the way between an increase in one store of 49 per cent down to a decrease in another of 41 per cent.

Stocks carried by the reporting stores at the end of January 1930 were lower than stocks on hand a year ago, and also showed a seasonal reduction in comparison with stocks on hand on December 31st as a result of the usual January clearance sales. The rate of turnover of stock was slightly higher in January this year than in the corresponding month last year in most of the stores, but Washington showed a small decline in this item. At this time in 1929 retail trade in Washington was better than in most sections of the district, however.

Collections in January averaged slower than in January 1929, due to a falling off in Baltimore and Washington. The Other Cities stores showed a larger percentage of outstanding receivables as collected in January this year than in 1929.

### Wholesale Trade, 69 Firms.

Jan. 1930 sales, compared with Jan. 1929:				
27	10	5	15	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
— 0.9	— 1.8	19.1	— 6.1	—17.9
Jan. 1930 sales, compared with Dec. 1929:				
7.4	21.1	95.3	23.0	12.2
Jan. 31, 1930 stocks, compared with Jan. 31, 1929:				
2.2(10*)	—17.0(4*)	21.9(4*)	— 3.6(8*)	.....
Jan. 31, 1930 stocks, compared with Dec. 31, 1929:				
9.2(10*)	8.4(4*)	10.5(4*)	1.8(8*)	.....
Percentage of Jan. 1, 1930 receivables collected in Jan.:				
58.2(17*)	37.2(7*)	27.9(5*)	33.0(12*)	61.6(9*)

— Decreased percentage. \* Number firms reporting.

Wholesale trade in the Richmond Federal reserve district was seasonally better in January than in December, but was below the volume of business done in January 1929, according to reports from sixty-nine firms in five leading lines. All lines reported materially larger sales in January than in December, shoe jobbers showing the largest increase, but all lines except shoes reported lower sales last month than in January last year. The unusual decline in drugs was due in part to large sales in 1929 on account of an epidemic of influenza.

Wholesale stocks increased in January, preparatory for Spring trade, and at the end of the month stocks of groceries and shoes were larger than a year ago. Dry goods and hardware stocks were smaller this year.

January collections of receivables outstanding on January 1st were slower in every line reported upon than in January 1929, groceries showing the smallest decline. Collections in January also compared unfavorably with December collections in all lines except drugs, which rose from 54.7 per cent of December 1st receivables collected during that month to 61.6 per cent of the January 1st receivables which were collected last month. The general decline in January collections below those of December is unusual.

### Building Permits Issued.

A detailed table of building permits issued in the Fifth reserve district in January 1930 and January 1929 appears below. After an unfavorable record during the closing months of 1929, building permits in thirty-two Fifth district cities turned upward in January and exceeded in estimated valuation the volume of work provided for in January permits of the preceding year. New work provided for in January 1930 permits was higher valued than permits for similar work issued in any other month since July 1929, and was 10.8 per cent above estimated valuation in January 1929. The actual number of permits issued last month was less than in the corresponding month of the previous year, but the average value of each permit was higher in the 1930 month. The value of alteration and repair permits issued last month was less than in January 1929, chiefly due to unusually high figures for this class of work in January last year in several cities. Combined valuation figures for all classes of permits issued in January 1930 exceeded the January 1929 total by \$414,103, or 4.3 per cent. Exactly half of the thirty-two reporting cities showed higher 1930 valuation figures, the smaller cities comparing somewhat more favorably with their 1929 records than the larger cities, of which only Baltimore,

Charleston, W. Va., Huntington and Washington reported larger totals this year. Huntington reported the greatest percentage increase over the January 1929 valuation figures, Salisbury, N. C., and Rocky Mount ranking second and third, respectively, but the size of the increases in Huntington and Salisbury were partly due to low figures last year. Norfolk reported higher figures for new construction last month than last year, but a material decrease in alteration and repair work resulted in a decline in the 1930 total for all classes of work.

### Building Contracts Awarded.

Contracts awarded for construction work in the Fifth reserve district in January this year totaled \$27,432,558, including both urban and rural construction, compared with \$28,747,575 awarded in January 1929 and \$27,606,830 in January 1928, the closeness of the three figures apparently indicating about the normal seasonal awards last month. Of the January 1930 total, \$5,289,093 represented contracts for residential types of construction, a considerably smaller proportion of total awards than in either 1929 or 1928. The figures in this paragraph were compiled by states by the F. W. Dodge Corporation and rearranged according to reserve district lines by the Division of Research and Statistics of the Federal Reserve Board.

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per Cent of Increase or Decrease	No.
		New		Repairs		1930	1929	1930	1929			
		1930	1929	1930	1929							
1	Baltimore, Md.....	382	326	758	775	\$ 2,232,960	\$ 1,977,360	\$ 363,840	\$ 472,800	\$ 146,640	6.0%	1
2	Cumberland, Md.....	6	9	3	3	5,827	14,540	1,500	525	— 7,738	— 51.4	2
3	Frederick, Md.....	7	7	8	3	28,980	22,150	7,345	3,950	10,225	39.2	3
4	Hagerstown, Md....	11	3	3	4	18,525	8,555	440	1,950	8,460	80.5	4
5	Salisbury, Md.....	24	20	7	10	42,450	73,700	8,550	7,550	— 30,250	— 37.2	5
6	Danville, Va.....	4	3	12	9	1,225	4,250	4,508	2,720	— 1,237	— 17.7	6
7	Lynchburg, Va.....	7	12	23	11	25,550	20,550	33,085	10,265	27,820	90.3	7
8	Norfolk, Va.....	37	48	49	55	214,462	211,578	32,760	80,335	— 44,691	— 15.3	8
9	Petersburg, Va.....	2	8	2	2	1,400	30,550	925	4,000	— 32,225	— 93.3	9
10	Portsmouth, Va.....	12	14	15	14	42,435	12,250	6,829	27,128	9,886	25.1	10
11	Richmond, Va.....	61	71	45	43	1,030,408	1,169,496	38,975	35,031	— 135,144	— 11.2	11
12	Roanoke, Va.....	33	23	12	11	112,767	98,068	60,998	4,815	70,882	68.9	12
13	Bluefield, W. Va....	1	2	2	3	250	55	525	995	— 275	— 26.2	13
14	Charleston, W. Va.	28	23	5	17	70,258	40,380	2,250	14,000	18,128	33.3	14
15	Clarksburg, W. Va.	7	6	2	5	4,910	3,525	1,400	1,050	1,735	37.9	15
16	Huntington, W. Va.	12	16	1	0	204,635	19,241	5,000	0	190,394	989.5	16
17	Asheville, N. C.....	3	22	33	45	7,330	260,575	59,550	116,600	— 310,295	— 82.3	17
18	Charlotte, N. C.....	28	48	18	32	91,700	376,185	33,310	70,700	— 321,875	— 72.0	18
19	Durham, N. C.....	14	28	3	4	79,586	167,748	5,200	5,450	— 88,412	— 51.0	19
20	Greensboro, N. C....	7	71	18	28	29,000	983,278	7,130	37,276	— 984,424	— 96.5	20
21	High Point, N. C....	5	26	3	3	28,000	106,375	2,600	750	— 76,525	— 71.4	21
22	Raleigh, N. C.....	20	12	12	11	116,350	45,950	12,485	14,450	68,435	113.3	22
23	Rocky Mount, N. C.	10	9	2	2	30,440	8,085	4,050	800	25,605	288.2	23
24	Salisbury, N. C.....	6	2	0	1	9,490	1,350	0	150	7,990	532.7	24
25	Wilmington, N. C....	10	6	8	19	24,900	29,400	5,600	17,500	— 16,400	— 35.0	25
26	Winston-Salem, N. C.	24	37	35	71	11,680	120,730	11,670	57,222	— 154,602	— 86.9	26
27	Charleston, S. C.....	10	11	33	38	7,375	29,950	6,265	8,589	— 24,899	— 64.6	27
28	Columbia, S. C.....	26	20	21	31	83,700	33,600	16,000	9,325	56,775	132.3	28
29	Greenville, S. C.....	11	3	27	30	58,650	12,600	9,470	21,885	33,635	97.5	29
30	Rock Hill, S. C.....	7	13	7	5	15,200	9,575	2,625	700	7,550	73.5	30
31	Spartanburg, S. C....	8	17	14	14	17,350	40,150	3,010	3,000	— 22,790	— 52.8	31
32	Washington, D. C.	99	156	345	475	4,311,700	2,155,375	228,470	403,070	1,981,725	— 77.5	32
	Totals.....	922	1,072	1,530	1,774	\$ 8,959,493	\$ 8,087,174	\$ 976,365	\$ 1,434,581	\$ 414,103	4.3%	

— 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.

(Compiled February 21, 1930)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Industrial production increased in January from the extreme low level of December. Factory employment, which was in relatively small volume in the middle of December, was further reduced by the middle of January, but preliminary reports indicate a slight increase in the three weeks following. There was a further liquidation of bank credit and a decline in money rates. Commodity prices continued to move downward.

**Production.**

Industrial production showed an increase of about 4 per cent in January, according to the Board's index, which makes allowances for the usual seasonal variations. This increase reflected principally a larger output of automobiles, steel, cotton textiles, and shoes. Output of copper, cement, lumber, anthracite coal, and flour declined, and the increase in bituminous coal output was smaller than is usual for the season. In the first two weeks of February steel plants increased their rate of operation further, but continued to be less active than in the corresponding period of last year.

Building contracts awarded showed little change in January, a substantial increase in public works and utilities being in large part offset by a decrease in residential construction. In the first half of February the daily average of contracts was lower than in January.

**Employment and Payrolls.**

The number of wage earners employed at factories declined further between the middle of December and the middle of January, and wage payments showed a larger reduction. In automobile and steel plants there was an increase in employment in the month ending January 15th, and in recent weeks further increases have been reported for these industries. There were decreases in January in the number of wage earners employed in the machinery, car-building and repairing, lumber, and cement industries.

During the three-week period ending February 3rd the Bureau of Labor Statistics, on the basis of preliminary returns, reported a slight increase in factory employment.

**Distribution.**

Shipments of freight were in about the same volume in January as in December. Average daily loadings of miscellaneous freight and merchandise in less-than-

carload lots decreased slightly during the month, but by a smaller amount than is usual at this season. During the first two weeks in February there was some increase in shipments, largely seasonal in nature.

Department store sales in January, according to preliminary figures received by the Federal Reserve System, were about 2 per cent lower than in the corresponding month of last year, this difference being about the same as was shown the month before.

**Wholesale Prices.**

Wholesale prices of commodities in January continued to move downward. In general, fluctuations were small until the latter part of the month, when decreases occurred in the prices of grains, cotton, wool, iron and steel, and petroleum. The prices of meats and livestock fluctuated over a wide range and averaged higher in January than in December.

In the first half of February the prices of hogs, pork, and cattle increased, while the prices of wheat, cotton, pig iron, petroleum, and textiles continued to decline.

**Bank Credit.**

Liquidation of member bank credit in January and the early part of February was in substantially larger volume than in the corresponding period of 1929. Declines were reported in loans on securities and in all other loans, which continued to decrease in February contrary to the usual seasonal trend. There was little change in the banks' holdings of investments.

The volume of reserve bank credit outstanding declined by about \$140,000,000 between the middle of January and the middle of February. This decline was due in part to the reduction in member bank reserve balances which accompanied the decline in the banks' loans and investments; in part to the continued return flow of currency from circulation; and in part to gold imports, largely from Brazil and Japan.

Money rates in the open market eased further. Rates on commercial paper declined to a range of  $4\frac{1}{2}$ - $4\frac{3}{4}$  per cent, and rates on 60-90 day bankers' acceptances declined from 4 to  $3\frac{7}{8}$  and later to  $3\frac{3}{4}$  per cent. Discount rates at the Federal Reserve Banks of New York, Chicago, Boston, and Kansas City were reduced from  $4\frac{1}{2}$  to 4 per cent, and rates at Philadelphia, Cleveland, Richmond, St. Louis, Minneapolis, and Dallas from 5 to  $4\frac{1}{2}$  per cent.