

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

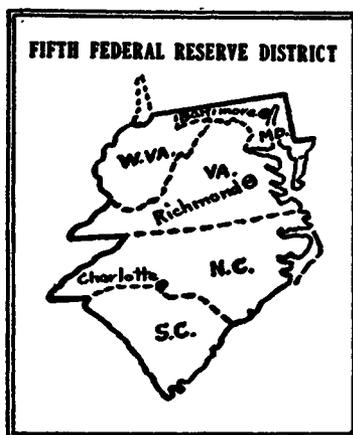


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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

MARCH 31, 1934

**T**RADER, industrial and banking indices for February and the first half of March followed seasonal trends in most instances, although there were a few variations above or below the normal line. The outstanding feature in the past month was the marked contrast to developments in the corresponding period last year, especially in banking. Last month rediscounts for member banks at the Federal Reserve Bank of Richmond fell to less than two million dollars, in contrast with a sudden rise to nearly fifty million dollars in rediscounts in late February and early March last year. At the middle of March 1934 the volume of Federal reserve notes in circulation was nearly sixty-seven million dollars less than outstanding circulation a year ago. Member bank reserve deposits rose thirty-three millions during the year. Reporting member banks increased their loans, investments in securities, and deposits between the middle of February and the middle of March this year, and on March 14 their investments, reserve balances, and deposits were materially higher than on March 15, 1933, while their cash in vaults and their borrowing at the reserve bank was much lower. Debits to individual accounts figures in the four weeks ended March 14 showed an average increase of nearly 5 per cent over aggregate debits in the four weeks ended February 14, fifteen of the twenty-three reporting cities showing higher figures. The commercial failure record in both the United States and the Fifth reserve district was better in February 1934 than for any other month since 1920, and in both number of failures and in liabilities involved the district showed larger decreases in comparison with February 1933 figures than the National average. The volume of employment in the middle of March was somewhat less than in earlier months of this year, owing in large part to the tapering off of Federal relief work since the end of February. Coal production in February on a daily basis was above January production, and



nearly 18 per cent above the February 1933 output. Textile mills in the Fifth reserve district continued full time operations in February, but lost ground to other sections in the percentage of the National total of cotton used. Spot cotton prices sagged slightly between the middle of February and the middle of March, but domestic consumption and exports of cotton both exceeded the February 1933 figures. Tobacco markets handled the end of last season's crop in February, and sold considerably more tobacco for better prices than in the same month last year. Construction continued to be the weakest spot in the present business

and industrial set-up, permits issued in the leading cities of the Fifth district totaling only 909 last month, and contract awards for both city and rural work were also relatively low, although double those reported for the corresponding month last year. Retail trade as indicated by department store sales averaged 11 per cent above sales in February 1933, in spite of unfavorable weather this year, and collections of outstanding accounts were better than a year earlier. Wholesale trade last month showed some seasonal recession in several lines, but continued in much larger volume than last year. Intentions to plant reports issued by the Department of Agriculture show that Fifth district farmers expect to reduce acreage in money crops this year, especially in tobacco. Extremely severe weather in February and early March damaged winter crops in the district, and also hurt many fruit trees. Reports indicate that many truck crops on the coast were so badly damaged that they had to be abandoned or replanted. Farmers on the whole are stronger financially this year than they were a year ago, and are consequently better able to equip their farms with needed live stock and machinery, and to buy commercial fertilizer.

**Reserve Bank Statement**

ITEMS	000 omitted		
	Mar. 15 1934	Feb. 15 1934	Mar. 15 1933
Rediscounts held .....	\$ 1,919	\$ 2,593	\$ 47,012
Open market paper.....	1,193	2,582	20,542
Government securities .....	93,563	93,563	48,149
Total earning assets.....	96,675	98,738	115,703
Circulation of Fed. Res. notes....	147,694	147,329	214,449
Cir. of Fed. Res. bank notes.....	0	4,402	0
Members' reserve deposits.....	100,660	94,974	67,642
Cash reserves .....	166,339	165,416	183,573
Reserve ratio .....	65.30	65.58	63.62

Changes during the past month in the statement of condition of the Federal Reserve Bank of Richmond were relatively unimportant. Rediscounts for member banks declined further, by \$674,000, and holdings of open market paper decreased by \$1,389,000. No change occurred in the Bank's investments in Government securities, but the decreases in rediscounts and holdings of open market paper reduced total earning assets by \$2,063,000 between February 15 and March 15. During the month under review there was a slight increase of \$365,000 in the circulation of Federal reserve notes. Also, during the month, provision was made for the retirement of \$4,402,000 Federal Reserve bank notes outstanding by the deposit with the U. S. Treasury of a like amount of gold certificates to cover their redemption when and as presented. Member banks continued to increase their reserve accounts at the reserve bank last month, this item showing a rise of \$5,686,000 and reaching on March 15 a total more than double the legal required reserve. The several changes in the statement, with others of less importance, raised the total cash reserves of the Federal Reserve Bank of Richmond by \$923,000 between the middle of February and the middle of March, but the ratio of cash reserves to note and deposit liabilities combined declined approximately a quarter of a point.

A comparison of the March 15, 1934, figures with those for March 15, 1933, shows very marked changes during the year, due to the fact that the 1933 figures reflect the unusual conditions which existed at the end of the banking holiday. In contrast with rediscounts totaling only \$1,919,000 held by the Richmond reserve bank on March 15 this year, a year ago member banks in this district were borrowing \$47,012,000, a decrease of \$45,093,000 during the year. The portfolio of open market paper, which increased greatly just before the banking holiday last year, declined by \$19,349,000 between March 15 last year and this. On the other hand, there was a marked increase amounting to \$45,414,000 in the Bank's ownership of Government securities. Total earning assets showed a net decrease of \$19,028,000 during the year. Federal reserve notes in circulation rose very sharply in February and March last year, but began to decline again immediately after the termination of the banking holiday. By March 15, 1934, notes in circulation had dropped by \$66,755,000, but still were considerably higher in amount than in average years. Member bank reserve deposits show an increase of

\$33,018,000 during the year, accumulating to an amount totaling more than \$100,000,000. Cash reserves of the Richmond reserve bank decreased \$17,234,000 between March 15, 1933, and March 15, 1934, but the ratio of reserves to note and deposit liabilities combined rose 1.68 points, the drop in note circulation more than balancing the decline in cash reserves and the increase in deposits.

**Member Bank Statement**

ITEMS	000 omitted		
	Mar. 14 1934	Feb. 14 1934	Mar. 15 1933
Loans on stocks & bonds (in- cluding Governments) .....	\$ 59,593	\$ 59,313	\$ 59,680
All other loans.....	112,284	109,223	114,019
Total loans & discounts.....	171,877	168,536	173,699
Investments in securities.....	180,431	179,422	138,655
Reserve bal. with F. R. Bank....	36,611	36,779	29,433
Cash in vaults.....	11,443	10,891	23,287
Demand deposits .....	203,215	198,883	164,870
Time deposits .....	132,759	130,701	124,897
Borrowed from F. R. Bank.....	0	0	22,487

The figures in the accompanying table are totals of the principal items of condition as of three mid-week dates for twenty-eight member banks in the Fifth Federal reserve district. March 14, 1934, figures are compared with those of February 14, 1934, and March 15, 1933, thus affording opportunity for study of the changes during the past month and the past year.

Between February 14 and March 14, both this year, loans and discounts rose by \$3,341,000, a seasonal rise due to borrowing by merchants to discount bills for spring merchandise. Loans on stocks and bonds rose \$280,000, and all other loans, which are chiefly commercial and industrial at this season, rose \$3,061,000. The reporting banks increased their investments in securities by \$1,009,000 during the month, but their reserve deposits at the Federal reserve bank declined by \$2,168,000, merely a daily fluctuation. Cash in vaults rose \$552,000 between the middle of February and the middle of March. Deposits in the twenty-eight banks rose \$6,390,000 last month, demand deposits gaining \$4,332,000 and time deposits rising \$2,058,000. None of the reporting institutions were borrowing at the reserve bank on either February 14 or March 14.

On March 15, 1933, the reporting banks were just reopening after the banking holiday, and comparison of the figures as of that date with those for March 14, 1934, reflects banking trends in the Fifth district cities since the crisis. Little change occurred in total loans and discounts during the year, there being a net decrease of \$1,822,000. On the other hand, the banks increased their investments in securities, mostly in Government obligations, by \$41,776,000 in the year, and their reserve balances at the Federal reserve bank rose by \$5,178,000. Cash in vaults registered a decline of \$11,844,000 between March 15 last year and March 14 this year, most of which occurred very soon after the 1933 date, when it became evident that depositors were sufficiently confident of the security of reopened banks to leave their funds in them. Deposits rose by \$46,-

207,000 during the year, of which \$38,345,000 was in demand deposits and \$7,862,000 in time deposits. Most of the rise in deposits occurred during the latter half of the year under review. At the middle of March last year the twenty-eight reporting banks were borrowing \$22,487,000 from the Federal Reserve Bank of Richmond, but the last of this was paid off in November and none of the twenty-eight institutions were borrowing on March 14, 1934. Most of the borrowing last year was for the purpose of improving the banks' cash position, and the loans were repaid shortly after the banks reopened.

### Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$320,697,855 at the end of February 1934, a higher figure than \$317,206,433 reported at the end of January this year but a lower figure than \$326,849,566 at the end of February last year. Both the reporting member banks and the savings banks gained in deposits during the past month, but the savings banks report a lower total than at the end of February 1933.

### Debits to Individual Accounts

CITIES	000 omitted		
	Total Debits, four weeks ended		
	March 14, 1934	Feb. 14, 1934	Percentage + or -
Asheville, N. C.....	\$ 7,347	\$ 8,187	-10.3%
Baltimore, Md. ....	232,802	208,511	+11.6
Charleston, S. C.....	9,993	9,853	+ 1.4
Charleston, W. Va....	35,045	25,426	+37.8
Charlotte, N. C.....	39,641	35,297	+12.3
Columbia, S. C.....	14,860	13,081	+13.6
Cumberland, Md. ....	4,919	4,996	- 1.5
Danville, Va. ....	4,769	7,352	-35.1
Durham, N. C.....	19,567	25,665	-23.8
Greensboro, N. C.....	8,453	9,007	- 6.2
Greenville, S. C.....	13,628	11,906	+14.5
Hagerstown, Md. ....	4,626	4,619	+ . 2
Huntington, W. Va....	10,262	8,926	+15.0
Lynchburg, Va.....	12,509	12,952	- 3.4
Newport News, Va....	5,776	5,556	+ 4.0
Norfolk, Va. ....	33,266	33,004	+ . 8
Portsmouth, Va. ....	2,749	2,582	+ 6.5
Raleigh, N. C.....	15,146	21,610	-29.9
Richmond, Va.....	102,878	102,575	+ . 3
Roanoke, Va. ....	17,094	15,576	+ 9.7
Washington, D. C.....	151,922	143,360	+ 6.0
Wilmington, N. C.....	6,799	6,461	+ 5.2
Winston-Salem, N. C.	25,049	27,162	- 7.8
<b>Fifth District Totals</b>	<b>\$779,100</b>	<b>\$743,664</b>	<b>+ 4.8</b>

The figures in the accompanying table show aggregate debits to individual, firm and corporation accounts in the banks of twenty-three Fifth district cities for two equal periods of four weeks, one ended March 14, 1934, and the other ended February 14, 1934. No figures for 1933 are included in the table this month, all banks having been closed part of the corresponding period last year.

Total debits in reporting cities during the four weeks ended March 14 amounted to \$779,100,000, an increase of \$35,436,000, or 4.8 per cent, over debits totaling \$743,664,000 reported for the preceding four weeks, ended February 14. Fifteen of the twenty-eight cities show higher figures for the more recent period, and several of the eight decreases were due to closing of tobacco markets in the latter part of February. All of the five largest cities reported higher figures for the period ended March 14, Baltimore increasing 11.6 per cent, Washington 6.0 per cent, Richmond 0.3 per cent, Norfolk 0.8 per cent, and Charlotte 12.3 per cent. Charlestown, W. Va., with an increase of 37.8 per cent, made the best record for the four weeks ended March 14, the marked increase in that city being due in large part to State financing around March 1.

### Commercial Failures

*Dun & Bradstreet Monthly Review* for March says, "Insolvencies in February were the lowest in number and amount for any month in fourteen years. For the month just closed, there were 1,049 failures in the United States, as compared with 2,378 similar defaults in February 1933 and 2,732 in February 1932, decreases of 55.9 per cent and 61.6 per cent, respectively. As to the liabilities for the insolvencies that occurred last month, the amount was \$19,444,718, while in February 1933 liabilities recorded totaled \$65,576,068, a decrease in the 1934 month of 70.3 per cent." Every section of the country made a better showing for February 1934 than in the corresponding month a year ago, but in the main the greatest improvement was in the South. In the Fifth reserve district specifically, February 1934 defaults numbered only 62, with aggregate liabilities amounting to \$850,365, compared with 150 defaults and liabilities totaling \$9,782,518 in February last year, decreases for the current month of 58.7 per cent in number and 91.3 per cent in liabilities. In both number of failures and in liabilities involved, the February 1934 record of the Fifth district was better than the National average. Last month's insolvencies were the fewest for any month since November 1920, and last month's liabilities were the lowest since August 1920.

### Employment

Employment conditions in the Fifth Federal reserve district are not so good in the latter part of March as they were earlier in the year, owing in large part to the tapering off of Federal relief work since the end of February. Some industries have added additional workers in recent weeks, notably in the textile field, but the workers taken on have been fewer than the number laid off by lessened activity in Governmental aided projects. The weather has been very unfavorable for outside work during the past month, and work on many projects had to be suspended entirely during the last week in February and the first few days in March. The severe weather also prevented farmers making preparations for spring planting, and thereby postponed agricultural employment for some workers. Building

tradesmen and other workers in construction fields continue to be the most generally unemployed class of people in the district.

### Coal Production

Bituminous coal production in the United States totaled approximately 31,950,000 net tons in February 1934, a smaller output than 32,916,000 tons mined in January this year, but 17.7 per cent more than 27,134,000 tons dug in February 1933. February had two less working days than January 1934, however, and therefore on a daily basis last month's average production of 1,331,000 tons exceeded daily production of 1,266,000 tons in January. Total production during the present coal year through March 10 amounted to 327,034,000 net tons, an increase of 15.7 per cent over 282,763,000 tons dug to the same date last year.

In its February 24 report, the Bureau of Mines, Department of Commerce, gave production figures by states for January 1934. West Virginia mined 8,460,000 tons during that month, ranking ahead of 7,930,000 tons mined by Pennsylvania, the second state, and exceeding by 18 per cent 7,157,000 tons produced in West Virginia in February 1933.

Tidewater shipments of coal through Hampton Roads ports this calendar year through March 10 totaled 3,813,233 net tons, a higher figure than 3,691,526 tons shipped through the same ports to March 10 last year.

### Textiles

Although the rate of operations last month in Fifth district textile mills was slower than the rates in either January this year or February last year, the mills as a rule sold their production for several weeks ahead. Cotton mills in the district consumed 210,481 bales of cotton in February 1934, a decrease of 9.1 per cent under 231,555 bales used in January 1934 and a drop of 4.7 per cent under 220,749 bales consumed in February 1933. Of the 210,481 bales used last month, North Carolina mills consumed 107,463 bales, South Carolina mills 91,972 bales, and Virginia mills 11,046 bales. Consumption of cotton in the Richmond reserve district in February this year totaled only 44 per cent of National consumption, compared with 46 per cent of National consumption for the district in January 1934 and 50 per cent in February 1933.

### Cotton Statistics

*Spot cotton prices* on ten leading Southern markets declined slightly during the past month, falling from an average of 12.29 cents per pound on February 16 to 12.15 cents on March 16. The average price a year ago, March 17, 1933, was 6.32 cents per pound. The average price on February 16 this year, 12.29 cents, was the highest price since the middle of July 1930.

*Cotton consumption* in the United States in February 1934 totaled 477,890 bales, compared with 508,034 bales used in January this year and 441,203 bales in February 1933. Total consumption for the seven

months of the present cotton season—August 1 to February 28—amounted to 3,401,614 bales, compared with 3,253,390 bales consumed in the corresponding period ended February 28, 1933. Manufacturing establishments held 1,654,369 bales on February 28, compared with 1,602,044 bales held on January 31 this year and 1,449,413 bales on February 28, 1933. Public warehouses and compresses held 8,638,995 bales in storage at the end of February this year, compared with 9,500,915 bales so held a month earlier and 9,377,783 bales on February 28 last year. February exports totaled 628,457 bales, compared with 739,352 bales sent abroad in January this year and 557,022 bales exported in February last year. Exports during the seven months of this cotton year totaled 5,547,907 bales, compared with 5,596,746 bales shipped over seas during the corresponding seven months ended February 28, 1933. Consumption of cotton in the cotton growing states numbered 376,211 bales in February 1934, compared with 406,343 bales used in January and 369,805 bales in February 1933. Last month's consumption in the cotton growing states amounted to 78.72 per cent of National consumption, compared with 83.82 per cent of National consumption used in the cotton growing states in February last year. Of the 376,211 bales of cotton used in cotton growing states in February, the Fifth district mills used 210,481 bales, or 55.95 per cent, compared with 59.69 per cent of Southern consumption attained in the district in February last year. Spindles active in the United States at some time in February 1934 numbered 26,355,498 compared with 25,653,324 in January this year and 23,669,146 in February last year.

*The final ginning report* on the 1933 cotton crop was released by the Census Bureau on March 20, and showed the year's production to be 12,659,953 running bales, the equivalent of 13,043,110 bales of 500 pounds gross weight. The final ginning figure was 1 per cent below the final crop estimate of the Department of Agriculture made early in December. In the Fifth district, all of the cotton growing states showed lower ginning figures than the estimates of probable production. North Carolina ginned 685,661 equivalent 500 pound bales, compared with a forecast of 690,000 bales for the year, a decrease of 0.6 per cent; South Carolina ginnings totaled 735,103 bales, compared with a forecast of 742,000 bales, a decrease of 0.9 per cent; and Virginia ginnings totaled 34,366 bales against a forecast of 38,000 bales, a decrease of 9.6 per cent. All three states grew larger crops of cotton in 1933 than in 1932, due chiefly to unusually favorable weather during most of the growing season. The district total production of 1,455,130 bales shows an increase of 44,381 bales, or 3.1 per cent, over the 1932 yield of 1,410,749 bales.

### Tobacco Marketing

*Virginia sales* of leaf tobacco during February amounted to 15,122,589 pounds, for an average price of \$9.76 per hundred, compared with February 1933 sales amounting to 6,774,786 pounds, for an average of \$6.12 per hundred pounds. Total sales for the season through February amounted to 106,836,739 pounds

this year and 62,518,688 pounds last year, and this year's average price of \$14.41 per hundred pounds compares with last season's average of only \$8.73 per hundred. Flue-cured markets sold 4,616,527 pounds at an average price of \$12.65 in February 1934, compared with 3,086,319 pounds sold for \$4.54 per hundred in February 1933. Season sales of flue-cured types totaled 80,900,471 pounds this year, and the average price was \$16.18 per hundred pounds, compared with 42,796,623 pounds and a price of \$8.11 last year. Most of the flue-cured markets completed their sales in February, but a few remained opened the first week of March. Fire-cured sales in February were unusually large, amounting to 7,236,675 pounds, of which about 6 per cent was low grade tobacco sold to by-products plants. Sales in February 1933 totaled only 3,198,097 pounds, but last year's average price of \$7.57 per hundred pounds was higher than the average of \$7.05 paid in February this year. Total sales of fire-cured tobacco during the present season were 11,503,965 pounds, at \$6.98 per hundred pounds, compared with season sales to February 28, 1933, totaling 12,808,710 pounds, at \$8.28 per hundred. Burley markets remained open longer than usual this season, and sold 2,976,146 pounds in February, for an average of \$11.85 per hundred pounds. No burley sales were made in February 1933, the markets closing in January. Total sales of this type this season through February amounted to 12,775,328 pounds at an average price of \$10.62 per hundred, compared with 5,755,418 pounds sold last year for an average of \$14.74 per hundred. Sun-cured sales in February were smaller than usual, but the price improved over the price paid in earlier months. Sales totaling 293,241 pounds at \$10.10 per hundred last month compared with 490,370 pounds sold for an average of \$6.66 per hundred in February 1933. The February price was the highest since 1930. Season sales of sun-cured tobacco totaled 1,656,975 pounds this year, at \$8.44 per hundred, compared with 1,157,937 pounds at \$6.63 sold last year. The quality of tobacco sold during February was considerably better than a year ago. Warehousemen estimated that sales graded 18 per cent good, 35 per cent medium, and 47 per cent common, compared with the February 1933 classification as 9 per cent good, 33 per cent medium, and 58 per cent common.

*North Carolina* auction markets sold only 7,077,825 pounds of growers' tobacco in February this year, and markets which had not previously closed did so during the month. Season sales for *North Carolina* are not yet available, but will be published in the *Review* next month.

### Agricultural Notes

Weather has been unfavorable for early farm work this season, and preparations for planting are behind. Extreme cold, with some ice, damaged winter crops and trees in certain sections of the Fifth district, and caused the abandonment of considerable acreage in trucking counties along the coast. The Department of Agriculture issued an "intentions to plant report" on March 15, covering the chief crops except cotton. The

report says, "In using these March 1 reports, allowance should be made for the fact that crop acreage reduction programs are still in progress and plantings may differ more from March 1 intentions than in ordinary years." In the Fifth reserve district, *Maryland* farmers expect to increase acreage in hay, Irish potatoes and sweet potatoes, but will reduce acreage in corn, oats, barley and tobacco. *Virginia* reports increased acreage in barley, Irish potatoes, sweet potatoes and peanuts, but reduced acreage in corn, hay and tobacco. Approximately the same acreage in oats will be planted. *West Virginia* acreage in oats and Irish potatoes is expected to increase this year, but acreage in corn, hay and tobacco will be smaller. *North Carolina* farmers anticipate increases in acreage in oats, barley, Irish potatoes and sweet potatoes, no change in peanuts, and decreases in corn, hay and tobacco. Farmers in *South Carolina* expect to grow more corn, oats, hay and Irish potatoes, but will reduce their tobacco acreage and plant about the same in sweet potatoes and peanuts. All Fifth district states plan to reduce tobacco acreage by 25 to 30 per cent, and all except *South Carolina* expect to plan less corn. Farmers are generally in better position financially this spring than they have been for a number of years, and they are buying more and better work stock and are putting their farm machinery in order or buying new machines.

### Construction

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

CITIES	Permits Issued		Total Valuation	
	1934	1933	1934	1933
Baltimore, Md. ....	268	390	\$1,778,880	\$ 397,080
Cumberland, Md. ....	3	6	825	1,575
Frederick, Md. ....	6	9	5,118	4,477
Hagerstown, Md. ....	5	6	9,290	1,405
Salisbury, Md. ....	0	12	0	7,700
Danville, Va. ....	8	13	3,900	6,975
Lynchburg, Va. ....	19	19	18,919	13,313
Norfolk, Va. ....	61	77	32,226	51,090
Petersburg, Va. ....	2	4	7,000	1,550
Portsmouth, Va. ....	11	24	5,000	3,518
Richmond, Va. ....	61	53	87,316	45,333
Roanoke, Va. ....	5	20	720	16,731
Bluefield, W. Va. ....	2	2	10,300	235
Charleston, W. Va. ....	45	67	6,935	6,409
Clarksburg, W. Va. ....	9	10	8,575	5,205
Huntington, W. Va. ....	8	3	10,590	1,070
Asheville, N. C. ....	8	16	9,775	26,987
Charlotte, N. C. ....	19	23	19,851	399,220
Durham, N. C. ....	16	9	43,274	9,125
Greensboro, N. C. ....	19	15	17,605	5,080
High Point, N. C. ....	4	2	27,350	15,350
Raleigh, N. C. ....	13	8	12,147	12,415
Rocky Mount, N. C. ....	2	3	3,100	2,690
Salisbury, N. C. ....	5	5	6,740	2,800
Winston-Salem, N. C. ....	32	31	26,610	16,150
Charleston, S. C. ....	26	25	6,255	11,901
Columbia, S. C. ....	17	27	2,986	10,675
Greenville, S. C. ....	26	25	71,575	15,110
Rock Hill, S. C. ....	5	5	1,485	11,250
Spartanburg, S. C. ....	9	13	8,200	1,795
Washington, D. C. ....	195	286	425,560	515,095
Totals .....	909	1,208	\$2,668,107	\$1,619,309

*Building permits issued in thirty-one cities of the*

Fifth district totaled only 909 in February 1934, a decrease of 24.8 per cent in comparison with 1,208 permits issued in the corresponding month last year. Total valuation for all permits issued last month amounted to \$2,668,107, an increase of 64.8 per cent in comparison with a valuation of \$1,619,309 in February 1933. Nineteen of the thirty-one cities reported higher valuation figures last month than for the same month last year, but most of the 64.8 per cent increase occurred in Baltimore; in fact, Baltimore showed a larger increase than the net gain reported for the entire district. Richmond reported higher figures last month than for February 1933, but Washington, Norfolk and Charlotte reported lower figures.

*Contracts actually awarded* for construction work in the Fifth reserve district in February this year totaled \$19,341,529, including both rural and urban projects, compared with \$8,326,270 in contracts awarded in February 1933, according to figures collected by the F. W. Dodge Corporation. Of the February 1934 contracts, \$2,311,554, or 12.0 per cent, was for residential structures, compared with \$1,339,250, or 16.1 per cent of the total, for residence work in February 1933.

#### Retail Trade, 30 Department Stores

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
February 1934 sales, compared with sales in February 1933:				
+15.9	+13.3	+ 7.1	+17.5	+11.3
Jan.-Feb. 1934 sales, compared with sales in Jan.-Feb. 1933:				
+22.9	+11.8	+ 8.4	+21.0	+12.4
Feb. 28, 1934, stocks, compared with stocks on Feb. 28, 1933:				
+17.1	+26.6	+19.7	+ 1.5	+20.0
Feb. 28, 1934, stocks, compared with stocks on Jan. 31, 1934:				
+ 8.7	+ 9.9	+ 9.9	+11.4	+ 9.9
Number of times stock was turned in February 1934:				
.261	.213	.24	.216	.229
Number of times stock was turned since January 1, 1934:				
.546	.439	.476	.443	.465
Percentage of Feb. 1, 1934, receivables collected in February:				
28.1	27.0	26.2	26.8	26.8

Department store sales in the Fifth Federal reserve district in February 1934 averaged 11.3 per cent above sales in February 1933. Thirty stores reported on their February business, and among the individual cities from which three or more reports were received Richmond made the best record with an average gain of 15.9 per cent. However, the Other Cities group, in which West Virginia and North Carolina stores are important, made an even better comparison with a rise of 17.5 per cent. In total sales during the first two

months of 1934 the thirty stores average a gain of 12.4 per cent in comparison with sales in the first two months of 1933.

Stocks in the reporting stores increased seasonally during February, rising by 9.9 per cent over those on hand at the end of January, and on February 28 this year stocks averaged 20.0 per cent above stocks on hand a year earlier. The reporting stores turned their stock an average of .229 times during February, and between January 1 and February 28 stocks were turned .465 times, both of these averages being lower than those for the corresponding periods in 1933.

The percentage of collections in February 1934 to total accounts receivable on February 1 was higher than the percentage for February 1933. Richmond reported the highest collection percentage, while Washington reported the lowest.

#### 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>
February 1934 sales, compared with sales in February 1933:				
+37.3	+87.5	+60.5	+59.7	+23.5
February 1934 sales, compared with sales in January 1934:				
+ .4	- 7.3	+44.0	-23.6	-11.3
Jan.-Feb. 1934 sales, compared with sales in Jan.-Feb. 1933:				
+30.6	+88.7	+63.9	+68.7	+17.9
Feb. 28, 1934, stocks, compared with stocks on Feb. 28, 1933:				
+18.6(8*)	+87.8(3*)	+13.5(4*)	+18.4(7*)	.....
Feb. 28, 1934, stocks, compared with stocks on Jan. 31, 1934:				
- .5(8*)	+22.6(3*)	- 3.2(4*)	+ 1.0(7*)	.....
Percentage of Feb. 1, 1934, receivables collected in February:				
71.7(12*)	43.3(4*)	48.7(6*)	38.0(11*)	56.3(7*)

\* Number of reporting firms.

In February 1934 sales reported by fifty-eight wholesale firms in five lines made substantial gains over sales in February last year, although three of the five lines showed seasonal decreases in comparison with January 1934 sales. Cumulative sales for the first two months of the current year were well above sales in the first two months of 1933.

Stocks on the shelves of the reporting dry goods and hardware firms advanced during February, but grocery and shoe stocks declined slightly. All lines reported larger stocks on hand at the end of February than a year ago.

Collections in February 1934 were distinctly better in all of the five lines than collections in February last year.

(Compiled March 21, 1934)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Federal Reserve Board)

Volume of industrial activity increased in February for the third consecutive month and there was a considerable growth in factory employment and payrolls. Wholesale commodity prices, after advancing for two months, showed little change between the middle of February and the middle of March.

**Production and Employment**

Output of manufactures and minerals, as measured by the Board's seasonally adjusted index of industrial production, increased from 78 per cent of the 1923-1925 average in January to 81 per cent in February. The advance reflected chiefly increases of considerably more than the usual seasonal amount in the output of steel and automobiles, while activity at meat-packing establishments declined. Activity at textile mills, which in January had increased from the low level prevailing at the end of the year, showed a further moderate increase in February, partly of seasonal character. In the first week of March steel production showed a further increase and in the following two weeks remained unchanged.

Factory employment and payrolls increased substantially between the middle of January and the middle of February to a level higher, on a seasonally adjusted basis, than at any other time since the summer of 1931. Working forces on railroads also showed an increase, while at mines there was little change in the volume of employment. The number on the payrolls of the Civil Works Administration declined from about 4,000,000 in January to about 2,900,000 in the week ending March 1. At automobile factories there was a large increase in the number employed to approximately the level prevailing four years ago. Substantial increases were reported also for the textile, clothing, shoe and tobacco industries.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a decline in February, followed by an increase in the first half of March. The total volume indicated for the first quarter is somewhat smaller than in the last quarter of 1933 but considerably larger than in the first quarters of 1932 and 1933.

**Distribution**

Freight traffic increased seasonally during February and the early part of March. Dollar volume of department store sales on a daily average basis showed little change in February.

**Dollar Exchange**

The foreign exchange value of the dollar in relation to gold currencies declined in the second week of February to within 2 per cent of its new parity and in the latter part of February and the first three weeks of March showed a further slight decline.

**Commodity Prices**

Wholesale prices of commodities showed little change from the middle of February to the middle of March, after a considerable increase earlier in the year. The index of the Bureau of Labor Statistics for the week ending March 17 was at 73.7 per cent of the 1926 average, compared with 73.8 per cent the week before and 72.4 per cent at the end of January.

**Bank Credit**

Between the middle of February and the third week of March imports of gold from abroad resulted in a growth of about \$550,000,000 in the country's monetary gold stock. Funds arising from these imports of gold and from expenditure by the Treasury of about \$140,000,000 of its cash and deposits with the Federal Reserve banks were for the most part added to the reserves of member banks, which consequently increased by \$600,000,000 during the four-week period. At the close of the period member bank reserves were nearly \$1,500,000,000 in excess of legal requirements.

Total deposits of reporting member banks increased by about \$1,000,000,000 between the middle of February and the middle of March, reflecting the imports of gold, purchases by the banks of United States Government and other securities, and a growth of bankers' balances.

During March money rates in the open market declined further. Rates on 90-day bankers' acceptances were reduced from 1/2 per cent to 1/4 per cent, and rates on prime commercial paper were reduced by 1/4 per cent to a range of 1-1 1/4 per cent. Yields on United States Government securities also declined considerably. On March 16, the Federal Reserve Bank of Minneapolis reduced its discount rate from 3 1/2 to 3 per cent.