

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

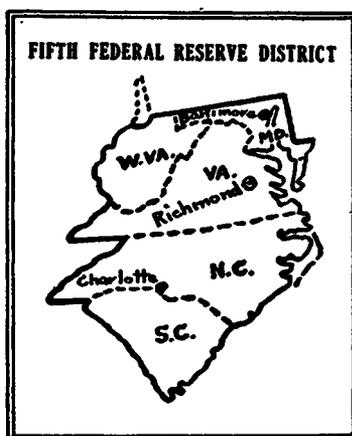


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RICHMOND, VIRGINIA

MARCH 31, 1932

THERE were only seasonal changes in the volume of business done in February in comparison with business in other recent months, but the mental attitude of the people improved distinctly, apparently as a result of the creation of the Reconstruction Finance Corporation and the passage of the Glass-Steagall Bank Bill. Since the beginning of February the strain on the banks of the district has lessened, with a resulting decline in bank suspensions. A similar situation is noted over the entire country. The marked decline in bank deposits which was in evidence through the last half of 1931 has slowed down appreciably, and there is some evidence of money which had been boarded being returned to circulation. But in spite of this partial restoration of confidence in certain basic factors, an examination of February statistics in comparison with the figures for January this year and February last year shows no noticeable improvement of a concrete nature. At the Federal Reserve Bank of Richmond, rediscounts for member banks declined at a season when needs of agriculture might be expected to increase the demand for reserve bank credit. However, rediscounts held on March 15, 1932, were nearly double those held on March 15, 1931. The circulation of Federal reserve notes declined seasonally last month, but the volume of notes outstanding at the middle of March still showed the effects of hoarding, exceeding the circulation on March 15 last year by 23 per cent. Outstanding loans by reporting member banks declined slightly between the middle of February and the middle of March, and deposits also declined during the same period, but by considerably less than the reduction in loans. Debits to individual accounts figures for four weeks ended March 9, 1932, totaled 8.4 per cent less than debits in the preceding four weeks, ended February 10, 1932, and 21.9 per cent less than in the four weeks ended March 11 last year. Business failures in the Fifth district in February showed an in-



crease over January failures, contrary to seasonal trend, and in fact made the worst record for any month since the spring of 1924. Labor conditions showed no material change during February and the first half of March. Bituminous coal production in February exceeded January production, but was approximately 11 per cent below production in February last year. The textile industry is about the only industry which is operating at a higher rate of production than a year ago, and Fifth district mills consumed more cotton last month than in either January 1932 or February 1931.

Average spindle hours of operation in both the Carolinas and Virginia were higher in February than the National average, and South Carolina led all states in number of hours of operation per spindle in place. Most of the auction tobacco markets in the district closed during February, after selling smaller crops for much lower prices than were sold last year from the yield of 1930. Tobacco manufactured in February was less than in February 1931, but the decline in this industry was much smaller than decreases in output shown by nearly all other industries. Building work provided for in February permits issued and contracts actually awarded was in smaller volume than in February 1931, and there are no indications that point to much increase in construction work in the near future. Retail trade last month, as reflected in department store sales, was 12.6 per cent less than the dollar amount of sales in February last year, and the entire winter was unfavorable for retailing, weather having been so unseasonably mild that the demand for heavy clothing and other winter goods was the poorest experienced in years. Since March 1, cold weather has been unfavorable for the sale of Easter and early spring merchandise. Wholesalers have naturally experienced about the same unsatisfactory volume of business as the retailers, but most lines for which data are available showed moderate seasonal improvement in business during Feb-

ruary. Farm work is well advanced for this season, but the outlook for agriculture is uncertain on account of the price situation and other factors.

### Reserve Bank Statement

ITEMS	000 omitted		
	March 15 1932	Feb. 15 1932	March 15 1931
Rediscounts held .....	\$ 30,936	\$ 36,213	\$ 17,611
Open market paper .....	6,060	7,990	1,462
Government securities .....	19,081	14,081	17,122
Other earning assets .....	0	700	0
Total earning assets.....	56,077	58,984	36,195
Circulation of Fed. Res. notes..	100,941	105,419	81,757
Members' reserve deposits.....	52,765	51,022	61,141
Cash reserves .....	101,600	105,558	114,267
Reserve ratio .....	65.80	65.24	79.75

The accompanying table shows the principal items from the condition statement of the Federal Reserve Bank of Richmond on three mid-month dates, March 15 and February 15, this year, and March 15, last year. It should be understood that the figures shown reflect the condition of the Bank on the report dates only, and are not necessarily the highest or lowest figures that occurred during the past month or the past year.

An examination of the figures in the table for March 15, 1932, shows little more than seasonal variations in comparison with the figures for February 15, 1932, but reveals marked changes from the figures of a year ago, March 15, 1931. Rediscounts held by the reserve bank declined \$5,277,000 during the past month, 1932 being the third consecutive year in which they have moved contrary to the seasonal trend developed in earlier years, but on March 15 the volume of rediscounts held exceeded those of March 15, 1931, by \$13,325,000. Open market paper held in the Bank's portfolio on March 15 this year showed a decline of \$1,930,000 since February 15, but was \$4,598,000 more than open market paper held on March 15 last year. Government security holdings rose by \$5,000,000 during the month, bringing the total at the middle of March \$1,959,000 above holdings of Government securities on March 15, 1931. A special investment in Federal Intermediate Credit Bank Debentures held on February 15 amounting to \$700,000 was closed out during the past month, due to the sale of an issue of Debentures to the public. The changes in the items mentioned resulted in a decrease of \$2,907,000 in total earning assets between February 15 and March 15, but on the later date the total showed an increase of \$19,882,000 over the March 15, 1931, total of earning assets. The circulation of Federal reserve notes declined seasonally by \$4,478,000 during the past month, but on March 15 totaled \$19,184,000 more than on March 15 last year, the unusually large rise in the year being due chiefly to hoarding of currency. Member bank reserve deposits increased \$1,743,000 between February 15 and March 15, probably a daily fluctuation only, but these deposits declined by \$8,376,000 during the past year, chiefly because reduced deposits in member banks require lower reserves at the reserve bank. The cash reserves of the Federal Reserve Bank of Richmond declined \$3,958,000 during the past month, and

on March 15 showed a decrease of \$12,667,000 below the high figure on March 15, 1931. The ratio of cash reserves to note and deposit liabilities combined rose half a point last month, but at mid-March was approximately 14 points lower than on the corresponding date last year.

### Member Bank Statement

ITEMS	000 omitted		
	March 9 1932	Feb. 10 1932	March 11 1931
Loans on stocks and bonds (in- cluding Governments).....	\$147,288	\$148,233	\$164,935
All other loans.....	219,559	220,790	269,015
Total loans and discounts.....	366,847	369,023	433,950
Investments in stocks and bonds	233,502	233,807	181,735
Reserve bal. with F. R. Bank....	34,144	33,799	38,596
Cash in vaults.....	13,254	13,729	15,732
Demand deposits.....	292,956	293,774	329,004
Time deposits.....	222,898	223,720	250,023
Borrowed from F. R. Bank.....	17,346	14,711	5,763

All member banks in twelve of the leading cities in the Fifth reserve district make weekly reports of condition to the Federal Reserve Bank of Richmond, and the accompanying table contains figures compiled from these reports as of three dates, March 9, 1932, February 10, 1932, and March 11, 1931, thus affording opportunity for a study of the latest available figures in comparison with those reported a month and a year earlier. There are forty-nine reporting banks in the twelve cities.

Between February 10 and March 9, the changes in the statement were slight, an increase in rediscounts at the reserve bank amounting to \$2,635,000 being the largest difference between the two dates. Total loans and discounts declined by \$2,176,000 during the month, loans on stocks and bonds decreasing \$945,000 and all other loans falling by \$1,231,000. Investments in stocks and bonds decreased \$304,000, but the reporting banks increased their reserves at the reserve bank by \$345,000, both of these figures probably being daily fluctuations only. A feeling of greater security on the part of the banking public enabled the banks to decrease their cash in vaults by \$475,000 between February 10 and March 9, and the same influence lessened the rate at which deposits had been declining in recent months. Aggregate deposits declined \$1,640,000 last month, the smallest figure for any month since June-July, 1931. Since the middle of July last year total deposits in the forty-nine banks have dropped \$86,791,000, but only \$4,600,000 of this decrease occurred since January 13, two months.

A comparison of the March 9, 1932, figures with those for March 11, 1931, show material changes in all items. Total loans and discounts in the reporting banks decreased \$67,103,000 during the year, of which \$17,647,000 was in loans on securities and \$49,456,000 was in all other loans, which are chiefly commercial, agricultural or industrial in character. The funds obtained from the reduction in loans were used in making investments in stocks and bonds, which increased \$51,758,000 between March 1931 and March 1932, but in many cases these investments brought material

losses, due to shrinkage in the market value of securities held. Deposits declined \$63,163,000 in the forty-nine banks during the year, demand deposits decreasing \$36,048,00 and time deposits falling \$27,125,000. Part of the deposit decline was a natural result of the decrease in loans, but a considerable part of it was due to hoarding of money by the public. Aggregate reserve balances at the reserve bank to the credit of reporting member banks declined by \$4,452,000 during the year, as a result of lower deposits against which reserves are carried. Cash in vaults on March 9 this year was \$2,478,000 less than on March 11 last year. On March 9, 1932, twenty-four of the forty-nine reporting banks were borrowing \$11,583,000 more from the Federal Reserve Bank of Richmond than fourteen of the forty-nine banks were borrowing a year earlier.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	March 9, 1932	Feb. 10, 1932	March 11, 1931
Asheville, N. C.....	\$ 7,378	\$ 9,193	\$ 10,141
Baltimore, Md.....	270,473	279,986	348,858
Charleston, S. C.....	10,343	10,248	17,857
Charleston, W. Va.....	25,432	29,595	33,620
Charlotte, N. C.....	31,322	33,094	37,197
Columbia, S. C.....	15,471	17,135	21,258
Cumberland, Md.....	5,483	5,675	6,961
Danville, Va.....	4,178	5,433	6,335
Durham, N. C.....	13,683	14,466	20,634
Greensboro, N. C.....	9,666	11,714	16,174
Greenville, S. C.....	11,083	11,539	15,536
Hagerstown, Md.....	5,270	5,363	7,516
Huntington, W. Va.....	10,308	11,830	14,210
Lynchburg, Va.....	10,330	12,711	15,205
Newport News, Va.....	7,108	8,137	10,247
Norfolk, Va.....	31,274	36,868	43,611
Portsmouth, Va.....	3,261	4,093	4,168
Raleigh, N. C.....	11,045	15,741	16,712
Richmond, Va.....	94,658	111,974	105,465
Roanoke, Va.....	18,405	21,844	23,347
Spartanburg, S. C.....	5,792	6,478	8,475
Washington, D. C.....	179,265	186,435	214,142
Wilmington, N. C.....	6,961	7,935	10,285
Winston-Salem, N. C.....	22,379	27,104	29,514
District Totals.....	\$810,568	\$884,591	\$1,037,468

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 March 9, 1932, with those for the preceding like period this year and the corresponding period a year ago.

Debits to individual accounts in the four weeks ended March 9 this year totaled \$74,023,000 less than debits in the four preceding weeks, ended February 10, a decrease of 8.4 per cent. Lower figures for the later four weeks are seasonal, but this year the decline was greater than in most years. Only one of the twenty-four cities reported a higher total for the later four weeks, Charleston, S. C., increasing 9/10ths of 1 per cent. In comparison with the figures for four weeks

ended March 11 last year, those for the corresponding period this year show declines in every one of the twenty-four reporting cities, the total decrease of \$226,900,000 giving a decline of 21.9 per cent. Part of this decrease is due to lower price levels, but a decreased volume of business also accounts for a large part of the decline in debits this year. Among the individual cities, Richmond with a decline of 10.2 per cent made the most favorable comparison with the 1931 figures, while Charleston, S. C., in which one of the city's largest banks closed during the year, made the most unfavorable comparison with a decline of 42.1 per cent. Only three cities reported declines smaller than 20 per cent for the 1932 period, these being, in addition to Richmond, Charlotte with a decrease of 15.8 per cent and Washington with a decline of 16.3 per cent.

### Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks decreased last month, but the declining tendency in these banks slowed materially during the past two months. Time deposits in the forty-nine reporting member banks totaled \$222,898,000 on March 9, 1932, compared with \$250,023,000 on March 11, 1931, most of the decline having occurred in the last quarter of 1931. Aggregate deposits in twelve mutual savings banks in Baltimore declined further in February, and at the end of that month totaled \$212,139,133. Although this figure is lower than the total deposits reported for any month since last August, it is higher than deposits aggregating \$202,179,485 on February 28, 1931.

### Commercial Failures

With respect to both number of insolvencies and aggregate of liabilities involved, February 1932 showed the worst record of business failures in the Fifth district for many months. Last month witnessed 198 failures, with liabilities totaling \$7,970,070. With the exception of January 1931, when 203 failures were reported, the number for February 1932 was the highest for any month since March 1922, and the aggregate of liabilities involved in February insolvencies was the greatest for any month since March 1924. The district record of failures kept by the Federal Reserve Bank of Richmond runs back to January 1919, and in that period of 158 months, the February 1932 figures were exceeded only five times in number of insolvencies and only twice in liabilities involved. In comparison with February 1931 figures, when 160 failures with liabilities totaling \$2,381,789 were reported, those for last month show an increase of 23.8 per cent in number and an increase of 234.6 per cent in aggregate liabilities involved. The United States as a whole showed increases of 6.6 per cent in number of bankruptcies and 42.4 per cent in liabilities involved in February 1932 insolvencies in comparison with those of February 1931, a better record in both number and liabilities than the record of the Fifth district.

## Employment

There were no material changes in employment conditions in the Fifth reserve district in February and early March, and the number of unemployed persons continued large. Many cities are giving part time work to heads of families, cleaning up parks, planting trees, etc., but spring activities have not begun in construction lines and industrial enterprises have felt no need for additional workers. The exceptionally mild winter lessened the hardships of the unemployed, but at the same time reduced demand for fuel and winter clothing, which adversely affected workers in coal mines, coal and wood yards, and clothing factories.

## Coal Production

Bituminous coal production in the United States totaled approximately 28,013,000 net tons in February 1932, a larger output than 27,892,000 tons mined in January this year, but 10.8 per cent less than 31,408,000 tons mined in February 1931. Total production during the present coal year to March 12 (approximately 292 working days) amounts to 342,862,000 net tons, a smaller figure than for any other of the past five years.

In its February 27 report, the Bureau of Mines, Department of Commerce, gave production figures by states for January 1932. West Virginia mined 7,272,000 tons during that month, ranking ahead of 5,622,000 tons mined by Pennsylvania, the second state, but comparing unfavorably with 9,181,000 tons produced in West Virginia in February 1931.

Tidewater shipments of coal through Hampton Roads in January (the latest month for which official figures are available) totaled 1,607,276 net tons, and shipments through all Fifth district ports totaled 1,732,745 net tons, approximately 68 per cent of 2,547,266 tons shipped through all ports in January.

## Textiles

Cotton mills in the Fifth district consumed 216,061 bales of cotton in February 1932, an increase of 1 per cent over 213,891 bales consumed in January this year and 9.5 per cent above 197,333 bales consumed in February 1931. Of the 216,061 bales used last month, North Carolina mills used 107,797 bales, South Carolina mills used 97,993 bales, and Virginia mills used 10,271 bales. Consumption of cotton in the Richmond reserve district in February 1932 totaled 48 per cent of National consumption, compared with 49.1 per cent in January 1932 and 45.5 per cent in February 1931.

The Bureau of the Census issued a report on March 19 on spindles in place in February, spindles active at some time during the month, and average hours of operation per spindle in place. On February 29, 1932, there were 32,232,310 spindles in place in the United States, of which 12,569,016, or 39 per cent, were in the Carolinas and Virginia. Active spindles in February totaled 25,189,748 in the United States, of which 11,444,558 spindles, or 45.4 per cent, were in the Fifth district. Active hours of operation per spindle in place

averaged 204 hours in the United States last month, but the three cotton manufacturing states in the Fifth district were well above the average, Virginia showing 217 hours, North Carolina 230 hours, and South Carolina leading all states with 318 hours.

## Cotton Statistics

*Spot cotton prices* on ten leading Southern markets advanced during the last half of February, but turned downward again in March. In our *Review* last month we quoted the average price for upland short staple cotton, middling basis, as 6.23 cents per pound on February 12. On February 19 the average price was 6.64 cents, but on February 26 the price had dropped to 6.61 cents. On March 4 the average rose to 6.72 cents per pound, the highest for any date since August 7, 1931, but the price declined to 6.65 cents on March 11 and further to 6.43 cents on March 18, the latest date for which figures are available.

*Cotton consumption* in the United States in February 1932 totaled 450,018 bales, compared with 435,337 bales used in January this year and 433,376 bales in February 1931. Total consumption for the seven months of the present cotton season—August 1 to February 29—amounted to 3,081,290 bales, compared with 2,893,626 bales consumed in the corresponding period ended February 28, 1931. Manufacturing establishments held 1,633,380 bales on February 29, compared with 1,637,139 bales held on January 31 this year and 1,550,351 bales on February 28, 1931. Public warehouses and compresses held 9,510,690 bales in storage at the end of February this year, compared with 10,032,322 bales so held a month earlier and 7,313,912 bales on February 28 last year. February exports totaled 970,419 bales, compared with 919,338 bales sent abroad in January this year and only 432,980 bales exported in February last year. Exports during the seven months of this cotton year totaled 5,924,891 bales, compared with 4,912,337 bales shipped over seas during the corresponding seven months ended February 28, 1931. Consumption of cotton in the cotton growing states numbered 365,075 bales in February 1932, compared with 358,527 bales used in January and 341,439 bales in February 1931. Last month's consumption in the cotton growing states amounted to 81.12 per cent of National consumption, compared with 78.79 per cent of National consumption used in the cotton growing states in February last year. Of the 365,075 bales of cotton consumed in cotton growing states in February, the Fifth district mills used 216,061 bales, or 59.18 per cent, compared with 57.79 per cent of Southern consumption attained in the district in February last year.

*The final ginning report* on the 1931 cotton crop was issued by the Census Bureau on March 21, and showed the year's production to be 16,595,780 running bales, the equivalent of 17,060,772 bales of 500 pounds gross weight. The final ginning figure was only 8/10ths of 1 per cent above the final crop estimate of the Department of Agriculture made early in December. In the Fifth district, all of the cotton growing states showed slightly lower ginning figures than the estimates of

probable production. North Carolina ginned 756,237 equivalent 500-pound bales, compared with a forecast of 775,000 bales for the year, a decrease of 2.4 per cent; South Carolina ginnings totaled 1,004,786 bales, compared with a forecast of 1,015,000 bales, a decrease of 1 per cent; and Virginia ginnings totaled 42,434 bales against a forecast of 43,000 bales, a decrease of 1.3 per cent. North Carolina and Virginia grew smaller crops of cotton in 1931 than in 1930, due to reduced acreage, but South Carolina grew a slightly larger crop last year, although acreage was lower in that state also. The district total production of 1,803,457 bales showed a decrease of 14,543 bales under the 1930 yield of 1,818,000 bales.

### Tobacco Marketing

An increase of approximately \$1.00 per hundred pounds in the price of fire-cured and sun-cured tobacco is the outstanding feature of the February tobacco sales report for Virginia, according to the Commissioner of Agriculture. The February average for fire-cured was \$5.70 per hundred, while the January average was \$4.81 per hundred pounds, and the average for sun-cured was \$6.43 compared with \$5.62 in January. Prices for both of these types, however, were lower than in February a year ago. Total sales of all types during February amounted to 13,004,431 pounds at an average price of \$5.32. Total sales for the season to March 1 were 104,204,527 pounds and the average price was \$6.71 per hundred pounds, compared with 129,017,605 pounds at an average of \$8.71 per hundred sold to March 1, 1931. The flue-cured and burley markets closed during February but the fire-cured and sun-cured markets were scheduled to remain open most of March. Flue-cured sales in February amounted to 4,965,513 pounds at an average price of \$4.59 per hundred. Total sales for the season of this type amounted to 69,926,141 pounds at an average price of \$7.03 per hundred, compared with total sales for last season of 96,315,754 pounds at an average price of \$7.94 per hundred. Flue-cured sales were not quite as large as had been expected owing to the fact that considerable quantities of very common tobacco were not brought to market because of the very low prices offered for such grades. Fire-cured sales amounted to 6,991,004 pounds at an average of \$5.70 per hundred pounds. Sales during February were less than in January but were considerably larger than the February sales for last year of 4,253,012 pounds at an average of \$5.97 per hundred. Total sales of this type for the season amounted to 23,534,454 pounds, compared with 22,167,448 pounds sold to the same date last year. Sales of burley tobacco during February were very small, amounting to 203,459 pounds, compared with 1,026,638 pounds in February 1931. The average price for February sales was \$5.72 per hundred, compared with \$9.36 in February 1931. Total sales of this type for the season amounted to 7,952,657 pounds at an average price of \$9.11 per hundred, compared with the season's sales last year of 8,949,672 pounds at an average price of \$17.05 per hundred. Sun-cured sales during February amounted to 844,455

pounds at an average price of \$6.43 per hundred, while during the same month last year 1,007,119 pounds were sold at an average price of \$8.19 per hundred. Total sales for the season to March 1 were 2,791,275 pounds at an average price of \$5.78 per hundred. The quality of tobacco sold during February was poor, and warehousemen estimated that sales graded 12 per cent good, 33 per cent medium, and 55 per cent common, but in February 1931 the quality was even worse, grades running 7 per cent good, 22 per cent medium, and 71 per cent common.

North Carolina tobacco markets sold only a small quantity of tobacco in February, and the markets which had not previously closed did so during the month. Season sales on North Carolina markets totaled 466,689,122 pounds of producers' tobacco this year, at an average price of \$8.86 per hundred pounds, compared with 563,327,005 pounds sold last year for an average of \$12.84 per hundred. Among the individual markets, Wilson led in sales with 59,365,890 pounds, but Greenville was a close second with 58,671,186 pounds. Lumberton, a border market located in the South Carolina Belt, led the North Carolina markets in average price for the season with \$11.89 per hundred pounds.

### Tobacco Manufacturing

Fifth district tobacco manufacturers made approximately 6,761,295,000 cigarettes in February 1932, compared with 7,687,684,000 cigarettes made in February 1931. The district manufactures about 88 per cent of all cigarettes made in the United States, and also manufactures smoking tobacco and cigars to a large extent. The district pays approximately 79 per cent of all tobacco taxes paid to the Federal government. Total taxes on all types of tobacco manufactures in February amounted to \$29,336,852, of which about \$23,176,000 was paid by Fifth district states, compared with a total tax of \$32,973,987 paid in February 1931, of which the Fifth district paid \$25,390,000. The production of all types of manufactured tobacco declined in February 1932 in comparison with production in February 1931.

### Agricultural Notes

Not much farm work is done in February and early March, but weather has been exceptionally favorable for outside work and farming is advanced seasonally this year. Mild temperatures in February threatened to advance fruit buds too early, but the weather turned cold in March, and checked premature development. March witnessed the coldest weather of the winter in most of the Fifth district. Snow cover for grains has been lacking this winter, but there have been few freezes and almost no ice to damage winter crops. Rain has fallen in sufficient quantities to provide ground moisture. But in spite of favorable weather conditions, the outlook for farmers is poor this year. Many farmers cannot finance their usual operations this year, and a material decrease in the use of fertilizer is expected. The price outlook for the Fifth district's leading crops is not bright, there being large carryovers of cotton and tobacco from last year's crops.

### Building Operations for the Months of February 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.....	895	874	\$1,251,720	\$2,757,480
Cumberland, Md.....	8	10	21,810	5,275
Frederick, Md.....	14	23	6,615	74,873
Hagerstown, Md.....	5	15	3,465	31,505
Salisbury, Md.....	8	29	37,625	33,850
Danville, Va.....	—	11*	5,955	2,455
Lynchburg, Va.....	35	44	24,185	61,106
Norfolk, Va.....	121	93	161,460	105,956
Petersburg, Va.....	4	6	1,900	1,100
Portsmouth, Va.....	22	26	15,390	30,255
Richmond, Va.....	70	108	89,694	71,290
Roanoke, Va.....	39	41	119,816	108,282
Bluefield, W. Va.....	6	10	2,215	3,135
Charleston, W. Va.....	43	20	56,386	20,958
Clarksburg, W. Va.....	6	18	2,065	14,870
Huntington, W. Va.....	13	8	4,200	7,890
Asheville, N. C.....	18	27	11,580	29,035
Charlotte, N. C.....	26	49	16,790	68,526
Durham, N. C.....	6	13	12,600	27,039
Greensboro, N. C.....	22	42	30,165	32,217
High Point, N. C.....	6	13	13,000	364,800
Raleigh, N. C.....	15	20	19,749	35,200
Rocky Mount, N. C.....	2	6	4,200	3,800
Salisbury, N. C.....	7	3	4,325	15,000
Wilmington, N. C.....	14	12	8,300	16,800
Winston-Salem, N. C.....	36	47	113,924	17,485
Charleston, S. C.....	45	36	23,259	46,600
Columbia, S. C.....	59	43	44,193	39,605
Greenville, S. C.....	29	37	9,685	52,915
Rock Hill, S. C.....	10	12	9,225	16,010
Spartanburg, S. C.....	17	15	3,880	5,705
Washington, D. C.....	522	396	1,105,620	5,159,315
<b>Totals .....</b>	<b>2,123</b>	<b>2,096</b>	<b>\$3,234,996</b>	<b>\$9,260,332</b>

\* Not included in totals.

*Building permits* issued in thirty-two cities of the Fifth district totaled 2,123 in February 1932, a higher number than 2,096 permits issued in the corresponding month last year, but the average value of each permit was much lower this year. Total valuation for all permits issued last month amounted to only \$3,234,996, a decrease of 65 per cent in comparison with a valuation of \$9,260,332 in February 1931. Eleven of the thirty-two cities reported higher valuation figures last month than for the same month last year. The three largest cities, Baltimore, Washington and Richmond, showed relatively low totals, although Richmond exceeded the February 1931 figure. Norfolk, Roanoke and Winston-Salem were among the cities showing up best in February permits.

*Contracts awarded* for construction work in the Fifth reserve district in February this year totaled only \$7,340,638, including both urban and rural construction, compared with \$19,665,618 in contracts awarded in February 1931, according to figures collected by the F. W. Dodge Corporation. Of the February 1932 contracts, \$3,495,283 was for residential structures, compared with \$8,127,853 for residence work in February last year.

**Retail Trade, 33 Department Stores**

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
February 1932 sales, compared with sales in February 1931:	-9.7	-14.3	-10.4	-17.7	-12.6
Total sales since January 1, 1932, compared with sales in Jan.-Feb. 1931:	-16.1	-17.1	-13.3	-19.7	-15.7
Feb. 29, 1932, stocks, compared with stocks on Feb. 28, 1931:	-14.6	-10.2	-6.2	-17.2	-10.1
Feb. 29, 1932, stocks, compared with stocks on Jan. 31, 1932:	+7.5	+9.6	+7.8	+7.1	+8.4
Number of times stock was turned in February 1932:	.272	.265	.281	.194	.264
Number of times stock was turned since January 1, 1932:	.513	.515	.539	.367	.506
Percentage of Feb. 1, 1932, receivables collected in February:	28.9	23.4	29.1	26.0	26.2

Department store sales in the Fifth Federal reserve district in February 1932 averaged 12.6 per cent less than sales in February 1931, but the decline is at least partly accounted for by generally lower prices this year. Thirty-three stores reported on their February business, and among the individual cities from which three or more reports were received Richmond made the best record with an average decline of 9.7 per cent. In total sales during the first two months of 1932, the 33 stores averaged a decrease of 15.7 per cent in comparison with sales in the first two months of 1931.

Stocks in the reporting stores increased seasonally during February, rising by 8.4 per cent over those on hand at the end of January, but on February 29 this year averaged 10.1 per cent less than a year ago. Part of this decline was also due to price changes. The reporting stores turned their stock an average of .264 times during February, and between January 1 and February 29 stocks were turned .506 times, both of these averages being lower than those for the corresponding periods in 1931.

The percentage of collections in February 1932 to total accounts receivable on February 1 was lower than the percentage for February 1931. Washington reported the highest collection percentage, while Baltimore reported the lowest chiefly because of a relatively large volume of instalment accounts included in the Baltimore figures.

**Wholesale Trade, 63 Firms**

	22	9	6	14	12
	<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
February 1932 sales, compared with sales in February 1931:	-14.0	-18.2	-10.2	-17.1	-15.9
February 1932 sales, compared with sales in January 1932:	-4.2	+2.8	+49.6	+2.9	-3.2
Jan.-Feb. 1932 sales, compared with sales in Jan.-Feb. 1931:	-15.9	-21.4	-7.9	-17.8	-21.4
Feb. 29, 1932, stocks, compared with Feb. 28, 1931, stocks:	-15.3(8*)	-18.8(4*)	-16.3(5*)	-13.7(7*)	—
Feb. 29, 1932, stocks, compared with Jan. 31, 1932, stocks:	-4.0(8*)	+5.3(4*)	+5.8(5*)	-.3(7*)	—
Percentage of Feb. 1, 1932, receivables collected in February:	53.6(13*)	30.2(6*)	25.9(6*)	27.8(11*)	49.0(8*)

\*Number of reporting firms.

In February this year five lines of wholesale trade for which figures are available sold less than they sold in February 1931, the decreases in percentage ranging from 10.2 per cent in shoes to 18.2 per cent in dry goods. Total sales in the first two months of 1932 show about the same decline, business in January having been slightly worse than in February in comparison with the earlier year. Dry goods, shoe and hardware sales in February showed a seasonal increase over January 1932 sales, but groceries and drugs declined during the later month.

Stocks of merchandise on the shelves of 24 reporting firms were lower on February 29, 1932, than on February 28, 1931, but dry goods and shoe stocks increased over those on hand at the end of January.

Collections in February 1932 were better than collections in January in hardware, exactly the same in groceries and dry goods, and slower in shoes and drugs. Grocery and shoe collections were slightly better last month than in February 1931, but dry goods and drug collections were slower, while hardware was the same in both years.

(Compiled March 21, 1932)

## BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial production and factory employment increased from January to February by an amount smaller than is usual at this season. Improvement in the banking situation during February and the first three weeks of March was reflected in a decline in bank suspensions and a return flow of currency from the public to the banks.

### Production and Employment

Output of industrial products increased less than seasonally in February and the Board's index, which makes allowance for the usual seasonal variations, declined from 71 per cent of the 1923-1925 average to 70 per cent. Activity in the steel industry during February and the first three weeks of March showed little change from the January rate, although ordinarily substantial increases are reported at this time of year. Automobile production continued in small volume, showing none of the usual seasonal expansion, and the number of cars produced in the three-month period ending in February was about 35 per cent less than in the corresponding period a year ago. In the lumber industry, output declined further, contrary to seasonal tendency. Activity at cotton mills and shoe factories increased by more than the seasonal amount and was at about the same level as in the corresponding month last year.

Volume of employment at factories increased in February by somewhat less than the usual seasonal amount. In the iron and steel, automobile and machinery industries the number employed showed an increase smaller than is usual in this month, and at lumber mills a continued decline in employment was reported. At establishments producing fabrics, wearing apparel, and shoes volume of employment increased by more than the seasonal amount.

Daily average value of total building contracts awarded, as reported by the F. W. Dodge Corporation, showed little change in February and the first half of March, and for the period between the first of January and the middle of March the value of contracts was 65 per cent less than a year ago, reflecting continued declines in residential building as well as in other types of construction; part of the decrease in the value of awards reflects reductions in building costs.

### Distribution

Carloadings of merchandise and of miscellaneous freight showed none of the usual seasonal increase in February, while sales at department stores remained unchanged, as is usual at this season.

### Wholesale Prices

Wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, declined further from 67 per cent of the 1926 average for January to 66 per cent for February. Between the first week of February and the third week of March, there were increases in the prices of cotton, livestock, and meats, while prices of grains, nonferrous metals and imported raw materials including silk, sugar, and rubber declined considerably.

### Bank Credit

In the banking situation the important developments in February and the first half of March were a considerable reduction in the number of bank suspensions and a return flow of currency from the public to the banks. The country's stock of monetary gold declined in February but increased somewhat in the first half of March. Member bank reserve balances, after decreasing almost continuously since last summer, showed a slight increase for the first two weeks in March. Purchases of United States Government obligations by the Federal reserve banks beginning in March were accompanied by a considerable decline in member bank indebtedness to the reserve banks.

Loans and investments of member banks in leading cities continued to decline until the middle of March when there was a substantial increase, owing largely to the banks' purchases of United States Government securities, issued on March 15. Demand and time deposits of these banks decreased further during February but showed little change in the first half of March.

Open market rates on acceptances and commercial paper declined during February and the first half of March. During this period yields on Treasury and other high grade bonds decreased to the lowest point since early December, but after the middle of the month yields on high grade corporate bonds increased somewhat.