

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

MARCH 31, 1930

FEBRUARY is a between-seasons month, business being normally dull between the Christmas and Easter shopping periods. In February this year trade followed seasonal trends in most instances, but results were uneven, some indicators of business activity appearing favorable and others unfavorable. Member banks in the Fifth reserve district were borrowing 57.5 per cent less from the reserve bank on March 15th than on March 15th last year, and in turn were lending less to their customers. Demand deposits in member banks were down moderately this year in comparison with those a year ago, but deposits in mutual savings banks in Baltimore at the end of February were the highest on record and time deposits in reporting member banks were only slightly lower than last year. Contrary to seasonal trend, member banks reduced their rediscounting at the Federal Reserve Bank of Richmond between February 15th and March 15th, early crop planting needs usually bringing an expansion of reserve bank credit at this season. Payments by check through clearing house banks in the leading cities of the Fifth district were less in the four weeks ended March 12, 1930, than in either the preceding four weeks this year or the corresponding period in 1929, but the decline was not large. Business failures in the Fifth district in February this year were more numerous and liabilities involved were greater than in February last year, but the figures for the current month compare favorably with other recent Februaries, and the district record for the month was better in both number of insolvencies and liabilities involved than the average for the United States. Labor conditions did not improve materially during February and early March, but the outlook for future employment brightened somewhat. Coal production in February was less than in either January 1930 or February 1929, chiefly due to warm weather which materially reduced demand for fuel. The situation in textiles continues unsatisfactory, and cotton consumption in the Fifth district last month was much below that of February last year, but nevertheless, the Fifth district's percentage of total consumption was higher in February 1930 than in February 1929, showing clearly that other sections are experiencing as much or more

difficulty in keeping their mills running as the Fifth district. Retail trade in department stores was better in February this year than in the same month last year, twenty-one of thirty-five reporting stores showing larger sales in the 1930 month. Wholesale trade also compared more favorably with the trade of February last year than other recent months compared with the corresponding months of the preceding year, three of five reporting lines selling more goods last month than in February 1929. Building permits issued and contracts awarded in February were below those of February 1929 in aggregate value, but there are signs that a considerable amount of construction work is being planned for the near future. Tobacco markets closed after a successful season, sales probably totaling somewhat above the previous year's sales and prices this year being slightly higher on the whole. Early preparations for this season's farm work are well advanced, and winter crops are in good condition. On the whole the farmers in the district seem to be in fair shape to undertake the new season's activities except in the cotton sections of the two Carolinas, where conditions are probably worse than they have been for a number of years, due to low yields and poor prices for cotton.

Reserve Bank Statement.

ITEMS	000 omitted		
	Mar. 15 1930	Feb. 15 1930	Mar. 15 1929
Rediscounts	\$ 17,289	\$ 21,149	\$ 40,706
Open market paper	12,918	14,124	12,637
Government securities	17,322	9,902	2,704
Total earning assets.....	47,529	45,175	56,047
Circulation of Fed. Res. notes....	77,297	81,543	73,761
Members' reserve deposits	65,932	65,775	66,911
Cash reserves	105,262	113,216	93,970
Reserve ratio	72.96	75.69	66.41

Contrary to seasonal trend, rediscounts for member banks at the Federal Reserve Bank of Richmond declined between the middle of February and the middle of March. About 30 per cent of the decrease was in city bank borrowing, but there was a material drop in country bank borrowing at a time of the year when banks in agricultural sections normally increase their

rediscounting to meet crop planting needs. The Richmond bank reduced its portfolio of bankers' acceptances purchased in the open market during the past month, but considerably increased its holdings of Government securities, thereby causing a slight net increase in total earning assets. The circulation of Federal reserve notes decreased further between February 15th and March 15th, book credit rather than currency being chiefly used at this season of the year. Member bank reserve balances at the reserve bank increased last month, but the rise was no more than an average fluctuation. The cash reserves of the Federal Reserve Bank of Richmond declined last month by about the additional amount invested in Government securities. The several changes enumerated reduced the ratio of reserves to note and deposit liabilities combined on March 15th by 2.73 points, in comparison with the ratio of February 15th.

At the middle of March this year rediscounts for member banks held by the Federal Reserve Bank of Richmond were less than half the amount held on March 15th last year, but an examination of the accompanying table shows a large increase in Government security holdings and a small increase in bankers' acceptances held. The increases in these two items were insufficient to balance the decline in rediscounts, however, and total earning assets showed a decline during the year of approximately \$8,500,000. On March 15, 1930, the volume of Federal reserve notes in actual circulation was about \$4,500,000 higher than a year earlier, but member bank reserve deposits were approximately \$1,000,000 lower on the 1930 date. The decline in reserve deposits was due chiefly to withdrawals from the reserve system in the year, most of the withdrawals resulting from bank suspensions or absorption of member banks by non-members. The changes mentioned in the principal items of condition as of March 15, 1929, in comparison with those of March 15, 1930, raised the cash reserves of the Richmond bank to a higher level this year, and also raised the ratio of cash reserves to note and deposit liabilities combined.

Member Bank Statement.

ITEMS	000 omitted		
	Mar. 12 1930	Feb. 12 1930	Mar. 13 1929
Loans on Stocks and bonds (including Governments).....	\$ 195,870	\$ 192,139	\$ 202,248
All other loans.....	300,992	302,464	324,197
Total loans and investments....	496,862	494,603	526,445
Total inv. in bonds & stocks.....	151,534	155,109	154,410
Reserve balance at F. R. Bank.....	39,870	37,979	41,713
Cash in vaults.....	11,168	11,147	11,293
Net demand deposits.....	353,101	352,830	368,035
Time deposits.....	240,171	240,177	244,786
Borrowed from Fed. Res. Bank.....	5,704	7,234	20,094

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. In order to allow for changes in the list of reporting banks during the

past month or year, the figures have been adjusted to make them as nearly comparable as may be.

Changes in the figures in the table were small during the past month except in rediscounts at the Federal reserve bank, which declined 21.2 per cent. Total loans and discounts at the reporting banks increased 5/10ths of 1 per cent between February 12th and March 12th, loans on stocks and bonds rising 1.9 per cent while all other loans decreased 5/10ths of 1 per cent. Investments in bonds and securities declined 2.3 per cent during the month under review, but the fifty-eight banks increased their reserve balances at the reserve bank by 5.0 per cent. Cash in vaults and net demand deposits increased very slightly during the month, but time deposits declined a very small fraction of 1 per cent.

On March 12th this year every figure in the accompanying table was smaller than the corresponding figure for March 13, 1929. The fifty-eight reporting banks were lending 5.6 per cent less on the 1930 date than a year earlier, loans on stocks and bonds having declined 3.2 per cent and all other loans 7.2 per cent during the year. Investments in bonds and securities dropped 1.9 per cent between the 1929 and 1930 dates, and reserve balances of the reporting banks at the Federal reserve bank declined 4.4 per cent. Cash in vaults dropped 1.1 per cent, and both demand and time deposits declined moderately during the year. The greatest change in the statement between March 12, 1930, and March 13, 1929, was in the amount of rediscounts at the reserve bank, which declined by 71.6 per cent.

Debits to Individual Accounts.

CITIES	000 omitted		
	Total Debits, Four Weeks Ended		
	Mar. 12 1930	Feb. 12 1930	Mar. 13 1929
Asheville, N. C.....	\$ 22,102	\$ 25,129	\$ 30,861
Baltimore, Md.....	384,451	367,317	394,638
Charleston, S. C.....	20,715	19,840	23,923
Charleston, W. Va.....	37,345	38,612	36,967
Charlotte, N. C.....	45,876	48,045	55,440
Columbia, S. C.....	20,709	22,616	21,731
Cumberland, Md.....	8,735	8,030	8,919
Danville, Va.....	7,630	9,979	8,279
Durham, N. C.....	25,622	26,105	27,612
Greensboro, N. C.....	20,364	20,173	24,918
Greenville, S. C.....	20,381	20,760	22,872
Hagerstown, Md.....	8,929	8,536	9,307
Huntington, W. Va.....	20,172	20,562	19,846
Lynchburg, Va.....	21,420	18,190	17,239
Newport News, Va.....	10,256	9,849	9,482
Norfolk, Va.....	56,077	56,254	57,549
Portsmouth, Va.....	4,869	4,802	4,548
Raleigh, N. C.....	16,383	20,554	16,307
Richmond, Va.....	118,328	127,156	125,864
Roanoke, Va.....	30,558	30,082	27,829
Spartansburg, S. C.....	12,452	12,357	12,325
Washington, D.C.....	217,768	216,126	244,329
Wilmington, N.C.....	13,196	12,921	16,968
Winston-Salem, N. C.....	32,253	38,855	35,467
District Totals.....	\$1,176,591	\$1,182,850	\$1,253,220

The accompanying table shows aggregate payments by check drawn on the clearing house banks in twenty-

four leading cities of the Fifth Federal reserve district during three equal periods of four weeks each, ended March 12th and February 12th this year and March 13, 1929, thus affording opportunity for comparison of the latest available figures with those of the preceding like period this year and the corresponding period a year ago. These figures include all checks drawn against depositors' accounts, whether individuals, firms or corporations, and are considered to be one of the leading barometers of general business activity.

An examination of the figures in the table shows a decline in aggregate debits during the four weeks ended March 12, 1930, in comparison with the preceding period this year, ended February 12th, amounting to \$6,259,000, or one-half of 1 per cent. The individual cities divided equally in gains or losses during the latest period, twelve cities reporting higher and twelve reporting lower totals. In comparison with figures for the corresponding period in 1929, the figures for the four weeks in 1930 show up more unfavorably, only eight of the twenty-four cities reporting higher figures this year and the total for all cities being \$76,629,000, or 6.1 per cent, less than the total reported a year ago. Five cities reported higher figures for the four weeks ended March 12, 1930, than for either of the earlier periods under review, these cities being Lynchburg, Newport News, Portsmouth, Roanoke and Spartanburg. Nine cities reported lower figures for the latest period than for either the preceding like period in 1930 or the corresponding period in 1929. Baltimore and Washington gained last month in comparison with the preceding four weeks this year, but both showed declines in comparison with the four 1929 weeks. Richmond was among the cities which reported lower figures for the four weeks ended March 12th than for either of the earlier periods. Charleston, W. Va., Huntington and Raleigh showed lower figures for the latest period in comparison with those of the preceding period this year, but reported higher figures than for the corresponding period last year. The decline in debits this year in comparison with the figures of 1929 is probably due in large part to lessened activity in stock market operations, and some price declines during the year also played their part in bringing about the reduction in total payments by check.

Savings and Time Deposits.

Twelve mutual savings banks in Baltimore had aggregate deposits totaling \$191,063,540 at the end of February this year, the highest figure on record, compared with \$190,250,263 on January 31st this year and \$187,823,332 on February 28, 1929. Time deposits in fifty-eight reporting member banks on March 12, 1930, totaled \$240,171,000, practically the same figure reported on February 12th this year but somewhat less than \$244,786,000 of time deposits in the same banks on March 13th last year.

Business Insolvencies.

Bankruptcies of business firms in February 1930 in the Fifth reserve district numbered 145, compared with 128 in February 1929, but this year's insolvencies were fewer than those of February 1928 or February

1927. Liabilities last month totaled \$2,417,925, a higher figure than \$1,942,076 reported in February last year, but less than aggregate liabilities reported in any other February except in 1926 back to 1920. The record of the Fifth district last month in comparison with February 1929 was better than the National record, the district increase in number of failures being 13.3 per cent while the increase in the number of failures in the United States was 15.1 per cent. Liabilities of insolvencies in the Fifth district increased 24.5 per cent over those for February a year ago, but the National increase was 50.8 per cent, more than twice the district rise.

Employment Conditions.

The number of unemployed persons in the Fifth district seems to have remained about the same during the past six weeks. Some additional work developed in certain industrial plants, but some others reduced working forces. The prospects for work in the near future probably improved, however, especially for workers in building trades and unskilled laborers who seek employment in road work. South Carolina's road bonds were sustained by the highest courts, and it now appears likely that work on an extensive scale will begin in that state in a short time. Congress passed a bill authorizing the enlargement of the Richmond post office building and the construction of a separate structure for parcel post mail, the two projects totaling \$1,500,000. Several other localities are planning extensive construction programs, and in Washington a very large amount of Government work is already under way or is planned for the near future.

Coal.

The total production of bituminous coal for the country as a whole during the month of February amounted to 39,555,000 net tons as against 49,778,000 tons mined during the longer month of January 1930 and 47,900,000 tons in February 1929. Comparatively warm weather in February lowered output materially. Total production of soft coal during the present coal year to March 8th (approximately 288 working days) amounts to 491,037,000 net tons, a higher tonnage than in the corresponding periods of the two preceding coal years but less than in 1926-27 or 1925-26. Coal shipped by water through Hampton Roads, Baltimore and Charleston, S. C., in February totaled 2,423,502 net tons.

The March 8th report of the Bureau of Mines, Department of Commerce, shows production figures by states for January. West Virginia led in bituminous coal output with 12,193,000 net tons, Pennsylvania ranking second with 11,643,000 tons and Illinois third with 6,800,000 tons. The Fifth district coal areas, West Virginia, Virginia and Maryland, dug 27 per cent of all soft coal mined in the United States in January, a higher percentage than that attained by the district in January 1929.

Textiles.

The situation in the textile field continues unsatisfactory, with hand-to-mouth buying at low prices the

rule, according to reports from textile executives. The lack of demand for cotton goods has made it hard to keep workers employed without accumulating manufactured products in the warehouses of the mills.

The textile manufacturing establishments of the Fifth reserve district consumed only 216,798 bales of cotton in February this year, North Carolina mills using 115,357 bales, South Carolina mills 91,211 bales, and Virginia mills 10,230 bales. Consumption of cotton in the district totaled 256,777 bales in February last year. The cotton used in the two Carolinas and Virginia in February 1930 was 43.8 per cent of consumption in the United States for that month, and compared favorably with 43.2 per cent of National consumption used in the same states in February 1929.

Cotton Statistics.

During the month between February 14th and March 14th, spot cotton prices continued to decline, and actually dropped for a few days below the 14 cents line to the lowest point reached since April 16, 1927. In our February 28th *Review* we quoted the average price of upland short staple cotton, middling grade, on ten leading Southern markets as 15.33 cents per pound on February 14th, the latest date for which figures were available. Since that time the average price has swung back and forth between 14 and 15 cents, with a drop on March 7th to 13.87 cents. The average price on March 14th was 14.45 cents. In 1929 spot cotton prices rose in February and March, the average price on March 15, 1929, being 20.07 cents, or approximately \$28 per bale above the March 14, 1930, price.

Consumption of cotton in the United States in February 1930 totaled only 495,204 bales, compared with 577,235 bales used in January this year and 594,720 bales in February 1929. Total consumption for the seven months of the present season—August 1st to February 28th—amounted to 3,815,041 bales, compared with 4,042,365 bales consumed in the corresponding period ended February 28, 1929. Manufacturing establishments held 1,811,639 bales on February 28th, compared with 1,830,096 bales held on January 31st and 1,744,229 bales on February 28, 1929. Public warehouses and compresses held 4,858,609 bales in storage at the end of February this year, compared with 5,406,771 bales so held a month earlier and 3,862,223 bales on February 28th last year. February exports totaled 402,074 bales, compared with 613,394 bales sent abroad in February 1929. Exports during the seven months of this cotton year totaled 5,293,086 bales, compared with 6,190,118 bales shipped over seas during the corresponding seven months ended February 28, 1929. Spindles active in February numbered 28,926,580, compared with 29,198,134 in January this year and 31,008,794 in February 1929.

Cotton consumption in the cotton growing states totaled 382,099 bales in February, compared with 451,519 bales used in January and 451,562 bales in February 1929. Last month's consumption in the cotton growing states amounted to 77.16 per cent of National consumption, compared with 75.93 per cent of National consumption used in the cotton growing states in Feb-

ruary last year. Of the 382,099 bales of cotton consumed in the cotton growing states in February, the Fifth district mills used 216,798 bales, or 56.74 per cent.

The final ginning report on the 1929 cotton crop was issued by the Census Bureau on March 20th, and showed the year's production to be 14,544,584 running bales, the equivalent of 14,821,499 bales of 500 pounds gross weight. The final ginning figure was 64/100ths of 1 per cent below the final crop estimate of the Department of Agriculture made in December, and probably the decrease in the ginnings in comparison with the December estimate was largely due to cotton left in the fields unpicked because of the low price to which the market fell at the end of the picking season. The final ginning report credited North Carolina with 746,962 equivalent 500 pound bales, compared with a forecast of only 735,000 bales for the year, but South Carolina ginnings totaled only 829,455 bales, compared with a forecast of 845,000 bales. Virginia ginnings totaled 47,480 bales against a forecast of 44,000 bales. South Carolina and Virginia grew larger crops in 1929 than in 1928, but North Carolina grew a smaller crop. The district total of 1,623,897 bales in 1929 showed an increase of 19,384 bales over the 1928 yield of 1,604,513 bales. The price situation was very unsatisfactory to cotton growers last year, the average price from August to December being about \$6 per bale below the low average of 1928, and after the end of 1929 the price declined still more, bringing the difference between this year's and last year's prices still more sharply into contrast. It seems fair to estimate that the 1929 crop was sold for around \$10 a bale less than the 1928 crop.

Tobacco Marketing.

Virginia flue-cured and Burley tobacco markets have all closed for the season, and nearly all of the fire-cured markets are also closed, but the sun-cured markets at Richmond will remain open until April 1st. Producers' sales of leaf tobacco in Virginia in February totaled 13,685,725 pounds, at an average of \$13.72 per hundred pounds, according to reports to the Commissioner of Agriculture. Sales for February 1929 were 14,986,465 pounds, but the average price was only \$10.99 per hundred pounds. Season's sales to March 1st amounted to 126,334,955 pounds, compared with 113,163,152 pounds sold to the same date last year, and 137,345,288 pounds to March 1, 1928. Total sales to March 1st are 96.2 per cent of the estimated season's total, while last year 96.5 per cent was sold by March. Flue-cured sales during February amounted to 8,537,104 pounds, at an average of \$12.79, while for February 1929 sales amounted to 6,586,418 pounds at an average of \$10.54. Total sales of flue-cured tobacco for the season were 92,949,878 pounds at an average of \$17.31 per hundred pounds, while for the previous season sales of this type amounted to 85,361,411 pounds at an average price of \$17.07 per hundred pounds. February sales of fire-cured tobacco were considerably less than in the previous year, the total being 4,159,335 pounds compared with 6,036,580 pounds last year. The average price declined to \$15.84

per hundred pounds, but this year's average was considerably above the February 1929 average of \$10.30. Sales of sun-cured tobacco in February amounted to 992,832 pounds at an average of \$12.64 per hundred, while in February 1929 sales amounted to 1,706,493 pounds at an average of \$10.22. Burley sales in February were very much smaller than usual, the total being 66,454 pounds at an average of \$15.03 per hundred. Total sales of this type for the season amounted to 6,930,130 pounds, and the average price was \$24.45, compared with 5,017,120 pounds sold the previous season for an average of \$30.43 per hundred.

North Carolina tobacco markets in the New Belt were closed prior to February, but markets in the Old Belt sold 8,167,158 pounds of growers' tobacco last month. The average price paid in February was \$13.40. February 1929 sales were not listed separately last year, but were included in the season's summary, and therefore no comparative figures for those of February 1930 are available. Winston-Salem led the North Carolina markets in sales last month with 2,483,450 pounds, Henderson ranking second with 1,320,510 pounds and Oxford third with 1,124,082 pounds. Mebane paid \$15.69 per hundred pounds, leading all markets in price, Roxboro ranking second with an average of \$14.85 per hundred pounds. Total sales on all North Carolina markets this season, including closed markets, amounted to 481,456,651 pounds prior to March 1st, approximately 95 per cent of the forecast of production for tobacco in North Carolina this year.

Tobacco Manufacturing.

Cigarettes manufactured in the Fifth reserve district in February numbered approximately 6,898,979,000, compared with 6,570,937,000 made in February 1929. The Fifth district manufactures about 81 to 82 per cent of all cigarettes made in the United States, and also manufactures smoking tobacco and cigars in large amounts. The district pays approximately 72 per cent of all tobacco taxes paid to the Federal government. Total taxes on all types of tobacco manufactures in February in the United States amounted to \$32,230,572, of which about \$23,206,032 was paid by Fifth district states, compared with a total tax of \$30,925,565 paid in February 1929, of which the Fifth district paid \$22,266,432. Fewer cigars were manufactured last month than in February 1929, but all other types of tobacco manufactures increased over the corresponding month of the previous year.

Agricultural Notes.

There is little activity on farms in February and early March, but the weather this year was favorable for such seasonal work as was to be done, and early arrangements for this year's farming are well advanced. Some early truck crops have been planted, winter grains are in good condition, and pastures are greening up early. Spring lambs are doing unusually well. Warm weather advanced some fruit trees to bud stage and there is danger of damage from late

frosts, but apparently apples are not yet sufficiently advanced to be in serious danger. On the whole the position of the farmer seems favorable in the Fifth district except in the sections of the Carolinas in which cotton is the predominating crop. In these localities poor yields combined with low prices for cotton have forced many cotton farmers heavily into debt.

Retail Trade, 35 Department Stores.

Baltimore	Washington	Other Cities	District
Feb. 1930 sales, compared with Feb. 1929:			
7.1	1.7	— 3.0	2.9
Jan.-Feb. 1930 sales, compared with Jan.-Feb. 1929:			
7.3	1.7	— 6.4	2.3
Feb. 28, 1930 stocks, compared with Feb. 28, 1929:			
— 4.4	— .4	— 4.9	— 3.1
Feb. 28, 1930 stocks, compared with Jan. 31, 1930:			
5.9	8.1	8.5	7.3
Times stock turned in February 1930:			
.246	.263	.190	.239
Times stock turned since January 1, 1930:			
.506	.510	.372	.476
Percentage of Feb. 1, 1930 receivables collected in Feb.:			
23.9	29.6	29.6	26.7

—Denotes decreased percentage.

Retail trade in the Fifth reserve district, as reflected in sales by thirty-five leading department stores, averaged nearly 3 per cent above the volume of trade in February 1929, and was up to seasonal level in comparison with January trade. Average sales last month in both Baltimore and Washington were larger than in the same month last year, although there were some stores in both cities which did not report gains. In the stores grouped under the heading of Other Cities a majority showed decreased sales in the 1930 month, the whole group declining 3 per cent. In total sales this year—January 1st through February 28th—the same results were attained as for last month, Baltimore and Washington stores exceeding their 1929 sales for the corresponding two months and the Other Cities stores reporting a recession this year. A larger number of stores reported gains in February than the number that gained in January in comparison with sales in the corresponding months of 1929.

Stocks increased seasonally during February with the receipt of early spring merchandise, but on February 28th stocks averaged approximately 3 per cent less than at the end of February a year ago. The rate of turnover of stock was higher in February and also during the first two months combined than during the corresponding periods last year. The average rate of turnover from January 1st to February 28th was .476 times this year and .453 times in 1929.

The percentage of collections in February 1930 to total accounts receivable on February 1st was lower by 8/10ths of 1 per cent than the percentage for February 1929. The Other Cities showed a higher percentage for the 1930 month, chiefly due to the inclusion of Richmond in the group, but both Baltimore and Washington reported decreased percentages.

Wholesale Trade, 69 Firms.

	27	10	5	15	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
Feb. 1930 sales, compared with Feb. 1929 sales:	3.3	— 8.1	3.0	— 5.9	1.1
Feb. 1930 sales, compared with Jan. 1930 sales:	— 7.1	2.6	17.1	— 16.2	— 12.4
Jan.-Feb. 1930 sales, compared with Jan.-Feb. 1929 sales:	1.0	— 5.1	9.8	— 6.0	— 10.0
Feb. 28, 1930 stocks, compared with Feb. 28, 1929 stocks:	.3(10*)	— 17.1(4*)	16.7(4*)	— 9.8(8*)
Feb. 28, 1930 stocks, compared with Jan. 31, 1930 stocks:	— .1(10*)	1.5(4*)	— 2.1(4*)	— 1.3(8*)
Percentage of Feb. 1, 1930 receivables collected in Feb.:	59.0(17*)	33.7(7*)	20.7(5*)	30.0(12*)	55.4(9*)

— Decreased percentage. * Number firms reporting.

Wholesale trade in February 1930 in the Fifth Federal reserve district was rather better than in recent months in several lines. Grocery sales were less than in the longer month of January, as were drug sales, but both lines showed increased sales in comparison with February 1929 sales. Shoe and dry goods sales last month were seasonally larger than January sales, and shoe sales were larger than in February last year, but dry goods sales were less than in the earlier year, partly due to price declines in cotton textiles. Hardware sales in February compared unfavorably with sales in both January 1930 and February 1929. Aggregate sales during the first two months of 1930 were larger in groceries and shoes than in the corresponding two months last year but 1930 sales of dry goods, hardware and drugs were smaller.

Stocks carried by the reporting dry goods firms increased slightly during February, but grocery, shoe and hardware stocks declined moderately. At the end of February this year stocks of groceries and shoes were larger than a year ago, but dry goods and hardware stocks were materially smaller.

Collections in February were slower in all lines reported upon except groceries than collections in January, and compared unfavorably with February 1929 collections in all lines except dry goods, in which the percentage of collections during the month to out-

standing receivables as of February 1st was exactly the same in both years. The percentage decline in grocery and hardware collections last month in comparison with February 1929 collections was less than 1 per cent in each case, but shoe and drug collections appeared to be definitely slower.

Building Permits Issued.

A detailed table of building permits issued in the leading cities of the Fifth reserve district in February 1930 and February 1929 appears on the next page. On the whole the record of February this year compares unfavorably with the February 1929 record, eighteen of the thirty-two reporting cities showing lower valuation figures for the 1930 month. All of the larger centers reported smaller valuation figures for February this year except Baltimore and Winston-Salem. Norfolk reported an increased volume of new construction this year, but an unusually large amount of alteration work in February 1929 put the total for that month more than 50 per cent above the total valuation for February 1930. Richmond showed a decrease of 75 per cent in total valuation last month and Washington reported a decline of 79 per cent. It is singular that the largest percentage increases were reported by four South Carolina cities, in which state general economic conditions are less favorable than in any other state in the Fifth district, but none of these four cities are in Eastern South Carolina.

Building Contracts Awarded.

According to figures collected by the F. W. Dodge Corporation, contracts awarded for construction work in the Fifth reserve district in February this year totaled \$28,707,070, including both urban and rural construction, a lower total than \$34,251,706 in contracts awarded in February 1929 but a larger amount than awards totaling \$22,301,238 in February 1928. Of the February 1930 contracts, \$7,854,565 was for residential structures, compared with \$9,104,771 for residence work in February last year. As mentioned elsewhere in this *Review*, plans are being made for a considerable volume of construction work in the Fifth district, and the outlook for work during the next few months appears better now than at this time last year.

(Compiled March 21, 1930)

BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY 1930 AND 1929.

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.....	364	582	662	628	\$ 2,484,360	\$ 1,932,280	\$ 297,760	\$ 421,520	\$ 428,320	18.2%	1
2	Cumberland, Md....	6	14	9	0	4,171	35,982	2,743	0	— 29,068	— 80.8	2
3	Frederick, Md.....	11	10	8	3	13,765	37,035	2,545	3,175	— 23,900	— 59.4	3
4	Hagerstown, Md....	13	12	4	6	34,565	26,670	5,425	7,640	— 5,680	16.6	4
5	Salisbury, Md.....	19	20	8	12	27,700	73,700	1,650	7,750	— 52,100	— 64.0	5
6	Danville, Va.....	6	7	17	7	352	13,330	12,014	8,600	— 9,564	— 43.6	6
7	Lynchburg, Va.	10	14	21	14	8,975	57,300	39,437	5,600	— 14,488	— 23.0	7
8	Norfolk, Va.	66	49	35	60	157,430	97,600	16,525	265,690	— 189,335	— 52.1	8
9	Petersburg, Va.	7	7	8	7	15,975	10,450	11,665	11,580	— 5,610	25.5	9
10	Portsmouth, Va....	13	11	20	14	34,200	13,725	16,241	17,685	19,031	60.6	10
11	Richmond, Va.....	48	62	51	58	247,313	1,271,630	85,734	52,679	— 991,262	— 74.9	11
12	Roanoke, Va.	26	25	20	14	110,111	118,502	17,109	79,539	— 70,821	— 35.8	12
13	Bluefield, W. Va...	5	1	5	1	13,575	5,000	6,395	1,000	13,970	232.8	13
14	Charleston, W. Va.	28	24	13	14	53,700	108,307	19,100	22,671	— 58,178	— 44.4	14
15	Clarksburg, W. Va.	11	21	7	7	26,905	76,010	6,525	1,775	— 44,355	— 57.0	15
16	Huntington, W. Va.	16	9	4	4	12,000	27,775	3,000	6,000	— 18,775	— 55.6	16
17	Asheville, N. C.	11	6	44	25	40,975	19,200	14,895	7,690	— 28,980	10.8	17
18	Charlotte, N. C.	31	54	36	22	221,500	399,575	19,924	23,730	— 181,881	— 43.0	18
19	Durham, N. C.	9	17	7	8	32,550	212,671	5,800	16,300	— 190,621	— 83.2	19
20	Greensboro, N. C.	16	16	26	24	55,930	30,850	14,887	11,239	28,728	68.3	20
21	High Point, N. C. ...	10	12	6	3	27,350	27,980	26,700	2,300	23,770	78.5	21
22	Raleigh, N. C.....	10	13	13	6	58,960	101,450	7,000	6,200	— 41,690	— 38.7	22
23	Rocky Mount, N.C.	9	7	1	3	6,270	12,800	600	2,950	— 8,880	— 56.4	23
24	Salisbury, N. C.	4	3	1	3	12,600	6,075	75	1,950	4,650	57.9	24
25	Wilmington, N. C. ...	11	9	9	9	22,500	67,800	3,400	7,000	— 48,900	— 65.4	25
26	Winston-Salem, N. C..	31	44	59	42	314,715	157,677	20,475	57,105	120,408	56.1	26
27	Charleston, S. C.	15	9	44	36	181,750	17,800	16,730	17,633	163,047	460.2	27
28	Columbia, S. C.	17	20	24	36	412,250	78,250	19,185	11,885	341,300	378.7	28
29	Greenville, S. C.	10	6	27	20	273,300	14,900	21,547	21,355	258,592	713.3	29
30	Rock Hill, S. C.	12	8	8	1	120,240	27,285	940	125	93,770	342.1	30
31	Spartanburg, S. C.	12	9	25	12	17,750	50,900	4,374	36,850	— 65,626	— 74.8	31
32	Washington, D. C.	66	171	217	388	700,900	3,718,740	156,270	357,740	—3,219,310	— 79.0	32
Totals.....		923	1,272	1,439	1,487	\$ 5,744,637	\$ 8,849,249	\$ 876,670	\$ 1,494,956	\$—3,722,898	— 36.0%	

— 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.

*Business Conditions in the United States
will be found on next page.*

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial production increased in February, while the number of workers employed in factories was about the same as in January. Wholesale commodity prices continued to decline. Credit extended by member banks was further reduced in February, but increased in the first two weeks of March. Money rates continued to decline.

Production.

In February industrial production increased about 2 per cent according to the Board's index, which is adjusted to allow for seasonal variations. This increase reflected chiefly a substantial gain in the output of iron and steel. Automobile production was in larger volume than during January, but was 30 per cent smaller than the large output of a year ago. Cotton and wool consumption by mills was substantially lower in February, and production of bituminous coal and copper also decreased.

In the first two weeks of March the output of steel mills declined in comparison with February, contrary to the usual seasonal movement. Bituminous coal output also was smaller.

The volume of building contracts awarded in February was about the same as in the preceding month. Residential building continued at an exceptionally low level while contracts for public works and utilities were large in comparison with the corresponding month in other recent years. Awards in the first two weeks of March were larger than in the first half of February.

Employment.

The volume of factory employment, which had reached a low point in January, showed little change in February, when an increase usually occurs. Factory payrolls increased during the month, but by a smaller amount than is usual at this season. In the steel, automobile, agricultural implement, and tobacco industries, employment increased during the four-week period, while further decreases occurred in the cotton and wool textile, lumber, automobile tire, electrical machinery, and machine tool industries.

Distribution.

Freight car-loadings on an average daily basis were slightly larger than in January, but smaller than in the corresponding month of any other recent year.

Slight seasonal increase was reported during early March. Department store sales in February continued to be below the level of a year ago.

Prices

Wholesale prices of commodities declined further during February, and the Bureau of Labor Statistics index at 92.1 per cent of the 1926 average was at the lowest point since January 1922. Marked declines occurred during the month in the prices of many agricultural products—grains, hides, raw wool and cotton; in certain imported raw materials, notably sugar and silk; and also in textiles, petroleum, and pig iron.

During the first part of March, a number of these commodities declined still further in price. Wheat and cotton prices were considerably lower, and silver reached the lowest point on record. By the middle of the month, however, prices of cotton, hides, and silver had recovered somewhat.

Bank credit

Liquidation of credit at member banks continued throughout February and on February 26 total loans and investments of member banks in leading cities were in about the same volume as in the early summer of last year. During the following two weeks, however, there was an increase of \$230,000,000 in loans and investments, chiefly in loans on securities. All other loans, largely for commercial purposes, increased slightly.

From the middle of February to the middle of March the volume of reserve bank credit outstanding decreased further by \$90,000,000. This decline reflected chiefly an increase in gold stock of \$75,000,000 and a further decline of money in circulation, offset in part by some increase in member bank reserve balances. Member bank indebtedness at the reserve banks declined to \$267,000,000, the lowest level since early in 1925; reserve bank holdings of bills declined, while those of United States securities increased.

Money rates in the open market eased further and bond yields declined rapidly to the lowest level since 1928. At the middle of March the discount rate at the Federal Reserve Bank of New York was reduced from 4 to 3½ per cent, and the rate at the Cleveland, Philadelphia and San Francisco banks from 4½ to 4 per cent.