

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



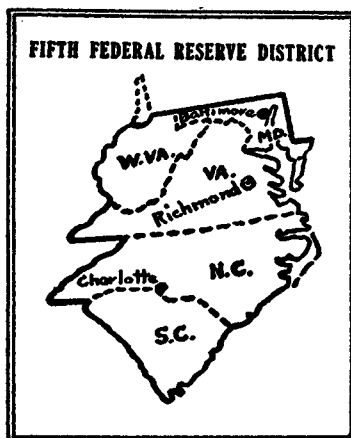
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 28, 1933

ALTHOUGH the period from January 1 to the middle of February is normally dull in business circles, there were on the whole some signs of improvement in evidence this year. Retail trade, for example, was better in January than in most recent months, and wholesale trade made the best comparative showing in more than three years. Textile mills not only reported a seasonal increase in cotton consumption in comparison with December, but also showed materially larger consumption than in January 1932, and for the first time on record the Fifth district consumed half the cotton used in the entire country. Tobacco prices paid growers were better in January than in January last year. Cold weather held back premature development of fruit buds, and snow and rain put soil in splendid condition for the coming planting season.

During the past month, rediscounts for member banks held by the Federal Reserve Bank of Richmond increased slightly, and there was also an increase in the bank's holdings of Government securities. The circulation of Federal reserve notes showed an unseasonal increase between January 15 and February 15, due chiefly to a desire of some banks in the district to strengthen their cash position. Member bank reserve deposits at the reserve bank rose last month, and the cash reserves of the Federal Reserve Bank of Richmond also increased materially. Loans by member banks declined moderately between the middle of January and the middle of February, and their demand deposits dropped accordingly, but time deposits rose. Debits to individual accounts figures in leading cities of the Fifth district during the four weeks ended February 8 showed a seasonal decline in comparison with debits in the four weeks ended January 11, and also totaled approximately 17 per cent less than debits in the corresponding four weeks last year, ended February 10, 1932. Employment conditions did not improve last



month, but on the contrary probably grew worse, due to unfavorable weather for outside work. Coal production in the Fifth district in January was in smaller volume than in January 1932. Spot cotton prices between the middle of January and the middle of February ruled somewhat lower than prices during the preceding month. Tobacco markets practically wound up this season's business with a very small volume of sales, although prices paid for tobacco were materially better than prices paid in January 1932. Tobacco manufacturing continued at a lower rate than manufacturing at this season a year ago. Construction work provided

for in permits issued in leading cities and in contracts actually awarded in January 1933 was in very small volume, and offered little hope of improvement in employment conditions for building tradesmen in the near future. The outlook for agriculture in 1933 is unfavorable, due to the low prices prevailing for farm products and to the load of debts accumulated from several unfavorable years by many farmers.

Reserve Bank Statement

| ITEMS | 000 omitted | | |
|------------------------------------|-----------------|-----------------|-----------------|
| | Feb. 15 1933 | Jan. 15 1933 | Feb. 15 1932 |
| Rediscounts held | \$ 17,494 | \$ 16,660 | \$ 36,213 |
| Open market paper..... | 1,642 | 1,783 | 7,990 |
| Government securities | 46,899 | 46,031 | 14,081 |
| Other earning assets..... | 0 | 0 | 700 |
| Total earning assets..... | 66,035 | 64,474 | 58,984 |
| Circulation of Fed. Res. notes.... | 100,421 | 98,367 | 105,419 |
| Members' reserve deposits..... | 62,966 | 51,017 | 51,022 |
| Cash reserves | 116,234 | 96,191 | 105,558 |
| Reserve ratio | 66.21 | 61.80 | 65.24 |

Rediscounts for member banks held on February 15 by the Federal Reserve Bank of Richmond were \$834,-000 less than rediscounts held a month earlier, January 15, 1933, but there was a decrease in rediscounts

amounting to \$18,719,000 during the past year. The Bank's portfolio of open market paper declined \$141,000 between January 15 and February 15, both this year, and dropped \$6,348,000 between February 15, 1932, and the same date this year. Holdings of Government securities rose by \$868,000 in the past month and \$32,818,000 in the year. The several changes in the items mentioned raised the total earning assets of the Richmond bank on February 15, 1933, to a point \$1,561,000 and \$7,051,000 higher than earning assets a month and a year earlier, respectively. Circulation of Federal Reserve notes rose by \$2,054,000 between the middle of January and the middle of February, an unusual development at this time of year, but the volume of notes in circulation on February 15 was less by \$4,998,000 than the volume of notes in circulation a year ago. Member bank reserve deposits on February 15 exceeded reserve deposits on January 15 by \$11,949,000, and also showed an increase of \$11,944,000 over reserve deposits as of February 15 last year. The increase of nearly \$12,000,000 in reserve deposits during the past month was an unusual development. The several changes in the statement previously enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$20,043,000 between the middle of January and the middle of February, and also raised the ratio of reserves to note and deposit liabilities combined by 4.41 points. During the year between February 15, 1932, and February 15, 1933, cash reserves advanced \$10,676,000, and the reserve ratio rose 97/100ths of 1 point.

Member Bank Statement

| ITEMS | 000 omitted | | |
|---|-----------------|-----------------|-----------------|
| | Feb. 15 1933 | Jan. 11 1933 | Feb. 10 1932 |
| Loans on stocks and bonds (including Governments) | \$111,153 | \$112,518 | \$148,233 |
| All other loans..... | 182,686 | 186,653 | 220,790 |
| Total loans and discounts..... | 293,839 | 299,171 | 369,023 |
| Investments in stocks & bonds.... | 256,670 | 266,949 | 233,807 |
| Reserve bal. with F. R. Bank.... | 46,959 | 35,334 | 33,799 |
| Cash in vaults..... | 14,933 | 12,548 | 13,729 |
| Demand deposits | 271,999 | 282,128 | 293,774 |
| Time deposits | 234,702 | 231,066 | 223,720 |
| Borrowed from F. R. Bank..... | 5,068 | 2,722 | 14,711 |

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.

In the five weeks between January 11 and February 15, 1933, total loans and discounts decreased \$5,332,000 in the forty-nine reporting banks, loans on securities decreasing \$1,365,000 and all other loans falling \$3,967,000. The banks also reduced their investments in stocks and bonds by \$10,279,000 during the month, but they increased their reserve balances at the Federal reserve bank by \$11,625,000 and increased cash in

vaults by \$2,385,000. Demand deposits showed a material decline during the period under review, falling \$10,129,000, but time deposits rose by \$3,636,000, leaving a net decrease in aggregate deposits amounting to \$6,493,000. The forty-nine banks increased their borrowing at the reserve bank by \$2,346,000 last month, but eleven banks which were rediscounting on February 15 showed an increase of only one over ten banks which were borrowing on January 11, 1933.

In comparison with condition figures reported for February 10, 1932, those for February 15, 1933, show material changes in all items. Total loans and discounts in the forty-nine banks decreased \$75,184,000 during the year, loans on securities declining by \$37,080,000 and all other loans by \$38,104,000. On the other hand, during the year the banks increased their investments in bonds and securities by \$22,863,000, their reserve balances at the Federal reserve bank by \$13,160,000, and their cash in vaults by \$1,204,000. Aggregate deposits declined by \$10,793,000, demand deposits declining \$21,775,000 while time deposits increased \$10,982,000. The reporting banks were borrowing less at the reserve bank on the 1933 date, rediscounts being lower by \$9,643,000 than on the corresponding date last year. On February 15, 1933, only eleven of the forty-nine banks were borrowing at the Federal Reserve Bank of Richmond, compared with twenty-four banks which were borrowing from the same source on February 10, 1932.

Time and Savings Deposits

Time deposits in forty-nine reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$441,968,813 at the end of January 1933, a higher figure than either \$438,844,061 reported at the end of December 1932 or \$436,006,095 reported at the end of January 1932. All of the increase both last month and last year occurred in the reporting member banks, savings deposits in the mutual savings banks being lower on January 31 this year than on either of the earlier dates.

Debits to Individual Accounts

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 8, 1933, with those for the preceding like period this year and the corresponding period a year ago.

Aggregate debits in the four weeks ending February 8 totaling \$734,901,000 showed a decrease of 10.7 per cent in comparison with \$823,236,000 of debits in the preceding period, ended January 11, every city except Spartanburg reporting lower totals for the later period. Decreased debits are seasonal at this period, because of the large volume of annual payments contained in the four weeks ended January 11.

Debits for the period ended February 8 this year show a decline of 16.9 per cent in comparison with debits in the corresponding period last year, ended

February 10, 1932, a smaller decrease than some recent months showed. Every city reported lower 1933 figures, the five largest cities showing the following declines: Baltimore, 21.0 per cent; Washington, 12.9 per cent; Richmond, 7.9 per cent; Norfolk, 23.7 per cent; and Charlotte, 14.5 per cent.

| CITIES | 000 omitted | | |
|--------------------------------|--------------------------------|------------------|------------------|
| | Total debits, four weeks ended | | |
| | Feb. 8, 1933 | Jan. 11, 1933 | Feb. 10, 1932 |
| Asheville, N. C..... | \$ 6,408 | \$ 7,384 | \$ 9,193 |
| Baltimore, Md..... | 221,072 | 235,718 | 279,986 |
| Charleston, S. C..... | 8,830 | 10,098 | 10,248 |
| Charleston, W. Va..... | 26,009 | 36,457 | 29,595 |
| Charlotte, N. C..... | 28,288 | 30,607 | 33,094 |
| Columbia, S. C..... | 14,295 | 14,646 | 17,135 |
| Cumberland, Md..... | 4,187 | 4,775 | 5,675 |
| Danville, Va..... | 4,587 | 5,204 | 5,433 |
| Durham, N. C..... | 13,749 | 15,702 | 14,466 |
| Greensboro, N. C..... | 9,507 | 10,895 | 11,714 |
| Greenville, S. C..... | 8,683 | 10,268 | 11,539 |
| Hagerstown, Md..... | 4,400 | 4,996 | 5,363 |
| Huntington, W. Va..... | 8,567 | 11,421 | 11,830 |
| Lynchburg, Va..... | 10,724 | 12,308 | 12,711 |
| Newport News, Va..... | 5,784 | 6,895 | 8,137 |
| Norfolk, Va..... | 28,137 | 32,254 | 36,868 |
| Portsmouth, Va..... | 2,681 | 3,280 | 4,093 |
| Raleigh, N. C..... | 15,065 | 23,866 | 15,741 |
| Richmond, Va..... | 103,153 | 111,543 | 111,974 |
| Roanoke, Va..... | 16,931 | 17,908 | 21,844 |
| Spartanburg, S. C..... | 4,110 | 3,992 | 6,478 |
| Washington, D. C..... | 162,468 | 182,465 | 186,435 |
| Wilmington, N. C..... | 6,186 | 7,069 | 7,935 |
| Winston-Salem, N. C..... | 21,080 | 23,485 | 27,104 |
| Fifth District Totals.. | \$734,901 | \$823,236 | \$884,591 |

Commercial Failures

The business failure record in the Fifth reserve district in January compared unfavorably with the record for the United States as a whole, the number of insolvencies in the district increasing 17.6 per cent and aggregate liabilities involved rising 27.1 per cent in comparison with failures in January 1932, while the United States totals showed decreases in number of insolvencies and in liabilities of 15.6 per cent and 18.3 per cent, respectively. Business failures tend to rise in January because of the pressure of year-end settlements, but this year the increase over failures in December was somewhat larger than occurs in most years. There were 187 bankruptcies, with estimated liabilities totaling \$3,056,287, in the Fifth district in January 1933, compared with 148 failures and \$2,741,688 reported for December 1932 and 159 failures and \$2,404,390 in January 1932. The Richmond and Minneapolis districts were the only ones of the twelve reserve districts to show more failures in January than in January last year, and only five of the twelve districts reported increased liabilities for the later month, these five being Boston, New York, Richmond, Chicago, and Minneapolis.

Employment

There was no improvement in employment conditions between the middle of January and the middle of February, and the task of caring for the needy became more difficult. In the first two years of the depression private funds and agencies working with voluntary subscriptions took care of the unemployed who had no surplus funds, but during the past year the local and state political units have been forced to assume a steadily increasing share in relief work. The need for relief has risen much faster than the increase in the number of unemployed, due to exhaustion of surplus funds with which many idle people cared for themselves in the earlier part of the depression. Further, many people who contributed to relief funds a year or two ago have suffered salary cuts and other reductions in income and are therefore less able to help others at present. Severe weather in January and the first half of February laid an additional burden on welfare agencies by stopping nearly all outside work and increasing demands for fuel and clothing.

Coal Production

Bituminous coal production in the United States totaled approximately 27,093,000 net tons in January 1933, in comparison with 31,110,000 tons in December and 27,892,000 tons in January 1932. Total production during the present coal year to February 11 amounts to 256,008,000 net tons, a much smaller figure than for any other recent year. Shipments of coal through Hampton Roads this calendar year, through February 11, totaled 2,278,317 net tons, compared with 2,172,524 tons shipped to the same date in 1932 and 2,615,825 tons in 1929.

In its February 4 report, the Bureau of Mines, Department of Commerce, gave annual production figures of soft coal by states for the past year. In 1932 West Virginia mined 83,765,000 net tons, leading all states. Virginia produced 8,025,000 tons, and Maryland dug 1,370,000 tons. Total production in 1932 in the Fifth district was 93,160,000 net tons, or 30.5 per cent of National production totaling 305,667,000 tons. Last year's percentage of total production was higher in the Fifth district than 29.5 per cent for 1931 and 28.9 per cent for 1930, and was also above 28.8 per cent in 1929, before the depression set in.

Textiles

In January 1933, the three textile manufacturing states in the Fifth reserve district, North Carolina, South Carolina and Virginia, consumed slightly more than half the total consumption of cotton in the United States, the first month in which the district has reached the half way mark. The three states used 235,897 bales of cotton in January, 50.1 per cent of National consumption totaling 471,202 bales. North Carolina used 113,902 bales in January, South Carolina 109,873 bales, and Virginia 12,122 bales. In December 1932 the Fifth district used 219,212 bales, or 49.8 per cent of the United States total, and in January 1932 the district

consumed 213,891 bales, or 49.2 per cent of the National total. January 1933 consumption of cotton rose 7.6 per cent above December consumption and 10.3 per cent above that of last January, higher figures in both instances than 7.1 per cent and 8.4 per cent, respectively, reported for the United States.

Cotton Statistics

Spot cotton prices changed little between the middle of January and the middle of February, but on the whole the trend was downward. In our *Review* last month we quoted 6.03 cents per pound as the average price of middling grade upland cotton on ten Southern markets on January 13. The average price rose to 6.06 cents on January 20, but then dropped to 6.02 cents on January 27 and further to 5.79 cents on February 3. On February 10 the price recovered slightly, rising to 5.97 cents, but declined to 5.91 cents on February 17, the latest date for which figures are available.

Cotton consumption in American mills in January 1933 totaled 471,202 bales, according to the report of the Bureau of the Census made public on February 14. This figure shows a seasonal increase over 440,062 bales consumed during the month of December 1932 and is 8.4 per cent higher than 434,726 bales consumed in January 1932. Total consumption during the six months of the present cotton year amounted to 2,811,486 bales, compared with 2,625,743 bales consumed during the six months ended January 31, 1932. Cotton on hand at manufacturing establishments on January 31, 1933, totaled 1,495,527 bales, compared with 1,530,110 bales held on December 31, 1932, and 1,638,136 bales held on January 31, 1932. Bales in public warehouses and compresses numbered 10,020,760 at the end of January, against 10,349,808 bales at the end of December, and 10,039,427 bales on January 31, 1932. Exports of cotton totaled 793,666 bales in January, compared with 1,039,795 bales sent abroad in December 1932 and 919,815 bales in January 1932, and exports in the six months of the present cotton year—August 1-January 31, inclusive—totaled 5,039,714 bales against 4,956,981 bales shipped over seas in the corresponding six months ended January 31, 1932. Imports last month totaled 21,352 bales, compared with 10,742 bales imported in December and 12,718 bales in January 1932. Spindles active in the United States at some time in January 1933 numbered 23,766,968, compared with 23,775,136 in December 1932 and 25,004,760 in January 1932. Consumption of cotton in the cotton growing states totaled 397,774 bales in January, compared with 358,048 bales used in January 1932. Last month's consumption in the cotton growing states amounted to 84.42 per cent of National consumption, compared with 82.36 per cent of National consumption used in the cotton growing states in January a year ago. Of the 397,774 bales consumed in the cotton growing states last month, Fifth district states used 235,897 bales, or 59.3 per cent, compared with 59.74 per cent in January 1932.

Tobacco Marketing

Virginia sales of leaf tobacco during January amounted to 19,096,922 pounds, and the average price was \$8.61 per hundred, according to reports to the Commissioner of Agriculture. In January 1932, sales amounted to 28,258,405 pounds, at an average price of \$5.73 per hundred. Prices for fire-cured, burley and sun-cured types of tobacco improved during January and the average price for the month was higher than in December, and prices for all types averaged higher than in January 1932. Total sales of all types through January 31 this year amounted to 55,743,902 pounds, at an average of \$9.04 per hundred, compared with 90,979,264 pounds at an average price of \$6.89 for the same period a year ago. Flue-cured sales last month amounted to 9,413,527 pounds, at an average price of \$6.42 per hundred. This was an increase over the December sales but the price was about \$2.00 per hundred lower. During January 1932, sales amounted to 12,760,641 pounds at an average price of \$5.57 per hundred. Fire-cured sales increased during January and the total for the month was 6,397,708 pounds at an average price of \$8.91 per hundred, while in January 1932 sales amounted to 9,718,903 pounds at an average price of \$4.70 per hundred. Burley sales during January amounted to 2,865,338 pounds, at an average price of \$15.40 per hundred, compared with 4,427,873 pounds at an average of \$8.47 for the same month last year. Sun-cured sales were unusually light, amounting to only 420,349 pounds at an average price of \$6.70 per hundred, while last year January sales amounted to 1,350,988 pounds at an average of \$5.62. The burley markets closed in January and the flue-cured markets closed about the middle of February. Warehousemen estimated that the sales during January graded 15 per cent good, 36 per cent medium, and 49 per cent common, compared with 14 per cent good, 32 per cent medium, and 54 per cent common in January 1932. Among the individual markets, Danville led in total sales in January and for the entire season with 5,271,867 pounds and 22,899,491 pounds, respectively, but Abingdon, a burley market, led in average price paid last month with \$15.40 per hundred pounds. South Hill led the flue-cured markets in price with \$7.44 per hundred, and Blackstone led the fire-cured markets with \$9.68.

North Carolina tobacco markets sold 13,007,833 pounds of producers' tobacco in January 1933, at an average price of \$8.67 per hundred pounds, compared with 35,145,640 pounds sold for \$6.13 per hundred pounds in January 1932. Total sales this season to February 1 amounted to 281,429,709 pounds, for an average of \$12.02 per hundred pounds, compared with 458,129,286 pounds sold prior to February 1, 1932, at an average of \$8.93 per hundred. Winston-Salem with 4,405,196 pounds led in January 1933 sales, Durham ranking second with 1,956,970 pounds. Asheville, the only burley market in North Carolina, led in price paid in January, selling 1,039,154 pounds at an average of \$16.02 per hundred, but Durham led the flue-cured markets in price with \$9.33 per hundred pounds. In season sales, Wilson with 33,891,258 pounds and

Winston-Salem with 31,353,097 pounds are far ahead of other markets.

Tobacco Manufacturing

The Internal Revenue Bureau of the Treasury Department issued a report on January 27 on taxes collected by the United States on tobacco manufacturing in 1932. Total taxes collected on all tobacco products amounted to \$387,271,269, and of this sum \$282,820,508, or 73 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 1931, those for the country as a whole declined 8.8 per cent in 1932, but the taxes paid last year in the Fifth district declined 14.4 per cent. Taxes on cigarettes paid to the United States in 1932 totaled \$310,573,823, of which \$254,937,847, or 82.1 per cent, was paid in the Fifth district. On cigars, the Government collected \$12,562,288 last year, of which the Fifth district paid only \$1,003,598, or 8.0 per cent. Manufactured tobacco, including chewing tobacco, smoking mixtures and snuff, brought in a total to the Treasury of \$62,737,420, of which the Fifth district paid \$26,879,063, or 42.8 per cent. North Carolina was far in the lead in cigarette production with tax payments totaling \$171,864,395, Virginia ranking second with payments totaling \$83,073,211. North Carolina also led in taxes paid on manufactured tobacco, with \$21,505,025, but Ohio ranked second with \$8,856,877. The actual number of cigarettes produced in 1932 in the United States was 103,524,608,000, of which the Fifth district made 84,979,282,000. North Carolina manufactured 57,288,132,000 cigarettes in 1932, and Virginia produced 27,691,070,000 cigarettes. South Carolina paid more tobacco taxes to the Federal Treasury in 1932 than in 1931, but all other Fifth district states paid less.

Agricultural Notes

January and February are between-seasons months, and comparatively little work is done on farms. Farm work is less advanced than at this time in most recent years, due to inclement weather. The present winter has been colder than last winter, and there has been more snow, ice and rain. The cold weather has retarded development of fruit buds, and therefore the danger of frost damage will be less when buds appear. Rain and snow filled the soil with moisture, and the ground will be in excellent condition when planting time arrives. Acreage planted to most crops will probably be reduced this year, due partly to the unfavorable price situation for farm products and partly to inability of farmers to finance full operations.

Construction

Building permits issued by inspectors in thirty-two Fifth district cities numbered only 1,409 in January

Building Operations for the Months of January 1933 and 1932

| CITIES | Permits Issued | | Total Valuation | |
|---------------------------|----------------|-------|-----------------|-------------|
| | 1933 | 1932 | 1933 | 1932 |
| Baltimore, Md. | 556 | 879 | \$ 590,880 | \$ 964,200 |
| Cumberland, Md. | 2 | 14 | 3,900 | 17,871 |
| Frederick, Md. | 5 | 11 | 410 | 19,629 |
| Hagerstown, Md. | 8 | 10 | 1,275 | 11,855 |
| Salisbury, Md. | 9 | 31 | 5,400 | 20,425 |
| Danville, Va. | 14 | 9 | 8,505 | 3,116 |
| Lynchburg, Va. | 19 | 24 | 27,067 | 182,365 |
| Norfolk, Va. | 65 | 98 | 65,190 | 101,832 |
| Petersburg, Va. | 4 | 2 | 2,500 | 450 |
| Portsmouth, Va. | 19 | 23 | 10,285 | 21,840 |
| Richmond, Va. | 52 | 86 | 53,230 | 75,668 |
| Roanoke, Va. | 16 | 22 | 9,874 | 31,580 |
| Bluefield, W. Va. | 3 | 4 | 550 | 1,020 |
| Charleston, W. Va. | 76 | 33 | 10,320 | 15,610 |
| Clarksburg, W. Va. | 7 | 11 | 3,186 | 2,515 |
| Huntington, W. Va. | 12 | 17 | 7,415 | 5,253 |
| Asheville, N. C. | 14 | 13 | 15,435 | 4,470 |
| Charlotte, N. C. | 21 | 43 | 50,291 | 45,631 |
| Durham, N. C. | 10 | 6 | 326,075 | 3,550 |
| Greensboro, N. C. | 27 | 22 | 35,700 | 8,087 |
| High Point, N. C. | 5 | 5 | 2,600 | 4,450 |
| Raleigh, N. C. | 11 | 13 | 6,040 | 1,895 |
| Rocky Mount, N. C. | 0 | 3 | 0 | 850 |
| Salisbury, N. C. | 3 | 3 | 2,800 | 5,200 |
| Wilmington, N. C. | 8 | 12 | 10,800 | 39,000 |
| Winston-Salem, N. C. | 26 | 42 | 16,950 | 21,628 |
| Charleston, S. C. | 19 | 33 | 14,170 | 12,323 |
| Columbia, S. C. | 25 | 62 | 14,157 | 17,738 |
| Greenville, S. C. | 32 | 19 | 7,030 | 19,350 |
| Rock Hill, S. C. | 3 | 8 | 1,385 | 1,850 |
| Spartanburg, S. C. | 10 | 9 | 2,837 | 9,852 |
| Washington, D. C. | 328 | 722 | 392,080 | 1,304,725 |
| District Totals..... | 1,409 | 2,289 | \$1,698,337 | \$2,975,828 |

1933, with estimated valuation amounting to \$1,698,337, compared with 2,289 permits and valuation figures totaling \$2,975,828 in January 1932, decreases of 38.4 per cent and 42.9 per cent in number of permits and in valuation, respectively. Eight cities issued more permits in the 1933 month, and ten cities reported higher valuation figures. All of the larger cities except Charlotte reported lower valuation figures last month. Durham with \$326,075 made the best record of all cities, in proportion to population, chiefly due to one permit for a new post office building to cost approximately \$275,000.

Contracts awarded in January for construction work in the Fifth reserve district totaled \$4,735,493, including both urban and rural construction, compared with \$5,615,205 for contracts awarded in January 1932, according to figures collected by the F. W. Dodge Corporation. Of the January 1933 awards, \$1,458,368, or 30.8 per cent, represented contracts for residential types of construction, compared with \$2,745,005, or 48.9 per cent, in contracts awarded for residential building in January last year.

Retail Trade, 32 Department Stores

| | <i>Richmond</i> | <i>Baltimore</i> | <i>Washington</i> | <i>Other Cities</i> | <i>District</i> |
|---|-----------------|------------------|-------------------|---------------------|-----------------|
| January 1933 sales, compared with sales in January 1932: | -16.5 | -19.8 | -16.7 | -19.2 | -18.1 |
| Jan. 31, 1933, stocks, compared with stocks on Jan. 31, 1932: | -14.5 | -14.4 | -17.4 | -18.0 | -16.5 |
| Jan. 31, 1933, stocks, compared with stocks on Dec. 31, 1932: | -10.1 | -15.7 | -9.9 | -6.5 | -11.4 |
| Number of times stock was turned in January 1933: | .242 | .245 | .259 | .176 | .242 |
| Percentage of Jan. 1, 1933, receivables collected in January: | 29.5 | 23.7 | 34.4 | 26.0 | 28.2 |

Sales in thirty-two department stores in the Fifth district in January made a more favorable comparison with sales in the corresponding month of the preceding year than most other recent months. Sales were 18.1 per cent less than sales in January 1932, a considerable part of the decline being due to price reductions this year.

Stocks on the shelves on the reporting stores declined an average of 11.4 per cent in January, a seasonal reduction, and at the end of the month averaged 16.5 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 1933 averaged 28.2 per cent of receivables outstanding at the beginning of the month, a slightly lower percentage than 28.3 per cent collected in January 1932.

Wholesale Trade, 60 Firms

| | 22 <i>Groceries</i> | 8 <i>Dry Goods</i> | 5 <i>Shoes</i> | 13 <i>Hardware</i> | 12 <i>Drugs</i> |
|---|------------------------|-----------------------|-------------------|-----------------------|--------------------|
| January 1933 sales, compared with sales in January 1932: | -9.4 | +4.7 | +34.8 | +9 | -3.2 |
| January 1933 sales, compared with sales in December 1932: | -7.0 | +17.2 | +32.4 | +11.4 | +7.0 |
| Jan. 31, 1933, stocks, compared with stocks on Jan. 31, 1932: | -21.1(8*) | -6.7(3*) | -7.6(4*) | -13.1(7*) | |
| Jan. 31, 1933, stocks, compared with stocks on Dec. 31, 1932: | +1.5(8*) | +9.9(3*) | +45.5(4*) | +7(7*) | |
| Percentage of Jan. 1, 1933, receivables collected in January: | 56.5(13*) | 33.9(5*) | 44.5(5*) | 41.1(11*) | 50.8(8*) |

—Denotes decreased percentage. *Number of reporting firms.

Wholesale trade was better in January in the Richmond reserve district than in any other month since the depression began, in proportion to the volume of business done in recent months. Three of the five lines for which data are available reported larger sales than in January last year, and four of the five lines reported seasonally increased sales in comparison with December.

Stocks on hand on January 31, 1933, showed increases in every line over stocks on December 31, but were smaller in all lines than stocks on January 31, 1932.

Collections in all five lines were better in January this year than in the corresponding month last year, shoes and hardware showing the greatest improvement.

(Compiled February 21, 1933)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial production increased in January by less than the usual seasonal amount and factory employment and payrolls continued to decline. Prices of commodities at wholesale, which declined further in January, showed relatively little change in the first three weeks of February.

Production and Employment

Industrial activity, as measured by the Board's index, which makes allowance for usual seasonal changes, declined from 66 per cent of the 1923-1925 average in December to 64 per cent in January, which compares with a low level of 58 per cent last July. Output of coal declined considerably, contrary to the usual seasonal tendency. Increases in activity in the cotton and silk industries were somewhat less than seasonal in amount, and there was a slight decline in production at woolen mills. Output of shoes increased seasonally. Activity in the steel industry showed a seasonal increase during January, and little change during the first three weeks of February. Automobile production, which had increased substantially in December, showed a further slight increase in January.

Factory employment declined between the middle of December and the middle of January by considerably more than the seasonal amount. Decreases were reported in most lines except in the cotton, wool, and silk industries, where employment showed little change, and in the automobile and shoe industries, where employment increased.

Construction contracts awarded were in about the same volume in January as in December, according to the F. W. Dodge Corporation; in the first half of February the value of awards showed a decline.

Distribution

Volume of freight traffic was somewhat smaller in January than in December, reflecting a reduction in shipments of coal. Sales by department stores decreased after Christmas by more than 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 further from 62.6 per cent of the 1926 average in December to 61.0 per cent in January, reflecting substantial reductions in the prices of crude petroleum, gasoline, textiles, and dairy and poultry products. Prevailing prices for wheat, cotton, and hogs in January and the first three weeks of February were somewhat above the low levels reached in December.

Bank Credit

Between January 4 and February 21 there was an increase of \$319,000,000 in the demand for currency, accompanying banking disturbances in different parts of the country, and a decrease of \$64,000,000 in the country's stock of monetary gold. These demands were met by member banks in part by the use of their balances at the reserve banks, which declined by \$243,000,000 during the period, but continued to be considerably above legal requirements. Reserve bank holdings of United States securities declined by \$88,000,000 between January 4 and February 1, but increased by \$70,000,000 during the following three weeks; their holdings of acceptances increased by \$141,000,000, and discounts for member banks increased by \$76,000,000.

Loans and investments of reporting member banks in leading cities declined by about \$100,000,000 during the five weeks ending February 15. The banks' net demand deposits declined by \$390,000,000, reflecting largely reductions in bankers' balances, and time deposits showed a decrease of \$93,000,000 for the period.

Money rates in the open market were slightly firmer during the first half of February. Open-market rates on 90-day bankers' acceptances, which had been $\frac{1}{4}$ of 1 per cent, had increased to $\frac{5}{8}$ of 1 per cent by February 20. Rates on prime commercial paper and on stock exchange loans remained unchanged. The minimum buying rate on bills at the Federal Reserve Banks of Boston, New York, and Chicago was reduced from 1 to $\frac{1}{2}$ of 1 per cent.