

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

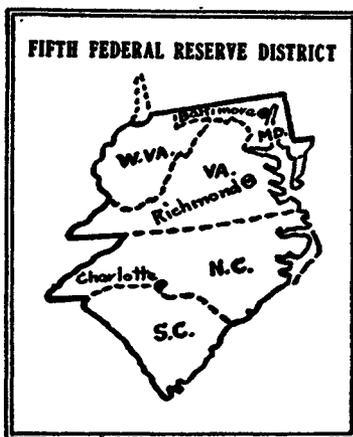


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RICHMOND, VIRGINIA

APRIL 30, 1933

THE banking holiday retarded business in the Fifth Federal reserve district during the first half of March, but since that time available reports indicate that business has been in about the same volume as in the weeks preceding the banking holiday with indications of seasonal increase in some lines. There were marked changes in the statements of condition of the Federal Reserve Bank of Richmond and of reporting member banks between March 15 and April 15. About half of the large volume of rediscounts held by the reserve bank when the banking holiday ended has been paid off by borrowing banks, and the circulation of Federal reserve notes has declined materially. Member banks, finding no unusual demand for currency when they reopened, have reduced their cash in vaults, lowered their reserve balances at the reserve bank, increased their investments in securities, and reduced their borrowing at the reserve bank. Their deposits, both demand and time, have advanced moderately, although they have not regained all the deposits which were withdrawn during the weeks preceding the banking holiday. Debits to individual accounts figures during the first four weeks after the bank holiday were 13.9 per cent below debits in the corresponding four weeks last year. The commercial failure record in the Fifth district in March was better than the record for any month for two years, and was the best record for March since 1920. The district figures were better than the National figures in both number of insolvencies and in aggregate liabilities involved. There was no improvement in employment conditions between the middle of March and the middle of April except for some additional Spring work such as painting, etc., and that was probably not up to the usual level in amount. Coal production in March declined materially in comparison with production in both February 1933 and March 1932, but West Virginia continued to lead the country in output. Textile



mills in the Fifth district used less cotton per day than in February, but cotton consumption in the Carolinas and Virginia in March exceeded consumption in March 1932, and made up a larger percentage of United States consumption than the cotton used in the same month last year. South Carolina led all states in average hours of operation per spindle in place during March. Spot cotton prices increased during March and the first three weeks of April. Retail trade, as reflected in department store sales in March, averaged 29.2 per cent less in dollar amount than trade in March last year, but in view of the banking holiday this

year, which greatly retarded cash sales, and the occurrence of Easter in March last year, this year's record is on the whole favorable. As in recent months, wholesale trade in March in five representative lines was in less volume than in the corresponding month of the preceding year, but showed a seasonal increase over the volume of trade in February this year. Collections were slower in both retail and wholesale establishments in March 1933 than in March 1932, chiefly due to the effects of the banking holiday and the freezing of funds in banks which were unable to reopen. Prospects for agricultural production are better at this time than they were in April last year, and surplus stocks of some farm crops have been reduced. One unfavorable element is a material increase in tobacco acreage which farmers intend to set out this year, but in some sections of the Fifth district tobacco plants have been attacked by blue mold, which may prevent the production of too large a crop.

## Reserve Bank Statement

The principal items of condition on the statement of the Federal Reserve Bank of Richmond changed materially between March 15 and April 15, chiefly due to a tendency to return to a more nearly normal basis after the banking disturbance of late February and

**Reserve Bank Statement**

ITEMS	000 omitted		
	April 15 1933	Mar. 15 1933	April 15 1932
Rediscounts held .....	\$ 21,946	\$ 47,012	\$ 29,153
Open Market paper.....	5,260	20,542	2,455
Government securities .....	48,149	48,149	22,831
Total earning assets.....	75,355	115,703	54,439
Circulation of Fed. Res. notes..	177,182	214,449	96,076
Members' reserve deposits.....	56,429	67,642	47,588
Cash reserves .....	175,626	179,165	98,776
Reserve ratio .....	70.63	62.09	65.60

early March. Rediscounts for member banks, which had increased by \$29,518,000 between February 15 and March 15, declined between the latter date and April 15 by \$25,066,000, and the portfolio of open market paper, which had risen by \$18,900,000 during the preceding month, dropped \$15,282,000 during the past month. Holdings of Government securities remained unchanged from March 15 to April 15. The declines in rediscounts and holdings of open market paper reduced the total earning assets of the Federal Reserve Bank of Richmond by \$40,348,000 during the month under review. There was a decrease in the circulation of Federal reserve notes amounting to \$37,267,000 between the middle of March and the middle of April, but the decrease was relatively small in comparison with the increase of \$114,028,000 which occurred during the preceding month, and indicates that a very large amount of currency is still being hoarded. Member banks reduced their reserve deposits at the reserve bank by \$11,213,000 during the past month. The several changes in the statement previously mentioned, with others of less importance, reduced the cash reserves of the Federal Reserve Bank of Richmond by \$3,539,000 between March 15 and April 15, but raised the ratio of cash reserves to note and deposit liabilities combined by 8.54 points.

Most of the condition figures on April 15, 1933, were higher than those of April 15, 1932, rediscounts for member banks, which decreased \$7,207,000, being the only item which declined during the year. The Bank's holdings of bills purchased rose \$2,805,000 and Government securities owned rose \$25,318,000 during the year. The several changes in assets resulted in a net increase in total earning assets amounting to \$20,916,000 between April 15, 1932, and April 15, 1933. The volume of Federal reserve notes in circulation rose by \$81,106,000 during the year, and member bank reserve deposits gained \$8,841,000. Cash reserves of the Federal Reserve Bank of Richmond increased by \$76,850,000 between the middle of April last year and this, but the ratio of cash reserves to note and deposit liabilities combined rose only 5.03 points, the smallness of the increase being due of course to the marked rise in note circulation during the year.

**Member Bank Statement**

All member banks in a dozen of the leading Fifth district cities send weekly condition reports to the Fed-

eral Reserve Bank of Richmond, and a composite statement of condition is usually published in the *Review*. At present, however, the figures reported are not comparable with figures reported a year ago, due chiefly to the influence exerted by the banking holiday on certain items in the statement. Suspension of the member bank condition figures is therefore in effect for the present.

**Time and Savings Deposits**

Time deposits in thirty-nine regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$373,563,559 at the end of March 1933, a lower figure than either \$383,731,566 at the end of February 1933 or \$386,298,019 at the end of March 1932. Both member banks and savings banks reported declines in deposits between February 28 and March 31 this year, but the decrease in time deposits during the year was all in the mutual savings banks.

**Debits to Individual Accounts**

	Total Debits 4 weeks ended	
	April 12, 1933	April 13, 1932
Asheville, N. C.....	\$ 7,294,000	\$ 8,399,000
Baltimore, Md. ....	221,467,000	266,639,000
Charleston, S. C.....	7,122,000	11,202,000
Charleston, W. Va.....	28,558,000	28,357,000
Charlotte, N. C.....	31,893,000	34,145,000
Cumberland, Md. ....	4,807,000	5,525,000
Danville, Va. ....	3,976,000	4,207,000
Durham, N. C.....	15,054,000	13,216,000
Greensboro, N. C.....	2,510,000	9,441,000
Greenville, S. C.....	6,522,000	9,634,000
Hagerstown, Md. ....	3,303,000	5,757,000
Huntington, W. Va.....	9,640,000	10,370,000
Lynchburg, Va. ....	11,087,000	12,367,000
Newport News, Va.....	6,500,000	6,689,000
Norfolk, Va. ....	31,006,000	31,104,000
Portsmouth, Va. ....	3,079,000	3,243,000
Raleigh, N. C.....	14,732,000	14,414,000
Richmond, Va. ....	89,616,000	98,519,000
Roanoke, Va. ....	16,603,000	18,357,000
Washington, D. C.....	164,962,000	197,252,000
Wilmington, N. C.....	4,218,000	8,022,000
Winston-Salem, N. C.....	28,055,000	29,725,000
Fifth District Totals.....	\$712,004,000	\$826,584,000

Debits to individual, firm and corporation accounts in the banks of twenty-two leading Fifth district cities are shown in the accompanying table for four weeks ended April 12, 1933, in comparison with corresponding figures for four weeks ended April 13, 1932. Similar figures for the preceding month this year, ended March 15, are not included this month, since the banks were closed a week or more during that period. We have been unable to obtain debits figures from Columbia and Spartanburg since the banking holiday, the Clearing House not functioning in the former city and no banks being open in the latter.

Aggregate debits in the four weeks ended April 12, 1933, amounted to \$712,004,000, a decrease of \$114,-

580,000, or 13.9 per cent, under debits amounting to \$826,584,000 reported for the four weeks ended April 13, 1932. Three cities, Charleston, W. Va., Durham and Raleigh, reported higher figures for the 1933 period. The largest decreases were reported by cities in which one or more large banks failed to open after the banking holiday. In view of the smaller number of reporting banks included in 1933 figures, and lower price levels in many lines, the average decline of only 13.9 per cent in aggregate debits this year is a good showing.

### Commercial Failures

In spite of banking disturbances during March, the insolvency record in the Fifth district was the best for many months. According to *Dun & Bradstreet*, there were 84 bankruptcies in the district in March, compared with 184 failures in March 1932, a decrease this year of 54.3 per cent. In the United States as a whole, there were 1,948 failures last month, a decrease of only 34 per cent under 2,951 failures in March 1932. Liabilities in the Fifth district last month totaled \$1,523,870, compared with \$6,792,115 in March last year, a decline of 77.6 per cent, while total liabilities in the United States amounted to \$48,500,212, a decline of only 48.3 per cent in comparison with liabilities totaling \$93,760,311 in March 1932. The number of insolvencies in the Fifth district last month was the lowest for any month since August 1931 and the lowest for any March since 1920, and last month's aggregate liabilities were the lowest for any month since October 1931 and for any March since 1920. Every one of the twelve reserve districts reported fewer failures in March 1933 than in March 1932, and all districts except Cleveland reported lower liabilities.

### Employment

There was no improvement in employment conditions during the past month, but plans are shaping up for work which will give additional people at least part time employment. Much of the work in contemplation is made work, especially undertaken by Governmental or semi-official groups to provide sufficient employment to meet actual needs of workers. Wages for this type of work are relatively low, but are sufficient to enable the workers to meet their bills for necessities of life. There has been some seasonal increase in certain lines of work, such as painting, gardening, farm work, etc., but on the whole there appears to be less of this class of work this year than in most years. The weather, however, has been unfavorable for outside work in April, and more work may develop a little later, when Spring weather comes.

### Coal Production

Production of bituminous coal in the United States during the month of March amounted to 23,646,000 net tons as against 27,134,000 tons mined in February 1933 and 32,250,000 tons in March 1932. Total production of soft coal during the present calendar year to April 1 amounted to 77,840,000 net tons, a materially smaller

amount than for any other recent year. Coal shipped through Hampton Roads ports during the present calendar year to April 1 totaled 4,570,633 tons, compared with 4,643,835 tons shipped prior to April last year.

The March 25 report of the Bureau of Mines, Department of Commerce, showed production figures by states for February. West Virginia produced 6,553,000 net tons during the month, to hold first place over Pennsylvania, which produced 6,133,000 tons. 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 February 1932, 1931 and 1930.

### Textiles

Production in the textile industry in the Fifth district declined slightly during March, daily consumption of cotton by Fifth district mills during the month being less than daily consumption in February. Fifth district mills consumed 242,009 bales of cotton in March this year, of which South Carolina mills used 119,185 bales, North Carolina mills used 111,520 bales, and Virginia mills 11,304 bales. In February 1933 Fifth district mills consumed 220,749 bales and in March 1932 they used 233,171 bales. Consumption in the Fifth district was 48.97 per cent of National consumption in March 1933, a lower figure than 49.98 per cent in February this year, but higher than 47.69 per cent in March 1932. The higher percentage for the Fifth district this year indicates that the district held its own in textile manufacturing somewhat better during the past year than mills in some other sections of the country.

The Bureau of the Census issued a report on April 20 on spindles in place in March, spindles active at some time during that month, and average hours of operation per spindle in place. On March 31, 1933, there were 31,031,684 spindles in place in the United States, of which 12,504,286, or 40.3 per cent, were in the Carolinas and Virginia. Active spindles in March totaled 23,429,122 in the United States, of which 11,292,204, or 48.2 per cent, were in the Fifth district. Active hours of operation per spindle in place averaged 227 hours in the United States last month, but two of the three cotton manufacturing states in the Fifth district were well above the average, South Carolina leading all states with 387 hours per spindle, and North Carolina ranking sixth with 235 hours. Virginia, with 218 hours, failed to measure up to the National average.

### Cotton Statistics

*Spot cotton prices* declined on ten Southern spot markets during the second half of March, but advanced again in April and more than recovered the ground lost during the preceding month; in fact, prices advanced to the highest level reached since last October. In our *Review* last month, we quoted 6.32 cents as the average price paid on March 17 on ten markets for upland, short staple, middling grade cotton. The price declined to 6.16 cents on March 31, but then turned upward to an average of 6.42 cents on April 7, went to

6.70 cents on April 14, and on April 21 reached 7.29 cents.

*Cotton consumption* in the United States in March 1933 totaled 494,167 bales, compared with 441,663 bales used in February this year and 488,907 bales in March 1932. Total consumption for the eight months of the present cotton year—August 1 to March 31—amounted to 3,747,316 bales compared with 3,565,889 bales consumed in the corresponding period ended March 31, 1932. Manufacturing establishments held 1,343,314 bales on March 31, compared with 1,441,641 bales held on February 28 this year and 1,566,080 bales on March 31, 1932. Public warehouses and compresses held 8,906,571 bales in storage at the end of March this year, compared with 9,379,990 bales so held a month earlier and 8,769,049 bales on March 31 last year. March exports totaled only 487,988 bales, compared with 557,022 bales sent abroad in February this year and 927,127 bales exported in March last year. Exports during the eight months of this cotton year totaled 6,084,724 bales, compared with 6,852,433 bales shipped over seas during the corresponding eight months ended March 31, 1932. Spindles active in March numbered 23,429,122, compared with 23,659,100 in February this year and 24,817,340 in March 1932.

*Cotton growing states* consumed 412,305 bales in March 1933, compared with 370,607 bales used in February and 398,205 bales in March 1932. Last month's consumption in the cotton growing states amounted to 83.4 per cent of National consumption, compared with 81.4 per cent of National consumption used in the cotton growing states in March last year. Of the 412,305 bales of cotton consumed in cotton growing states in March, the Fifth district mills used 242,009 bales, or 58.7 per cent, compared with 58.6 per cent of Southern consumption attained in the district in March last year.

### Tobacco Marketing

All Virginia tobacco markets have closed for the season, and total producers' sales for the season amounted to 63,020,968 pounds for a total of \$5,483,242, an average of \$8.70 per hundred pounds, according to reports to the Commissioner of Agriculture. The 1932 tobacco crop was the smallest since 1876, and, while prices were higher than in the previous season, the average price is the lowest since 1909, with the exception of 1931-1932. Flue-cured sales amounted to 42,796,623 pounds, at an average price of \$8.11 per hundred, compared with 69,652,779 pounds at an average of \$7.03 for the preceding season. Sales of fire-cured tobacco, amounting to 13,276,960 pounds, were the smallest since 1909, the earliest year for which records by types are available. Sales for the preceding season were 26,900,611 pounds. The average price for this type was \$8.19 per hundred, compared with \$4.94 for the 1931 crop and \$8.26 for the 1930 crop. Burley sales amounted to 5,755,418 pounds, at an average price of \$14.74 per hundred pounds, compared with the previous season's sales of 7,952,657 pounds at an average of \$9.11 per hundred. Sun-cured sales, amounting to only 1,191,967 pounds, were the smallest for any year since 1909, when records for this type were first available. The average price of

\$6.57 was slightly higher than the average of \$5.76 for the 1931 crop. Among the individual tobacco markets, Danville led in season sales with 24,444,333 pounds, ranking far ahead of South Boston with 7,815,959 pounds and Lynchburg with 4,190,702 pounds.

### Agricultural Notes

Although temperatures in March were below normal in some sections of the Fifth reserve district, and rainfall was unevenly distributed, the weather on the whole was more favorable for crop development and the preparation of land for this year's operations than was the case last year. In *Virginia*, crop prospects on April 1 were much more promising than last year at the same time. Farm work is seasonally advanced, and cold weather in March retarded development of fruit buds. The condition of truck crops in commercial sections is above average, and if weather continues favorable larger yields than last year should be secured. The wheat crop came through the winter in better condition than was expected after the poor start made last Fall, and a probable production of 7,398,000 bushels is indicated, compared with 6,253,000 bushels harvested last year. Pastures are backward, and those damaged by drought last Summer have been slow to recover, but there is plenty of moisture in the ground to bring grasses out very quickly when warm weather develops. There has been marked improvement in pastures during April. Planting of early commercial Irish potatoes was practically completed by April 1, and, while it is yet too early to forecast the crop, prospects in each of the early states are higher than in 1932, when March freezes caused much damage to early plants. *Maryland* winter grains and pastures are reported below average, due to cold and wet weather in March, but a yield of 7,326,000 bushels of wheat is indicated, compared with only 4,940,000 bushels last year. Prospects for fruit are generally good all over the state, and planting of early potatoes and other truck crops is progressing nicely. *West Virginia* planting is later than usual, frequent and heavy March rains having delayed soil preparation. Wheat is in good condition, and a yield of approximately 1,495,000 bushels is expected, compared with 1,276,000 bushels harvested in 1932. *West Virginia* is one of the few states in the Union to show a better winter wheat condition this year than in 1932. Heavy rains and cool weather during March were responsible for a low condition of pastures on April 1, and the wet soil also curtailed all plowing during the Spring. In *North Carolina* there was a lack of moisture in March, and in some fields the ground got too hard to work, but on the whole good progress was made toward preparation of land for this year's planting. The growth of small grain has been very good, and an indicated yield of 4,474,000 bushels of wheat is almost 800,000 bushels above the five-year average. The oat crop is up to average, and the condition of rye is better than last year at this time. Due to an absence of extremely cold weather since peach trees began to bloom, prospects on April 1 were very good for a full setting of fruit. Early Irish potatoes were in better condition than a year ago, and prospects of better than

average yields for nearly all truck crops were good. *South Carolina* farmers have made better progress in planting this year's crop than is usual at this time of the year, and prospects for favorable returns insofar as yields are concerned are good. The condition of winter grain ranges from fair to good; prospects for peaches are 63 per cent, compared with 48 per cent a year ago; pastures are in better condition than a year ago; and the April 1 condition of 70 per cent for early potatoes compares with only 58 per cent on April 1, 1932. Fertilizer mills report larger sales this year than last, farmers probably being able to purchase fertilizer with proceeds of Government seed and crop loans.

### Construction

*Building permits* issued in March in thirty-two Fifth district cities provided for much less work than permits issued in March 1932. Last month 1,324 permits were issued for all classes of work, compared with 2,403 permits issued in March last year, a decrease of 44.9 per cent. Total valuation figures for March 1933 amounted to only \$963,382, a decrease of \$2,694,606, or 73.7 per cent, under the total of \$3,657,988 for permits issued in March 1932. Only eight of the thirty-two cities reported higher valuation figures for March this year, and practically all of these increases were due to unusually low figures in March last year rather than to a large volume of work this year. Frederick, Maryland, reported relatively large figures for last month, but the three largest cities, Baltimore, Washington and Richmond, reported very low figures.

### Building Permits Issued for the Months of March 1933 and 1932

CITIES	Permits Issued		Total Valuation	
	1933	1932	1933	1932
Baltimore, Md. ....	395	927	\$270,240	\$1,250,160
Cumberland, Md. ....	5	10	820	11,990
Frederick, Md. ....	4	5	10,960	2,160
Hagerstown, Md. ....	10	6	4,435	708
Salisbury, Md. ....	19	24	8,425	186,730
Danville, Va. ....	15	10	7,002	156,742
Lynchburg, Va. ....	25	31	33,050	27,036
Norfolk, Va. ....	89	95	74,445	146,600
Petersburg, Va. ....	2	6	540	9,960
Portsmouth, Va. ....	31	28	8,810	25,502
Richmond, Va. ....	70	80	62,071	91,233
Roanoke, Va. ....	19	40	7,507	66,851
Bluefield, W. Va. ....	3	7	1,425	8,290
Charleston, W. Va. ....	78	63	10,030	33,662
Clarksburg, W. Va. ....	8	13	3,217	3,735
Huntington, W. Va. ....	16	28	3,980	13,238
Asheville, N. C. ....	14	19	13,085	4,571
Charlotte, N. C. ....	16	51	19,760	94,798
Durham, N. C. ....	11	19	14,330	64,430
Greensboro, N. C. ....	32	33	10,495	13,580
High Point, N. C. ....	5	8	18,300	1,875
Raleigh, N. C. ....	10	12	13,613	6,351
Rocky Mount, N. C. ....	6	7	5,960	2,875
Salisbury, N. C. ....	1	6	500	6,675
Wilmington, N. C. ....	14	11	11,400	11,750
Winston-Salem, N. C. ....	35	51	16,935	26,464
Charleston, S. C. ....	20	36	7,195	9,914
Columbia, S. C. ....	26	36	6,182	86,561
Greenville, S. C. ....	19	23	7,820	27,445
Rock Hill, S. C. ....	8	8	3,025	3,650
Spartanburg, S. C. ....	12	23	4,885	4,122
Washington, D. C. ....	306	687	302,940	1,258,330
Totals .....	1,324	2,403	\$963,382	\$3,657,988

**Retail Trade, 32 Department Stores**

Richmond	Baltimore	Washington	Other Cities	District
March 1933 sales, compared with sales in March 1932:				
-27.9	-32.9	-26.1	-27.4	-29.2
Jan.-Mar. 1933 sales, compared with sales in Jan.-Mar. 1932:				
-23.0	-27.5	-21.9	-23.5	-24.4
Mar. 31, 1933, stocks, compared with stocks on Mar. 31, 1932:				
-14.9	-20.9	-19.8	-21.7	-20.0
Mar. 31, 1933, stocks, compared with stocks on Feb. 28, 1933:				
+ 5.5	+ 1.5	+ 3.8	+ 1.9	+ 2.8
Number of times stock was turned in March 1933:				
.307	.274	.296	.211	.279
Number of times stock was turned since January 1, 1933:				
.794	.74	.817	.566	.757
Percentage of March 1, 1933, receivables collected in March:				
25.1	19.0	24.5	20.5	21.7

Department store sales in thirty-two Fifth district stores in March 1933 averaged 29.2 per cent less than sales in March 1932, a very satisfactory comparison in view of the banking holiday this year and the occurrence of Easter in March last year. Among the individual cities from which three or more stores reported, Washington with a decrease of 26.1 per cent in sales made the best record for the month. In total sales during the first three months of 1933, the thirty-two stores averaged a decrease of 24.4 per cent in comparison with sales in the first quarter of 1932, Washington again leading with a decline of 21.9 per cent.

Stocks in the reporting stores increased seasonally during March, rising by 2.8 per cent over those on hand at the end of February, but on March 31 this year stocks averaged 20.0 per cent less than stocks on hand a year earlier. Part of this decline was due to price changes during the year. The reporting stores turned their stock an average of .279 times during March, and between January 1 and March 31 stock was turned .757 times, both of these averages being lower than those for the corresponding periods in 1932.

The percentage of collections in March 1933 to total accounts receivable on March 1 was materially lower

than the percentage for March 1932, a natural result of the banking holiday which tied up all funds for more than a week and some funds indefinitely. Richmond reported the highest collection percentage, while Baltimore reported the lowest.

**Wholesale Trade, 61 Firms**

22	8	6	13	12
Groceries	Dry Goods	Shoes	Hardware	Drugs
March 1933 sales, compared with sales in March 1932:				
-11.9	- 3.2	-20.9	- 7.0	-26.2
March 1933 sales, compared with sales in February 1933:				
+14.0	+ 5.2	+28.9	+13.9	+ 2.3
Jan.-Mar. 1933 sales, compared with sales in Jan.-Mar. 1932:				
-11.8	- 1.0	-18.8	- 6.9	-16.3
Mar. 31, 1933, stocks, compared with stocks on Mar. 31, 1932:				
-16.2(8*)	-12.2(3*)	-25.8(5*)	-12.9(7*)	.....
Mar. 31, 1933, stocks, compared with stocks on Feb. 28, 1933:				
+ 1.1(8*)	- .2(3*)	-10.5(5*)	- 1.4(7*)	.....
Percentage of March 1, 1933, receivables collected in March:				
53.5(13*)	28.7(5*)	44.6(6*)	27.0(11*)	48.2(8*)

\* Number of reporting firms.

Sixty-one wholesale firms in the Fifth reserve district sold more goods in March 1933 than in February this year, a seasonal increase, but in comparison with March 1932 sales those for March 1933 were 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 1933, in comparison with sales in the first quarter of 1932.

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 being chiefly due to the year's decline in wholesale prices.

Collections in March did not show the usual seasonal improvement over February collections, being adversely affected by the banking holiday. Collections in all lines except shoes were slower in March 1933 than in March 1932.

(Compiled April 21, 1933)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Production and distribution of commodities, which declined during the latter part of February and the early part of March, increased after the middle of the month. The return flow of currency to the reserve banks, which began with the reopening of banks on March 13, continued in April. Following the announcement by the President on April 19 that the issuance of licenses for the export of gold would be suspended, the value of foreign currencies in terms of the dollar advanced considerably, and there was increased activity in the commodity and security markets.

**Production and Employment**

Production at factories and mines decreased from February to March, contrary to seasonal tendency, and the Board's seasonally adjusted index declined from 64 per cent of the 1923-25 average to 60 per cent, compared with a low level of 58 per cent in July 1932. At steel mills there was a decline in activity from an average of 20 per cent of capacity in February to 15 per cent in March, followed by an increase to more than 20 per cent for the month of April, according to trade reports. In the automobile industry where there was also a sharp contraction in output when the banks were closed, there was a rapid increase after the reopening of banks. From February to March, production in the food and cotton textile industries showed little change in volume; activity in the woolen industry declined sharply, and there was a reduction in daily average output at shoe factories. At lumber mills activity increased from the low rate of February, while output of bituminous coal declined by a substantial amount.

The volume of factory employment and payrolls showed a considerable decline from the middle of February to the middle of March. Comprehensive figures on developments since the reopening of banks are not yet available.

Value of construction contracts awarded in the first quarter, as reported by the F. W. Dodge Corporation, was smaller than in the last quarter of 1932 by about one-third.

**Distribution**

Volume of freight-car loadings, on a daily average basis, declined from February to March by about 7 per cent, reflecting in large part a substantial reduction in shipments of coal. Shipments of miscellaneous freight and merchandise, which usually increase at this season, declined in the early part of March and increased after the middle of the month. Department

store sales, which had declined sharply in the latter part of February and in the first half of March, increased rapidly after the reopening of banks.

**Wholesale Prices**

Wholesale prices of leading commodities fluctuated widely during March and the first three weeks of April. In this period grain prices increased sharply and prices of cotton, hides, nonferrous metals, pig iron, scrap steel, and several imported raw materials advanced considerably. During the same period there were reductions in the prices of rayon, petroleum, and certain finished steel products.

**Bank Credit**

Currency returned rapidly to the reserve banks and the Treasury following the reopening of the banks, and on April 19, the volume of money in circulation was \$1,500,000,000 less than on March 13, when the peak of demand was reached. Funds arising from the return flow of currency were used to reduce the reserve banks' holdings of discounted bills by \$1,035,000,000, and their holdings of acceptances by \$200,000,000; at the same time member bank reserve balances increased by \$390,000,000. As a result of the decline in Federal reserve note circulation and an increase in Federal reserve bank reserves, chiefly through the redeposit of gold and gold certificates, the reserve ratio of the twelve Federal reserve banks combined advanced from 46.5 per cent on March 13 to 61.5 per cent on April 19.

Deposits of reporting member banks in New York increased rapidly after the reopening of the banks, and on April 19 net demand deposits were \$620,000,000 larger than on March 15, reflecting in part an increase of \$380,000,000 in bankers' balances, as funds were redeposited by interior banks.

Money rates in the open market, after a temporary advance in the early part of March, declined rapidly, but were still somewhat higher than early in February. By April 21 rates on prime commercial paper had declined from  $4\frac{1}{2}$  per cent to a range of  $2-2\frac{1}{2}$  per cent; rates on 90-day bankers' acceptances from  $3\frac{1}{8}$  per cent to  $\frac{5}{8}$  of one per cent, and rates on renewals of call loans on the stock exchange from 5 per cent to one per cent.

On April 7 the discount rate of the Federal Reserve Bank of New York was reduced from  $3\frac{1}{2}$  to 3 per cent. The bank's buying rate on 90-day bankers' acceptances was reduced from  $3\frac{1}{2}$  per cent on March 13 to 2 per cent on March 22.