

# MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

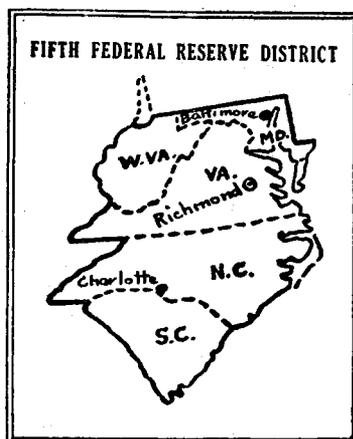


## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 29, 1936

**T**RADE in the Fifth Federal reserve district in January and the first half of February showed a seasonal recession from trade in the preceding fall and winter months, but in comparison with the business done in the corresponding period of 1935 distinct improvement was shown this year. In banking, total earning assets increased at the Federal Reserve Bank of Richmond between the middle of January and the middle of February, member bank reserve deposits increased further in excess of legal requirements, and there was an increase in the circulation of Federal reserve notes. At reporting member banks, loans and discounts declined moderately during the past month, but investments in securities rose materially, and both demand and time deposits registered substantial gains. Debits to individual accounts figures in five weeks ended February 12 declined seasonally in comparison with debits in five weeks ended January 8, 1936, but totaled 14 per cent more than debits in five weeks ended February 13, 1935. Industrial employment changed little between January 15 and February 15, but extremely severe weather delayed all construction projects and other outside work, and caused many workers to lose time and income. Coal production in January increased in comparison with December, chiefly a seasonal development, but also exceeded January 1935 production. Snow storms and frozen waterways handicapped coal shipments in late January and the first half of February. Cotton textile mills in the Fifth reserve district increased operations in January over December, and January consumption of cotton in the district increased 12.6 per cent over January 1935 consumption, while the National increase in cotton used was only 7.4 per cent. Spot cotton prices during the past month showed a declining tendency, but very little cotton is sold by growers at this time of year. Auction tobacco sales in January were comparatively small and prices were lower than earlier in the season, due chiefly



to the marketing of odds and ends of the crop at the season's close. Tobacco manufacturing in January was at a very high level, especially for cigarettes, and taxes paid on tobacco products exceeded January 1935 taxes by 10 per cent. Although the weather in January and early February was too severe for beginning construction projects, the estimated value of building permits issued in the Fifth district's leading cities in January was more than double that of the same period of 1935, and contracts actually awarded for work in the district last month exceeded contracts awarded in the same month last year by 129.7 per cent.

Retail trade in department stores in the district in January averaged 11.4 per cent more than sales made in the same stores in January 1935, although the volume of sales last month showed a normal seasonal decrease under December sales. Wholesale trade in January tends to increase in comparison with December sales, and the usual increases were shown this year in all five reporting lines. In comparison with January 1935 sales, however, last month's record in wholesale trade was not so good, only two lines, groceries and shoes, showing higher sales figures than for January last year, while dry goods, hardware and drug sales this year were smaller than a year ago. It is too early to estimate probable results of 1936 farming operations, of course, but 1935 yields and prices put farmers in a favorable position for financing this year's work, and general snows and rains have assured an abundant supply of moisture for seed germination when the planting season arrives. There is uncertainty as to the operation of production control measures this season.

### Reserve Bank Statement

Between January 15 and February 15, both this year, most items on the statement of the Federal Reserve Bank of Richmond showed increases. Although dis-

ITEMS	000 omitted		
	Feb. 15 1936	Jan. 15 1936	Feb. 15 1935
Rediscounts held .....	\$ 40	\$ 58	\$ 131
Open market paper.....	190	175	204
Industrial advances .....	4,454	4,111	2,822
Foreign loans on gold.....	15	0	0
Government securities .....	116,716	116,716	103,563
Total earning assets.....	121,415	121,060	106,720
Circulation of Fed. Res. notes..	175,263	174,130	155,379
Members' reserve deposits.....	174,510	166,674	141,264
Cash reserves .....	250,113	236,062	204,763
Reserve ratio .....	68.84	67.05	67.37

counts for member banks declined by \$18,000 during the month, the portfolio of open market paper increased by \$15,000, advances direct to industry for capital loans rose by \$343,000, and the Bank participated in foreign loans on gold to the amount of \$15,000. These changes raised total earning assets by \$355,000 between the middle of January and the middle of February. There was a slight rise amounting to \$1,133,000 in Federal reserve notes in actual circulation, an unusual development at this season of the year. Member bank reserve deposits, which have long been far above legal requirements, rose further by \$7,836,000 during the past month. The several changes enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$14,051,000 between January 15 and February 15, and also raised the ratio of cash reserves to note and deposit liabilities combined by 1.79 points.

In comparison with condition figures at the middle of February a year ago, those for February 15 this year show increases in all items except discounts and holdings of open market paper. Discounts declined by \$91,000 during the year, and the portfolio of open market paper dropped by \$14,000, but industrial advances rose by \$1,632,000, foreign loans on gold increased by \$15,000, and holdings of Government securities rose by \$13,153,000, a net increase in total earning assets amounting to \$14,695,000 during the year. On February 15, 1936, the actual circulation of Federal reserve notes showed an increase of \$19,884,000 over circulation figures a year earlier, and member bank reserve deposits rose by \$33,246,000 during the same period. The changes mentioned brought a net increase of \$45,350,000 in the cash reserves of the Federal Reserve Bank of Richmond, and the ratio of cash reserves to note and deposit liabilities combined rose by 1.47 points.

### Statement of 41 Member Banks

ITEMS	000 omitted		
	Feb. 12 1936	Jan. 8 1936	Feb. 13 1935
Loans on stocks and bonds (in- cluding Governments) .....	\$ 69,605	\$ 71,693	\$ 75,385
All other loans.....	129,678	132,898	132,530
Total loans and discounts.....	199,283	204,591	207,913
Investments in securities.....	415,998	396,592	377,314
Reserve bal. with F. R. Bank....	113,969	110,153	90,373
Cash in vaults.....	16,289	16,694	15,896
Demand deposits .....	403,586	389,234	366,431
Time deposits .....	192,698	189,803	191,189
Borrowed from F. R. Bank.....	0	0	0

A composite statement of condition of forty-one regularly reporting member banks is shown in skeleton form in the accompanying table for February 12, 1936, and figures a month and a year earlier are also included for comparative purposes. It should be understood that the figures reflect the condition of the banks on the report dates only, and are not necessarily the highest or lowest figures which occurred between the several dates.

Loans and discounts on February 12 were lower than on either January 8 this year or February 13 last year, the total declining by \$5,308,000 during the past month and by \$8,630,000 during the past year. Loans on stocks and bonds dropped by \$2,088,000 and all other loans declined by \$3,220,000 between January 8 and February 12, while during the year between February 13, 1935, and February 12, 1936, loans on stocks and bonds decreased by \$5,778,000 and all other loans dropped by \$2,852,000. Investments in securities rose materially last month, the February 12, 1936, figures showing an increase of \$19,406,000 over the January 8, 1936, figure, and also being \$38,684,000 above investments in securities on February 13, 1935. Aggregate reserve balance of the forty-one reporting banks at the reserve bank continued to rise, increasing by \$3,816,000 between January 8 and February 12. Reserve deposits rose by \$23,596,000 between February 13 last year and February 12 this year. Cash in vaults declined by \$405,000 last month, but on February 12 was \$393,000 above cash in vaults on February 13, 1935. Cash in vaults usually shows some decline at this season. Demand deposits in the reporting banks rose by \$14,352,000 and \$37,155,000 during the past month and year, respectively, and time deposits rose by \$2,895,000 and \$1,518,000 during the same two periods. None of the 41 reporting banks borrowed from the Federal reserve bank at any time during the past year.

### Time and Savings Deposits

Time deposits in forty-one reporting member banks and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$397,687,666 at the end of January 1936, a higher figure than either \$394,194,334 reported at the end of December 1935 or \$388,779,189 at the end of January 1935. Both member banks and mutual savings banks reported gains in time and savings deposits for the past month and also for the past year.

### Debits to Individual Accounts

The accompanying table shows debits to individual, firm and corporation accounts in clearing house banks in twenty-three leading cities of the Fifth Federal reserve district during three equal periods of five weeks each, ended February 12 and January 8, 1936, and February 13, 1935. These figures include all debits against accounts of individuals, firms and corporations; against time and savings accounts; against Government and Postal Savings deposits; and payments from trust funds; and reflect the total volume of business transactions passing through the banks in the reporting cities.

CITIES	000 omitted		
	Total debits, five weeks ended		
	Feb. 12 1936	Jan. 8 1936	Feb. 13 1935
Asheville, N. C.....	\$ 11,912	\$ 12,826	\$ 9,944
Baltimore, Md. ....	341,646	361,962	291,132
Charleston, S. C.....	14,534	16,446	14,488
Charleston, W. Va....	45,566	61,469	46,097
Charlotte, N. C.....	56,328	68,170	56,599
Columbia, S. C.....	31,519	30,241	32,846
Cumberland, Md.....	7,966	8,922	7,292
Danville, Va.....	10,828	11,896	7,913
Durham, N. C.....	29,146	28,848	24,957
Greensboro, N. C.....	16,365	17,371	14,182
Greenville, S. C.....	21,254	20,887	17,199
Hagerstown, Md.....	7,821	9,607	6,769
Huntington, W. Va..	14,485	17,611	14,035
Lynchburg, Va.....	17,514	17,109	16,049
Newport News, Va....	9,313	10,879	7,619
Norfolk, Va.....	47,777	57,459	48,287
Portsmouth, Va.....	3,674	4,912	3,742
Raleigh, N. C.....	33,087	38,717	32,196
Richmond, Va.....	155,801	169,030	141,428
Roanoke, Va.....	24,694	26,664	21,414
Spartanburg, S. C.....	9,767*	9,310*	.....
Washington, D. C.....	256,691	261,649	208,869
Wilmington, N. C.....	9,658	10,645	9,060
Winston-Salem, N. C.	49,044	40,218	32,112
<b>Fifth Dist. Totals....</b>	<b>\$1,216,623</b>	<b>\$1,303,538</b>	<b>\$1,064,229</b>

\*Spartanburg, S. C., not included in Totals.

Aggregate debits in the twenty-three reporting cities in the five weeks ended February 12, 1936, totaling \$1,216,623,000 showed a decline of \$86,915,000, or 6.7 per cent, in comparison with debits in the five preceding weeks, ended January 8, a seasonal decline due to the large amounts involved in holiday trade in December and annual settlements on January 1. Eighteen of the twenty-three cities showed the usual decline during the more recent period, while five cities, Columbia, Durham, Greenville, Lynchburg and Winston-Salem, reported higher figures for the period ended February 12.

In comparison with debits for the five weeks ended February 13, 1935, debits for the corresponding period this year showed an increase of \$152,394,000, or 14.3 per cent, all of the twenty-three reporting cities showing higher figures for the 1936 period except Charleston, W. Va., Charlotte, Columbia, Norfolk and Portsmouth. Winston-Salem with an increase of 52.7 per cent showed the largest gain during the year, while Columbia with a decline of 4 per cent showed the largest decrease.

### Employment

The weather interfered with all kinds of construction and other outside work between the middle of January and the middle of February, and many workers were forced into idleness until temperatures moderate and snow melts. A large number of men secured part time employment on snow removal and flood control work, but new construction work could not be started and much of that which was under way was delayed or work upon it was stopped. There was little change in industrial employment between the middle of January and the middle of February, but coal mining increased moderately. Employment on farms was

at a stand-still, and the severe weather handicapped relief projects so much that on many days work had to be suspended.

### Coal Production

Bituminous coal production in the United States totaled approximately 38,600,000 net tons in January 1936, compared with 34,829,000 tons in December and 36,681,000 tons in January 1935. Daily production totaled 1,479,000 tons in January this year, 1,393,000 tons in December, and 1,405,000 tons in January last year. The total production during the present coal year to February 8 amounted to 307,648,000 net tons, an increase of 1.8 per cent over production to the corresponding date last year. Shipments of coal through Hampton Roads this calendar year, through February 8, totaled 2,242,683 net tons, compared with 2,141,046 tons shipped to the same date in 1935 and 2,492,171 tons in 1929.

In its February 15 report, the Bureau of Mines, Department of the Interior, gave preliminary statistics by states for bituminous coal production in 1935 in comparison with other recent years. West Virginia led all states in output in 1935 with 98,589,000 net tons, and the addition of 9,915,000 tons mined in Virginia and 1,650,000 tons in Maryland brought the total production in the Fifth reserve district up to 110,154,000 net tons, or 29.8 per cent of National production amounting to 369,324,000 tons. Production of coal in West Virginia and Maryland was the highest in 1935 for any year since 1931, while Virginia's production was the highest since 1930.

### Textiles

The textile industry in the Fifth Federal reserve district increased operations in January, and consumed more cotton than in December or January last year. The three cotton textile manufacturing states in the district used 282,760 bales of cotton in January, 47.8 per cent of National consumption totaling 591,309 bales. North Carolina mills used 151,845 bales last month, South Carolina mills used 116,263 bales, and Virginia mills 14,652 bales, all higher figures than those for January 1935. In December 1935 the Fifth district used 234,608 bales, or 47.1 per cent of the United States total, and in January 1935 the district consumed 251,186 bales, or 45.6 per cent of the National total. January 1936 consumption of cotton in the Fifth district rose 12.6 per cent above January 1935 consumption, while National consumption rose only 7.4 per cent during the same period.

On January 21, 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, 1935, there were 29,253,444 spindles in place in the United States, North Carolina leading with 6,105,730, or 20.87 per cent of the total, South Carolina ranking second with 5,811,726 spindles, or 19.87 per cent, and Massachusetts third with 4,829,596 spindles, or 16.51 per cent. The Fifth

district as a whole had 42.96 per cent of total spindles in place in the United States at the end of December 1935. In actual spindle hours of operation, South Carolina led all states for December with 1,726,777,225 hours, or 25.38 per cent of the National total of 6,803,980,354 hours, and North Carolina ranked second with 1,539,362,516 hours, or 22.62 per cent, while Georgia with 940,702,802 hours, or 13.83 per cent, took third place from Massachusetts for the first time. The Fifth district, with 42.96 per cent of total spindles in the United States in place in December, showed 50.29 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 297 hours per spindle ranked first, North Carolina with 252 hours ranked fifth, and Virginia with 240 hours ranked sixth. The average hours of operation for the United States was 233 per spindle in place.

### Cotton Statistics

*Spot cotton prices* declined slightly between the middle of January and the middle of February, falling from an average of 11.72 cents per pound on January 17 for middling grade on ten Southern markets to an average of 11.41 cents on February 14, the latest date for which official figures are available. The market was unsettled by doubt as to legislation to replace crop control features of the Agricultural Adjustment Act, declared unconstitutional by the Supreme Court early in January.

*Cotton consumption* in American mills in January 1936 totaled 591,309 bales, according to the report of the Bureau of the Census made public on February 14. This figure shows a seasonal increase over 498,329 bales consumed during the month of December 1935, and is 7.4 per cent higher than 550,553 bales consumed in January 1935. Total consumption during the six months of the present cotton year amounted to 3,007,197 bales, compared with 2,684,647 bales consumed during the six months ended January 31, 1935. Cotton on hand at manufacturing establishments on January 31, 1936, totaled 1,434,992 bales, compared with 1,427,484 bales held on December 31, 1935, and 1,192,065 bales held on January 31, 1935. Bales in public warehouses and compresses numbered 7,844,295 at the end of January, against 8,386,784 bales at the end of December and 8,945,866 bales on January 31, 1935. Exports of cotton totaled 525,636 bales in January, compared with 877,480 bales sent abroad in December 1935 and 465,711 bales in January 1935, and exports in the six months of the present cotton year—August 1-January 31, inclusive—totaled 3,986,457 bales against 2,864,538 bales shipped over seas in the corresponding six months ended January 31, 1935. Imports last month totaled 13,547 bales, compared with 12,738 bales imported in December and 7,683 bales in January 1935. Spindles active in the United States at some time in January 1936 numbered 23,323,958, compared with 23,391,370 in December 1935 and 25,155,152 in January 1935. Consumption of cotton in the cotton growing states totaled 497,360 bales in January, compared with 415,914 bales in December and 439,507 bales in January 1935. Last month's consumption in the cotton growing states amounted to 84.11 per cent of National consumption, compared with 79.83 per cent of National

consumption used in the cotton growing states in January a year ago. Of the 497,360 bales consumed in the cotton growing states last month, Fifth district states used 282,760 bales, or 56.85 per cent, compared with 57.15 per cent in January 1935.

### Tobacco Marketing

*Virginia* sales of leaf tobacco during January amounted to 22,351,636 pounds, at an average price of \$13.66 per hundred pounds, according to warehouse reports to the Commissioner of Agriculture. The sales for January 1935 totaled 17,009,946 pounds, at an average price of \$14.58 per hundred. Total sales of all types of tobacco for the season through January 31 amounted to 118,414,591 pounds at an average of \$19.46 per hundred, compared with 96,208,143 pounds at an average of \$25.10 for the same period last year. Flue-cured sales in January amounted to 12,288,031 pounds, and the average price was \$13.76 per hundred pounds, compared with 6,122,587 pounds sold for \$15.91 per hundred in January 1935. Fire-cured sales last month totaled 5,991,257 pounds, and the average price was \$10.98 per hundred, while in January last year fire-cured sales totaled 5,946,906 pounds for \$12.83 per hundred. Burley sales in January, all at Abingdon, totaled 2,627,891 pounds and the average price was \$20.62 per hundred pounds, compared with 3,908,318 pounds sold for an average of \$16.43 in January 1935. Sun-cured sales last month, all at Richmond, amounted to 1,444,457 pounds, compared with 1,032,135 pounds sold in January this year, and the 1936 price of \$11.25 per hundred compared with the January 1935 price of \$9.80 per hundred. Warehousemen estimated that tobacco sold in January graded 19 per cent good, 36 per cent medium, and 45 per cent common, compared with 23 per cent good, 35 per cent medium, and 42 per cent common in January 1935. Among individual Virginia markets, Danville led in flue-cured sales in January with 7,375,497 pounds, and also led in average price paid for this type, \$14.63 per hundred, while Farmville led the fire-cured markets in sales with 1,976,717 pounds, but Blackstone led in average price paid for this type with \$13.10 per hundred. Prices for burley tobacco sold at Abingdon and sun-cured tobacco sold at Richmond were higher in January 1936 than in January 1935.

*North Carolina* tobacco was nearly all sold before January, and only 20,585,095 pounds were auctioned in that month, but sales still exceeded those of January last year totaling 6,752,300 pounds. Last month's average price was \$15.09 per hundred pounds, compared with \$16.28 per hundred in the same month last year. Season sales through January totaled 543,231,940 pounds at an average of \$20.50 per hundred pounds, compared with season sales in 1935 of 394,994,876 pounds at \$28.46 per hundred. Cash receipts for the 1935 crop, in spite of a 37.5 per cent increase in sales, totaled approximately 1 per cent less than receipts for the 1934 crop, due of course to lower prices for the 1935 crop. Among individual markets, Winston-Salem led in January sales with 7,031,323 pounds, Durham ranking second with 3,710,926 pounds, but Henderson ranked first in average price paid in January with

\$16.49 per hundred pounds. Asheville, the only burley market in North Carolina, sold 831,316 pounds for \$21.41 per hundred pounds.

### Tobacco Manufacturing

On February 21, the Commissioner of Internal Revenue issued a report on taxes collected in January 1936 on manufactured tobacco products. January production of cigarettes in the United States numbered 12,724,857,580, compared with 11,336,532,357 cigarettes manufactured in January 1935, and the number of cigars manufactured rose from 327,578,067 to 336,579,363 during the same period. On the other hand, the production of smoking and chewing tobacco declined from 26,606,049 pounds in January 1935 to 26,215,626 pounds in January 1936, and snuff production declined in the same period from 3,514,239 pounds to 3,274,089 pounds. In the month of January 1936 taxes collected by the Federal Treasury on cigarettes totaled \$38,176,548, compared with \$34,011,210 collected in the corresponding month of the preceding year. Cigar taxes totaled \$800,650 last month and \$797,386 in January 1935. Taxes on smoking and chewing tobacco, on the other hand, declined from \$4,789,196 in January last year to \$4,718,978 in January this year, and taxes on snuff dropped from \$632,563 to \$589,336 in January 1935 and January 1936, respectively. Combined taxes to the Treasury on all forms of tobacco manufacture totaled \$44,285,512 in January 1936 and \$40,230,355 in January 1935, an increase this year of 10.1 per cent.

### Agricultural Notes

Work on farms is nearly always at a stand-still in January and February, and the weather was so severe this year that much routine work had to be postponed. Returns from farming in the Fifth district were good in 1935, and farmers are in position to begin this year's operations under favorable circumstances, but prospects have been complicated by uncertainty as to control measures for the leading cash crops, it being doubtful whether substitutes for the Agricultural Adjustment Act can be adopted and put into operation in time to prevent planting of too large acreages this year. There is an abundance of moisture in the soil, and physical conditions should be excellent for planting crops when the proper season arrives. Snow cover probably helped winter grains on upland fields, but floods and ice damaged many bottom lands. No reports are yet available as to the effects of extreme cold, with some ice, on fruit trees.

### Construction

*Building permits issued* in January in thirty-one

### Building Permits Issued in January 1936 and 1935

CITIES	Permits Issued		Total Valuation	
	1936	1935	1936	1935
Baltimore, Md.....	410	376	\$ 910,440	\$ 372,120
Cumberland, Md.....	0	4	0	4,250
Frederick, Md.....	6	8	1,470	5,795
Hagerstown, Md.....	9	4	81,035	19,923
Salisbury, Md.....	13	6	5,510	8,810
Danville, Va.....	10	14	8,578	9,260
Lynchburg, Va.....	24	9	35,853	10,625
Norfolk, Va.....	75	84	71,216	82,925
Petersburg, Va.....	2	2	33,680	2,400
Portsmouth, Va.....	10	7	1,675	1,130
Richmond, Va.....	71	75	185,335	103,866
Roanoke, Va.....	21	32	11,544	39,919
Bluefield, W. Va.....	1	4	27,500	693
Charleston, W. Va.....	38	67	25,233	17,806
Clarksburg, W. Va.....	14	18	14,619	21,375
Huntington, W. Va.....	9	13	373,484	7,300
Asheville, N. C.....	13	22	12,633	12,111
Charlotte, N. C.....	65	42	131,387	64,258
Durham, N. C.....	21	20	33,400	37,690
Greensboro, N. C.....	22	29	31,575	15,569
High Point, N. C.....	17	22	11,093	10,195
Raleigh, N. C.....	7	6	6,800	9,050
Rocky Mount, N. C.....	5	5	13,050	885
Salisbury, N. C.....	10	6	66,420	5,720
Winston-Salem, N. C.....	54	49	80,384	24,212
Charleston, S. C.....	48	49	162,998	24,394
Columbia, S. C.....	56	30	179,628	136,795
Greenville, S. C.....	17	39	26,165	16,830
Rock Hill, S. C.....	5	12	2,275	23,115
Spartanburg, S. C.....	15	23	3,355	6,230
Washington, D. C.....	353	291	1,585,725	778,205
District Totals .....	1,421	1,368	\$4,134,060	\$1,873,456

leading cities of the Fifth reserve district numbered 1,421, compared with 1,368 permits issued in January 1935, an increase of only 3.9 per cent, but estimated valuation figures for last month totaling \$4,134,060 showed an increase of 120.7 per cent over estimated valuation figures totaling \$1,873,456 in January last year. Twenty of the thirty-one reporting cities showed higher valuation figures for the 1936 month. Among the five largest cities, Baltimore, Washington, Richmond and Charlotte increased, while Norfolk decreased. Huntington, Charleston, S. C., Columbia, Hagerstown and Salisbury, N. C., made the best records in estimated valuation figures in January 1936, 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 \$23,714,162, compared with \$10,324,615 awarded in January 1935, according to figures collected by the F. W. Dodge Corporation. Of the awards in January this year, \$5,951,082, or 25.1 per cent, was for residential work, while last year residential contracts totaled \$3,326,005, or 32.2 per cent of all awards in January.

**Retail Trade, 31 Department Stores**

	Richmond	Baltimore	Washington	Other Cities	District
January 1936 sales, compared with sales in January 1935:	+13.3	+ 8.1	+14.3	+ 8.8	+11.4
Jan. 31, 1936, stocks, compared with stocks on Jan. 31, 1935:	+ 7.4	+ .4	+ 8.3	- .9	+ 4.3
Jan. 31, 1936, stocks, compared with stocks on Dec. 31, 1935:	- 7.1	- 7.5	- 3.4	- 2.5	- 5.3
Number of times stock was turned in January 1936:	.27	.273	.311	.254	.286
Percentage of Jan. 1, 1936, receivables collected in January:	34.7	31.5	27.8	31.4	30.0

Note: Sales and stock changes are percentages.

**Wholesale Trade, 57 Firms**

	20 Groceries	7 Dry Goods	6 Shoes	13 Hardware	11 Drugs
January 1936 sales, compared with sales in January 1935:	+ 2.5	- 3.3	+ 4.8	- 4.9	- 5.8
January 1936 sales, compared with sales in December 1935:	+ 5.2	+ 9.5	+85.1	+ 7.6	+10.5
Jan. 31, 1936, stocks, compared with Jan. 31, 1935, stocks:	- 8.1(8*)	-19.8(3*)	+10.0(4*)	+ 4.1(7*)	.....
Jan. 31, 1936, stocks, compared with Dec. 31, 1935, stocks:	+ .2(8*)	+24.6(3*)	+42.2(4*)	+ 8.3(7*)	.....
Percentage of collections in January to receivables Jan. 1:	100.7(12*)	43.6(4*)	51.8(5*)	46.1(11*)	69.4(7*)

\*Number of reporting firms. Other figures in the table are percentages.

(Compiled February 21, 1936)

**BUSINESS CONDITIONS IN THE UNITED STATES**

(Compiled by the Board of Governors of the Federal Reserve System)

Total volume of industrial production increased in January, but, owing to a decline in activity in the automobile and allied industries from an exceptionally high level in December, the increase was less than is usual at this season.

**Production and Employment**

Total output at factories increased by a smaller amount than is usual in January, while output at mines showed a seasonal increase. The Board's combined index of industrial production, which makes allowance for seasonal changes, declined from 104 percent of the 1923-1925 average in December to 99 percent in January. This decrease reflected chiefly sharp reductions in output of steel and of automobiles from the high levels reached in December. In the first three weeks of February the average rate of operations at steel mills showed a smaller increase over the January average than is usual, and at automobile factories output was estimated to be at a lower level than in January. Smaller than seasonal increases in activity were reported at textile mills and at shoe factories, while output of food products was in considerably larger volume in January than a month earlier.

Factory employment showed a small seasonal decrease between the middle of December and the middle of January. At automobile factories the number of workers, which usually increases at this season, was unchanged, and at textile mills employment declined. Factory payrolls decreased by more than the usual amount.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, was smaller in January than in December. Awards for publicly-financed projects decreased from the relatively high December figure, and there was a seasonal decline in contracts for residential construction.

**Distribution.**

Retail trade was reduced more than seasonally in January, reflecting in part the influence of unusually severe weather. Sales by department stores, variety stores, and mail-order houses all declined by more than the usual seasonal amount. Freight-car loadings showed little change; loadings of coal increased considerably, while rail shipments of miscellaneous freight declined.

**Commodity Prices**

The general level of wholesale commodity prices continued to show little change during January and the first three weeks of February. Prices of cotton textiles, flour, wheat, and silk declined, while prices of hogs, petroleum, coffee, and rubber increased considerably. Retail prices of foods decreased somewhat during January.

**Bank Credit**

Excess reserves of member banks fluctuated between January 22 and February 19 near a \$3,000,000,000 level, changes reflecting principally fluctuations in Treasury holdings of cash and deposits with Federal Reserve banks.

Investments of weekly reporting member banks in leading cities increased by \$300,000,000 in the four weeks ending February 12, and reached the largest amount ever held by these banks, while loans decreased by \$130,000,000. Holdings of United States Government obligations increased by \$140,000,000, holdings of obligations guaranteed by the Government by \$50,000,000, and other securities by \$110,000,000.

Adjusted demand deposits of reporting member banks, which declined somewhat from the middle of December to the middle of January, increased by \$290,000,000 in the four weeks ending February 12, while United States Government deposits declined by \$150,000,000.