

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



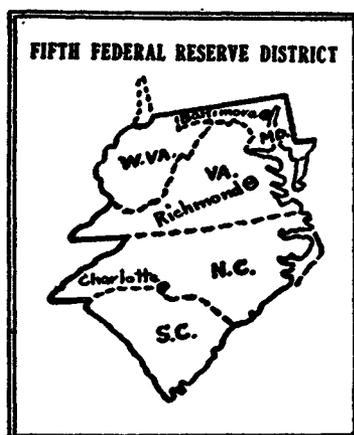
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

APRIL 30, 1934

THE volume of business in the Fifth Federal reserve district in March and early April was above seasonal levels in most lines, and was in marked contrast to trade a year earlier when the banking holiday and frozen funds in closed banks restricted nearly all business. The outstanding feature of the past month was the splendid record of retail trade in March, as reflected in department store sales. Thirty of the Fifth district's leading stores averaged 51.8 per cent larger sales than in March 1933, and also showed a gain of 8.3 per cent over sales in March 1932, when there were no banking disturbances as in 1933.

Sales in the thirty stores in the first quarter of 1934 averaged 27.1 per cent above sales in the first quarter of 1933. There were no striking developments in banking circles during the past month. Rediscounts for member banks at the Federal Reserve Bank of Richmond declined further, and the outstanding circulation of Federal reserve notes showed a seasonal decrease. Member bank reserve deposits at the Richmond bank rose to more than \$150,000,000 at the middle of April from \$100,000,000 on March 15, but most of the increase was due to a few large city institutions. Member banks reported moderate increases in their deposits between March 14 and April 11, and a decrease in their investments in securities. Debits to individual account figures for four weeks ended April 11 showed a seasonal increase of 5.2 per cent over debits in the four preceding weeks ended March 14, and also a gain of 14.6 per cent over debits in four weeks ended April 12, 1933. The commercial failure record of the Fifth district for March showed declines of 40.5 per cent in number of bankruptcies and 42.4 per cent in liabilities involved in comparison with corresponding figures for March 1933, and cumulative figures for the first quarter of the year showed the best record since 1920. Employment conditions in private industry improved to some extent during the past month, but the number of un-



employed persons increased sharply in the district, the abandonment of CWA projects releasing many more workers than private business and industry could absorb. Coal production in March showed an unseasonal increase over February production, and was more than 60 per cent above production in March last year. Textile mills in the Carolinas and Virginia increased operations somewhat in March over February, but did not quite attain the level of March last year. Spot cotton prices sagged slightly between the middle of March and the middle of April, but domestic consumption of cotton and exports exceeded the March 1933

figures. Tobacco markets sold much more tobacco in March than in March last year, and prices were also better. Season sales of tobacco, which were completed last month except on a few markets in Virginia, were far above sales in 1932-1933, and average prices this season were also materially better for the types composing the bulk of the Fifth district crop. Construction work provided for in March 1934 in permits issued in leading cities and in contracts awarded for both rural and urban projects continued in relatively small volume, but was considerably ahead of the March 1933 figures. Wholesale trade last month not only made seasonal gains over February business, but far exceeded the volume of business done in March last year. Agricultural work for this season was delayed because of inclement weather, but the soil is full of moisture and farmers are in position to give their crops better attention than last year, and therefore prospects for this year's farming are probably about normal.

Reserve Bank Statement

The principal items of condition on the statement of the Federal Reserve Bank of Richmond are shown in the accompanying table for April 15 and March 15, this year, and April 15 last year. During the past

| ITEMS | 000 omitted | | |
|----------------------------------|------------------|-----------------|------------------|
| | April 15 1934 | Mar. 15 1934 | April 15 1933 |
| Rediscounts held | \$ 1,680 | \$ 1,919 | \$ 21,946 |
| Open market paper..... | 532 | 1,193 | 5,260 |
| Government securities | 93,563 | 93,563 | 48,149 |
| Total earning assets..... | 95,775 | 96,675 | 75,355 |
| Circulation of Fed. Res. notes.. | 144,737 | 147,694 | 177,182 |
| Members' reserve deposits..... | 150,847 | 100,660 | 56,429 |
| Cash reserves | 216,734 | 166,339 | 179,556 |
| Reserve ratio | 70.93 | 65.30 | 70.63 |

month, rediscounts for member banks declined \$239,000, and the portfolio of open market paper declined \$661,000, these two changes giving a net decrease of \$900,000 in total earning assets. No change occurred during the month in ownership of Government securities, which at this time compose nearly all of the Bank's earning assets. Between March 15 and April 15 there was a seasonal decline in circulation of Federal reserve notes amounting to \$2,957,000. Member banks further increased their reserve balance at the reserve bank during the past month, this item rising \$50,187,000 and reaching the unusually high total of \$150,847,000 at the middle of April, probably more than double the legal requirements. The several changes in the statement raised the cash reserves of the Federal Reserve Bank of Richmond by \$50,395,000 between the middle of March and the middle of April, and also raised the ratio of reserves to note and deposit liabilities combined by 5.63 points.

Comparison of April 15, 1934, figures with those for April 15, 1933, shows material changes in nearly all items during the year, part of which is due to the unusual conditions existing last year as a result of the banking troubles. During the year rediscounts for member banks declined by \$20,266,000, and the portfolio of open market paper dropped \$4,728,000. On the other hand, the Bank increased its holdings of Government securities by \$45,414,000. These changes brought a net increase in total earning assets amounting to \$20,420,000 between April 15 last year and this. There was a decrease of \$32,445,000 during the year in Federal reserve note circulation, representing retirement of a large volume of notes which member banks held a year ago as a precaution against unusual demands from depositors after the banking holiday. Member bank reserve deposits at the Federal Reserve Bank of Richmond nearly tripled during the year, rising by \$94,418,000. The Bank's cash reserves increased \$37,178,000 between April 15, 1933, and April 15, 1934, but the ratio of reserves to note and deposit liabilities combined rose only a fraction of a point.

Statement of 28 Member Banks

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. April 11, 1934, figures are compared with those of March 14, 1934, and April 12,

| ITEMS | 000 omitted | | |
|---|------------------|-----------------|------------------|
| | April 11 1934 | Mar. 14 1934 | April 12 1933 |
| Loans on stocks and bonds (including Governments) | \$ 57,350 | \$ 59,593 | \$ 60,757 |
| All other loans..... | 112,980 | 112,284 | 113,292 |
| Total loans and discounts..... | 170,330 | 171,877 | 174,049 |
| Investments in securities..... | 171,128 | 180,431 | 139,220 |
| Reserve Bal. with F. R. Bank.... | 40,500 | 34,611 | 22,892 |
| Cash in vaults..... | 11,291 | 11,443 | 10,406 |
| Demand deposits | 203,965 | 203,215 | 167,901 |
| Time deposits | 133,958 | 132,759 | 126,939 |
| Borrowed from F. R. Bank..... | 0 | 0 | 810 |

1933, thus affording opportunity for study of the changes during the past month and the past year.

Between March 14 and April 11, both this year, loans and discounts decreased \$1,547,000. Loans on stocks and bonds declined by \$2,243,000, but there was an increase of \$696,000 in all other loans. Investments in securities decreased during the month by \$9,303,000, while the reporting banks increased their reserve balance at the reserve bank by \$5,889,000. Cash in vaults changed little, declining by \$152,000. Deposits rose between March 14 and April 11, demand deposits increasing \$750,000 and time deposits rising \$1,199,000. None of the twenty-eight reporting banks were borrowing from the reserve bank on either April 11 or March 14.

Total loans and discounts declined \$3,719,000 in the reporting banks during the past year, of which \$3,407,000 was in loans on stocks and bonds and \$312,000 was in all other loans. On the other hand, the twenty-eight banks increased their investments in securities by \$31,908,000 between April 12, 1933, and April 11, 1934, and their aggregate reserve balance at the reserve bank rose by \$17,608,000 during the same period. Cash in vaults rose \$885,000 during the year. Deposits increased by \$43,083,000 between the middle of April last year and this, of which \$36,064,000 was in demand deposits and \$7,019,000 was in time deposits. None of the reporting banks were borrowing at the reserve bank in April 1934, but four of them were borrowing \$810,000 on April 12, 1933.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$323,251,943 at the end of March 1934, a higher figure than \$320,697,855 reported at the end of February this year, but a lower figure than \$324,971,559 at the end of March last year. Both the reporting member banks and the savings banks gained in deposits during the past month, but the savings banks reported a lower total than at the end of March 1933.

Debits to Individual Accounts

| CITIES | 000 omitted | | |
|------------------------------|--------------------------------|-------------------|-------------------|
| | Total Debits, four weeks ended | | |
| | April 11, 1934 | March 14, 1934 | April 12, 1933 |
| Asheville, N. C..... | \$ 8,658 | \$ 7,347 | \$ 7,294 |
| Baltimore, Md. | 243,493 | 232,802 | 221,467 |
| Charleston, S. C..... | 10,539 | 9,993 | 7,122 |
| Charleston, W. Va.... | 33,667 | 35,045 | 28,558 |
| Charlotte, N. C..... | 45,720 | 39,641 | 31,893 |
| Columbia, S. C..... | 14,859 | 14,860 | * 3,235 |
| Cumberland, Md. | 5,054 | 4,919 | 4,807 |
| Danville, Va. | 4,508 | 4,769 | 3,976 |
| Durham, N. C..... | 18,989 | 19,567 | 15,054 |
| Greensboro, N. C..... | 9,590 | 8,453 | 2,510 |
| Greenville, S. C..... | 12,988 | 13,628 | 6,522 |
| Hagerstown, Md. | 5,429 | 4,626 | 3,303 |
| Huntington, W. Va.... | 10,362 | 10,262 | 9,640 |
| Lynchburg, Va. | 12,411 | 12,509 | 11,087 |
| Newport News, Va.... | 5,670 | 5,776 | 6,500 |
| Norfolk, Va. | 36,751 | 33,266 | 31,006 |
| Portsmouth, Va. | 2,923 | 2,749 | 3,079 |
| Raleigh, N. C..... | 20,821 | 15,146 | 14,732 |
| Richmond, Va. | 100,967 | 102,878 | 89,616 |
| Roanoke, Va. | 16,729 | 17,094 | 16,603 |
| Washington, D. C..... | 164,922 | 151,922 | 164,962 |
| Wilmington, N. C..... | 8,269 | 6,799 | 4,218 |
| Winston-Salem, N. C. | 26,325 | 25,049 | 28,055 |
| Fifth District Totals | \$819,644 | \$779,100 | \$715,239 |

* Banks open three weeks only in 1933 period.

Debits to individual, firm and corporation accounts figures in the table reported for three equal periods of four weeks by clearing house banks in twenty-three leading Fifth district cities show a seasonal increase during the period ended April 11 in comparison with the figures for four weeks ended March 14, owing to quarterly payments on April 1. Aggregate debits in the reporting cities totaled \$819,644,000 during the four weeks ended April 11, an increase of \$40,544,000, or 5.2 per cent, over the total of \$779,100,000 reported for the preceding period this year. Among the twenty-three reporting cities, fourteen reported higher figures for the later period while nine reported lower figures.

In comparison with debits reported for four weeks ended April 12, 1933, those reported for the corresponding period this year show an increase of \$104,405,000, or 14.6 per cent, nineteen of the twenty-three cities showing higher figures for the 1934 period. All of the five largest cities reported higher figures in 1934 except Washington, which showed a very small decrease of 2/100th of 1 per cent. Figures in Columbia, S. C., and Greensboro, N. C., in April 1933 were exceptionally low, due to late reopening of banks after the holiday or to restrictions under which some of the banks resumed operations.

Business Failures

Commercial failures in the Fifth Federal reserve district and in the United States in March 1934 continued to show a notable improvement over figures for all other recent years, according to statistics in *Dun & Bradstreet Monthly Review* for April. There were only 50 insolvencies in the Fifth district in March, a

decrease of 40.5 per cent, under 84 failures in March last year, and last month's aggregate liabilities totaling \$877,219 showed a decrease of 42.4 per cent in comparison with \$1,523,870 in March 1933. The United States had 1,102 bankruptcies and liabilities totaling \$27,227,511 in March this year, decreases of 43.4 per cent and 43.9 per cent, respectively, in comparison with 1,948 failures and \$48,500,212 liabilities in March last year. Statistics for the first quarter of 1934 shows the lowest figures for twenty years, except for three post-war years 1918, 1919 and 1920, when conditions were very unusual. Bankruptcies in the first three months of 1934 in the Fifth district totaled only 210, compared with 421 in 1933 and 541 in 1932, and liabilities this year totaled \$3,492,301 for the quarter, compared with \$14,362,675 last year and \$17,166,460 in 1932. A very unusual feature of the quarterly statistics for both the Fifth district and the Nation is that the number of insolvencies and the aggregate liabilities involved were lower than the corresponding figures in the last quarter of 1933.

Employment

The suspension of CWA work increased unemployment during the past month in the Fifth reserve district, relatively few of the workers thus released being absorbed by private industry. Agricultural work, especially in the lower half of the district, provided for some people who have been employed on rural CWA projects, but city workers on similar jobs as a whole have not been able to find other employment. Campaigns for crop reduction in certain crops will reduce the number of laborers needed on farms this year. Construction work continues at a low level, thereby prolonging widespread unemployment among building tradesmen.

Coal Production

Production of bituminous coal in the United States showed a marked increase in March in comparison with both February this year and March last year, the increase over February being an unseasonal development. Tonnage mined in March amounted to 38,392,000 net tons, an increase of 62 per cent over 23,685,000 tons mined in March 1933, both months having the same number of working days. March 1934 production showed an increase of 20 per cent over February production of 31,970,000 tons, but on a daily basis the March increase was only 6.8 per cent above the February output. Total production of soft coal during the present calendar year to April 1 amounted to 103,278,000 net tons, an increase of nearly 33 per cent over 77,879,000 tons mined to the same date in 1933. Coal shipped through Hampton Roads ports during the present calendar year to April 1 totaled 5,109,630 tons, compared with 4,570,633 tons shipped prior to April last year and 4,643,835 tons in the corresponding period of 1932.

Textiles

Production in the textile industry in the Fifth district increased during March, daily consumption of cot-

ton by Fifth district mills during the month being about 1 per cent more than daily consumption in February, but on the other hand the district consumption lacked 1 per cent of equalling consumption in March last year. Fifth district mills consumed 239,588 bales of cotton in March 1934, of which North Carolina mills used 126,772 bales, South Carolina mills used 100,825 bales, and Virginia mills 11,991 bales. In February 1934 Fifth district mills consumed 210,481 bales and in March 1933 they used 242,009 bales. Consumption in the Fifth district was 44 per cent of National consumption in both March and February this year, a materially lower figure than 48.9 per cent used in the district in March 1933. The lower percentage for the Fifth district this year is due chiefly to the fact that mills in the Carolinas and Virginia declined in operations materially less than mills in some other sections during the worst years of the depression.

The Bureau of the Census issued a report on March 21 on spindles in place in February, spindles active at some time during that month, and average hours of operation per spindle in place. On February 28, 1934, there were 30,992,496 spindles in place in the United States, of which 12,558,264, or 40.5 per cent, were in the Carolinas and Virginia. Active spindles in February totaled 26,355,498 in the United States, of which 11,891,960, or 45.1 per cent, were in the Fifth district. Active hours of operation per spindle in place averaged 216 hours in the United States in February, but all three cotton manufacturing states in the Fifth district were above the average, South Carolina leading all states with 290 hours. Virginia averaged 242 hours of operation per spindle, and North Carolina averaged 222 hours.

Cotton Statistics

Spot cotton prices declined further between the middle of March and the middle of April, continuing the downward tendency which began at the middle of February. In our *Review* last month, we quoted 12.15 cents per pound as the average price paid on March 16 on ten markets for upland, short staple, middling grade cotton. The price declined to 11.90 cents on March 23, but then recovered somewhat and advanced to 12.03 cents on March 30 and further to 12.11 cents on April 6. After that date there was a decline to 11.87 cents on April 13, the latest date for which official figures are available. On the corresponding date a year ago, April 14, 1933, the average price paid on the ten markets was 6.70 cents.

Cotton consumption in the United States in March 1934 totaled 543,690 bales, compared with 477,890 bales used in February this year and 495,183 bales in March 1933. Total consumption for the eight months of the present cotton year—August 1 to March 31—amounted to 3,945,304 bales compared with 3,748,573 bales consumed in the corresponding period ended March 31, 1933. Manufacturing establishments held 1,649,807 bales on March 31, compared with 1,654,369 bales held on February 28 this year and 1,343,114 bales on March 31, 1933. Public warehouses and compresses held 7,-

852,780 bales in storage at the end of March this year, compared with 8,638,995 bales so held a month earlier and 8,901,203 bales on March 31 last year. March exports totaled 550,104 bales, compared with 628,457 bales sent abroad in February this year and 487,988 bales exported in March last year. Exports during the eight months of this cotton year totaled 6,098,011 bales, compared with 6,084,734 bales shipped over seas during the corresponding eight months ended March 31, 1933. Spindles active in March numbered 26,503,876, compared with 26,355,498 in February this year and 23,488,134 in March 1933.

Cotton growing states consumed 429,441 bales in March 1934, compared with 376,211 bales used in February and 413,292 bales in March 1933. Last month's consumption in the cotton growing states amounted to 79 per cent of National consumption, compared with 83.5 per cent of National consumption used in the cotton growing states in March last year. Of the 429,441 bales of cotton used in cotton growing states in March, the Fifth district mills consumed 239,588 bales, or 55.8 per cent, compared with 58.6 per cent of Southern consumption attained in the district in March last year.

Tobacco Marketing

Virginia auction tobacco markets sold 10,416,845 pounds of producers' tobacco in March, at an average price of \$7.42 per hundred, according to warehouse reports to the Commissioner of Agriculture. In March 1933, total sales amounted to only 502,280 pounds at an average price of \$5.48. The flue-cured and burley markets closed March 2, consequently the sales of both types were very light. Including March sales of 53,672 pounds, total sales of flue-cured tobacco for the season amounted to 80,954,143 pounds at an average price of \$16.17 per hundred. During the 1932-1933 season only 42,796,623 pounds were sold, and the average price was only \$8.11 per hundred. Sales for the past season were the largest since 1930 and the price the highest since 1929. Fire-cured sales during March amounted to 9,955,175 pounds, which is the largest March sales for this type since 1921. The average price of \$7.38 per hundred showed some improvement over the February average and was considerably better than the average of \$5.54 in March last year. Markets for this type remained open during April. Total sales of burley tobacco for the season amounted to 12,834,240 pounds, including 58,912 pounds sold in March, and the average price was \$10.61 per hundred. Sales for the 1932-1933 season amounted to 5,755,418 pounds at an average price of \$14.74. Sun-cured sales during March amounted to 349,086 pounds at an average price of \$8.59 per hundred pounds. The amount of tobacco sold was somewhat larger than in February, but the price averaged lower. The average price for the season to date is the highest since 1929. Warehousemen estimated that March sales graded 16 per cent good, 36 per cent medium, and 48 per cent common, compared with a small amount of medium and common grades sold last year in March.

North Carolina tobacco markets nearly all closed in

February, and the rest in March. Total sales during the season of 1933-1934 amounted to 516,376,445 pounds—all of flue-cured types except 3,734,847 pounds of burley tobacco—compared with 283,495,702 pounds sold in the 1932-1933 season. The average price during the past season was \$15.93 per hundred pounds, compared with \$11.98 per hundred pounds the preceding year. Among the individual market, Wilson led in season sales for 1933-1934 with 65,354,715 pounds, Greenville being a close second with 64,552,038 pounds and Winston-Salem third with 46,750,308 pounds. Durham paid the highest average price for the past season, \$18.67 per hundred pounds, Henderson ranking second with \$17.84 per hundred and Mebane, a small market, third with \$17.63.

Agricultural Notes

Agriculture is getting a late start in the Fifth Federal reserve district this year, due to extremely cold weather in February and most of March, and to frequent rains which kept the ground too wet to cultivate during the entire spring. Last fall winter grains got a relatively poor start because of a deficiency of moisture in most of the district, and when that handicap was overcome the temperatures were so low that grains did not grow normally. It is too early to estimate probable results from this year's fruit trees, but peaches appear to have been seriously damaged by cold weather. Prospects for apples are much better than for peaches. Planting of early truck crops was delayed considerably, and in the lower half of the district much truck had to be abandoned or replanted. Cotton planting is under way in South Carolina, and is reported progressing nicely. Farmers are in better financial position this year to make their crops than they were last year, and they have bought many mules and some new farm machinery this spring. Fertilizer sales have been good this season. Although crops are getting a late start, the ground is full of moisture and there is plenty of time to overcome the relatively backward conditions of April if favorable weather occurs during the balance of the growing season.

Construction

Building permits issued in thirty-one Fifth district cities in March 1934 showed some progress from the very low figures reported for March last year. Last month 1,464 permits were issued for all classes of work, compared with 1,310 permits issued in March 1933, an increase of 11.8 per cent. Total valuation figures for March 1934 amounted to \$1,857,246, an increase of 95.1 per cent over the total of \$951,982 for

Building Permits Issued in March 1934 and 1933

| CITIES | Permits Issued | | Total Valuation | |
|---------------------------|----------------|-------|-----------------|------------|
| | 1934 | 1933 | 1934 | 1933 |
| Baltimore, Md. | 506 | 395 | \$ 618,936 | \$ 270,240 |
| Cumberland, Md. | 6 | 5 | 2,050 | 820 |
| Frederick, Md. | 12 | 4 | 13,003 | 10,960 |
| Hagerstown, Md. | 8 | 10 | 6,380 | 4,435 |
| Salisbury, Md. | 13 | 19 | 28,075 | 8,425 |
| Danville, Va. | 17 | 15 | 19,787 | 7,002 |
| Lynchburg, Va. | 21 | 25 | 54,683 | 33,050 |
| Norfolk, Va. | 99 | 89 | 22,735 | 74,445 |
| Petersburg, Va. | 6 | 2 | 8,765 | 540 |
| Portsmouth, Va. | 11 | 31 | 9,945 | 8,810 |
| Richmond, Va. | 71 | 70 | 78,730 | 62,071 |
| Roanoke, Va. | 25 | 19 | 25,937 | 7,507 |
| Bluefield, W. Va. | 5 | 3 | 6,735 | 1,425 |
| Charleston, W. Va. | 39 | 78 | 21,116 | 10,030 |
| Clarksburg, W. Va. | 9 | 8 | 5,785 | 3,217 |
| Huntington, W. Va. | 16 | 16 | 37,553 | 3,980 |
| Asheville, N. C. | 45 | 14 | 7,560 | 13,085 |
| Charlotte, N. C. | 23 | 16 | 27,176 | 19,760 |
| Durham, N. C. | 20 | 11 | 42,820 | 14,330 |
| Greensboro, N. C. | 23 | 32 | 35,387 | 10,495 |
| High Point, N. C. | 9 | 5 | 4,754 | 18,300 |
| Raleigh, N. C. | 7 | 10 | 1,410 | 13,613 |
| Rocky Mount, N. C. | 3 | 6 | 2,750 | 5,960 |
| Salisbury, N. C. | 7 | 1 | 3,825 | 500 |
| Winston-Salem, N. C. | 46 | 35 | 27,958 | 16,935 |
| Charleston, S. C. | 21 | 20 | 231,277 | 7,195 |
| Columbia, S. C. | 28 | 26 | 22,339 | 6,182 |
| Greenville, S. C. | 27 | 19 | 22,995 | 7,820 |
| Rock Hill, S. C. | 9 | 8 | 6,375 | 3,025 |
| Spartanburg, S. C. | 21 | 12 | 4,760 | 4,885 |
| Washington, D. C. | 311 | 306 | 455,645 | 302,940 |
| Totals | 1,464 | 1,310 | \$1,857,246 | \$ 951,982 |

permits issued in March last year. The improvement was district wide, twenty-one of the thirty-one cities reporting a larger number of permits in March 1934 and twenty-five cities reporting higher valuation figures. Charleston, S. C., made the best record for the past month, population figures being taken into consideration, due to one large permit for a public works project. Baltimore, Washington and Richmond reported higher figures for March 1934 than for March 1933, but their figures are still very low for cities in their population groups.

Contracts actually awarded for construction work in the Fifth reserve district in March this year totaled \$15,880,592, including both rural and urban projects, compared with only \$4,945,000 in contracts awarded in March 1933, according to figures collected by the F. W. Dodge Corporation. Of the March 1934 contracts, \$3,012,127, or 19 per cent, was for residential types of construction.

Retail Trade, 30 Department Stores

| | <i>Richmond</i> | <i>Baltimore</i> | <i>Washington</i> | <i>Other Cities</i> | <i>District</i> |
|--|-----------------|------------------|-------------------|---------------------|-----------------|
| March 1934 sales, compared with sales in March 1933: | +56.5 | +57.8 | +40.7 | +74.2 | +51.8 |
| Jan.-Mar. 1934 sales, compared with sales in Jan.-Mar. 1933: | +36.2 | +28.8 | +20.4 | +41.0 | +27.1 |
| Mar. 31, 1934, stocks, compared with stocks on Mar. 31, 1933: | +22.0 | +27.3 | +21.4 | + 4.9 | +21.9 |
| March 31, 1934, stocks, compared with stocks on Feb. 28, 1934: | +10.2 | + 6.0 | + 4.4 | + 5.0 | + 5.7 |
| Number of times stock was turned in March 1934: | .406 | .341 | .346 | .35 | .35 |
| Number of times stock was turned since January 1, 1934: | .953 | .783 | .839 | .802 | .824 |
| Percentage of March 1, 1934, receivables collected in March: | 31.7 | 28.7 | 28.2 | 30.3 | 29.0 |

Retail trade in March as reflected in sales by thirty department stores in the Fifth reserve district was 51.8 per cent above the trade of March 1933, and was 8.3 per cent more than in March 1932, which is probably a better comparison because the 1933 figures were held down by the banking holiday and the late date of Easter. Total sales in the thirty reporting stores in the first quarter of 1934 were 27.1 per cent larger than sales in the first quarter of 1933.

Stocks in the reporting stores increased seasonally during March, rising by 5.7 per cent over those on hand

at the end of February, and on March 31 this year stocks averaged 21.9 per cent above stocks on hand a year earlier. The reporting stores turned their stocks an average of .35 times during March, and between January 1 and March 31 stocks were turned .824 times, both of these averages being higher than those for the corresponding periods in 1933.

The percentage of collections in March 1933 to total accounts receivable on March 1 was much higher than the percentage for March 1934, owing to the banking holiday last year which tied up funds and prevented prompt payment of current accounts.

Wholesale Trade, 58 Firms

| | 21 | 7 | 6 | 13 | 11 |
|---|------------------|------------------|--------------|-----------------|--------------|
| | <i>Groceries</i> | <i>Dry Goods</i> | <i>Shoes</i> | <i>Hardware</i> | <i>Drugs</i> |
| March 1934 sales, compared with sales in March 1933: | +33.6 | +90.9 | +82.2 | +61.2 | +37.6 |
| March 1934 sales, compared with sales in February 1934: | +10.3 | + 6.2 | +46.3 | +16.2 | +13.7 |
| Jan.-Mar. 1934 sales, compared with sales in Jan.-Mar. 1933: | +31.8 | +89.4 | +67.4 | +66.1 | +24.1 |
| Mar. 31, 1934, stocks, compared with stocks on Mar. 31, 1933: | +25.0(8*) | +113.2(3*) | +29.5(4*) | +19.7(7*) | |
| Mar. 31, 1934, stocks, compared with stocks on Feb. 28, 1934: | + 7.3(8*) | +11.8(3*) | + 1.6(4*) | + 2.0(7*) | |
| Percentage of March 1, 1934, receivables collected in March: | 78.4(12*) | 39.7(4*) | 56.5(6*) | 42.3(11*) | 62.7(7*) |

* Number of reporting firms.

(Compiled April 21, 1934)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Volume of industrial production increased further in March and there was considerable growth in factory employment and payrolls. The general level of commodity prices showed little change between the middle of March and the middle of April but in the third week of April there was a sharp decline in grain prices.

Production and Employment

Output of manufactures and minerals, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, advanced from 81 per cent of the 1923-1925 average in February to 84 per cent in March. This advance reflected chiefly increases of more than the usual seasonal amount in the output of steel, automobiles, and lumber and an increase contrary to seasonal tendency in the output of coal. Production of textiles showed little change in volume on a daily average basis. In the early part of April, activity at steel mills and automobile factories increased further, according to trade reports, while coal production declined by a more than seasonal amount.

Volume of employment at factories increased further between the middle of February and the middle of March by about 4 per cent, an amount larger than is usual at this season. Employment on the railroads and at mines also showed an increase. The number on the payrolls of the Civil Works Administration was reduced from about 3,700,000 in the middle of February to about 2,400,000 in the middle of March and 1,900,000 at the end of the month.

The value of construction contracts awarded in March, as reported by the F. W. Dodge Corporation, showed a considerable increase from the low level of February, followed, in the first half of April, by a decline. For the first quarter as a whole, the value of contracts was somewhat smaller than in the last quarter of 1933; publicly-financed projects continued to make up about three-fourths of the total.

Distribution

Volume of freight-car loadings showed a further increase in March, reflecting chiefly seasonal increases in shipments of merchandise and miscellaneous freight and a continued large volume of coal shipments, which usually decline in March. In the early part of April,

total car loadings showed a decline, reflecting a sharp reduction in coal shipments. Dollar volume of trade at department stores increased in March by considerably more than the estimated seasonal amount, after allowance for the early date of Easter this year.

Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, was 73.3 per cent of the 1926 average in the week ending April 14 as compared with 73.8 per cent in the week ending March 10. During this period prices of steel, copper, and automobiles advanced, while prices of farm products decreased somewhat. In the third week of April, wheat prices declined sharply and there were also declines in the prices of other grains, cotton and silver.

Bank Credit

During the four weeks ending April 18 member bank reserve balances increased by \$220,000,000, raising the volume of reserves in excess of legal requirements to \$1,600,000,000. This increase reflected a growth of \$105,000,000 in the monetary gold stock and further disbursements by the Treasury of funds from its cash holdings and its deposits with the reserve banks.

At reporting member banks in leading cities an increase of \$400,000,000 in net demand and time deposits for the four-week period ending April 11 reflected chiefly the deposit by the public of funds disbursed by the Treasury, as well as a growth in bankers' balances. Government deposits were reduced by about \$200,000,000. Holdings by these banks of securities, other than United States Government obligations, increased by \$64,000,000, and their loans both on securities and all other also increased slightly, with the consequence that total loans and investments showed a growth of \$100,000,000 for the period.

Money rates in the open market declined further in April. Rates on prime 4-6 month commercial paper were reduced from a range of 1—1 1/4 per cent to 1 per cent, and rates on 90-day acceptances were reduced from 1/4 per cent to a range of 1/8—1/4 per cent. Yields on Government securities also declined.