

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



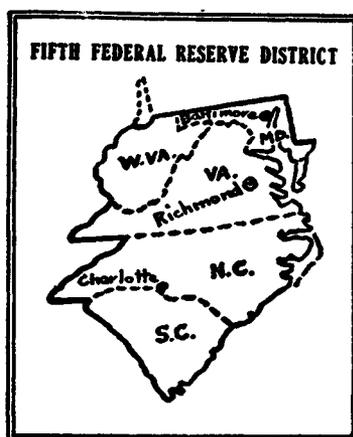
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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 28, 1935

BUSINESS volume in January and February showed recession from business in the preceding Fall and Winter months in some lines, but in other lines increased activity after the New Year was noted, most of the changes being seasonal. In comparison with conditions in January and early February last year, distinct improvement is shown in nearly all lines of trade and industry this year, the only outstanding exception being in construction fields. Last year at this season a considerable volume of Government aided work was either under way or was being started, but now most of that work has been finished and new projects are awaiting Congressional action on funds. As a result, the number of building permits issued in January 1935 was relatively small and contracts actually awarded were much lower in valuation than contracts awarded in January 1934. On the other hand, retail trade in January, as reflected in department store sales, exceeded the volume of sales made in January last year by 6 per cent, and collections also showed improvement this year. Wholesale trade, likewise, registered a seasonal increase in sales in comparison with December, and three of five reporting lines showed larger sales last month than in January 1934. Textile mills not only made the usual increase in operations over December, but consumed more cotton than in January last year. Tobacco sales were much smaller in January 1935 than in January 1934, but this was due to late selling last year and early selling this year. Prices received for tobacco this year were much higher than prices a year ago, and farmers received about 50 per cent more for their 1934 tobacco crop than they received for the 1933 crop. Cotton prices during the past month showed only minor fluctuations, but very little cotton is sold by growers at this time of year. There was some increase in unemployment in Janu-



ary and early February, but most of it was seasonal in nature, due to unfavorable weather for outside work. Debits to individual accounts figures in twenty-three leading Fifth districts cities for five weeks ended February 13, 1935, showed a normal decline in comparison with debits in the five preceding weeks, but increased 23 per cent over debits in five corresponding weeks in 1934. Coal production in January this year exceeded production in either December or January last year. The commercial failure record in the Fifth district in January was the best for any January since 1920, and

was considerably better than the National average improvement in comparison with the January 1934 record. In banking, rediscounts at the Federal Reserve Bank of Richmond declined between January 15 and February 15, but the Bank increased its industrial loans, made under authority of Section 13-B of the Federal Reserve Act. Circulation of Federal reserve notes declined seasonally during the past month, but continued above the circulation figures a year earlier. Member banks reported a decline in their loans between January 9 and February 13, but both demand and time deposits increased moderately. They also increased their investments in securities and increased their reserve balances at the reserve bank. The outlook for agriculture this year is better than in most recent years. Farmers are generally in a stronger economic position, and are therefore better prepared to undertake the new season's operations. Prices for cash crops are good, and livestock prices have advanced sharply in the past six weeks. The soil is in excellent condition for Spring planting, and Winter grain crops are developing nicely.

Reserve Bank Statement

ITEMS	000 omitted		
	Feb. 15 1935	Jan. 15 1935	Feb. 15 1934
Rediscounts held	\$ 131	\$ 313	\$ 2,593
Open market paper.....	204	209	2,582
Industrial advances	2,822	1,695	0
Government securities	103,563	103,563	93,563
Total earning assets.....	106,720	105,780	98,738
Circulation of Fed. Res. notes..	155,379	158,406	147,329
Cir. of Fed. Res. bank notes.....	0	0	4,402
Members' reserve deposits.....	141,264	125,292	94,974
Cash reserves	204,763	188,530	165,416
Reserve ratio	67.37	64.93	65.58

Between January 15 and February 15, 1935, there were no changes in the holdings of Government securities by the Federal Reserve Bank of Richmond, but rediscounts for member banks declined by \$182,000 and the portfolio of open market paper decreased by \$5,000. On the other hand, working capital loans made to industry under authority of Section 13-B of the Federal Reserve Act rose by \$1,127,000. These changes resulted in a net increase in total earning assets of \$940,000 during the month. In addition to the earning assets shown in the table, the Bank increased by \$194,360 its commitments to member banks on loans to industry made by the members. These commitments are both assets and liabilities; assets in that the Bank is paid a small percentage for the commitments, and contingent liabilities in that the Bank agrees to indemnify the lending banks against any loss on the loans to the extent of the commitments. Federal reserve notes in actual circulation dropped by \$3,037,000 between the middle of January and the middle of February, a seasonal decrease after the passing of the need for currency for holiday buying and marketing of agricultural products. Member banks built up their reserve balances at the reserve bank by \$15,972,000 between January 15 and February 15. The several changes in the statement previously enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$16,233,000, and the ratio of cash reserves to note and deposit liabilities combined by 2.44 points.

Nearly all the items in the statement changed materially during the past year. Rediscounts for member banks dropped by \$2,462,000 and holdings of open market paper decreased by \$2,378,000, while Government securities owned rose by \$10,000,000, and \$2,822,000 in industrial loans were made, the net change in earning assets being an increase of \$7,982,000 in the year. Federal reserve notes in circulation rose by \$8,050,000 between the middle of February last year and this, but \$4,402,000 in Federal reserve bank notes outstanding a year ago were retired during the period under review. Member banks raised their reserve deposits at the reserve bank by \$46,290,000 since February 15, 1934, being unable to find profitable investments for their surplus funds. The cash reserves of the Federal

Reserve Bank of Richmond increased by \$39,347,000 during the year, but the ratio of reserves to note and deposit liabilities combined rose by only 1.79 points.

Statement of 28 Member Banks

ITEMS	000 omitted		
	Feb. 13 1935	Jan. 9 1935	Feb. 14 1934
Loans on stocks and bonds (in- cluding Governments)	\$ 57,881	\$ 58,460	\$ 59,313
All other loans.....	95,380	107,844	109,223
Total loans and discounts.....	153,261	166,304	168,536
Investments in securities.....	203,327	200,509	179,422
Reserve bal. with F. R. Bank....	57,112	48,920	36,779
Cash in vaults.....	12,111	12,204	10,891
Demand deposits	237,741	232,541	198,883
Time deposits	135,428	133,742	130,701
Borrowed from F. R. Bank.....	0	0	0

The accompanying table shows the principal items of condition of twenty-eight regularly reporting 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.

Between January 9 and February 13, both 1935, loans and discounts decreased by \$13,043,000, loans on securities decreasing \$579,000 and all other loans falling \$12,464,000, the latter a material drop in one month. On the other hand, the reporting banks increased their investments in securities by \$2,818,000 last month, and further increased their reserves at the Federal Reserve Bank of Richmond by \$8,192,000. Cash in vaults changed very little between January 9 and February 13, but aggregate deposits rose by \$6,887,000, demand deposits increasing \$5,201,000 and time deposits rising \$1,686,000. None of the twenty-eight reporting banks borrowed from the reserve bank at any time during the past month.

The figures in the table show considerably larger changes in nearly all items during the past year than during the past month. Total loans declined \$15,275,000 since February last year, loans on securities decreasing \$1,432,000 and all other loans falling \$13,843,000. Investments in securities, chiefly Government issues, rose by \$23,905,000, and the reporting banks increased their reserve balance by \$20,333,000. Cash in vault rose \$1,220,000 between the middle of February last year and this. There was a marked rise in demand deposits during the year, totaling \$38,859,000, and time deposits showed a moderate rise of \$4,727,000. None of the twenty-eight banks were borrowing at the reserve bank on either February 14, 1934, or February 13, 1935.

Time and Savings Deposits

Time deposits in twenty-eight reporting member banks and aggregate deposits in eleven mutual sav-

ings banks in Baltimore totaled \$333,027,189 at the end of January 1935, a higher figure than \$330,739,162 reported at the end of December 1934 and 5 per cent more than \$317,206,433 reported at the end of January last year. Both reporting member banks and mutual savings banks showed increases in time and savings deposits during the year.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, five weeks ended		
	Feb. 13, 1935	Jan. 9, 1935	Feb. 14, 1934
Asheville, N. C.....	\$ 9,944	\$ 10,970	\$ 10,289
Baltimore, Md.	291,132	325,876	262,802
Charleston, S. C.....	14,488	16,023	12,406
Charleston, W. Va....	46,097	58,833	32,880
Charlotte, N. C.....	56,599	55,182	44,454
Columbia, S. C.....	32,846	22,963	17,679
Cumberland, Md.	7,292	8,034	6,258
Danville, Va.	7,913	11,092	9,485
Durham, N. C.....	24,957	24,785	32,883
Greensboro, N. C.....	14,182	15,097	11,291
Greenville, S. C.....	17,199	16,757	15,121
Hagerstown, Md.	6,769	7,634	5,881
Huntington, W. Va....	14,035	14,743	11,323
Lynchburg, Va.	16,049	16,563	16,485
Newport News, Va....	7,619	9,001	6,946
Norfolk, Va.	48,287	51,214	41,626
Portsmouth, Va.	3,742	4,225	3,225
Raleigh, N. C.....	32,196	42,628	30,524
Richmond, Va.	141,428	155,739	126,115
Roanoke, Va.	21,414	24,178	20,448
Washington, D. C.....	208,869	215,340	183,636
Wilmington, N. C.....	9,060	10,253	8,057
Winston-Salem, N. C.	32,112	36,281	35,011
District Totals	\$1,064,229	\$1,153,411	\$ 944,825

Debits to individual, firm and corporation accounts figures in clearing house banks in the leading 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 available figures, those for five weeks ended February 13, 1935, with corresponding periods a month and a year earlier.

Aggregate debits to individual accounts during the five weeks ended February 13, 1935, showed a seasonal decline of \$89,182,000, or 7.7 per cent, in comparison with total debits in the preceding like period, ended January 9. The preceding period contained a considerable volume of annual payments around January 1, and also much of the Christmas trade. Four reporting cities, Charlotte, Columbia, Durham and Greenville, reported higher figures for the later period, but all other cities showed the normal decrease for this season.

In comparison with debits reported for the five weeks ended February 14 last year, debits for the corresponding period this year showed an increase of \$219,404,000, or 23.2 per cent, eighteen of the twenty-three cities attaining higher figures. The five cities which failed to equal their 1934 figures were Asheville, Danville, Durham, Lynchburg and Winston-Salem, all being tobacco markets. This year the tobacco crop was much smaller than the

1934 crop, and little was left to sell after the middle of January, this accounting for all or most of the decline in debits in the five cities.

Commercial Failures

The insolvency record in the United States in January 1935 was the best for any January in many years, and showed less than the normal seasonal increase in comparison with the number of insolvencies in December 1934, according to statistics gathered by *Dun & Bradstreet*. Insolvencies in January usually increase materially over December figures, due to the pressure of year-end settlements, and this year the number of failures rose 23 per cent but the liabilities involved actually decreased 5.5 per cent in the later month. In January this year there were 1,184 bankruptcies, compared with 963 in December and 1,364 in January a year ago. Aggregate liabilities involved in January 1935 failures totaled \$18,823,697, compared with \$19,910,610 in December and \$32,905,428 in January 1934. In the Fifth reserve district, January 1935 failures numbered only 65, with liabilities amounting to \$502,482, compared with 98 insolvencies for a total of \$1,764,717 in January 1934, decreases of 34 per cent and 72 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, and the district decreases in comparison with January 1934 figures were considerably larger than the National declines in both number of failures and liabilities involved.

Employment

Employment conditions in January and early February were adversely affected by unfavorable weather for outside work of all kinds, but otherwise little change was noted in the number of workers on payrolls in the Fifth reserve district. Closing of bright leaf tobacco markets released several hundred warehouse employees, and it is too early in the season for farm work to absorb them. Other industries in the district are nearly all using normal quotas of workers, but construction work continues in very small volume and appears to be the chief obstacle to economic recovery.

Coal Production

Bituminous coal production in the United States totaled approximately 35,932,000 net tons in January 1935, compared with 31,386,000 tons in December and 32,916,000 tons in January 1934. Daily production totaled 1,377,000 tons in January this year, 1,255,000 tons in December, and 1,261,000 tons in January last year. Total production during the present coal year to February 9 amounted to 300,661,000 net tons, an increase of 1.3 per cent over production to the corresponding date last year.

Shipments of coal through Hampton Roads this calendar year, through February 9, totaled 2,269,611 net tons, compared with 2,238,767 tons shipped to the same date in 1934 and 2,615,825 tons in 1929.

Textiles

The textile industry in the Fifth Federal reserve district operated practically full time under code regulations in January, and consumed more cotton than in January last year. The three cotton textile manufacturing states in the district used 251,186 bales of cotton in January, 45.9 per cent of National consumption totaling 546,787 bales. North Carolina mills used 127,979 bales last month, South Carolina mills used 109,656 bales, and Virginia mills 13,551 bales, all higher figures than those for January 1934. In December 1934 the Fifth district used 192,436 bales, or 46.5 per cent of the United States total, and in January 1934 the district consumed 231,555 bales, or 45.6 per cent of the National total. January 1935 consumption of cotton in the Fifth district rose 8.5 per cent above January 1934 consumption, while National consumption rose only 7.6 per cent during the same period.

On January 19, the Department of Commerce issued a report on spindles in place, spindles active in December, total spindle hours of operation in December, and average hours of operation per spindle in place in December. On December 31, 1934, there were 30,889,484 spindles in place in the United States, North Carolina leading with 6,154,014, or 19.92 per cent of the total, South Carolina ranking second with 5,830,308 spindles, or 18.87 per cent, and Massachusetts third with 5,617,358 spindles, or 18.19 per cent. The Fifth district as a whole had 40.91 per cent of total spindles in place in the United States at the end of December 1934. In actual spindle hours of operation, South Carolina led all states for December with 1,584,540,060 hours, or 26.29 per cent of the National total of 6,027,205,823 hours, and North Carolina ranked second with 1,233,236,703 hours, or 20.46 per cent, while Massachusetts had 831,099,476 hours, or 13.79 per cent. The Fifth district, with 40.91 per cent of total spindles in the United States in place in December, showed 49.17 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 272 hours per spindle ranked first, Virginia with 223 hours ranked third, and North Carolina with 200 hours ranked sixth. The average hours of operation for the United States was 195 per spindle in place.

Cotton Statistics

There were only minor fluctuations in spot cotton prices between the middle of January and the middle of February, the lowest daily average price on ten Southern markets during that period being 12.37 cents per pound and the highest average 12.54 cents, a difference of only about 85 cents per bale. The Government policy of lending cotton growers 12

cents per pound on stored cotton holds the price above that figure, and stocks of cotton available are sufficiently large to prevent prices rising much above the loan figure.

Cotton consumption in American mills in January 1935 totaled 546,787 bales, according to the report of the Bureau of the Census made public on February 14. This figure shows a seasonal increase over 413,535 bales consumed during the month of December 1934, and is 7.6 per cent higher than 508,021 bales consumed in January 1934. Total consumption during the six months of the present cotton year, on the other hand, amounted to only 2,674,601 bales, compared with 2,923,231 bales consumed during the six months ended January 31, 1934. Cotton on hand at manufacturing establishments on January 31, 1935, totaled 1,193,748 bales, compared with 1,299,554 bales held on December 31, 1934, and 1,605,729 bales held on January 31, 1934. Bales in public warehouses and compresses numbered 8,964,280 at the end of January, against 9,640,558 bales at the end of December, and 9,496,091 bales on January 31, 1934. Exports of cotton totaled only 465,711 bales in January, compared with 504,185 sent abroad in December 1934 and 739,352 bales in January 1934, and exports in the six months of the present cotton year—August 1-January 31, inclusive—totaled 2,864,538 bales against 4,919,450 bales shipped over seas in the corresponding six months ended January 31, 1934. Imports last month totaled 7,683 bales, compared with 9,982 bales imported in December and 12,738 bales in January 1934. Spindles active in the United States at some time in January 1935 numbered 25,145,964, compared with 25,057,270 in December 1934 and 25,647,340 in January 1934. Consumption of cotton in the cotton growing states totaled 436,220 bales in January, compared with 329,636 bales in December and 406,389 bales in January 1934. Last month's consumption in the cotton growing states amounted to 79.78 per cent of National consumption, compared with 79.99 per cent of National consumption used in the cotton growing states in January a year ago. Of the 436,220 bales consumed in the cotton growing states last month, Fifth district states used 251,186 bales, or 57.58 per cent, compared with 56.98 per cent in January 1934.

Tobacco Manufacturing

The Internal Revenue Bureau of the Treasury Department issued a report on February 4 on taxes collected by the United States on tobacco manufacturing in 1934. Total taxes collected on all tobacco manufacturing in 1934. Total taxes collected on all tobacco products amounted to \$452,366,438, and of this sum \$340,631,465, or 75.3 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 10.5 per cent in 1934 in comparison with taxes in 1933, and in the Fifth district the amount paid to the Treasury last year rose 10.2 per cent above the

amount paid in 1933. Taxes on cigarettes paid in the United States in 1934 totaled \$377,478,602, of which \$312,070,464, or 82.7 per cent, was paid in the Fifth district. On cigars, the Government collected \$11,934,075 last year, of which the Fifth district paid only \$1,064,070, or 8.9 per cent. Manufactured tobacco, including chewing tobacco, smoking mixtures and snuff, brought in a total to the Treasury of \$61,972,136, of which the Fifth district paid \$27,496,932, or 44.4 per cent. The Treasury received more in 1934 than in 1933 from taxes on all forms of manufactured tobacco, the first time in several years that taxes on cigars and smoking tobacco exceeded taxes in the preceding year. North Carolina was far in the lead in cigarette production with tax payments totaling \$204,459,808, Virginia ranking second with payments totaling \$107,610,516. North Carolina also led in taxes paid on manufactured tobacco, with \$22,216,935, but Ohio ranked second with \$8,867,757. The actual number of cigarettes produced in 1934 in the United States was approximately 125,826,000,000, of which the Fifth district made 104,023,000,000. North Carolina manufactured 68,153,000,000 cigarettes in 1934, and Virginia produced 35,870,000,000 cigarettes.

Tobacco Marketing

Virginia sales of leaf tobacco during January 1935 amounted to 16,930,505 pounds, at an average of \$14.60 per hundred pounds, according to reports to the Virginia Commissioner of Agriculture. Sales for January 1934 were 28,185,926 pounds, at an average price of \$11.81 per hundred. Total sales of all types through January 31 amounted to 96,166,621 pounds, at an average of \$25.14 per hundred, compared with 88,149,030 pounds sold for an average of \$15.14 per hundred prior to the same date last year. Flue-cured sales in January totaled 6,043,646 pounds at an average of \$15.96 per hundred pounds. This compares with 16,015,459 pounds at an average of \$13.96 for January 1934. The flue-cured markets have all closed and total sales for the season were 75,752,497 pounds, compared with 77,148,383 pounds of flue-cured tobacco sold in the preceding season. Fire-cured sales for January amounted to 5,946,406 pounds, and the average price realized was \$12.63 per hundred, compared with 3,116,500 pounds of this type sold for an average of \$6.87 in January 1934. Burley tobacco sold last month totaled 3,908,318 pounds at an average of \$16.43, compared with 7,961,900 pounds sold at \$9.86 per hundred in January last year. Sun-cured sales amounted to 1,032,135 pounds in January 1935, compared with 1,092,067 pounds in the same month last year. The average price was \$9.80 per hundred pounds in January 1935 and \$8.40 in January 1934. Warehousemen estimated that sales during January graded 23 per cent good, 35 per cent medium, and 42 per cent common, compared with 23 per cent good, 39 per cent medium, and 38 per cent common in January 1934.

Among the individual markets, Danville led in total sales in January and for the entire season with 3,856,143 pounds and 40,566,739 pounds, respectively, and Danville also led in average price paid last month with \$17.34 per hundred pounds. Drakes Branch led the fire-cured markets in price last month with \$14.40 per hundred.

North Carolina tobacco was nearly all sold before January, and only 6,752,300 pounds were auctioned in that month, compared with 36,585,996 pounds sold in January last year. Last month's average price was \$16.28 per hundred pounds, compared with \$14.31 per hundred in the same month last year. All markets closed after one day's sales in February. Season sales through January totaled 394,994,876 pounds, at an average of \$28.46 per hundred pounds, compared with season sales in 1934 of 509,241,552 pounds at \$15.93 per hundred. Cash receipts for the 1934 crop, in spite of a 25 per cent decrease in acreage, totaled approximately \$122,142,000, an increase of 41 per cent over the 1933 value and 245 per cent increase over 1932.

Agricultural Notes

January and February are between seasons months on farms, and little work is done except routine chores. Weather during the first six weeks of 1935 was on the whole too wet and cold for preliminary farm work, and some ice damage was done to fruit trees around February 1. There is plenty of moisture in the ground for grains and to put the soil in good condition for Spring plowing. Cattle prices have advanced sharply since the first of the year, and cattle raisers are in a better position in Virginia and West Virginia than they have been for a number of years. All farmers except white potato growers received relatively large returns from their 1934 operations, and are therefore in a stronger position to carry on 1935 operations than they were in any other recent Spring. An attempt is being made this year to control potato acreage, in order that growers of that crop may profit as cotton and tobacco farmers profited last year under the workings of the Agricultural Adjustment Act.

Construction

Building permits issued in January in thirty-one leading cities of the Fifth reserve district numbered 1,368, compared with 1,154 permits issued in January 1934, an increase of 18.5 per cent this year, and estimated valuation figures for last month totaled \$1,873,456, an increase of 60.8 per cent in comparison with valuation figures totaling \$1,165,179 in January last year. Twenty-one of the thirty-one reporting cities showed higher valuation figures for the 1935 month. Among the five largest cities, Washington, Richmond, Norfolk and Charlotte increased, while Baltimore decreased. Columbia, S. C., made the best record in estimated valuation fig-

**Building Permits Issued in January
1935 and 1934**

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md.	376	451	\$ 372,120	\$ 445,080
Cumberland, Md.	4	3	4,250	9,200
Frederick, Md.	8	8	5,795	6,050
Hagerstown, Md.	4	7	19,923	8,760
Salisbury, Md.	6	4	8,810	10,450
Danville, Va.	14	8	9,260	4,075
Lynchburg, Va.	9	12	10,625	18,776
Norfolk, Va.	84	71	82,925	26,060
Petersburg, Va.	2	3	2,400	2,900
Portsmouth, Va.	7	12	1,130	4,880
Richmond, Va.	75	53	103,866	62,830
Roanoke, Va.	32	20	39,919	24,238
Bluefield, W. Va.	4	5	693	725
Charleston, W. Va.	67	50	17,806	14,202
Clarksburg, W. Va.	18	10	21,375	5,895
Huntington, W. Va.	13	9	7,300	6,100
Asheville, N. C.	22	19	12,111	8,320
Charlotte, N. C.	42	15	64,258	28,205
Durham, N. C.	20	25	37,690	62,800
Greensboro, N. C.	29	18	15,569	10,660
High Point, N. C.	22	4	10,195	1,325
Raleigh, N. C.	6	8	9,050	3,983
Rocky Mount, N. C.	5	1	885	40
Salisbury, N. C.	6	3	5,720	10,525
Winston-Salem, N. C.	49	40	24,212	20,374
Charleston, S. C.	49	17	24,394	6,889
Columbia, S. C.	30	19	136,795	11,980
Greenville, S. C.	39	11	16,830	8,100
Rock Hill, S. C.	12	12	23,115	2,900
Spartanburg, S. C.	23	4	6,230	1,382
Washington, D. C.	291	232	778,205	337,475
District Totals	1,368	1,154	\$1,873,456	\$1,165,179

ues in January 1935, population of reporting cities being taken into consideration.

Contracts awarded in January for construction

work in the Fifth district, including both rural and urban projects, totaled \$10,324,615, compared with \$31,109,468 awarded in January 1934, according to figures collected by the F. W. Dodge Corporation. Of the awards in January this year, \$3,326,005, or 32.2 per cent, was for residential work, while last year residential contracts totaled \$1,873,433, or only 6.0 per cent of all awards in January.

Retail Trade, 31 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
January 1935 sales, compared with sales in January 1934:	- 2.4	+ 2.9	+12.5	+ 1.3	+ 6.0
Jan. 31, 1935, stocks, compared with stocks on Jan. 31, 1934:	+ 9.8	- 6.2	- 3.0	+ 2.9	- 2.4
Jan. 31, 1935, stocks, compared with stocks on Dec. 30, 1934:	- 7.8	- 8.1	- 5.9	+ 1.0	- 6.3
Number of times stock was turned in January 1935:	.258	.254	.291	.236	.267
Percentage of Jan. 1, 1935, receivables collected in January:	32.3	31.4	29.4	30.6	30.6

Note: Sales and stock changes are percentages.

Wholesale Trade, 58 Firms

	21	7	6	13	11
	Groceries	Dry Goods	Shoes	Hardware	Drugs
January 1935 sales, compared with sales in January 1934:	+ 8.7	-20.7	- 2.0	+ 7.9	+ 9.9
January 1935 sales, compared with sales in December 1934:	+11.4	+39.5	+91.0	+19.0	+19.5
Jan. 31, 1935, stocks, compared with Jan. 31, 1934, stocks:	+21.6(8*)	+ 2.9(3*)	+ 9.2(4*)	+ 8.0(7*)
Jan. 31, 1935, stocks, compared with Dec. 30, 1934, stocks:	+ 7.7(8*)	+42.3(3*)	+40.5(4*)	+ .6(7*)
Percentage of Jan. 1, 1935, receivables collected in January:	81.3(12*)	45.7(4*)	52.1(5*)	47.5(11*)	68.1(7*)

*Number of reporting firms. All other figures in the table are percentages.

(Compiled February 20, 1935)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Industrial output, which had shown a rapid growth in December, increased further in January. Activity in the building industry continued at a low level. Wholesale commodity prices advanced considerably during January and the first half of February, reflecting chiefly marked increases in the prices of live-stock and livestock products.

Production and Employment

Volume of industrial production, as measured by the Board's seasonally adjusted index, increased from 86 per cent of the 1923-25 average in December to 90 per cent in January. Activity in the steel and automobile industries continued to increase rapidly during January and the early part of February; in the middle of the month, however, steel production declined. Output of lumber increased in January but was still at a low level. At cotton and woolen textile mills activity showed a considerable growth while in the meatpacking industry output declined. Output of crude petroleum increased further in January and the first half of February.

Factory employment and payrolls increased somewhat between the middle of December and the middle of January, although a decline is usual at this season. At automobile factories the volume of employment increased further by a large amount and there were substantial increases at steel mills, foundries, and woolen mills. Employment in the meatpacking industry continued to decline and in January was at about the same level as a year ago. Among the non-manufacturing industries, the number employed at retail trade establishments and on construction projects showed declines of a seasonal nature.

Value of construction contracts awarded in January, as reported by the F. W. Dodge Corporation, was slightly larger than in December but considerably smaller than a year ago, when the volume of public projects was exceptionally large. The value of contracts awarded for residential building in the three months from November to January was about the same as in the corresponding periods of the two preceding years.

Distribution

Freight-car loadings showed a seasonal growth in January. At department stores the volume of business declined somewhat more than is usual after the Christmas holidays.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, advanced from 77.9 per cent of the 1926 average in the week ending January 5 to 79.4 per cent in the week ending February 16. During January prices of cattle and beef showed substantial increases and in February the price of hogs advanced considerably. Prices of cotton, grains, and silk showed a decline in January and the first few days of February, followed by an advance in the middle of the month.

Bank Credit

During the five weeks ended February 20 member bank balances with the Reserve banks increased by \$260,000,000 and their excess reserves rose to about \$2,300,000,000. The principal factors in the increase were an inflow of gold from abroad and disbursements by the Treasury of funds previously held as cash or on deposit with the Federal Reserve banks.

Net demand deposits of weekly reporting member banks in leading cities increased by more than \$200,000,000 in the four weeks ended February 13. Total loans and investments of these banks showed no significant changes during the period. Slight declines occurred in loans on securities and in holdings of direct obligations of the United States Government, while other loans and other securities increased somewhat.

Yields on United States Government securities declined slightly further and other open market money rates continued at a low level.