

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



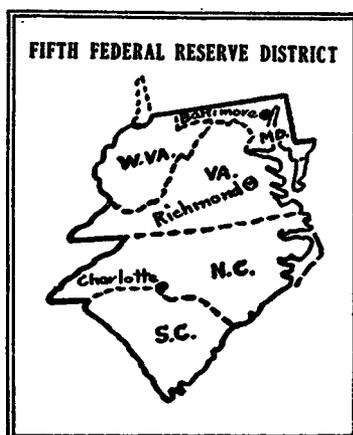
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 29, 1932

FROM January first to mid-February is a period of stock taking, and business is relatively dull in most years, and this year the slowness of trade was more pronounced than usual. New business was harder to secure than in any other month since the depression began in the fall of 1929, especially in retail trade and in construction work. There were no marked developments in banking in the Fifth district from the middle of January to the middle of February, but there appears to be a more cheerful mental outlook since the passage of the Reconstruction Finance Corporation

Act by Congress at the end of January, and more particularly in anticipation of the passage of the Glass-Steagall bill. Federal reserve credit is being used much more extensively than at this time last year, and the volume of reserve notes in actual circulation is especially large, due doubtless to hoarding of currency by nervous persons who have drawn funds from their banks. This has materially reduced deposits in the banks of the district, in comparison with deposits a year ago. Debits to individual accounts in the district in the four weeks ended February 10, 1932, showed a seasonal decrease in comparison with debits in the four weeks ended January 13, 1932, and totaled 17.5 per cent less than debits in the four weeks ended February 11, 1931. Employment conditions not only failed to improve in January, but appeared to become somewhat worse as construction work declined still farther. Coal production last month was below seasonal level, because of reduced demand from industrial consumers and exceedingly mild weather throughout most of the East. Textile mills held about the same rate of operations as in recent months, but business was hard to secure at profitable prices for textile products. Statistics on cotton consumption appear to indicate that conditions in the textile industry are rather better in the



Fifth district than in most other sections of the country. Spot cotton prices ruled somewhat higher from mid-January to mid-February than in the preceding month, but were still far below the price levels of other recent years. Cotton consumption in the United States in January was in smaller volume than in January 1931, although consumption in the Fifth district increased slightly in the 1932 month. Tobacco markets paid very low prices for producers' tobacco in January, and there was practically no market at all for the lowest grades. Tobacco manufacturing in both January and

the year 1931 fell behind January 1931 and the year 1930, but last year Virginia paid more taxes on tobacco products than in 1930, chiefly because a large cigarette factory in Richmond was open all of 1931, but was not completed and opened until well into 1930. Estimated valuation for building permits issued in January in the Fifth district set a new low figure for any month since the war years, when practically all building was suspended, and contracts actually awarded for construction work also declined to a new low level. Retail trade as reflected in department store sales was poorer in January than in any month in many years, partly due to unseasonal weather. Wholesale trade also fell materially below the level of trade in January 1931.

Reserve Bank Statement

Rediscounts for member banks held by the Federal Reserve Bank of Richmond declined by \$8,523,000 between January 15 and February 15, both this year, but on the latter date were \$18,470,000 above rediscounts held on February 15, 1931. The portfolio of open market paper also declined last month, by \$1,660,000, but advanced \$5,572,000 during the year. On the other hand, the Bank increased its holdings of Government securities by

ITEMS	000 omitted		
	Feb. 15 1932	Jan. 15 1932	Feb. 15 1931
Rediscounts held	\$ 36,213	\$ 44,736	\$ 17,743
Open market paper.....	7,990	9,650	2,418
Government securities	14,081	9,081	17,261
Other earning assets.....	700	700	0
Total earning assets.....	58,984	64,167	37,422
Circulation of Fed. Res. notes..	105,419	110,622	84,343
Members' reserve deposits.....	51,022	50,372	59,200
Cash reserves	105,558	107,343	113,072
Reserve ratio	65.24	64.09	77.22

\$5,000,000 between the middle of January and the middle of February, but on the latter date held \$3,180,000 less in Government securities than on February 15 last year. On February 15 and January 15, this year, the Bank held \$700,000 in other earning assets, but held no paper of this type a year ago. The several changes in assets resulted in a net decline of \$5,183,000 in total earning assets of the Federal Reserve Bank of Richmond during the past month, but there was an increase in total earning assets during the year amounting to \$21,562,000. The circulation of Federal reserve notes declined \$5,203,000 between January 15 and February 15, but on the latter date was \$21,076,000 above the circulation on February 15, 1931. This marked increase in note circulation during the year, in spite of a generally reduced volume of business, is doubtless due to the hoarding of currency. Member bank reserve deposits at the Richmond reserve bank rose \$650,000 during the month between January 15 and February 15, but were \$8,178,000 lower on the latter date than at the same time last year, the reduction during the year being due in part to a smaller number of member banks and in part to lower deposits in member banks against which reserves are carried. The cash reserves of the Federal Reserve Bank of Richmond were lower on February 15 than on either January 15, 1932, or February 15, 1931, the table showing a decline of \$1,785,000 in the past month and \$7,514,000 in the past year. The ratio of cash reserves to note and deposit liabilities combined rose by 1.15 points between January 15 and February 15, but on the latter date was 11.98 points lower than the ratio a year earlier.

Member Bank Statement

The figures in the accompanying table are totals of the principal items of condition as of three dates for forty-nine member banks in twelve cities of the Fifth Federal reserve district. It should be understood that the figures shown reflect 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 four weeks between January 13 and February 10, 1932, loans and discounts at the forty-nine reporting member banks changed very little, but there was a shift in the classification of loans,

ITEMS	000 omitted		
	Feb. 10 1932	Jan. 13 1932	Feb. 11 1931
Loans on stocks and bonds (in- cluding Governments).....	\$148,233	\$144,624	\$166,604
All other loans.....	220,790	224,712	270,129
Total loans and discounts.....	369,023	369,336	436,733
Investments in stocks and bonds	233,807	234,130	183,600
Reserve bal. with F. R. Bank....	33,799	33,154	40,319
Cash in vaults.....	13,729	15,838	16,689
Demand deposits	293,774	295,887	333,269
Time deposits.....	223,720	224,457	246,342
Borrowed from F. R. Bank.....	14,711	22,617	5,226

those on stocks and bonds rising by \$3,609,000 while all other loans decreased by \$3,922,000. Investments in bonds and securities declined \$323,000 during the four weeks, but the banks increased their reserve balances with the Federal reserve bank by \$645,000. Cash in vaults declined \$2,109,000 between January 13 and February 10, due chiefly to a lessening of the tension which caused many banks to accumulate unusually large amounts of cash in their vaults in January. Deposits continued to decline last month, demand deposits dropping \$2,223,000 and time deposits dropping \$737,000 between January 13 and February 10. The forty-nine banks reduced their borrowings at the reserve bank by \$7,906,000 during the four weeks under review.

In comparison with condition figures reported for February 11, 1931, those for February 10, 1932, show material decreases in every item except investments and in rediscounts at the reserve bank. Total loans and discounts declined \$67,710,000 during the year, loans on stocks and bonds falling \$18,371,000 and all other loans decreasing \$49,339,000. In keeping with this decline in loans, deposits in the reporting institutions dropped \$62,117,000 between February 11, 1931, and February 10, 1932, demand deposits falling by \$39,495,000 and time deposits falling \$22,622,000. Cash in vaults also decreased during the year, dropping \$2,960,000, and reserve balance with the reserve bank decreased \$6,520,000. On the other hand, the banks increased their investments in bonds and securities by \$50,207,000 during the year, and also increased their borrowing at the Federal Reserve Bank of Richmond by \$9,485,000.

Savings and Time Deposits

Twelve mutual savings banks in Baltimore showed a slight decline in deposits in January, a continuation of the drop which began last November, but at the end of January deposits were still materially higher than a year earlier. The twelve banks had deposits totaling \$212,539,513 on January 31, 1932, compared with \$213,515,559 on December 31, 1931, and \$200,969,642 on January 31, 1931. Time deposits in forty-nine reporting member banks declined during the past month from \$224,457,000 on

January 13, 1932, to \$223,720,000 on February 10, 1932, and on the latter date compared unfavorably with deposits aggregating \$246,342,000 on February 11, 1931. The time deposits in reporting member banks contain a considerable amount of deposits which are not savings, and therefore the figures are more subject to fluctuations than the deposit figures in the mutual savings banks.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	Feb. 10, 1932	Jan. 13, 1932	Feb. 11, 1931
Asheville, N. C.....	\$ 9,193	\$ 9,144	\$ 11,109
Baltimore, Md.....	279,986	282,268	355,670
Charleston, S. C.....	10,248	8,178	16,300
Charleston, W. Va.....	29,595	30,689	38,892
Charlotte, N. C.....	33,094	33,940	36,636
Columbia, S. C.....	17,135	19,306	19,459
Cumberland, Md.....	5,675	6,361	6,963
Danville, Va.....	5,433	7,785	6,151
Durham, N. C.....	14,466	23,339	23,355
Greensboro, N. C.....	11,714	15,802	16,195
Greenville, S. C.....	11,539	13,631	15,028
Hagerstown, Md.....	5,363	5,819	7,398
Huntington, W. Va.....	11,830	12,729	16,814
Lynchburg, Va.....	12,711	13,744	16,311
Newport News, Va.....	8,137	8,591	10,429
Norfolk, Va.....	36,868	41,111	45,172
Portsmouth, Va.....	4,093	4,762	4,063
Raleigh, N. C.....	15,741	22,086	20,158
Richmond, Va.....	111,974	108,441	122,768
Roanoke, Va.....	21,844	23,870	26,711
Spartanburg, S. C.....	6,478	8,440	7,927
Washington, D. C.....	186,435	190,934	209,932
Wilmington, N. C.....	7,935	8,567	10,738
Winston-Salem, N. C. ..	27,104	23,060	28,575
District Totals	\$884,591	\$922,597	\$1,072,754

Aggregate payments by check drawn on clearing house banks in twenty-four cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of four weeks, thus affording opportunity for comparison of the latest figures, for the four weeks ended February 10, 1932, with those for the preceding like period this year and the corresponding period a year ago.

Debits in the four weeks ended February 10, 1932, totaling \$884,591,000 showed a seasonal decrease from debits totaling \$922,597,000 in the four preceding weeks, ended January 13, 1932, but the decrease was somewhat smaller than occurs in most years. Four cities reported higher figures for the later period, Asheville increasing 5/10 of 1 per cent, Richmond 3.3 per cent, Winston-Salem 17.5 per cent, and Charleston, S. C., 25.3 per cent.

In comparison with debits totaling \$1,072,754,000 in the four weeks ended February 11, 1931, debits in the corresponding four weeks this year showed a decline of 17.5 per cent. Only one city, Portsmouth, Va., reported a higher figure for the 1932 period, and this gain was less than 1 per cent. The five largest cities reported declines in debits for the

current period as follows: Baltimore, 21.3 per cent; Washington, 11.2 per cent; Richmond, 8.8 per cent; Norfolk, 18.4 per cent; and Charlotte, 9.7 per cent.

Commercial Failures

Business failures tend to increase in January, because of the pressure of year-end settlements, and in the Fifth district this year there was a moderate rise in the number of insolvencies in comparison with December 1931. The January 1932 record, however, was the best in both number of failures and in total liabilities involved reported in any other January in several years. There were 159 bankruptcies in the Fifth district last month, compared with 140 in December 1931 and 203 in January 1931. Not since 1924 has a lower number of failures been reported for January. Liabilities last month totaled \$2,404,390, a lower figure than either \$4,301,830 for December or \$4,339,019 for January 1931. Last month's liabilities were the lowest for any January since 1929, and with the exception of that month, were the lowest for any January since 1920.

Employment

Employment conditions in the Fifth reserve district showed no improvement in the first six weeks of 1932, but unusually mild weather lessened the hardships of those persons who are out of work. The winter temperature has been so moderate that fuel and heavy clothing costs have been relatively low, thus allowing a larger proportion of reduced incomes to go for food, housing and other necessary expenses. Unemployment is widespread among all classes of workers, probably being more extensive in building trades and industrial groups than in other fields. There is less unemployment in tobacco and textile fields than in others, although many textile workers are working on reduced time schedules.

Coal Production

Bituminous coal production in the United States totaled approximately 27,892,000 net tons in January 1932, in comparison with 30,260,000 tons in December and 38,542,000 tons in January 1931. Total production during the present coal year to February 6 (approximately 262 working days) amounts to 309,419,000 net tons, a much smaller figure than for any other recent year. Shipments of coal through Hampton Roads this calendar year, through February 6, totaled 2,187,000 net tons, compared with 2,535,147 tons shipped to the same date in 1931 and 3,008,029 tons in 1930.

In its February 6 report, the Bureau of Mines, Department of Commerce, gave annual production figures of soft coal by states for the past year. In 1931 West Virginia mined 99,769,000 net tons, leading all states. Virginia produced 9,650,000 tons,

and Maryland dug 1,950,000 tons. Total production in 1931 in the Fifth district was 111,369,000 net tons, or 29.5 per cent of National production totaling 378,110,000 tons. Last year's percentage of total production was higher in the Fifth district than the percentage for 1930, which was 28.9 per cent.

Textiles

Cotton yarn, cloth and knitting mills in the Fifth reserve district continued operations in January at about the same rate as in other recent months. Forward orders are very scarce, but there is a steady offering of small orders for immediate shipment. Cotton consumed in the district in January totaled 213,891 bales, of which North Carolina mills used 107,292 bales, South Carolina mills used 95,037 bales, and Virginia mills 11,562 bales. In December 1931 the mills in the Carolinas and Virginia consumed 198,076 bales, and in January 1931 they used 207,320 bales. Consumption of cotton in the Richmond reserve district in January 1932 totaled 49.13 per cent of National consumption, compared with 47.7 per cent in December 1931 and 46.06 per cent in January 1931.

Cotton Statistics

Spot cotton prices between January 15 and February 12 on ten Southern markets held the gain registered in the second week of January, but did not advance further. As reported in this *Review* last month, the average price for $\frac{7}{8}$ inch staple, middling grade, upland cotton was 6.25 cents per pound on January 15, from which it rose to 6.26 cents on January 29 and then dropped to 6.23 cents on February 12, the latest date for which official figures are available.

Cotton consumption in American mills in January 1932 totaled 435,337 bales, according to the report of the Bureau of the Census made public on January 13. This figure shows a seasonal increase over 415,517 bales consumed during the month of December 1931, but is 3.3 per cent less than 450,117 bales consumed in January 1931. Total consumption during the six months of the present cotton year amounted to 2,631,272 bales, compared with 2,460,250 bales consumed during the six months ended January 31, 1931. Cotton on hand at manufacturing establishments on January 31, 1932, totaled 1,637,139 bales, compared with 1,630,543 bales held on December 31, 1931, and 1,617,840 bales held on January 31, 1931. Bales in public warehouses and compresses numbered 10,032,322 at the end of January, against 10,425,945 bales at the end of December, and 7,938,817 bales on January 31, 1931. Exports of cotton totaled 919,338 bales in January, compared with 1,181,089 bales sent abroad in December 1931 and 532,821 bales in January 1931. Imports last month totaled 12,718 bales, compared with 12,705 bales imported in December and 11,299 bales in January 1931. Consumption of cotton in

the cotton growing states totaled 358,527 bales in January, compared with 355,419 bales used in January 1931. Last month's consumption in the cotton growing states amounted to 82.36 per cent of National consumption, compared with 78.96 per cent of National consumption used in the cotton growing states in January a year ago. Of the 358,527 bales consumed in the cotton growing states last month, Fifth district states used 213,891 bales, or 59.66 per cent, compared with 57.6 per cent in January 1931 and 58.0 per cent in January 1930.

Tobacco Marketing

Virginia tobacco markets sold 28,297,635 pounds of producers' tobacco in January 1932, at an average price of \$5.76 per hundred pounds, according to warehouse reports to the Commissioner of Agriculture. Total sales for the season to January 31 were 91,200,096 pounds, and the average season price was \$6.91 per hundred, compared with 110,086,498 pounds sold at an average of \$9.32 per hundred prior to January 31, 1931. Nearly 75 per cent of the estimated sales for the season had been sold by January 31, compared with 83.4 per cent sold to the same date last year and 88.8 per cent two years ago. January sales of flue-cured tobacco amounted to 12,814,401 pounds, at an average price of \$5.57 per hundred, and sales for January 1931 amounted to 19,332,275 pounds at an average of \$6.35 per hundred pounds. Danville led the flue-cured markets in January in both the number of pounds sold, 6,459,991, and in average price paid, \$6.32 per hundred pounds. Fire-cured sales were much larger than for any other January in recent years, the total amounting to 9,704,373 pounds at an average price of \$4.81 per hundred pounds. The January price was slightly better than the December average of \$4.67, but was much lower than the January 1931 average of \$9.29 and the January 1930 average of \$18.13. Lynchburg with 2,920,055 pounds led the fire-cured markets in sales in January, but Blackstone with an average of \$5.73 per hundred paid the highest price. Sales of Burley tobacco were larger in January than in December and the total amounted to 4,427,873 pounds at an average price of \$8.47 per hundred pounds. The average price was somewhat lower than the December average of \$10.18 and was more than 50 per cent below the January 1931 average of \$17.57. Practically all of the Burley tobacco was sold on the Abingdon market. Sun-cured sales increased considerably during January and the total amounted to 1,350,988 pounds, at an average price of \$5.62 per hundred. Sales for January 1931 amounted to 835,477 pounds, at an average price of \$8.16 per hundred. All sun-cured tobacco was sold at Richmond. According to estimates of warehousemen, the grades in January 1932 averaged 14 per cent good, 32 per cent medium, and 54 per cent common, compared with January 1931 grades of 10 per cent good, 26 per cent medium, and 64 per cent common.

North Carolina auction markets sold 35,145,640 pounds of tobacco for growers in January, at an average price of \$6.13 per hundred pounds, compared with 49,097,523 pounds sold for an average of \$10.66 per hundred in January 1931. Total sales this season, to February 1, amounted to 458,129,286 pounds, compared with 541,114,488 pounds sold prior to February 1, 1931. Winston-Salem sold 6,795,889 pounds in January 1932, leading all markets, while Oxford with sales of 3,577,936 pounds and Wilson with 3,475,132 pounds ranked second and third, respectively. In average price paid, Asheville led with \$9.07 per hundred, but the tobacco sold in Asheville was Burley and was not representative of the State's crop. Among the flue-cured markets, Durham led in price with \$7.88, Mebane and Oxford tying for second place with an average of \$7.27 per hundred pounds. The North Carolina Agricultural Statistician states that sales this year do not reflect actual production. A considerable amount of tobacco offered for sale received no offer from buyers, and was returned to the farms to be used as bedding and fertilizer. Tobaccos of this type sold in 1931 at from 1 to 5 cents per pound, but was entirely unsalable this season.

Tobacco Manufacturing

The Internal Revenue Bureau of the Treasury Department issued a report on February 1 on taxes collected by the United States on tobacco manufacturing in 1931. Total taxes collected on all tobacco products amounted to \$422,939,143, and of this sum, \$330,315,141, or 79 per cent, was paid in the Fifth Federal reserve district, chiefly in North Carolina and Virginia. In comparison with taxes paid to the United States in 1930, those for the country as a whole declined 4.8 per cent in 1931, but the taxes paid last year in the Fifth district declined only 3.9 per cent. Taxes on cigarettes paid to the United States in 1931 totaled \$340,397,045, of which the Fifth district paid \$299,976,581, or 88.1 per cent. On cigars, the Government collected \$16,389,165 last year, of which the Fifth district paid only \$1,084,608, or 6.6 per cent. Manufactured tobacco, including chewing tobacco, smoking mixtures and snuff, brought in a total to the Treasury of \$66,152,934, of which the Fifth district paid \$29,254,952, or 44.2 per cent. North Carolina was far in the lead in cigarette production with tax payments totaling \$215,841,193, Virginia ranking second with payments totaling \$84,135,220. North Carolina also led in taxes paid on manufactured tobacco, with \$23,459,435, but Ohio ranked second with \$9,203,614. The actual number of cigarettes produced in 1931 in the United States was 113,465,680,000, of which the Fifth district made 99,992,193,000. North Carolina manufactured 71,947,063,000 cigarettes in 1931, and Virginia produced 28,045,073,000 cigarettes. Virginia and South Carolina paid more tobacco taxes in 1931 than in 1930, and North Carolina paid more taxes on smoking and chewing tobacco last year.

Agricultural Notes

Little work is done on farms in January and early February, but this winter has been the mildest one for many years and more outside work has been possible than in most seasons. Winter grains have had little or no snow cover, but neither have there been any severe ice storms or freezes, and growing crops are consequently in good condition. Rains have been frequent enough to supply all the moisture needed by vegetation, and the mild temperatures have advanced growth much beyond the normal point for this season of the year. There is danger that fruits may advance too rapidly and be damaged by frosts or freezes later in the spring. Indications are that acreage will be reduced in nearly all crops this year, partly because of unfavorable prices for agricultural products and partly because of inability of the farmers to finance their usual acreage.

Building Operations for the Months of January 1932 and 1931.

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.....	879	878	\$ 964,200	\$1,354,920
Cumberland, Md.....	14	5	17,871	8,175
Frederick, Md.....	11	17	19,629	10,583
Hagerstown, Md.....	10	7	11,855	4,605
Salisbury, Md.....	31	32	20,425	27,050
Danville, Va.....	9	2	3,116	150
Lynchburg, Va.....	24	31	182,365	137,958
Norfolk, Va.....	98	77	101,832	92,950
Petersburg, Va.....	2	9	450	28,640
Portsmouth, Va.....	23	34	21,840	33,739
Richmond, Va.....	86	98	75,668	181,485
Roanoke, Va.....	22	11	31,580	13,125
Bluefield, W. Va.....	4	5	1,020	690
Charleston, W. Va.....	33	30	15,610	43,865
Clarksburg, W. Va.....	11	13	2,515	286,020
Huntington, W. Va.....	17	11	5,253	21,270
Asheville, N. C.....	13	9	4,470	1,825
Charlotte, N. C.....	43	59	45,631	67,007
Durham, N. C.....	6	15	3,550	53,430
Greensboro, N. C.....	22	26	8,087	11,495
High Point, N. C.....	5	9	4,450	4,680
Raleigh, N. C.....	13	15	1,895	6,351
Rocky Mount, N. C.....	3	5	850	2,090
Salisbury, N. C.....	3	1	5,200	275
Wilmington, N. C.....	12	19	39,000	20,900
Winston-Salem, N. C.....	42	35	21,628	43,215
Charleston, S. C.....	33	29	12,323	30,048
Columbia, S. C.....	62	30	17,738	323,875
Greenville, S. C.....	19	29	19,350	15,575
Rock Hill, S. C.....	8	11	1,850	9,120
Spartanburg, S. C.....	9	21	9,852	13,043
Washington, D. C.....	722	357	1,304,725	1,816,700
District Totals.....	2,289	1,930	\$2,975,828	\$4,664,855

Building Permits issued by inspectors in thirty-two leading cities of the Fifth Federal reserve district in January 1932 number 2,289, a higher number than 1,930 permits issued in January 1931, but the average amount of each permit issued last month was much less than the average in the same month last year. Total valuation figures for the permits issued in January this year amounting to \$2,975,828

showed a decline of 36.2 per cent under permits totaling \$4,664,855 issued in January 1931, last month's figure being the smallest total reported for any month in the past ten years. All of the larger cities except Norfolk reported lower 1932 figures, but it is of interest to note that twelve of the thirty-two cities showed higher figures last month.

Contracts awarded in January for construction work in the Fifth reserve district totaled \$5,615,205, including both urban and rural construction, compared with \$21,534,475 for contracts awarded in January 1931, according to figures collected by the F. W. Dodge Corporation. Of the January 1932 total, \$2,745,005 represented contracts for residential types of construction, compared with \$4,493,725 in contracts awarded for residential building in January last year, a smaller amount this year but a much larger percentage of total awards.

Retail Trade, 34 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
January 1932 sales, compared with sales in January 1931:	-22.1	-19.7	-16.3	-22.1	-18.9
Jan. 31, 1932, stocks, compared with stocks on Jan. 31, 1931:	-12.2	-11.0	-6.8	-17.5	-10.4
Jan. 31, 1932, stocks, compared with stocks on Dec. 31, 1931:	-8.9	-10.8	-5.2	-8.2	-8.2
Number of times stock was turned in January 1932:	.248	.259	.263	.182	.250
Percentage of Jan. 1, 1932, receivables collected in January:	30.2	25.3	31.7	27.8	28.3

Sales in thirty-four department stores in the Fifth district in January made the most unfavorable comparison with sales in the corresponding month of the preceding year that has occurred in a number of years. Part of the decline this year is due to lower prices, and part to exceptionally unseasonable weather for winter trade.

Stocks on the shelves of the reporting stores declined an average of 8.2 per cent in January, a seasonal reduction, and at the end of the month averaged 10.4 per cent less than stocks on hand a year earlier. Probably most of the decline in stocks during the year is accounted for by price reductions.

Collections in January averaged 28.3 per cent of receivables outstanding at the beginning of the month, a lower percentage than 30.0 per cent collected in January 1931.

Wholesale Trade, 63 Firms

	22	9	6	14	12
	Groceries	Dry Goods	Shoes	Hardware	Drugs
January 1932 sales, compared with sales in January 1931:	-17.6	-24.4	-4.1	-18.5	-26.0
January 1932 sales, compared with sales in December 1931:	-8.6	-10.0	+32.3	+1.2	.7
Jan. 31, 1932, stocks, compared with stocks on Jan. 31, 1931:	-17.7(8*)	-24.3(4*)	-17.7(5*)	-14.7(7*)
Jan. 31, 1932, stocks, compared with stocks on Dec. 31, 1931:	+1.7(8*)	+19.5(4*)	+13.9(5*)	+3.0(7*)
Percentage of Jan. 1, 1932, receivables collected in January:	53.6(12*)	30.2(5*)	29.9(6*)	27.4(11*)	50.3(8*)

* Number of reporting firms.

Wholesale trade in the Richmond Federal reserve district was seasonally better in shoes and hardware than in December, but was slower in groceries, dry goods and drugs, and compared unfavorably with January 1931 trade in all five lines.

Stocks increased seasonally during January and at the end of the month were larger in all four lines for which figures are available than at the end of December, but all lines showed lower stock figures than at the end of January 1931.

January collections of receivables outstanding on the first of that month were slower in all lines reported upon than collections in January last year, but the decrease was not large in any line.

(Compiled February 20, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

In January production of manufactures increased by about the usual seasonal amount, while output of minerals and value of building contracts awarded continued to decline. Wholesale prices declined further during January and early February, but more recently prices of certain leading commodities showed an advance.

Production and Employment

Volume of industrial production, which includes both manufactures and minerals, increased from December to January by an amount somewhat smaller than is usual at this time of year, and the Board's seasonally adjusted index declined from 71 per cent of the 1923-1925 average to 70 per cent. In the steel industry there was a seasonal increase in activity during January, followed by a slight decline during the first three weeks of February. Production of automobiles, which usually increases considerably at this season, showed little change in January, following an increase in December. Activity at textile mills increased by more than the usual seasonal amount and at shoe factories there was a seasonal increase in production. Output of coal and petroleum was substantially reduced. Volume of factory employment declined by more than the usual seasonal amount between the middle of December and the middle of January. Number employed at foundries, car building shops, clothing factories, and establishments producing building materials declined substantially, while employment in the tobacco industry decreased less than is usual at this season, and employment in the woolen goods industry increased, contrary to seasonal tendency. Total value of building contracts awarded in 37 Eastern states, as reported by the F. W. Dodge Corporation, declined sharply in January, and for the three months period ending in that month was about one-half of the amount awarded in the corresponding period a year ago. Approximately one fourth of the decrease was in residential building, and three fourths in other types of construction.

Distribution

Total freight car loadings decreased in January, contrary to seasonal tendency, reflecting chiefly smaller shipments of merchandise, miscellaneous freight, and coal. Department store sales declined by about the usual seasonal amount.

Wholesale Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined 2 per cent further from December to January, although prices of some important commodities, such as wheat, showed little change and the price of cotton advanced. During early February prices of certain leading commodities, including grains and cotton, declined, but later in the month there was some advance in the price of these commodities.

Bank Credit

Volume of reserve bank credit outstanding declined in January and the first half of February. This decrease has reflected a return flow of currency from circulation, which has been smaller than usual this year, together with a continued reduction in member bank reserve balances, offset in part by a demand for reserve bank credit caused by an outward movement of gold amounting to \$100,000,000 since the turn of the year. A decline in money in circulation after the first few days in February reflected some return of hoarded currency accompanying a decrease in bank failures. At member banks in leading cities volume of credit continued to decline during January and the first half of February. Between January 13 and February 17, total loans and investments decreased by \$550,000,000, representing declines in loans on securities, in other loans and in investments. Deposits of these banks also declined substantially during this period. Money rates in the open market showed little change. On February 26 the discount rate of the Federal Reserve Bank of New York was reduced from $3\frac{1}{2}$ to 3 per cent, and buying rates on bankers' acceptances of short maturities were reduced from $2\frac{3}{4}$ to $2\frac{5}{8}$ per cent.