

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

May 31, 1935

Loans to Industry

In June 1934, Congress added Section 13(b) to the Federal Reserve Act, authorizing Federal Reserve banks to aid in providing working capital for established industrial or commercial businesses, for periods of not exceeding five years, as follows:

- (1) To discount for or purchase from any bank or other financing institution, obligations entered into for the purpose of obtaining such working capital;
- (2) To make loans or advances to banks and other financing institutions on the security of such obligations;
- (3) To make direct loans to or purchase obligations of such businesses, in exceptional circumstances, when it appears that requisite financial assistance cannot be obtained on a reasonable basis from the usual sources;
- (4) To execute commitments with respect to the foregoing.

The law provides that the Federal Reserve bank may assume up to 80 per cent of any loss that may be sustained on any such obligation acquired from a bank or other financing institution.

In accordance with the new section, an Industrial Advisory Committee was appointed in this district to consider applications for such loans, purchases and commitments, and to make recommendations to the Federal Reserve bank in regard thereto. It consists of the following:

J. G. Holtzelaw, Pres.,
Virginia Electric & Power Company, Richmond.
Walker D. Stuart, Pres.,
Richmond Hardware Company, Richmond.
Overton D. Dennis,
Dominion Oil Company, Richmond.
William L. Manning, Pres.,
Rosemary Mfg. Company, Roanoke Rapids, N. C.
George E. Probest, Jr., Secy.-Treas.,
Bartlett-Hayward Company, Baltimore.

Since the enactment of the amendment in June 1934, the Federal Reserve Bank of Richmond has encouraged commercial banks to make and hold such loans under commitments from this bank. By obtaining a commitment, a bank may make a loan for not exceeding five years, be assured that it can turn the asset into cash at any time it desires within the terms of the commitment, and receive the benefit of the entire interest thereon for the period carried, less a small commitment fee.

On May 20 this bank had outstanding \$4,279,513 of working capital loans, and commitments aggregated \$1,870,080. It is felt that these accommodations have benefited industry by providing needed working capital, individuals by creating more employment, and banks by increasing earning power.

Additional information on the subject of working capital loans and application blanks will be furnished gladly by the Federal Reserve Bank of Richmond.

THE occurrence of Easter in April this year naturally tended to increase certain lines of business activity during the month, and trade in the Fifth reserve district was good if allowance be made for very unfavorable weather. Department store sales in the district averaged nearly 21 per cent above the dollar volume of business done in April last year, and cumulative sales since January 1 totaled approximately 8 per cent more than sales in the first four months of 1934. In banking, April and the first half of May witnessed a decline in rediscounts at the Federal Reserve Bank of Richmond, an increase in industrial loans for working capital, an increase in member bank reserves, and a seasonal decline in circulation of Federal reserve notes, while a composite statement of condition of twenty-eight regularly reporting member banks shows declines in loans and investments in securities, and increases in reserve balances, cash in vaults and both demand and time deposits. Debits to individual accounts in four weeks ended May 8 showed a seasonal decline in comparison with debits in the four preceding weeks, but exceeded debits in four weeks ended May 9, 1934. The commercial failure record in the Fifth district in April was good, the number of insolvencies being 24 per cent less than the number in April last year, and April 1935 liabilities being 56 per cent below April 1934 liabilities. The district record was much better than the record for the entire country. Employment conditions did not show any material change in April and early May, but on the whole there was probably some improvement. Coal production declined somewhat more than seasonally during April, but this was perhaps due chiefly to relatively high production in March, which was stimulated by fears that labor troubles might develop at coal mines on April 1. Cotton textile mills continued to restrict operating time during April, and cotton consumption on a daily basis in that month was about 13 per cent below consumption in April last year. Spot cotton prices advanced about \$7.50 per bale between the end of March and the middle of May. Tobacco manufacturing plants operated full time in April, and output of all forms of tobacco exceeded output in April 1934.

Wholesale trade in five lines for which figures are available varied last month, grocery, hardware and drug sales exceeding sales in April last year, while sales of dry goods and shoes were less in the 1935 month. Collections in April in all five wholesale lines were better than a year ago. Construction work provided for in building permits issued last month in leading cities was materially above the amount of work planned in April 1934, and contracts actually awarded for construction also exceeded in valuation the contracts awarded in the corresponding month last year. On May 1, prospects for agricultural yields this year were satisfactory in the Fifth district, and for most crops were better than prospects on May 1, 1934. Wet and cold weather has delayed farm work, but grains are in good condition, pastures are much better than a year ago, and abundant moisture in the soil indicates rapid crop development with the coming of warm weather.

Reserve Bank Statement

ITEMS	000 omitted		
	May 15 1935	April 15 1935	May 15 1934
Rediscounts held	\$ 175	\$ 295	\$ 1,264
Open market paper	174	196	219
Industrial advances	4,035	3,613	0
Foreign loans on gold	0	4	0
Government securities	113,563	113,563	103,563
Total earning assets	117,947	117,671	105,046
Circulation of Fed. Res. notes ..	149,650	154,212	142,321
Members' reserve deposits	147,003	128,445	150,847
Cash reserves	191,028	192,646	214,196
Reserve ratio	63.06	63.93	70.93

During the month between April 15 and May 15, this year, rediscounts held by the Federal Reserve Bank of Richmond declined by \$120,000, and there was also a decrease of \$22,000 in the portfolio of open market paper and \$4,000 in foreign loans on gold were paid off. On the other hand, the Bank increased industrial advances for working capital by \$422,000 during the month, while holdings of Government securities remained unchanged. The net result of the changes mentioned increased total earning assets by \$276,000 between the middle of April and the middle of May. A seasonal decline in circulation of Federal reserve notes amounting to \$4,562,000 occurred in the period under review. Member bank reserve deposits again rose, by \$18,558,000, between the two dates. The several changes enumerated in the statement, with others of less importance, brought a decrease of \$1,618,000 in cash reserves at the Federal Reserve Bank of Richmond, and a decline of 87/100ths of 1 point in the ratio of cash reserves to note and deposit liabilities combined.

May 15, 1935, condition figures, in comparison with those for May 15, 1934, show declines in rediscounts and open market paper, and increases in industrial advances and ownership of Government securities. Rediscounts declined by \$1,089,000 during the year, and the portfolio of open market paper dropped \$45,000. Government securities held rose by \$10,000,000, and on the 1935 date loans made direct to industry for

working capital totaling \$4,035,000 were outstanding, while none of these loans were outstanding last year. Total earning assets increased by \$12,901,000 between May 15 last year and this. Federal reserve note circulation on May 15, 1935, showed an increase of \$7,329,000 over circulation outstanding on May 15, 1934, but member bank reserve deposits on the 1935 date showed a decline of \$3,844,000 during the year. Cash reserves of the Federal Reserve Bank of Richmond decreased by \$23,168,000 between the middle of May last year and this, and the ratio of cash reserves to note and deposit liabilities combined dropped by 7.87 points.

Statement of 28 Member Banks

ITEMS	000 omitted		
	May 8 1935	April 10 1935	May 9 1934
Loans on stocks and bonds (including Governments)	\$ 50,209	\$ 56,945	\$ 59,197
All other loans	92,950	94,845	110,959
Total loans and discounts	143,159	151,790	170,156
Investments in securities	198,225	207,785	172,945
Reserve bal. with F. R. Bank ..	69,767	53,036	48,394
Cash in vaults	11,770	11,571	11,399
Demand deposits	243,524	238,058	218,514
Time deposits	138,022	136,650	134,854
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 which occurred during the interval between the dates.

Total loans and discounts in the twenty-eight reporting banks declined by \$8,631,000 between April 10 and May 8, this year, loans on securities showing a drop of \$6,736,000 and all other loans declining by \$1,895,000. The banks also decreased their investments in stocks and bonds by \$9,560,000 during the past month, but their reserve balances at the Federal reserve bank rose by \$16,731,000. Cash in vault showed an increase of \$199,000 between April 10 and May 8. Aggregate deposits rose by \$6,838,000 during the four weeks under review, demand deposits gaining \$5,466,000 and time deposits \$1,372,000. None of the reporting banks were borrowing at the reserve bank on April 10 or May 8.

Between May 9, 1934, and May 8, 1935, figures in the statement of the twenty-eight reporting banks show a number of material changes. Loans on stocks and bonds declined by \$8,988,000 during the year, and all other loans decreased by \$18,009,000, a total drop in loans and discounts of \$26,997,000. On the other hand, the banks increased their investments in securities, chiefly Governments, by \$25,280,000 during the year, and their aggregate reserve balance at the Federal Reserve Bank of Richmond rose by \$21,373,000. Cash

in vault on the 1935 date showed an increase of \$371,000 over the amount on hand a year earlier. Total deposits rose by \$28,178,000, of which demand deposits accounted for \$25,010,000 and time deposits for \$3,168,000. None of the reporting institutions were borrowing at the reserve bank on May 9, 1934, or May 8, 1935.

Time and Savings Deposits

Time deposits in twenty-eight regularly reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$338,825,410 at the end of April, 1935, a higher figure than either \$335,791,072 reported at the end of March this year or \$326,227,521 at the end of April last year. Both the reporting member banks and the savings banks gained in deposits during the past month and the past year, the member banks registering the larger percentage gain for the month and the savings banks the larger gain for the year.

Debits to Individual Accounts

CITIES	000 omitted		
	Total debits, four weeks ended		
	May 8, 1935	April 10, 1935	May 9, 1934
Asheville, N. C.....	\$ 8,692	\$ 9,202	\$ 9,368
Baltimore, Md.	261,965	268,520	266,731
Charleston, S. C.....	12,702	11,506	10,012
Charleston, W. Va....	43,001	41,869	38,122
Charlotte, N. C.....	44,943	51,523	43,305
Columbia, S. C.....	21,962	19,053	15,543
Cumberland, Md.	6,451	6,244	5,556
Danville, Va.	5,369	5,155	4,640
Durham, N. C.....	19,495	18,963	18,431
Greensboro, N. C.....	12,070	12,891	10,975
Greenville, S. C.....	11,857	13,073	14,010
Hagerstown, Md.	6,464	6,546	6,046
Huntington, W. Va....	11,789	11,874	11,157
Lynchburg, Va.	12,093	12,357	12,916
Newport News, Va....	6,556	6,420	5,824
Norfolk, Va.	43,127	44,022	38,388
Portsmouth, Va.	3,537	3,762	3,081
Raleigh, N. C.....	20,923	22,314	20,409
Richmond, Va.	111,560	109,215	111,218
Roanoke, Va.	17,805	17,994	19,515
Washington, D. C.....	185,408	198,552	166,030
Wilmington, N. C.....	8,213	9,685	8,215
Winston-Salem, N. C.	27,150	30,966	24,309
District Totals	\$903,132	\$931,706	\$863,801

Aggregate payments by checks drawn on clearing house banks in twenty-three cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of four weeks, thus affording opportunity for comparison of the latest figures, for the four weeks ended May 8, 1935, with those for the preceding like period this year and the corresponding period a year ago.

During the four weeks ended May 8, there was a seasonal decline in debits in comparison with the four preceding weeks, ended April 10, due chiefly to a considerable volume of quarterly payments around April 1 and to late payments of income taxes in March. Ag-

gregate debits in the later four weeks dropped \$28,574,000, or 3.1 per cent, below total debits in the preceding like period. Fifteen of the twenty-three cities showed lower figures for the later period, while eight cities increased.

In comparison with aggregate debits reported for four weeks ended May 9 last year, those reported for four weeks ended May 8 this year show a total increase of \$39,331,000, or 4.6 per cent, all of the twenty-three cities reporting higher figures this year except six.

Commercial Failures

Business failures in the United States in April, according to *Dun & Bradstreet Monthly Review* for May, show an increase in number in comparison with failures in both March this year and April last year, but April liabilities were lower than liabilities in either of the earlier months. Bankruptcies last month totaled 1,115, an increase of 14 per cent over 976 failures in March this year and a rise of 6 per cent over 1,052 failures in April last year. On the other hand, liabilities amounting to \$18,063,923 in April 1935 insolvencies show decreases of 2.5 per cent and 29.9 per cent in comparison with aggregate liabilities in March 1935 and April 1934, respectively. In the Fifth reserve district, the April 1935 insolvency record makes a better comparison with earlier months than the United States record. Failures in the district last month numbering 45 show declines of 22 per cent and 24 per cent, respectively, in comparison with 58 failures in March 1935 and 59 failures in April 1934, while April 1935 liabilities totaling \$295,432 show declines of 72 per cent and 56 per cent, respectively, in comparison with liabilities amounting to \$1,062,438 in March this year and \$672,432 in April last year. Only four of the twelve reserve districts, Cleveland, Richmond, Atlanta and Chicago, showed fewer insolvencies in April 1935 than in April 1934, but eight of the twelve districts reported lower liabilities for the 1935 month.

Employment

No material changes in employment conditions occurred between the middle of April and the middle of May, but the minor changes noted were indicative of improvement on the whole. April witnessed some seasonal increase in building permits issued, which increased opportunity for employment of building tradesmen. The policy of curtailment of operations in textile mills did not spread last month, although mills are not yet in position to resume full time operations. Tobacco workers were fully employed from mid-April to mid-May, and other industrial plants continued on schedules of recent weeks. Farm work gave employment to many rural workers. In a few sections of the district there has recently been reported a decline in calls on relief organizations for assistance to unemployed persons, but the diminution in need is not marked.

Coal Production

Production of bituminous coal in the United States during the month of April 1935 amounted to 21,920,000 net tons, compared with 38,848,000 tons mined in March 1935 and 24,599,000 tons in April 1934. On a daily basis, the output in April this year, 866,000 tons, was nearly 15 per cent below the daily output of 1,016,000 tons in April last year. Total production of soft coal during the present calendar year to May 11 amounted to 136,956,000 net tons, a smaller amount than 138,608,000 tons mined to the same date last year. Coal shipped through Hampton Roads ports during the present calendar year to May 11 totaled 7,323,537 tons, compared with 7,337,966 tons shipped through the same ports prior to May 11 last year.

On May 4, the Bureau of Mines issued a report on stocks of coal in the hands of commercial consumers and retail dealers. This report showed a 11.5 per cent increase in coal stocks between January 1 and April 1. Mine production increased steadily since the first of January, and industrial consumers, in view of the uncertainty of the labor situation at the coal mines on April 1, added heavily to their stocks, particularly during the month of March. The increase in consumers' stocks on April 1, 1935, compared with the same date in 1934, amounted to 35.5 per cent. In terms of days' supply at current rates of consumption, stocks at the beginning the new coal year were sufficient to last 36 days, while a year ago stocks were sufficient to last only 24 days.

Textiles

Curtailement of production in cotton textile mills continued in April in the Fifth district, and mills in the Carolinas and Virginia consumed only 205,516 bales of cotton, compared with 220,948 bales used in March this year and 227,550 bales used in April last year. On a daily basis, consumption in April 1935 averaged 13.2 per cent less than consumption in April 1934. Mills in North Carolina consumed 104,010 bales of cotton last month, South Carolina mills used 88,768 bales, and Virginia mills 12,738 bales, Virginia being the only State to use more cotton than in April 1934. Consumption in the Fifth reserve district in April amounted to 44.4 per cent of National consumption, compared with 44.39 per cent of April 1934 consumption for the district in April last year. Reports indicate that demand for textile products has improved somewhat in May.

The Bureau of the Census issued a report on April 22 on activity in the cotton spinning industry for March. On March 31 there were 30,779,586 spindles in place in the United States, of which 24,571,314, or 79.83 per cent, were active a total of 6,662,549,593 spindle hours during the month, an average of 216 hours per spindle in place. In the Fifth reserve district there were 12,632,906 spindles in place on March 31, of which 11,397,458, or 90.22 per cent, operated a total of 3,327,600,222 spindle hours in March, an average of 263 hours per spindle in place. South Carolina with an average of 301 hours per spindle in place led

all states, Virginia with 259 hours tied for third place, and North Carolina with 228 hours ranked sixth, all being above the United States average of 216 hours.

Cotton Statistics

Spot cotton prices on ten Southern markets, which began to advance during the fourth week in March, continued a moderate but steady rise through the middle of May. On March 22 the average price on the ten markets for middling grade upland cotton was 11.23 cents per pound, the lowest Friday average since May 4, 1934, but from March 22 the price gradually rose to an average of 12.55 cents per pound on May 17, the latest date for which official figures are available.

Consumption of cotton in the United States in April 1935 totaled 462,844 bales, compared with 481,135 bales used in the month of March this year and 512,594 bales in April 1934. Total consumption for the nine months of the present cotton season—August 1 to April 30—amounted to 4,096,871 bales, compared with 4,457,741 bales consumed in the corresponding period of the 1933-1934 season. Manufacturing establishments held 1,060,946 bales on April 30, compared with 1,117,069 bales held on March 31 and 1,584,620 bales on April 30, 1934. Public warehouses and compresses held 7,201,695 bales in storage at the end of April this year, compared with 7,784,906 bales so held a month earlier and 7,094,302 bales on April 30 last year. April exports totaled 323,155 bales, compared with 386,594 bales sent abroad in April 1934. Exports during the nine months of this cotton year totaled only 3,895,785 bales, compared with 6,484,605 bales shipped overseas during the corresponding nine months ended April 30, 1934. Spindles active at some time during April numbered 23,853,816, compared with 24,571,314 in March this year and 26,485,114 in April 1934.

Cotton growing states consumed 374,013 bales in April, compared with 388,134 bales used in March and 406,318 bales in April 1934. Last month's consumption of cotton in the cotton growing states amounted to 80.8 per cent of National consumption, a higher percentage than either 80.7 per cent in March this year or 79.3 per cent in April 1934. Of the 374,013 bales of cotton consumed in the cotton growing states in April, the Fifth district mills used 205,516 bales, or 55 per cent, compared with 56 per cent of Southern consumption attained in the district in April last year.

No official reports on cotton acreage or condition of the crop are issued until very late in the season, but unofficial reports indicate that excessive moisture has been unfavorable to the new crop except in parts of Texas and Oklahoma. Cool weather has also recently retarded the progress of cotton, especially in Texas and Oklahoma. Planting is well advanced to the northern limits of the belt, although some replanting has been necessary in certain sections.

Tobacco Manufacturing

On May 22, the Commissioner of Internal Revenue issued a report on taxes collected in April, including taxes on tobacco manufacturing. April production of cigarettes in the United States numbered 10,696,782,123, compared with 9,293,630,590 cigarettes manufactured in April 1934. The number of cigars made last month also rose from 345,066,731 in April 1934 to 373,672,734 in April 1935. The production of chewing and smoking tobacco rose from 24,062,007 pounds in April last year to 24,294,484 pounds in April this year, and snuff production also rose from 3,198,039 pounds to 3,394,870 pounds. In actual amount of taxes paid in April, cigarettes led with \$32,093,335 this year and \$27,968,190 last year; smoking and chewing tobacco taxes totaled \$4,373,249 in April 1935 and \$4,331,337 in April 1934; cigar taxes yielded \$909,844 last month and \$913,396 in April last year; and snuff taxes amounted to \$611,077 and \$575,647 in April 1935 and 1934, respectively. The cigarette tax is the largest single item on the Internal Revenue Bureau's report for the month of April.

Agricultural Notes

Virginia crop prospects on May 1 were quite good throughout the State as weather conditions had been favorable for hay, pastures, small grains and fruit crops, according to the Agricultural Statistician of the Virginia Crop Reporting Service. Farm work was somewhat retarded because of continuous rain during the first part of April, but conditions improved the latter part of the month and considerable progress was made with planting and plowing. The acreage of wheat is estimated to be 608,000 acres, an increase of about 4 per cent over the acreage harvested last year. Some wheat on poorly drained fields was killed during the winter but the total abandonment was very small. Wheat has made rapid growth due to the frequent rains, and on May 1 the appearance was unusually good. However, experience teaches that yields are not so good after wet springs. The best yields result from clear, cool weather during May. The estimated production for 1935 is 7,748,000 bushels, compared with 8,092,000 bushels harvested last year. The rye crop is estimated to be 418,000 bushels, compared with 550,000 bushels harvested last year and the five-year average of 605,000 bushels. Hay crops were quite good on May 1, as weather conditions had been favorable. The condition is reported to be 84 per cent of normal, compared with 72 per cent last year and 80 per cent the ten-year average. Spring sown grass and clovers have made a splendid start owing to the abundance of moisture. Pastures improved during April, although growth was retarded by cool weather. The abundance of moisture will cause rapid growth with warm weather. The condition of pastures is reported at 85 per cent of normal, compared with 67 per cent last year and 77 per cent the ten-year average. Fruit prospects, although still somewhat uncertain, are much more promising than for the previous two years. There was a heavy apple bloom throughout the State and weather

conditions were generally favorable for pollenization and were especially good in the Piedmont district. There was some frost damage to early varieties during April, but the total was very small. Peaches were damaged severely by freezing weather during the winter in many sections, particularly in the Southwest and in the Shenandoah Valley. Prospects in commercial peach orchards east of the Blue Ridge mountains are generally very good and an excellent crop is expected in Albemarle. The condition of the early potato crop is reported to be quite favorable, as the stand is very good and growth is well advanced. The commercial acreage was reduced considerably this year and the preliminary estimate is 52,000 acres, compared with 63,000 acres harvested last year. Production will largely depend upon weather conditions during May. Farm prices this spring are generally much higher than a year ago. The greatest increase has been shown in prices for livestock. On April 15 the average price of hogs was reported at \$7.85 per hundred pounds, compared with \$4.20 the previous year, and the average price of cattle was \$6.10 per hundred pounds, compared with \$3.86 the previous year. *Maryland* wheat acreage was reduced about 13 per cent below normal this year, but prospects were above normal on May 1, and if the weather is favorable until harvest a somewhat better than average yield will result. A crop of 6,912,000 bushels is indicated for this year, compared with 7,934,000 bushels threshed last year and a five-year average of 8,648,000 bushels. Prospects are for a rye crop of 216,000 bushels this year, compared with 300,000 bushels in 1934 and 264,000 bushels the five-year average. The May 1 condition of hay crops averaged 82 per cent, compared with 76 per cent a year ago and a five-year average of 78 per cent. Pastures are better than at this time last year, a condition of 78 per cent on May 1 comparing with 70 per cent on May 1, 1934, and 75 per cent as a five-year average. In *South Carolina* the crop situation on May 1 was generally satisfactory. Conditions of wheat, Irish potatoes and peaches indicate a larger outturn from these crops than during the two previous years. Wheat production in the State this year is forecast at 890,000 bushels, a much higher figure than either 765,000 bushels in 1934 or 575,000 bushels the five-year average. The increase this year is partly due to increased acreage. A crop of 64,000 bushels of rye is forecast for this year, compared with 60,000 bushels harvested last year. The condition of the peach crop on May 1 indicates a production of 1,758,000 bushels this year, a higher figure than 1,610,000 bushels gathered last year and materially above the five-year average production of 1,205,000 bushels. Conditions of Irish potatoes, hay and pastures are somewhat better than conditions on May 1, 1934. *West Virginia* crops suffered from cold weather during early Spring, and all farm work was delayed. The wheat crop is forecast at 2,067,000 bushels, compared with the 1934 yield of 1,974,000 bushels and the five-year average production of 1,643,000 bushels. Rye yield is expected to be 126,000 bushels this season, compared with 120,000 bushels in 1934. Pastures are much better than a year ago, and present

indications are for larger yields of hay this year. It is too early to estimate prospects for commercial apples, but reports indicate that conditions are favorable. *North Carolina* wheat is expected to yield 4,851,000 bushels in 1935, compared with 4,340,000 bushels harvested in 1934 and 3,653,000 bushels as a five-year average. The rye crop is forecast at 504,000 bushels, compared with 495,000 bushels last year and a five-year average of 459,000 bushels. Pastures are in much better condition in North Carolina than at this time last year, and also above the five-year average, and prospects for hay crops are also above those of May 1 last year. A peach crop of 2,625,000 bushels is forecast, a larger production than 2,312,000 bushels gathered last year. Early Irish potatoes are above the condition a year ago, and are also better than the five-year average.

Construction

The volume of work provided for in building permits issued in April 1935 in thirty-one Fifth district cities was small, but showed a seasonal increase over other recent months and also exceeded that of April last year. Permits for all types of construction numbered 2,465 in April this year, compared with 2,136 permits issued in March this year and 2,028 permits issued in April 1934. Estimated valuation figures for permits issued last month totaled \$4,074,185, an increase of 19.3 per cent over \$3,416,265 for March 1935 and 47.5 per cent above \$2,762,163 for April 1934. Twenty-five of the thirty-one cities reported higher valuation figures for April this year than last, Richmond being the only one of the larger cities which failed to come up to April 1934 figures.

Contracts awarded for construction work in the Fifth reserve district in April this year totaled \$14,998,842, including both urban and rural construction, compared with \$11,013,992 in contracts awarded in April 1934,

according to figures collected by the F. W. Dodge Corporation. Of the April 1935 contracts, \$6,718,287 was for residential structures, approximately 45 per cent of all contracts, compared with \$2,758,182, for residential work in April last year, or 25 per cent of all contracts awarded in that month.

Building Permits Issued in April 1935 and 1934

CITIES	Permits Issued		Total Valuation	
	1935	1934	1935	1934
Baltimore, Md.	738	724	\$ 840,420	\$ 628,080
Cumberland, Md.	9	14	118,145	7,296
Frederick, Md.	13	13	19,525	4,685
Hagerstown, Md.	29	17	76,335	9,890
Salisbury, Md.	8	25	4,600	25,775
Danville, Va.	26	14	130,622	12,127
Lynchburg, Va.	52	30	86,391	80,601
Norfolk, Va.	125	104	95,414	68,607
Petersburg, Va.	0	3	0	100
Portsmouth, Va.	23	14	23,145	4,850
Richmond, Va.	111	82	89,193	192,759
Roanoke, Va.	34	38	38,083	15,683
Bluefield, W. Va.	14	20	6,555	8,660
Charleston, W. Va.	129	77	137,901	23,357
Clarksburg, W. Va.	42	28	27,305	5,200
Huntington, W. Va.	23	16	24,500	11,650
Asheville, N. C.	49	29	69,425	119,090
Charlotte, N. C.	80	32	118,529	54,252
Durham, N. C.	37	16	174,264	61,390
Greensboro, N. C.	51	34	145,473	96,940
High Point, N. C.	32	26	28,400	36,429
Raleigh, N. C.	10	9	8,300	6,815
Rocky Mount, N. C.	9	2	3,090	925
Salisbury, N. C.	14	8	146,303	4,150
Winston-Salem, N. C.	88	57	67,030	39,500
Charleston, S. C.	56	23	23,039	11,553
Columbia, S. C.	47	34	74,756	30,394
Greenville, S. C.	31	17	35,175	21,935
Rock Hill, S. C.	15	11	89,429	12,525
Spartanburg, S. C.	24	23	7,663	5,430
Washington, D. C.	546	488	1,365,175	1,171,115
District Totals	2,465	2,028	\$4,074,185	\$2,762,163

Retail Trade, 31 Department Stores

<i>Richmond</i>	<i>Baltimore</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
April 1935 sales, compared with sales in April 1934:				
+17.5	+19.3	+23.5	+18.6	+20.8
Jan.-April 1935 sales, compared with sales in Jan.-April 1934:				
+ 4.5	+ 3.3	+13.9	+ 4.4	+ 7.9
April 30, 1935, stocks, compared with stocks on April 30, 1934:				
+ 2.8	- 5.2	+ 1.4	+ 2.2	- 1.0
April 30, 1935, stocks, compared with stocks on Mar. 31, 1935:				
- .7	+ 2.2	+ 1.3	+ .9	+ 1.4
Number of times stock was turned in April 1935:				
.326	.341	.383	.303	.352
Number of times stock was turned since January 1, 1935:				
1.217	1.161	1.334	1.09	1.229
Percentage of April 1, 1935, receivables collected in April:				
32.3	28.1	29.0	30.7	29.2

Note: Sales and stock changes are percentages.

Department store sales in the Fifth reserve district in April this year averaged 20.8 per cent more than sales in April 1934, a normal increase in view of the fact that Easter trade fell in March last year and in April this year. Further, there was one additional trading day in April 1935. Cumulative sales in the first four months of 1935 were 7.9 per cent above sales in the corresponding period last year.

Stocks in the reporting stores increased slightly during April, rising by 1.4 per cent over those on hand at the end of March, but on April 30 this year stocks

averaged 1 per cent less than stocks on hand a year earlier. This decrease was due to a recession of 5.2 per cent in Baltimore, most of the stores in the district reporting larger stocks at the end of April than on the same date in 1934. The reporting stores turned their stocks an average of .352 times during April, and between January 1 and April 30 stocks were turned 1.229 times, both of these averages being higher than the ones for the corresponding periods last year.

The percentage of collections in April 1935 to total receivables outstanding on April 1 was slightly higher than the collection percentage for April 1934.

Wholesale Trade, 57 Firms

<i>20</i>	<i>7</i>	<i>6</i>	<i>13</i>	<i>11</i>
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
April 1935 sales, compared with sales in April 1934:				
+19.0	- 4.2	- 2.6	+ 7.6	+ .2
April 1935 sales, compared with sales in March 1935:				
+ 4.4	- 2.7	-17.0	+ 4.5	- .7
Jan.-April 1935 sales, compared with sales in Jan.-April 1934:				
+ 7.9	-16.2	- 4.5	+ 8.8	+ .6
April 30, 1935, stocks, compared with stocks on April 30, 1934:				
+ 6.6(8*)	-28.1(3*)	- 6.6(4*)	+ 8.2(7*)
April 30, 1935, stocks, compared with stocks on Mar. 31, 1935:				
- 2.8(8*)	- 2.8(3*)	- 9.4(4*)	- .7(7*)
Percentage of April 1, 1935, receivables collected in April:				
83.8(12*)	43.1(4*)	71.8(5*)	46.4(11*)	62.5(7*)

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

(Compiled May 21, 1935)

BUSINESS CONDITIONS IN THE UNITED STATES

(Compiled by the Federal Reserve Board)

Factory production and employment showed little change in April, while output at mines declined. Residential construction showed a further increase.

Production and Employment

Combined output of factories and mines, as measured by the Federal Reserve Board's seasonally adjusted index of industrial production, declined from 88 percent of the 1923-25 average in March to 86 percent in April. This downward movement reflected chiefly decreases in the output of steel, cotton and silk textiles, and bituminous coal, offset in part by increased mill consumption of wool, and larger output of anthracite. At steel mills output declined from 49 percent of capacity in March to 45 percent in April and, according to trade reports, showed a further slight decline in the first three weeks of May. In the automobile industry there was a further increase in production during April, followed by a decline in the early part of May, partly as a consequence of labor disputes. In the tobacco industry activity was maintained at recent high levels. Output of bituminous coal declined sharply at the beginning of April, following a period of relatively high production earlier in the year.

The total number of workers employed in factories was about the same in the middle of April as a month earlier and factory payrolls also showed little change. Declines in employment were reported for railroad repair shops and textile mills, while in the machinery industries employment continued to increase and in the men's clothing industry it showed none of the usual seasonal decline. In agriculture and in the building industry employment increased seasonally.

Total value of construction contracts of all kinds, as reported by the F. W. Dodge Corporation, showed little change from March to April. A further increase in residential projects was offset in the total by a decline in contracts for other types of construction.

Distribution

Total freight-car loadings declined in April, contrary to seasonal tendency, chiefly as a consequence of a large

decrease in shipments of bituminous coal. Department store sales, which had shown a sharp increase in March, increased by considerably less than the estimated seasonal amount in April.

Commodity Prices

The general level of wholesale commodity prices, as measured by the index of the Bureau of Labor Statistics, has shown little change since the middle of April, following an increase in the early part of the month, and in the week ending May 18 was at 80.0 percent of the 1926 average as compared with 79.9 per cent in the week ending April 13. For this period the prices of cotton, hogs, hides, and non-ferrous metals increased somewhat, while grains and butter declined. In the following week there were further increases in the prices of hogs and of lead, while prices of wheat decreased further.

Bank Credit

During the five weeks ended May 22 member bank balances with the Federal Reserve banks increased to \$4,820,000,000, the highest figure on record, and excess reserves rose to a new high level of over \$2,350,000,000. The principal factors in the increase of member bank reserve balances were the disbursement by the Treasury of \$240,000,000 of funds previously held in the form of cash or on deposit with the Federal Reserve banks and further gold imports of \$90,000,000.

Deposits of reporting banks in leading cities increased further during the four-week period ended May 15, reflecting chiefly disbursements by the United States Treasury.

Yields on short-term Government securities declined slightly further during this period, while other short-term open-market money rates remained at low levels. The discount rate was reduced from 2 percent to 1½ percent at the Federal Reserve Bank of Cleveland and from 2½ percent to 2 percent at the Richmond, Minneapolis, Kansas City, and Dallas banks. Rates are now 1½ percent at New York and Cleveland, and 2 percent at all the other Reserve banks.