

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

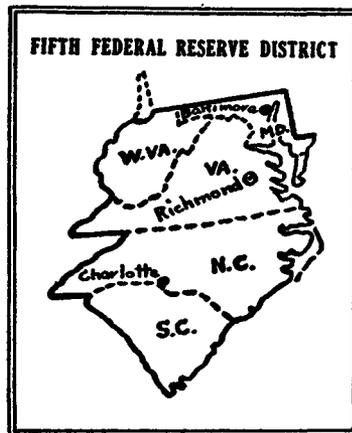


WILLIAM W. HOXTON, CHAIRMAN AND FEDERAL RESERVE AGENT  
**FEDERAL RESERVE BANK OF RICHMOND**

RICHMOND, VIRGINIA

FEBRUARY 28, 1934

THE period from January 1 through the middle of February is usually one of adjustment and shows a marked recession in business activity from the preceding three or four months. However, the decline in trade was less this year than normally, and some lines reported unusual improvement in comparison with January last year. For example, retail trade last month not only exceeded January 1933 trade by more than 13 per cent, but also showed less than a normal decrease in comparison with trade in the preceding fall and winter months. Wholesale trade, likewise, made the best comparative showing in more than four years. Textile mills not only showed seasonal gains over December operations, but secured sufficient orders to keep them busy for some weeks. Tobacco sales far exceeded sales in January last year, and prices were also materially better for most types of tobacco. Cotton prices between the middle of January and the middle of February were about twice as high as prices in the corresponding period last year. Various CWA and PWA projects have greatly reduced the number of unemployed persons in comparison with the people who could not find work a year ago, and private industry has also taken on an appreciable number of additional workers. Debits to individual accounts figures for five weeks ended February 14 showed less than the normal seasonal decline in comparison with debits during the preceding five weeks, and exceeded debits in the corresponding period a year ago in most of the reporting cities in the Fifth district. Coal production in January exceeded production in both December and January last year. The commercial failure record in the Fifth district was excellent for January, the number of insolvencies declining 48 per cent and aggregate liabilities involved dropping 42 per cent in comparison with the figures for January 1933. In banking, rediscounts at the Federal Reserve Bank of Richmond declined further, but total earning assets



of the Bank increased during the past month, due to an increase in the ownership of Government securities. Circulation of Federal Reserve notes declined seasonally between January 15 and February 15, but continued far above the circulation figures a year earlier. Member banks reported practically no change in their loans during the past month, but both demand and time deposits showed moderate increases. They also increased their investments in securities, chiefly Government issues bought for temporary investment of surplus funds. Construction work of a private nature continued very small in amount during January,

but contracts awarded reached a relatively high figure, chiefly due to projects undertaken by Government agencies or with Government aid. The outlook for agriculture this year is probably better than it has been for several years. Farmers secured sufficient returns from 1933 crops to enable them to buy needed live stock and farm implements, and to lighten the load of debt carried over from previous years of unprofitable operations. Plans for 1934 farming are well advanced for this season of the year.

## Reserve Bank Statement

ITEMS	000 omitted		
	Feb. 15 1934	Jan. 15 1934	Feb. 15 1933
Rediscounts held .....	\$ 2,593	\$ 4,075	\$ 17,494
Open market paper.....	2,582	3,800	1,642
Government securities .....	93,563	78,563	46,899
Total earning assets.....	98,738	86,438	66,035
Circulation of Fed. Res. notes....	147,329	151,560	100,421
Cir. of Fed. Res. bank notes.....	4,402	4,518	0
Members' reserve deposits.....	94,974	90,607	62,966
Cash reserves .....	165,416	176,355	119,375
Reserve ratio .....	65.58	69.96	68.00

Rediscounts for member banks at the Federal Re-

serve Bank of Richmond continued to decrease between the middle of January and the middle of February, declining by \$1,482,000, and the portfolio of open market paper also dropped by \$1,218,000 during the month. On the other hand, the Bank increased its investments in Government securities by \$15,000,000, the result of the changes showing a net rise in total earning assets amounting to \$12,300,000 between January 15 and February 15. During the same period there was a seasonal decline in the circulation of Federal reserve notes totaling \$4,231,000, and Federal Reserve bank notes in circulation also declined by \$116,000. Member Bank reserve deposits, which are far above minimum legal requirements, rose by \$4,367,000 last month, and for a few days between the two dates used these reserves went even higher, passing the \$100,000,000 mark. The several changes mentioned in the statement, with others of less importance, reduced the cash reserves of the Federal Reserve Bank of Richmond by \$10,939,000 during the past month, and also lowered the ratio of reserves to note and deposit liabilities combined by 4.38 points.

Comparison of the February 15, 1934, figures with those reported for February 15, 1933, shows material changes in nearly all items during the year. Rediscounts for member banks declined by \$14,901,000, but holdings of open market paper rose by \$904,000, and ownership of Government securities increased by \$46,664,000, the changes giving a net increase of \$32,703,000 in total earning assets. The circulation of Federal reserve notes also rose during the year, by \$46,908,000, and there were \$4,402,000 of Federal Reserve bank notes outstanding at the middle of February this year, while last year none of these notes were in circulation. Member bank reserve deposits rose during the past year by \$32,008,000, and at the middle of February were not far from double the legal requirements. The several changes in items resulted in an increase of \$46,041,000 in cash reserves during the year, but the ratio of reserves to note and deposit liabilities combined declined by 2.42 points.

#### Member Bank Statement

ITEMS	000 omitted		
	Feb. 14 1934	Jan. 10 1934	Feb. 15 1933
Loans on stocks & bonds (including Governments) .....	\$ 59,313	\$ 59,030	\$ 60,497
All other loans.....	109,223	109,293	112,351
Total loans & discounts.....	168,536	168,323	172,848
Investments in securities.....	179,422	168,212	134,278
Reserve bal. with F. R. Bank....	36,779	34,047	24,528
Cash in vaults.....	10,891	11,081	11,166
Demand deposits .....	198,883	195,011	163,822
Time deposits .....	130,701	129,514	137,192
Borrowed from F. R. Bank.....	0	0	140

The accompanying table shows the principal items of condition of twenty-eight regularly reported member banks in the Fifth reserve district as of three dates, thus affording opportunity for comparison of the latest available figures with those of the corresponding dates a month and a year earlier. It should be understood

that the figures in the table reflect conditions as of the report dates only, and are not necessarily the highest or lowest figures that occurred during the interval between the dates.

During the month between January 10 and February 14, both this year, total loans and discounts held by the twenty-eight reporting banks rose by \$213,000, loans on securities rising by \$283,000, while all other loans decreased by \$70,000. The reporting banks increased their investments in stocks and bonds by \$11,210,000 during the month, chiefly by the purchase of Government securities, and further increased their reserve balances at the reserve bank by \$2,732,000. Cash in vaults declined slightly during the past month, dropping by \$190,000. Aggregate deposits rose by \$5,059,000 between the middle of January and the middle of February, of which \$3,872,000 was in demand deposits and \$1,187,000 was in time deposits. None of the twenty-eight reporting banks were borrowing at the reserve bank on either January 10 or February 14.

In comparison with condition figures reported for February 15, 1933, those for February 14, 1934, show material changes in several items. Total loans and discounts in the twenty-eight banks decreased moderately during the year, loans on securities declining by \$11,184,000 and all other loans decreasing by \$3,128,000. On the other hand, during the year the reporting banks increased their investments in bonds and other securities, chiefly Governments, by \$45,144,000, and raised their reserve balances at the reserve bank by \$12,251,000. Cash in vaults dropped \$275,000 during the year. Aggregate deposits rose by \$28,570,000, demand deposits rising by \$35,061,000 while time deposits dropped by \$6,491,000. The reporting banks were borrowing nothing at the Federal Reserve Bank of Richmond on February 14, compared with \$140,000 borrowed by the same banks on February 15, 1933.

#### Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$317,206,433 at the end of January 1934, a higher figure than \$315,035,743 reported at the end of December 1933 but 8 per cent less than \$344,458,813 reported at the end of January last year. Both reporting member banks and mutual savings banks showed declines in time and savings deposits during the year.

#### Debits to Individual Accounts

Aggregate payments by check drawn on clearing house banks in twenty-three 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 February 14, 1934, with those for the preceding like period this year and the corresponding period a year ago.

Aggregate debits in the five weeks ended February 14 totaling \$944,825,000 showed a seasonal decrease of \$25,657,000, or 2.6 per cent, in comparison with \$970,-

CITIES	000 omitted		
	Total Debits, Five Weeks Ended		
	Feb. 14, 1934	Jan. 10, 1934	Feb. 15, 1933
Asheville, N. C.....	\$ 10,289	\$ 9,903	\$ 8,059
Baltimore, Md.....	262,802	259,238	273,683
Charleston, S. C.....	12,406	12,850	10,758
Charleston, W. Va.....	32,880	47,230	31,239
Charlotte, N. C.....	44,454	43,229	35,570
Columbia, S. C.....	17,679	17,421	17,796
Cumberland, Md.....	6,258	6,586	5,301
Danville, Va.....	9,485	10,993	5,576
Durham, N. C.....	32,883	33,150	16,944
Greensboro, N. C.....	11,291	8,950	11,601
Greenville, S. C.....	15,121	14,381	10,557
Hagerstown, Md.....	5,881	6,013	5,457
Huntington, W. Va.....	11,323	12,819	10,586
Lynchburg, Va.....	16,485	16,117	13,063
Newport News, Va.....	6,946	8,465	7,146
Norfolk, Va.....	41,626	47,321	34,324
Portsmouth, Va.....	3,225	3,681	3,333
Raleigh, N. C.....	30,524	27,489	18,109
Richmond, Va.....	126,115	134,098	124,323
Roanoke, Va.....	20,448	23,386	20,344
Washington, D. C.....	183,636	182,655	201,878
Wilmington, N. C.....	8,057	8,503	7,333
Winston-Salem, N. C.....	35,011	36,004	25,781
<b>Fifth District Totals</b>	<b>\$944,825</b>	<b>\$970,482</b>	<b>\$898,761</b>

482,000 of debits in the preceding period, ended January 10. However, the comparison is more favorable than in most years, the decrease in the later period being materially less than usually occurs, and nine of the reporting cities actually sending in larger figures for the later period.

Debits in the five weeks ended February 14 this year show an increase of \$46,064,000, or 5.1 per cent, in comparison with debits totaling \$898,761,000 in the five weeks ended February 15 last year. All of the twenty-three cities except six reported higher figures for the 1934 period, and the decreases in four of the six cities—Baltimore, Columbia, Greensboro and Washington—were due chiefly to funds which are tied up in closed banks and are not therefore available for ordinary commercial transactions.

### Commercial Failures

*The Dun & Bradstreet Monthly Review*, in commenting on business failures in the United States in January 1934, says that the number of insolvencies was smaller than for any other January in many years, and showed less than the normal seasonal increase in comparison with the number of insolvencies in December 1933. In January this year there were 1,364 failures, compared with 1,132 in December and 2,919 in January a year ago. Insolvencies in January are usually at the high point of the year, but January bankruptcies this year were fewer than failures in any of the first eight months of last year. Aggregate liabilities involved in January 1934 bankruptcies totaled \$32,905,428, compared with \$27,200,432 in December and \$79,100,602 in January 1933. In the Fifth reserve district, January 1934 failures numbered only 98, with liabilities

amounting to \$1,764,717, compared with 187 insolvencies for a total of \$3,056,287 in January 1933, decreases of 48 per cent and 42 per cent in number and liabilities, respectively. Last month's figures for both number of failures and aggregate liabilities involved were the lowest reported for any January since 1920.

### Employment

Employment has broadened moderately in recent weeks on work largely provided for by CWA and PWA funds, but outside work has been seriously retarded since the first of February by very severe weather. Improvement in the demand for workers has also been reported in private industry and in distribution, but private construction work continues at a very low level, and shows no signs of material improvement in the near future. Work from CWA funds has recently been provided to assist some professional classes and clerical workers, both men and women, who were not helped by the earlier relief projects. A disappointing feature of the situation is that artificial relief work planned as a temporary measure has apparently not stimulated sufficient improvement in private industry to absorb the workers as they may be released by completion of CWA and PWA projects.

### Coal Production

Bituminous coal production in the United States totaled approximately 32,916,000 net tons in January 1934, in comparison with 29,600,000 tons in December and 27,060,000 tons in January 1933. Total production during the present coal year to February 10 amounted to 294,071,000 net tons, an increase of 14 per cent over production to the corresponding date last year. Shipments of coal through Hampton Roads this calendar year, through February 10, totaled 1,881,679 net tons, compared with 2,278,317 tons shipped to the same date in 1933 and 2,615,825 tons in 1929.

In its February 10 report, the Bureau of Mines, Department of Commerce, gave annual production figures of soft coal by states for the past year. In 1933 West Virginia mined 90,770,000 net tons, leading all states. Virginia produced 8,390,000 tons, and Maryland dug 1,500,000 tons. Total production in 1933 in the Fifth district was 100,660,000 net tons, or 30.7 per cent of National production totaling 327,940,000 tons. Last year's percentage of total production was higher in the Fifth district than 30.6 per cent for 1932, 29.5 per cent for 1931, 28.9 per cent for 1930, and was also above 28.8 per cent for 1929, before the depression set in.

### Textiles

The textile industry was very active in January, and showed more than a seasonal increase over December operations. However, Fifth district mills did not quite reach the level of operations of January last year, code restrictions holding the mills down to some extent. The three textile manufacturing states in the Fifth district used 231,555 bales of cotton in January, 45.58 per cent of National consumption totaling 508,034 bales. North

Carolina used 116,993 bales in January, South Carolina 100,496 bales, and Virginia 12,122 bales, North Carolina and Virginia figures exceeding those for January last year. In December 1933 the Fifth district used 158,124 bales, or 45.39 per cent of the United States total, and in January 1933 the district consumed 235,897 bales, or 50.17 per cent of the National total. January 1934 consumption of cotton in the Fifth district rose 46.44 per cent above December consumption, a higher figure than 45.82 per cent increase for the United States as a whole, but the district consumption last month in comparison with consumption in January 1933 declined 1.84 per cent while the United States showed an increase of 8.05 per cent.

### Cotton Statistics

*Spot cotton prices* on ten leading Southern markets continued an upward trend during the past month, and advanced from an average of 10.71 cents per pound on January 12 to 12.29 cents per pound on February 16, the latest date for which official figures are available. On February 17 last year the average price was only 5.91 cents, this year's price on the corresponding date showing an increase of approximately \$32 a bale.

*Cotton consumption* in American mills in January 1934 totaled 508,034 bales, according to the report of the Bureau of the Census made public on February 14. This figure shows a seasonal increase over 348,393 bales consumed during the month of December 1933, and is 8.1 per cent higher than 470,182 bales consumed in January 1933. Total consumption during the six months of the present cotton year amounted to 2,923,724 bales, compared with 2,812,187 bales consumed during the six months ended January 31, 1933. Cotton on hand at manufacturing establishments on January 31, 1934, totaled 1,602,044 bales, compared with 1,641,742 bales held on December 31, 1933, and 1,499,129 bales held on January 31, 1933. Bales in public warehouses and compresses numbered 9,500,915 at the end of January, against 10,313,461 bales at the end of December, and 10,020,533 bales on January 31, 1933. Exports of cotton totaled 739,352 bales in January, compared with 820,099 bales sent abroad in December 1933 and 793,676 bales in January 1933, and exports in the six months of the present cotton year—August 1-January 31, inclusive—totaled 4,919,450 bales against 5,039,724 bales shipped over seas in the corresponding six months ended January 31, 1933. Imports last month totaled 12,698 bales, compared with 14,013 bales imported in December and 21,352 bales in January 1933. Spindles active in the United States at some time in January 1934 numbered 25,653,324, compared with 24,840,870 in December 1933 and 23,753,638 in January 1933. Consumption of cotton in the cotton growing states totaled 406,343 bales in January, compared with 282,941 in December and 396,998 bales used in January 1933. Last month's consumption in the cotton growing states amounted to 79.98 per cent of National consumption, compared with 84.43 per cent of National consumption used in the cotton growing states in January a year ago. Of the 406,343 bales

consumed in the cotton growing states last month, Fifth district states used 231,555 bales, or 56.99 per cent, compared with 59.42 per cent in January 1933.

### Tobacco Marketing

*Virginia* sales of leaf tobacco during January amounted to 29,051,968 pounds, at an average of \$11.85 per hundred, according to reports to the Virginia Commissioner of Agriculture. Sales for January 1933 were 19,096,922 pounds, and the average price during that month was \$8.61 per hundred pounds. Total sales of all types of tobacco through January 31 amounted to 91,714,150 pounds, and the average season price was \$15.17, compared with 55,743,902 pounds sold at an average of \$9.04 for the same period of the preceding year. Flue-cured sales for January 1934 amounted to 16,881,501 pounds at an average price of \$13.94 per hundred, which compares with 9,413,527 pounds sold at an average of \$6.42 in January 1933. Fire-cured markets were open only ten days last month, and consequently sales were much smaller than usual, the total for January being 3,116,500 pounds compared with 6,397,708 pounds sold in January 1933. The average price last month, \$6.87 per hundred pounds, was also materially lower than the average of \$8.91 paid for fire-cured types in January 1933. Burley sales of 7,961,900 pounds in January this year show a big increase over 2,865,338 pounds sold in January 1933, but the average price of \$9.86 per hundred pounds compares unfavorably with the average of \$15.40 paid for burley tobacco in January last year. Sun-cured sales, all at Richmond, amounted to 1,092,067 pounds in January, compared with only 420,349 pounds in the same month last year, and last month's average price of \$8.40 compared with \$7.00 per hundred pounds in January 1933. Warehousemen estimated that the sales during January graded 23 per cent good, 39 per cent medium, and 38 per cent common, compared with 15 per cent good, 36 per cent medium, and 49 per cent common in January 1933. Among the individual markets, Danville led in total sales in January and for the entire season with 10,572,396 pounds and 42,042,996 pounds, respectively, and Danville also led in average price paid last month with \$15.18 per hundred pounds. Drakes Branch led the fire-cured markets in price last month with \$8.66 per hundred.

*North Carolina* tobacco markets sold 36,437,492 pounds of producers' tobacco in January 1934, at an average price of \$14.31 per hundred pounds, compared with 13,007,833 pounds sold for \$8.67 per hundred pounds in January 1933. Total sales this season to February 1 amounted to 509,060,354 pounds, for an average of \$15.97 per hundred pounds, compared with 281,429,709 pounds sold prior to February 1, 1933, at an average of \$12.02 per hundred. Cash receipts received for this year's crop totaled approximately \$83,553,000, compared with only \$35,273,000 received for the previous year's crop. Winston-Salem with 10,320,668 pounds led in January 1934 sales, Durham ranking second with 4,527,444 pounds. Durham led in price paid in January with an average of \$17.54 per hundred pounds. In season sales, Wilson with 65,-

228,972 pounds and Greenville with 64,546,458 pounds are far ahead of other markets.

### Tobacco Manufacturing

The Internal Revenue Bureau of the Treasury Department issued a report on February 1 on taxes collected by the United States on tobacco manufacturing in 1933. Total taxes collected on all tobacco products amounted to \$409,308,921, and of this sum \$309,011,611, or 75.5 per cent, was paid in the Fifth Federal reserve district, chiefly in North Carolina and Virginia. Tobacco manufacturing taxes for the United States as a whole rose 5.7 per cent in 1933 in comparison with taxes in 1932, but in the Fifth district the amount paid to the Treasury last year rose 9.3 per cent above the amount paid in 1932. Taxes on cigarettes paid in the United States in 1933 totaled \$335,534,623, of which \$281,102,882, or 83.8 per cent, was paid in the Fifth district. On cigars, the Government collected \$11,404,458 last year, of which the Fifth district paid only \$1,076,382, or 9.4 per cent. Manufactured tobacco, including chewing tobacco, smoking mixtures and snuff, brought in a total to the Treasury of \$61,457,311, of which the Fifth district paid \$26,832,347, or 43.7 per cent. The Treasury received less in 1933 than in 1932 from taxes on cigars and manufactured tobacco, but more than made up the two decreases by the increase in taxes from cigarettes. North Carolina was far in the lead in cigarette production with tax payments totaling \$187,082,311, Virginia ranking second with payments totaling \$94,020,284. North Carolina also led in taxes paid on manufactured tobacco, with \$21,699,333, but Ohio ranked second with \$8,939,606. The actual number of cigarettes produced in 1933 in the United States was 111,763,441,149, of which the Fifth district made 93,700,961,000. North Carolina manufactured 62,360,770,000 cigarettes in 1933, and Virginia produced 31,340,095,000 cigarettes.

### Agricultural Notes

Not much farm work is done during January and February, but on the whole farmers are well advanced in their planning and arrangements for 1934 crops. Reports indicate that with larger receipts for 1933 crops in hand, farmers are buying more mules than in any other recent year, and fertilizer distribution has also started in materially larger amount than last year. The weather during the winter prior to February was favorable for winter crops, but since February 1 temperatures have been unusually low and some grains and fruit trees appear to have suffered considerable damage. In some sections of the Fifth district there is a deficiency of moisture, but this is not yet serious and the lack could easily be made up by a few good rains.

### Construction

#### Building Permits Issued in January 1934 and 1933

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md. ....	451	556	\$ 445,080	\$ 590,880
Cumberland, Md. ....	3	2	9,200	3,900
Frederick, Md. ....	8	5	6,050	410
Hagerstown, Md. ....	7	8	8,760	1,275
Salisbury, Md. ....	4	9	10,450	5,400
Danville, Va. ....	8	14	4,075	8,505
Lynchburg, Va. ....	12	19	18,776	27,067
Norfolk, Va. ....	71	65	26,060	65,190
Petersburg, Va. ....	3	4	2,900	2,500
Portsmouth, Va. ....	12	19	4,880	10,285
Richmond, Va. ....	53	52	62,830	53,230
Roanoke, Va. ....	20	16	24,238	9,874
Bluefield, W. Va. ....	5	3	725	550
Charleston, W. Va. ....	50	76	14,202	10,320
Clarksburg, W. Va. ....	10	7	5,895	3,186
Huntington, W. Va. ....	9	12	6,100	7,415
Asheville, N. C. ....	19	14	8,320	15,435
Charlotte, N. C. ....	15	21	28,205	50,291
Durham, N. C. ....	25	10	62,800	326,075
Greensboro, N. C. ....	18	27	10,660	35,700
High Point, N. C. ....	4	5	1,325	2,600
Raleigh, N. C. ....	8	11	3,983	6,040
Rocky Mount, N. C. ....	1	0	40	0
Salisbury, N. C. ....	3	3	10,525	2,800
Winston-Salem, N. C. ....	40	26	20,374	16,950
Charleston, S. C. ....	17	19	6,889	14,170
Columbia, S. C. ....	19	25	11,980	14,157
Greenville, S. C. ....	11	32	8,100	7,030
Rock Hill, S. C. ....	12	3	2,900	1,385
Spartanburg, S. C. ....	4	10	1,382	2,837
Washington, D. C. ....	232	328	337,475	392,080
District Totals .....	1,154	1,401	\$1,165,179	\$1,687,537

*Building permits* issued by inspectors in thirty-one Fifth district cities numbered only 1,154 in January 1934, with estimated valuation amounting to \$1,165,179, compared with 1,401 permits and valuation figures totaling \$1,687,537 in January 1933, decreases of 17.6 per cent and 31.0 per cent in number of permits and in valuation, respectively. Twelve cities reported more permits in the 1934 month, and fifteen cities reported higher valuation figures, but all of the five largest cities except Richmond showed lower valuation figures last month.

*Contracts awarded* in January for construction work in the Fifth reserve district totaled \$31,109,468, including both urban and rural construction, compared with \$4,735,493 for contracts awarded in January 1933, according to figures collected by the F. W. Dodge Corporation. Of the January 1934 awards, \$1,873,433, or only 6 per cent, represented contracts for residential types of construction, compared with 1,458,368, or 31 per cent, in contracts awarded for residential building in January last year.

**Retail Trade, 30 Department Stores**

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
January 1934 sales, compared with sales in January 1933:				
+30.1	+10.4	+10.1	+24.7	+13.6
Jan. 31, 1934, stocks, compared with stocks on Jan. 31, 1933:				
+14.1	+22.2	+16.0	- 4.9	+15.7
Jan. 31, 1934, stocks, compared with stocks on Dec. 31, 1933:				
- 6.8	- 7.5	- 6.8	- 2.7	- 6.7
Number of times stock was turned in January 1934:				
.292	.232	.249	.234	.245
Percentage of Jan. 1, 1934, receivables collected in January:				
30.7	30.9	28.6	28.8	29.7

Sales in thirty department stores in the Fifth reserve district in January continued to compare favorably with sales in the corresponding month of the preceding year. Sales were 13.6 per cent larger in dollar value than sales in January 1933, the largest gain reported for any month except August 1933 since the depression began.

Stocks on the shelves of the reporting stores declined an average of 6.7 per cent during January, a seasonal reduction, but at the end of the month stocks averaged 15.7 per cent above stocks a year earlier. Stocks were turned an average of .245 times during January, a slightly faster rate than .242 times in January 1933.

Collections in January 1934 averaged 29.7 per cent of receivables outstanding at the beginning of the month, a higher percentage than 28.2 per cent collected in January 1933.

**Wholesale Trade, 58 Firms**

21 <i>Groceries</i>	7 <i>Dry Goods</i>	6 <i>Shoes</i>	13 <i>Hardware</i>	11 <i>Drugs</i>
January 1934 sales, compared with sales in January 1933:				
+24.5	+89.8	+ 51.1	+76.2	+13.3
January 1934 sales, compared with sales in December 1933:				
+ 2.0	+83.8	+128.3	+14.4	+12.0
Jan. 31, 1934, stocks, compared with Jan. 31, 1933, stocks:				
+16.2(8*)	+55.0(3*)	+ 24.3(4*)	+17.5(7*)	.....
Jan. 31, 1934, stocks, compared with Dec. 31, 1933, stocks:				
+ 4.3(8*)	+13.9(3*)	+ 6.0(4*)	+ 6.4(7*)	.....
Percentage of Jan. 1, 1934, receivables collected in January:				
76.6(12*)	48.7(4*)	47.0(6*)	43.2(11*)	59.9(7*)

\* Number of reporting firms.

Wholesale trade by 58 firms in 5 representative lines in the Fifth reserve district in January 1934 made a remarkable comparison with the volume of business done by the same firms in January last year, and also showed considerably more than the normal seasonal increase in comparison with the volume of trade in December. Dry goods, shoes and hardware showed especially noteworthy gains in sales in comparison with January 1933 sales.

Stocks on hand at the end of January this year were larger in all of the four lines for which figures are available than they were at the end of January last year, and all lines also showed moderate increases of a seasonal nature in stocks during the past month. The stock increases during the year were not as large as the increases in sales.

Collections in January were better in every line reported upon than they were in January 1933, the percentage of collections to outstanding receivables being larger in January 1934 in every line.

(Compiled February 21, 1934)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Volume of industrial production increased by more than the usual seasonal amount in January and the early part of February. The general level of wholesale commodity prices, after showing relatively little change during the last five months of 1933, advanced considerably after the turn of the year.

**Production and Employment**

Output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 75 per cent of the 1923-1925 average in December to 78 per cent in January. This compares with a recent low level of 72 per cent in November and a level of 65 per cent in January, 1933. The January advance reflected chiefly increases of more than the usual seasonal amount in the textile, meat packing, automobile, and anthracite coal industries. Activity at cotton mills, which had reached an unusually high level in the summer of 1933 and had declined sharply in the latter part of the year, showed a substantial increase in January. Output of automobiles also increased by more than the usual seasonal amount, while activity in the steel industry showed little change, following a non-seasonal increase in December. In the first half of February there was a further growth in output at automobile factories and activity at steel mills showed a substantial increase.

Factory payrolls, which usually decline considerably at this season, showed little change between the middle of December and the middle of January, while factory employment declined by about the usual seasonal amount. There were substantial increases in employment and payrolls in the automobile, hardware, shoe, and women's clothing industries, while decreases, partly of a seasonal character, were reported for the hosiery, tobacco, furniture, and lumber industries.

Value of construction contracts, as reported by the F. W. Dodge Corporation, showed a decline in January and the first half of February, following a substantial increase in the latter part of 1933. As in other recent months, public works made up a large part of the total.

**Distribution**

Freight traffic increased in January by more than the usual seasonal amount, reflecting larger shipments of coal and merchandise. Sales by department stores showed the usual seasonal decline after the holiday trade.

**Dollar Exchange**

The foreign exchange value of the dollar in relation to gold currencies, which in January had fluctuated around 63 per cent of par, declined after January 31 to slightly above its new parity of 59.06 per cent.

**Prices**

Wholesale commodity prices showed a general increase between the third week of December and the third week of February and the weekly index of the Bureau of Labor Statistics advanced from 70.4 per cent of the 1926 average to 73.7 per cent. There were substantial increases in livestock prices; wool continued to advance and cotton reached a level higher than at any time since 1930. Scrap steel advanced to about the level prevailing in the summer of 1933.

**Bank Credit**

As a consequence of the reduction on January 31 of the weight of the gold dollar, together with subsequent imports of gold from abroad, the dollar amount of the country's stock of monetary gold increased from \$4,035,000,000 on January 17 to \$7,089,000,000 on February 14. About \$3,000,000,000 of this increase was reflected in a growth of the cash held by the Treasury, which includes gold bullion.

Notwithstanding a further reduction in discounts for member banks and in acceptance holdings of the Reserve banks, member bank reserve balances increased moderately during this period, reflecting gold imports, a return of currency from circulation, and a reduction in United States Government deposits with the Reserve banks. In the middle of February these balances were more than \$900,000,000 above legal reserve requirements.

At reporting member banks there was a growth between January 17 and February 14 of more than \$600,000,000 in holdings of United States Government securities and of more than \$500,000,000 in United States Government deposits, reflecting Treasury financing. Loans on securities and all other loans increased slightly and bankers' balances showed a substantial growth.

Short-term money rates in the open market remained at low levels. On February 2, the Federal Reserve Bank of New York reduced its discount rate from 2 per cent to 1½ per cent and during the succeeding two weeks reductions of ½ per cent were made at the Federal Reserve banks of Cleveland, Boston, St. Louis, Dallas, Richmond, Kansas City, Atlanta, and San Francisco.