

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



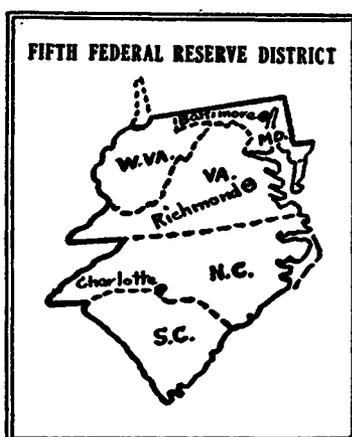
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

APRIL 30, 1932

SEASONAL improvement was registered in some lines of trade in the Fifth Federal reserve district in March, but on the whole the development was not up to that of most years. Rediscounts at the Federal Reserve Bank of Richmond for member banks declined between the middle of March and the middle of April, the third year in succession in which an early spring movement of reserve bank credit has moved contrary to a seasonal trend developed in earlier years. The volume of Federal reserve notes in actual circulation decreased by about the usual amount between March 15 and April 15, but on the latter date was much larger than the volume of notes in circulation on April 15, 1931, indicating that hoarding of currency continues. Deposits in reporting member banks declined further during the past month, and at the same time there was a decrease in outstanding loans. Debits to individual accounts figures, representing payments by check, were seasonally larger during the five weeks ended April 13, 1932, than during the preceding five weeks, ended March 9, due to income tax payments and quarterly settlements in the later period, but were nearly 22 per cent less than debits in the corresponding five weeks in 1931. The decrease in debits during the past five weeks in comparison with the same period last year was the greatest decline reported for the corresponding period in any year since debits records were begun, and was probably due chiefly to a sharp drop in income tax payments on 1931 incomes. Employment conditions showed no real improvement in March, and there was less seasonal demand for workers to do gardening, painting, etc., than in most years. Coal production in March increased over February production, probably due to unseasonably cold weather last month, but was less than the output in March 1931. West Virginia continued to lead all states in bituminous coal production last



month. The textile industry in the Fifth reserve district held its own in March in comparison with February, and the mills consumed more cotton than in March last year, in contrast with a National decline in cotton consumption in March under the March 1931 consumption. Building permits issued in leading cities of the Fifth district in March provided for only a little more than half as much work as was provided for in March 1931 permits, and contract award figures last month were also materially lower than those for the corresponding month a year ago. Retail trade as reflected by de-

partment store sales were very poor in March, declining 17.3 per cent in comparison with sales in March last year, in spite of the fact that all of the Easter trade occurred in March 1932 and only a part of it in March 1931. Wholesale trade in March registered seasonal gains over February business, but fell behind March 1931 business in all lines for which figures are available. However, most of the year's declines were about in line with the declines in wholesale prices, indicating relatively little decrease in the actual quantity of goods sold in March 1932 in comparison with March 1931. On the whole, winter and spring weather was favorable for grain crops and farm work, although March was cold and growth was materially retarded. Official reports indicate that Fifth district farmers are planning to reduce acreage in money crops this year, while increasing the acreage planted in food and feed crops. Spring sales of fertilizer have been slow, and it appears that less commercial fertilizer will be used under 1932 crops than is normally used, a reduction which is likely to lower production further than would result from a smaller acreage alone. In a great many cases farmers received so little cash for their crops of the past two years that they are unable to finance their 1932 operations on the usual scale, and they are consequently being forced to reduce acreage and the use of fertilizer.

Reserve Bank Statement

ITEMS	000 omitted		
	April 15 1932	March 15 1932	April 15 1931
Rediscounts held.....	\$ 29,153	\$ 30,936	\$ 14,475
Open market paper.....	2,455	6,060	104
Government securities.....	22,831	19,081	16,983
Total earning assets.....	54,439	56,077	31,562
Circulation of Fed. Res. notes..	96,076	100,941	78,483
Members' reserve deposits.....	47,588	52,765	62,075
Cash reserves.....	98,776	101,690	118,223
Reserve ratio.....	65.60	65.80	82.41

Between March 15 and April 15, 1932, rediscounts for member banks at the Reserve Bank of Richmond declined by \$1,783,000, about the same amount of decrease reported in the corresponding periods of 1931 and 1930, but contrary to a seasonal increase which occurred in most years previous to 1930. Holdings of open market paper declined by \$3,604,000 during the past month, but the reserve bank increased its holdings of Government securities by \$3,750,000. Total earning assets dropped \$1,638,000 between March 15 and April 15. Federal reserve notes in actual circulation continued a seasonal decrease during the month under review, declining by \$4,865,000. The seasonal decline in note circulation since January 1 has been slightly greater than the declines in 1931 and 1929, but is almost exactly the same as the amount of decline in 1930. Member bank reserve deposits at the Federal Reserve Bank of Richmond dropped \$5,177,000 last month. The several changes in the statement mentioned, with others of less importance, reduced the cash reserves of the Richmond bank by \$2,824,000 during the month and lowered the ratio of cash reserves to note and deposit liabilities combined by one-fifth of a point.

Comparison of the April 15, 1932, figures with those of April 15, 1931, shows an increase of \$22,877,000 in the reserve bank's total earning assets, chiefly due to an increase of \$14,678,000 in rediscounts for member banks. The portfolio of open market paper increased \$2,351,000 during the year, and holdings of Government securities rose by \$5,848,000. The volume of Federal reserve notes in actual circulation rose by \$17,593,000 between April 15 last year and this, the increase being due in large part to hoarding of currency. Member bank reserve deposits at the Federal Reserve Bank of Richmond decreased \$14,487,000 during the year, a smaller number of member banks and reduced deposits this year requiring lower reserve deposits. Cash reserves of the Richmond bank declined \$19,447,000 between April 15, 1931, and April 15, 1932, and the ratio of cash reserves to note and deposit liabilities combined declined 16.8 points during the year.

Member Bank Statement

ITEMS	000 omitted		
	April 13 1932	March 9 1932	April 15 1931
Loans on stocks and bonds (including Governments).....	\$147,518	\$147,288	\$161,826
All other loans.....	214,968	219,559	262,266
Total loans and discounts.....	362,486	366,847	424,092
Investments in stocks and bonds	232,861	233,502	222,909
Reserve bal. with F. R. Bank....	34,248	34,144	38,263
Cash in vaults.....	12,781	13,254	13,777
Demand deposits.....	285,175	292,956	331,198
Time deposits.....	222,297	222,898	259,033
Borrowed from F. R. Bank.....	10,207	17,346	3,720

The accompanying table shows figures compiled from reports submitted by forty-nine member banks in twelve leading Fifth district cities for three dates, April 13 and March 9, 1932, and April 15, 1931, thus affording opportunity for comparison of the latest available figures with those for the corresponding dates a month and a year earlier. It should be understood that the figures in the table are not necessarily the highest or lowest that occurred during the periods under review, but reflect the condition of the banks on the reporting dates only.

There was a decrease of \$4,361,000 in total loans between March 9 and April 13, this year, and on the latter date total loans were \$61,606,000 less than those of April 15, 1931. All of the decrease last month and about three-fourths of the year's decline occurred in all other loans, which are commercial, agricultural and industrial in character. Investments in bonds and securities declined slightly last month, but rose by \$9,952,000 during the past year. Aggregate reserve balance of the forty-nine reporting banks at the Federal Reserve Bank of Richmond was approximately the same on April 13 as on March 9, but showed a decline of \$4,015,000 from the April 15, 1931, figure. Cash in vaults decreased by \$473,000 during the past month and \$996,000 during the year. Demand deposits dropped \$7,781,000 between March 9 and April 13, and on the latter date totaled \$46,023,000 less than on April 15 last year. Time deposits decreased slightly last month, and during the year dropped \$36,736,000. These figures show a gross decline in deposits of \$82,759,000 between April 15, 1931, and April 13, 1932, which accounts for the very low reserve deposits. Rediscounts by the reporting member banks at the Federal Reserve Bank of Richmond decreased \$7,139,000 between March 9 and April 13, but on the latter date totaled \$6,487,000 more than the same banks were rediscounting on April 15 last year.

Time and Savings Deposits

Time deposits in forty-nine regularly reporting member banks and aggregate deposits in twelve mutual savings banks in Baltimore totaled \$434,961,000 at the end of March 1932, a decline from time and savings deposits totaling \$435,037,000 at the end of February this year and \$463,360,000 at the end of March last year.

Debits to Individual Accounts

CITIES	ooo omitted		
	Total debits, five weeks ended		
	April 13, 1932	March 9, 1932	April 15, 1931
Asheville, N. C.....	\$ 10,296	\$ 9,390	\$ 14,693
Baltimore, Md.....	329,245	333,246	428,394
Charleston, S. C.....	13,954	12,926	20,901
Charleston, W. Va.....	36,428	31,998	43,043
Charlotte, N. C.....	42,228	38,905	55,193
Columbia, S. C.....	18,200	18,160	28,966
Cumberland, Md.....	6,801	6,815	9,070
Danville, Va.....	5,092	5,422	6,888
Durham, N. C.....	16,519	16,297	28,650
Greensboro, N. C.....	11,592	12,312	22,487
Greenville, S. C.....	12,751	14,227	19,001
Hagerstown, Md.....	6,987	6,590	10,435
Huntington, W. Va.....	13,156	13,033	18,756
Lynchburg, Va.....	15,360	13,231	19,320
Newport News, Va.....	8,386	8,850	12,119
Norfolk, Va.....	39,966	39,482	54,290
Portsmouth, Va.....	3,929	4,026	4,979
Raleigh, N. C.....	18,836	14,782	23,201
Richmond, Va.....	125,679	118,891	142,501
Roanoke, Va.....	23,282	22,931	29,268
Spartanburg, S. C.....	7,822	7,254	11,699
Washington, D. C.....	245,063	226,557	290,882
Wilmington, N. C.....	9,580	8,674	15,209
Winston-Salem, N. C.....	44,131	29,003	52,447
District Totals.....	\$1,065,283	\$1,013,002	\$1,362,392

Aggregate payments by checks 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 five weeks, thus affording opportunity for comparison of the latest figures, for the five weeks ended April 13, 1932, with those for the preceding like period this year and the corresponding period a year ago.

Total debits in the reporting cities in the five weeks ended April 13 showed an increase of \$52,-281,000, or 5.2 per cent, over total debits in the preceding five weeks, ended March 9. The increase was seasonal, and was due chiefly to income tax payments on March 15 and quarterly settlements on April 1, both of these important dates falling in the later five weeks. The increase in debits in the later period was slightly larger in percentage than last year, but was smaller than in other recent years. Seventeen of the twenty-four cities reported larger totals for the April 13 period, but seven cities failed to show the usual increases. All of the larger centers except Baltimore reported higher figures for the later five weeks. Winston-Salem made the greatest percentage increase, with Raleigh and Lynchburg second and third, respectively.

A comparison of the debits figures for the five weeks ended April 13 this year with the figures of the corresponding period ended April 15, 1931, shows a decrease this year of \$297,109,000, or 21.8 per cent, the largest decline shown in any corresponding period for several years. Every one of the twenty-four reporting cities showed lower totals for the 1932 five weeks than for the same period last year.

Employment

During the past month there has been some increase in outside work, chiefly for painting, gardening, etc., and all of a seasonal nature, but otherwise there has been no improvement in employment conditions in the Fifth Federal Reserve district. Construction work now under way or planned for early starting is in smaller volume than in any Spring since the World War, and therefore workers in building trades are nearly all without employment. Practically all building permits in most of the Fifth district towns and smaller cities are for repairs, and few workers are hired for this type of construction. No improvement in industrial conditions has been noted in recent months, but on the contrary some of the plants which held their business longer than others have begun to feel the depression and have reduced forces to some extent. The textile industry is holding up to the level of operations of the past two years, but tobacco manufacturing has been gradually declining since the first of this year.

Coal Production

Production of bituminous coal in the United States during the month of March amounted to 32,250,000 net tons as against 28,013,000 tons mined in February 1932 and 33,870,000 tons in March 1931. The increase in tonnage last month over February tonnage was due in part to the longer month, but daily average production also increased, by 5.7 per cent, probably because of the long period of unseasonably cold weather in March. Total production of soft coal during the present calendar year to April 9 (approximately 85 working days) amounts to 93,988,000 net tons, a materially smaller amount than for any other year during the past five. Coal shipped by water through Hampton Roads, Baltimore and Charleston in February 1932 total 1,671,-086 tons, or 68.6 per cent of total tidewater shipments during the month.

The March 26 report of the Bureau of Mines, Department of Commerce, showed production figures by states for February. West Virginia with an output of 6,956,000 net tons led all states, Pennsylvania with 6,187,000 tons ranking second. The three coal producing states of the Fifth district, West Virginia, Virginia and Maryland, dug approximately 28 per cent of all soft coal mined in February, the same percentage of the total that the district showed in both February 1931 and February 1930.

Textiles

Conditions in the textile industry remained unchanged during March, daily consumption of cotton by Fifth district mills during the month being practically the same as daily consumption in February. Fifth district mills consumed 233,171 bales of cotton in March this year, of which North Carolina mills used 117,881 bales, South Carolina mills used 103,-597 bales, and Virginia mills 11,693 bales. In February 1932 Fifth district mills consumed 216,061 bales

and in March 1931 they used 220,902 bales. Consumption in the Fifth district was 47.7 per cent of National consumption in March 1932, a slightly lower figure than 48.0 per cent in February this year, but higher than 45.0 per cent in March 1931. The higher percentage this year indicates the Fifth district mills held their own somewhat better during the past year than mills in some other sections of the country.

Cotton Statistics

Spot cotton prices on ten Southern markets slowly declined during the past month, dropping gradually from an average of 6.43 cents per pound, upland middling basis, on March 18 to 5.74 cents on April 8, and then recovering slightly and rising to 5.96 cents on April 15, the latest date for which figures are available. The latest figure quoted shows a decline of about \$18 a bale under the mid-April 1931 price, and is \$65 a bale lower than the price at the middle of April in 1929, before the business depression began.

Cotton consumption in the United States in March 1932 totaled 488,655 bales, compared with 450,018 bales used in February this year and 490,509 bales in March 1931. Total consumption for the eight months of the present cotton year—August 1 to March 31—amounted to 3,569,945 bales, compared with 3,384,135 bales consumed in the corresponding period ended March 31, 1931. Manufacturing establishments held 1,566,205 bales on March 31, compared with 1,633,380 bales held on February 29 this year and 1,478,120 bales on March 31, 1931. Public warehouses and compresses held 8,766,979 bales in storage at the end of March this year, compared with 9,510,690 bales so held a month earlier and 6,657,807 bales on March 31 last year. March exports totaled 927,127 bales, compared with 970,419 bales sent abroad in February this year and 605,461 bales exported in March last year. Exports during the eight months of this cotton year totaled 6,854,050 bales, compared with 5,517,798 bales shipped over seas during the corresponding eight months ended March 31, 1931. Spindles active in March numbered 24,818,008, compared with 25,189,748 in February this year and 26,504,132 in March 1931.

Cotton growing States consumed 398,021 bales in March 1932, compared with 365,075 bales used in February and 383,766 bales in March 1931. Last month's consumption in the cotton growing states amounted to 81.5 per cent of National consumption, compared with 78.2 per cent of National consumption used in the cotton growing states in March last year. Of the 398,021 bales of cotton consumed in cotton growing states in March, the Fifth district mills used 233,171 bales, or 58.6 per cent, compared with 57.6 per cent of Southern consumption attained in the district in March last year.

Tobacco Marketing

Virginia farmers sold 3,259,233 pounds of leaf tobacco during March, at an average price of \$5.01 per hundred pounds, according to a summary com-

piled from warehouse reports received by the Commissioner of Agriculture. Last year total sales for the same month amounted to 1,615,802 pounds, which sold for an average price of \$4.89 per hundred. The flue-cured markets completed sales for the season during the latter part of February, but the sun-cured and fire-cured markets remained open for a week or more in April. Next month a summary of complete sales for the 1931-1932 season will be available for Virginia. Fire-cured sales for March amounted to 3,100,621 pounds at an average of \$4.98 per hundred, compared with 1,157,195 pounds for March last year which sold for an average of \$4.10 per hundred. Sun-cured sales during the past month amounted to 158,612 pounds, compared with 458,607 pounds sold during March last year. The price in March this year was \$5.48 per hundred pounds, compared with \$6.88 for March 1931. The quality of tobacco sold during March was generally poor. According to warehousemen the sales graded 11 per cent good, 36 per cent medium, and 53 per cent common.

North Carolina markets, which have all closed, sold 521,796,116 pounds of growers' tobacco from the 1931 crop, at an average price of \$8.86 per hundred pounds, compared with 563,327,005 pounds sold from the 1930 crop at an average of \$12.84 per hundred. All North Carolina tobacco is flue-cured except 3,051,332 pounds of burley sold at Asheville this year, this being the second season a burley market has been open in the state. Greenville led all markets in total sales this season with 66,154,756 pounds, Wilson and Winston-Salem ranking second and third, respectively. In average price paid growers Lumberton was first with \$11.89 per hundred, followed by Whiteville with \$11.67 and Fairmont with \$11.47. All of the three markets which paid the highest prices are in the South Carolina belt. The following figures show clearly how over production of tobacco in recent years has affected income received by farmers selling tobacco on North Carolina markets.

Year	Total Sales	Receipts
1925	380,165,000 lbs.	\$ 87,438,000
1926	386,460,000 lbs.	96,615,000
1927	485,419,400 lbs.	108,248,526
1928	499,408,000 lbs.	95,886,336
1929	502,600,000 lbs.	91,473,000
1930	563,327,005 lbs.	72,331,187
1931	521,796,116 lbs.	46,231,134

Agricultural Notes

Weather in March was unusually cold for that month, and growth of farm crops was checked, but no serious damage appears to have resulted except to truck crops and gardens. Peaches were somewhat hurt by the freeze, but apples appear uninjured. Winter grains came through the winter in average condition. Farm work is well advanced this season. The annual Spring "intentions to plant" report was issued by the Department of Agriculture on March 24, and Virginia farmers re-

ported increases in acreage to be planted to food and feed crops, with material reductions in cash crop acreage. Tobacco growers are planning to set out about 34 per cent less tobacco than in 1931, which would give Virginia its smallest tobacco acreage since 1907. A reduction of 23 per cent in early commercial potato acreage is planned, and commercial sweet potatoes will be cut about 10 per cent. Peanut growers plan a 10 per cent reduction, and a slight reduction in corn acreage is also planned, but oats, barley, hay, soybeans and cowpeas will all be increased in acreage. North Carolina farmers report intended increases in acreage for oats, barley, soybeans, cowpeas, sweet potatoes, peanuts and hay crops, while decreases in acreage are expected in corn, tobacco and early Irish potatoes. South Carolina expects to reduce acreage in tobacco and Irish potatoes, but increases are intended in corn, oats, sweet potatoes, hay and peanuts. The "intentions to plant" report is forbidden by law to give information on probable cotton acreage.

Construction.

Building permits issued in March in thirty-two Fifth district cities provided for much less work than permits issued in March 1931. Last month 2,403 permits were issued for all classes of work, compared with 2,899 permits issued in March last year. Total valuation figures for March 1932 amounted to only \$3,657,988, a decrease of \$3,585,072, or 49.5 per cent, under the total of \$7,243,060 for permits issued in March 1931. Only seven of the thirty-two cities reported higher valuation figures for March this year, and several of these increases were due to unusually low figures in March last year rather than to a large volume of work this year. Salisbury, Maryland, reported relatively large figures for last month, but the three largest cities, Baltimore, Washington and Richmond, reported low totals.

Contracts awarded for construction work in the Fifth reserve district in March this year totaled \$12,235,023, including both urban and rural construction, compared with \$30,615,813 in contracts awarded in March 1931 and \$43,220,110 in March 1930, according to figures collected by the F. W. Dodge Corporation. Of the March 1932 contracts, \$4,716,778 was for residential structures, compared with \$9,767,128 for residential work last year and \$10,356,810 in March 1930.

Building Permits Issued in March 1932 and 1931

CITIES	Permits Issued		Total Valuation	
	1932	1931	1932	1931
Baltimore, Md.....	927	1,203	\$1,250,160	\$2,366,760
Cumberland, Md.....	10	21	11,990	137,214
Frederick, Md.....	5	12	2,160	13,020
Hagerstown, Md.....	6	16	708	33,535
Salisbury, Md.....	24	24	186,730	33,925
Danville, Va.....	10	14	156,742	13,997
Lynchburg, Va.....	31	28	27,036	143,781
Norfolk, Va.....	95	128	146,600	102,941
Petersburg, Va.....	6	3	9,960	4,225
Portsmouth, Va.....	28	36	25,502	34,806
Richmond, Va.....	80	135	91,233	450,874
Roanoke, Va.....	40	54	66,851	100,335
Bluefield, W. Va.....	7	10	8,290	2,108
Charleston, W. Va.....	63	25	33,662	76,720
Clarksburg, W. Va.....	13	24	3,735	61,430
Huntington, W. Va.....	28	27	13,238	50,000
Asheville, N. C.....	19	31	4,571	14,996
Charlotte, N. C.....	51	71	94,798	162,398
Durham, N. C.....	19	12	64,430	26,556
Greensboro, N. C.....	33	63	13,580	43,593
High Point, N. C.....	8	17	1,875	35,365
Raleigh, N. C.....	12	20	6,351	39,209
Rocky Mount, N. C.....	7	11	2,875	18,900
Salisbury, N. C.....	6	4	6,675	11,525
Wilmington, N. C.....	11	17	11,750	67,200
Winston-Salem, N. C.....	51	60	26,464	77,431
Charleston, S. C.....	36	44	9,914	23,088
Columbia, S. C.....	36	52	86,561	59,500
Greenville, S. C.....	23	34	27,445	72,993
Rock Hill, S. C.....	8	22	3,650	31,330
Spartanburg, S. C.....	23	21	4,122	278,915
Washington, D. C.....	687	660	1,258,330	2,654,390
Totals	2,403	2,899	\$3,657,988	\$7,243,060

Retail Trade, 33 Department Stores

	<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
March 1932 sales, compared with sales in March 1931:	-14.9	-19.4	-14.1	-23.6	-17.3
Total sales since January 1, 1932, compared with sales in Jan.-March 1931:	-15.6	-18.0	-13.4	-21.3	-16.2
March 31, 1932, stocks, compared with stocks on March 31, 1931:	-13.7	-12.8	- 7.4	-19.5	-11.7
March 31, 1932, stocks, compared with stocks on February 29, 1932:	+ 4.0	+ 5.4	+ 5.6	+ 2.9	+ 5.1
Number of times stock was turned in March 1932:	.355	.329	.325	.232	.319
Number of times stock was turned since January 1, 1932:	.869	.844	.867	.599	.827
Percentage of March 1, 1932, receivables collected in March:	29.2	23.4	28.9	25.6	26.1

Department store sales in the Fifth reserve district in March were disappointing, the Easter trade being very poor, partly on account of unusually cold weather during most of the month. Sales in thirty-three stores averaged 17.3 per cent less than sales in March 1931, and combined sales in the first quarter of this year fell 16.2 per cent behind sales in the same stores in the first quarter of 1931. In addition to lower prices and reduced purchasing power this year, the weather has been unfavorable for trade in recent months, and merchants therefore were relatively unsuccessful in moving their winter and spring merchandise.

Stocks on the shelves of the reporting department stores rose an average of 5.1 per cent during March, a seasonal increase, but on March 31 average stocks at retail prices were 11.7 per cent below stocks on hand on March 31, 1931. Stocks were turned .319 times in March this year, and during the first quarter of 1932 stocks were turned .827 times, a lower figure than .872 times stocks were turned in the first quarter of 1931.

Collections in March 1932 in thirty-one of the thirty-three stores averaged 26.1 per cent of receivables outstanding on March 1, a poorer record than that of March 1931, when 28.9 per cent of outstanding receivables as of March 1 were collected during the month.

Wholesale Trade, 63 Firms

	22 <i>Groceries</i>	9 <i>Dry Goods</i>	6 <i>Shoes</i>	14 <i>Hardware</i>	12 <i>Drugs</i>
March 1932 sales, compared with sales in March 1931:	-12.2	-21.7	-12.9	-13.2	- 8.5
March 1932 sales, compared with sales in February 1932:	+11.1	+ 4.4	+29.6	+ 6.9	+12.5
Jan.-March 1932 sales, compared with sales in Jan.-March 1931:	-14.6	-21.5	-10.1	-16.3	-17.2
March 31, 1932, stocks, compared with March 31, 1931, stocks:	-17.3(8*)	-17.5(4*)	-16.3(5*)	-14.9(7*)	—
March 31, 1932, stocks, compared with Feb. 29, 1932, stocks:	- 2.1(8*)	+ 1.9(4*)	- 2.0(5*)	- 1.7(7*)	—
Percentage of March 1, 1932, receivables collected in March:	57.3(13*)	31.4(6*)	33.5(6*)	29.6(11*)	51.7(8*)

* Number of reporting firms.

Sixty-three wholesale firms in the Fifth reserve district sold more goods in March 1932 than in February this year, chiefly a seasonal increase, in some lines the increases being perhaps greater than in most years. In comparison with March 1931 sales, however, those for March 1932 were materially lower in dollar amount in all lines reported upon. All five lines for which data are available report lower total sales for the first quarter of 1932, in comparison with sales in the first quarter of 1931.

Stocks of the reporting firms did not change materially during March this year, but on March 31 all lines showed smaller stocks than on the corresponding date a year ago, most of the decreases corresponding rather closely to the year's decline in the wholesale price index.

Collections in all five lines were seasonally better in March than in February this year, the percentages of collections during the month to receivables outstanding on March 1 being larger than the percentages for the earlier month. Shoe and hardware collections in March 1932 were also better than those for March 1931, but the percentages of collections in groceries, dry goods and drugs were lower last month than in the corresponding month a year ago.

(Compiled April 21, 1932)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial activity was in smaller volume in March than in February, although usually little change is reported at this season, and the number of employees at factories was also reduced, contrary to seasonal tendency. Volume of reserve bank credit decreased in March, but showed a considerable growth in the first three weeks of April. Money rates continued to decline.

Production and Employment.

Output of industrial products, as measured by the Board's seasonally adjusted index, declined from 80 per cent of the 1923-1925 average in February to 68 per cent in March. Daily output at steel mills and automobile factories decreased, contrary to seasonal tendency, and activity at woolen mills declined sharply to the lowest level in recent years. Cotton consumption by domestic mills continued at the February rate, although sales of cotton cloth declined, and output of shoes increased considerably; in both these industries production was at about the same rate as a year ago. Activity in the lumber industry, which recently has been at a level about 45 per cent lower than last year, increased by more than the usual seasonal amount. Output of coal also increased considerably during March but declined in early April. Volume of factory employment and payrolls decreased from February to March, although an increase is usual at this season. There were substantial reductions in working forces in the steel, automobile, machinery and furniture industries, as well as at woolen and silk mills, while clothing and shoe factories showed additions to their working forces. Value of building contracts awarded, as reported by the F. W. Dodge Corporation, showed some increase of a seasonal character during March and the first half of April and was approximately one third as large as last year.

Distribution.

Rail shipments of merchandise, which ordinarily increase in March, showed little change, and sales at department stores in leading cities increased by less than the estimated seasonal amount.

Wholesale Prices.

The general level of wholesale commodity prices showed little change between February and March, according to the Bureau of Labor Statistics. In the first two weeks in March prices of many commodities including livestock and meats, advanced; between the middle of March and the third week in April, prices of cotton, silk, wool, hides, sugar, silver and tin declined considerably, while prices of coffee and petroleum increased. Wheat prices showed wide fluctuations but were at about the same level in the week ending April 23 as in the first half of March.

Bank Credit.

The Federal Reserve System's holdings of United States Government securities, after increasing continuously from early in March, totaled \$1,078,000,000 on April 20, an increase of \$338,000,000 since the end of February. This increase has been accompanied by some further decline in the reserve banks' holding of acceptances and a reduction of \$264,000,000 in discounts. Member bank indebtedness to the reserve banks showed a considerable reduction in all of the Federal reserve districts. Total volume of reserve bank credit outstanding, which had declined in March reflecting a continued return of money from circulation and an increase in the country's stock of monetary gold, increased by \$115,000,000 during the first three weeks of April. This increase was accompanied by a substantial growth in member bank reserve balances. Total loans and investments of reporting member banks in leading cities continued to decline during the five weeks ending April 13. At banks in New York City, however, there was an increase in investment holdings both of United States Government securities and other securities, offsetting the decline in loans, which continued until the middle of April. Open market rates for Bankers' acceptances showed successive reductions and on April 21 the offering rate for 90 day bills was 7/8 of one per cent, the same rate as prevailed between May and September 1931. Rates on commercial paper also declined.