

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS

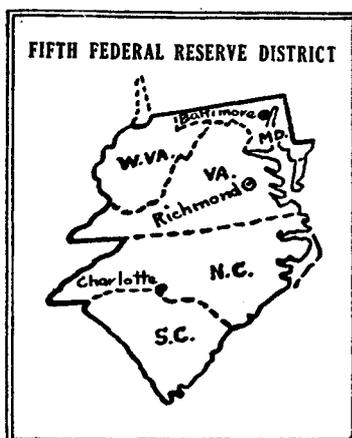


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FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

MARCH 31, 1936

THE weather in February was very unfavorable for all classes of trade and industry except coal mining in the Fifth Federal reserve district, but, in spite of that handicap, trade was up to seasonal levels in most lines. In banking rediscounts for member banks at the reserve bank declined slightly, and there was also a decrease in loans to industry for working capital. Federal reserve notes in actual circulation increased between the middle of February and the middle of March, and member bank reserve deposits rose still further above requirements. Reporting member banks advanced loans and discounts, as is customary at this season when merchants tend to borrow to rediscount bills for spring merchandise. The member banks decreased their portfolios of Government securities, but built up their reserve balances at the reserve bank. Demand deposits in reporting banks gained substantially during the past month. Debits to individual accounts figures in four weeks ended March 11, 1936, showed a decline of 3 per cent in comparison with debits in the preceding four weeks this year but exceeded debits in four weeks ended March 13, 1935, by 7.5 per cent, a smaller gain than was shown in other recent months. The commercial failure record of the Fifth district for February was worse than the February 1935 record in both number of insolvencies and in aggregate liabilities involved, and also compared unfavorably with the February 1936 record for the United States as a whole. Employment conditions probably improved between the middle of February and the middle of March, industrial employees holding their own while unskilled laborers and outside workers gained employment on roads, construction of buildings, etc., when the weather improved in March. Coal production in February not only exceeded production in February last year, but showed an unseasonal rise in comparison with the output in January this year. Textile mills in the Fifth reserve district consumed more



cotton in February than in that month last year, but showed a seasonal recession in consumption under January 1936 figures. Spot cotton prices remained relatively steady last month, but on a lower level than in any other recent month. Tobacco markets were either closed or were cleaning up the end of the crop in February, and sales were small. Grades of tobacco sold were poor, and prices were correspondingly low. Tobacco manufacturing in February, while seasonally below that of other recent months, exceeded February 1935 production in every branch of the industry, and February 1936 taxes to the Federal Treasury ex-

ceeded those paid on tobacco products in February last year by 14 per cent. The volume of construction work provided for in permits issued and contracts awarded in February ran nearly double the amount of work provided for in February 1935. Wholesale trade last month showed comparatively little change from the volume of business done in the corresponding month last year. Retail trade as reflected in department store sales made an excellent record in February, not only exceeding February 1935 sales by 12.4 per cent, but also showing an unseasonal increase in sales over those in January this year. Farm work in the district has been delayed by wet ground and farmers will get off to a late start on this season's work, but the abundance of moisture in the soil should insure rapid germination of seed and growth of plants when warm weather comes.

Reserve Bank Statement

Total earning assets of the Federal Reserve Bank of Richmond declined by \$262,000 between February 15 and March 15, both this year. Rediscounts for member banks fell \$5,000 and industrial loans made under authority of Section 13b of the Federal Reserve Act dropped \$257,000. On the other hand, commitments

ITEMS	000 omitted		
	Mar. 15 1936	Feb. 15 1936	Mar. 15 1935
Rediscounts held	\$ 35	\$ 40	\$ 152
Open market paper.....	190	190	204
Industrial advances	4,197	4,454	3,476
Foreign loans on gold.....	15	15	7
Government securities	116,716	116,716	113,563
Total earning assets.....	121,153	121,415	117,402
Fed. Res. notes in circulation....	176,767	175,263	154,112
Members' reserve deposits.....	196,605	174,510	143,169
Cash reserves	274,351	250,113	199,146
Reserve ratio	71.08	68.84	64.87

on industrial loans made by member banks rose by \$30,000 during the month, each commitment being an agreement by the reserve bank to assume liability on a certain loan during the life of the commitment. The actual circulation of Federal reserve notes rose by \$1,504,000 between the middle of February and the middle of March, a trend contrary to a decline in most years at this season. Member bank reserve deposits increased by \$22,095,000 last month, rising further above legal requirements. The several changes enumerated, with others of less importance, raised the cash reserves of the Federal Reserve Bank of Richmond by \$24,238,000 during the past month, and increased the ratio of cash reserves to note and deposit liabilities combined by 2.24 points.

In comparison with condition figures reported for March 15, 1935, the corresponding figures for March 15, 1936, show material increases in note circulation, member bank reserve deposits, and cash reserves of the reserve bank, but earning assets changed relatively little. Rediscounts for member banks declined by \$117,000 and the portfolio of open market paper dropped by \$14,000 during the year, while industrial advances rose by \$721,000, foreign loans on gold gained \$8,000 and holdings of Government securities increased by \$3,153,000. The changes in earning assets resulted in a net increase of \$3,751,000 between March 15 last year and March 15 this year. Federal Reserve notes in actual circulation rose by \$22,655,000 during the year, and member bank reserve deposits increased by \$53,436,000. As a result of the several changes in the statement, cash reserves of the Richmond bank rose by \$75,205,000 between March 15, 1935, and March 15, 1936, and the ratio of cash reserves to note and deposit liabilities combined rose by 6.21 points.

Statement of 41 Member Banks

ITEMS	000 omitted		
	Mar. 11 1936	Feb. 12 1936	Mar. 13 1935
Loans on stocks and bonds (in- cluding Governments)	\$ 71,720	\$ 69,605	\$ 75,550
All other loans.....	130,269	129,678	130,712
Total loans and discounts.....	201,989	199,283	206,262
Investments in securities.....	371,657	415,998	387,935
Reserve bal. with F. R. Bank....	137,702	113,969	82,588
Cash in vaults.....	17,196	16,289	15,918
Demand deposits	410,908	403,586	362,927
Time deposits	192,494	192,698	194,022
Money borrowed	0	0	0

The accompanying table shows the principal items of condition of forty-one 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.

Total loans and discounts rose by \$2,706,000 between February 12 and March 11, both this year, loans on securities increasing by \$2,115,000 and all other loans rising by \$591,000. Merchants usually increase their borrowing at this season to discount bills for spring merchandise. The reporting banks reduced their investments in securities by \$44,341,000 last month, but further increased their reserve balance with the Federal reserve bank by \$23,733,000. Nearly all of the reduction in security holdings occurred in a few large banks. Cash in vaults rose by \$907,000 during the period under review. Aggregate deposits in the forty-one banks rose materially between February 12 and March 11, demand deposits increasing by \$7,322,000 while time deposits declined by \$204,000. None of the reporting banks was borrowing either from the reserve bank or from any other bank on either of the two dates used in the comparison.

Between March 13, 1935, and March 11, 1936, loans on stocks and bonds declined by \$3,830,000 in the reporting banks, and all other loans dropped \$443,000, a total decrease in loans and discounts amounting to \$4,273,000. Investments in securities also declined by \$16,278,000 during the year, chiefly due to reduction of portfolios during the past month in a few large banks. On the other hand, the reporting institutions increased their reserve deposits at the reserve bank by \$55,114,000 since the middle of March last year, and on March 11, 1936, their cash in vaults showed an increase of \$1,278,000 over cash on hand a year earlier. Demand deposits rose by \$47,981,000 during the past year, but time and savings deposits declined by \$1,528,000.

Time and Savings Deposits

Time deposits in forty-one reporting banks in the Fifth district and aggregate deposits in eleven mutual savings banks in Baltimore totaled \$398,170,933 at the end of February 1936, a higher figure than either \$397,687,666 reported at the end of January this year or \$392,311,766 at the end of February last year. The increases during both the past month and the past year were due to gains in the mutual savings banks, time deposits in reporting member banks showing slight declines for the month and the year.

Debits to Individual Accounts

Debits to individual, firm and corporation accounts figures in clearing house banks in twenty-three leading cities of the Fifth Federal reserve district are shown in the accompanying table for three equal periods of

CITIES	000 omitted		
	Total debits, four weeks ended		
	Mar. 11, 1936	Feb. 12, 1936	Mar. 13, 1935
Asheville, N. C.....	\$ 8,643	\$ 9,294	\$ 7,813
Baltimore, Md.	286,053	274,649	245,473
Charleston, S. C.	12,483	11,373	11,213
Charleston, W. Va.....	35,520	36,321	37,215
Charlotte, N. C.	44,920	45,250	47,981
Columbia, S. C.	23,917	22,375	26,059
Cumberland, Md.	6,816	6,133	6,042
Danville, Va.	6,273	8,974	5,190
Durham, N. C.	19,592	23,713	19,204
Greensboro, N. C.	12,430	13,208	11,418
Greenville, S. C.	14,901	17,054	15,146
Hagerstown, Md.	6,143	6,153	5,962
Huntington, W. Va.....	13,262	11,510	10,982
Lynchburg, Va.	12,454	13,973	11,222
Newport News, Va.....	6,762	7,462	6,266
Norfolk, Va.	36,697	38,807	43,441
Portsmouth, Va.	3,125	2,859	2,892
Raleigh, N. C.	23,160	27,614	21,762
Richmond, Va.	109,500	125,650	112,298
Roanoke, Va.	21,533	20,108	17,454
Spartanburg, S. C.	6,909*	7,913*
Washington, D. C.	200,637	199,945	175,712
Wilmington, N. C.	7,393	7,732	7,873
Winston-Salem, N. C.	27,674	38,999	25,588
District Totals	\$939,888	\$969,156	\$874,206

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

four weeks, thus affording opportunity for comparison of the latest available figures, those for four weeks ended March 11, 1936, with corresponding figures a month and a year earlier.

Total debits in the reporting cities in the four weeks ended March 11 showed a decrease of \$29,268,000, or 3 per cent, in comparison with debits in the preceding four weeks, ended February 12, 1936. Closing of tobacco markets accounted for part of the decline during the more recent period, and part of it was probably due to retarded spring trade as a result of unfavorable weather. Only eight of the twenty-three reporting cities showed higher debits figures for the four weeks ended March 11. Baltimore and Washington among the five largest cities gained, but debits declined in Richmond, Norfolk and Charlotte.

In comparison with figures for four weeks ended March 13, 1935, debits in the corresponding period this year increased by \$65,682,000, or 7.5 per cent, sixteen of the twenty-three cities showing larger figures this year. Among the five largest cities in the district, Baltimore and Washington debits again increased, while Richmond, Norfolk and Charlotte debits declined during the year. Roanoke with a gain of 23.4 per cent showed the largest increase of the year, with Danville and Huntington practically tied for second place with gains of 20.9 per cent and 20.8 per cent, respectively.

Commercial Failures

The record of the Fifth Federal reserve district in commercial failures was worse than the National record in February in both number of insolvencies and in liabilities involved. The district witnessed 43 bankruptcies last month, an increase of 10.3 per cent over

39 bankruptcies in February 1935, while the United States witnessed 856 failures last month, a decrease of 10.5 per cent under 956 failures in the corresponding month last year. In aggregate liabilities involved in February 1936 failures, the district total of \$1,608,000 showed an increase of 99.5 per cent over the February 1935 total of \$806,000, while in the United States as a whole last month's liabilities totaling \$14,089,000 showed a decline of 7.4 per cent. Fewer failures were reported last month than in February 1935 in the Boston, New York, Philadelphia, Atlanta, Chicago, Minneapolis, Dallas and San Francisco reserve districts, more failures were reported in the Cleveland, Richmond and St. Louis districts, and the same number was reported in the Kansas City district. Liabilities involved in last month's insolvencies decreased under February 1935 figures in the New York, Philadelphia, Atlanta, Chicago, Minneapolis, Kansas City, Dallas and San Francisco districts, while larger figures were reported from the Boston, Cleveland, Richmond and St. Louis districts.

January 1936 commercial failure statistics, which were not available in time for inclusion in the February 29, 1936, issue of the *Monthly Review*, are included this month to complete the record. There were 44 failures for \$1,118,000 in the Fifth reserve district in January 1936, compared with 65 failures for \$502,482 in January 1935, and in the United States there were 1,077 failures for \$18,104,000 in January this year, against 1,146 failures for \$14,603,000 in January last year.

Employment

No material change occurred in employment conditions in the Fifth reserve district industries between the middle of February and the middle of March, but the number of persons employed on road work, streets, etc., increased as soon as weather moderated sufficiently to enable repair work to get under way. Agricultural workers have been unable to obtain seasonal employment on account of wet ground which prevented early cultivation. Coal production increased in February, giving work to additional miners or increasing hours of employment for those already working. Construction work continues to increase over 1935 construction, which is beneficial to building tradesmen and all persons handling building materials.

Coal Production

Bituminous coal production in the United States totaled approximately 41,290,000 net tons in February 1936, an unseasonal increase over 39,330,000 tons mined in January this year, and 18.5 per cent more than 34,834,000 tons dug in February 1935. February had one more working day this year than in 1935, however, and therefore the daily output of 1,658,000 tons in February 1936 was only 13.8 per cent above daily output of 1,457,000 tons in February 1935. Total production during the present coal year through March 7 amounted to 348,132,000 net tons, an increase of 3.2 per cent over 337,218,000 tons dug to the same date last year.

Tidewater shipments of coal through Hampton Roads ports this calendar year through March 7 totaled 3,939,852 net tons, a lower figure than 3,965,297 tons shipped through the same ports through March 7 last year.

The Bureau of Mines has issued a preliminary report on production of bituminous coal during 1935 by states. West Virginia led all states with 98,589,000 tons, Pennsylvania ranking second with 90,795,000 tons and Illinois third with 43,845,000 tons. Fifth district coal producing states, Maryland, Virginia and West Virginia mined a total of 110,154,000 tons, or 29.8 per cent of National production of 369,324,000 tons. In 1934 Fifth district states produced 30.4 per cent of National production.

Textiles

There was a decline in activity in the textile field in the Fifth district during February, partly due to seasonal factors and partly to unsettled conditions in the market for textile products. Cotton mills in the district consumed 246,903 bales of cotton in February 1936, a decrease of 12.7 per cent under 282,760 bales used in January 1936 but an increase of 12.1 per cent over 220,301 bales consumed in February 1935. Of the 246,903 bales used last month, North Carolina mills accounted for 135,664 bales, South Carolina mills used 98,908 bales, and Virginia mills 12,331 bales, all except Virginia's being higher than the figures for February last year. Consumption of cotton in the Richmond reserve district in February this year totaled 47.8 per cent of National consumption, exactly the same figure as for January this year, but higher than 45.9 per cent in February 1935.

On February 20, the Department of Commerce issued a report on spindles in place, spindles active in January, total spindle hours of operation in January, and average hours of operation per spindle in place in January. On January 31, 1936, there were 29,040,208 spindles in place in the United States, North Carolina leading with 6,106,918, or 21.03 per cent of the total, South Carolina ranking second with 5,770,230 spindles, or 19.87 per cent, and Massachusetts third with 4,716,376 spindles, or 16.24 per cent. The Fifth district as a whole had 43.13 per cent of total spindles in place in the United States at the end of January 1936. In actual spindle hours of operation, South Carolina led all states for January with 1,995,649,176, or 25.87 per cent of the National total of 7,713,696,496 hours, and North Carolina ranked second with 1,795,891,849 hours, or 23.28 per cent. Georgia, which ranks fourth in spindles in place, took third place in total spindle hours of operation in January with 1,066,083,589 hours, or 13.82 per cent. The Fifth district, with 43.13 per cent of total spindles in place in the United States in January, showed 51.51 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 346 hours per spindle ranked first, North Carolina with 294 hours ranked fifth, and Virginia with 281 hours ranked sixth. The average hours of operation for the United States in January was 266 per spindle in place.

Cotton Statistics

Spot cotton prices fluctuated through a narrow range during the past month, on a generally lower level than during the preceding month or the corresponding period last year. The average price for middling grade short staple cotton on ten Southern markets was 11.41 cents per pound on February 14, but declined gradually to 11.19 cents on March 6. The market made some recovery in the second week of March, the average price rising to 11.29 cents on the 13th, the latest date for which official quotations are available. On March 15, 1935, the average price on the ten markets was 11.37 cents per pound.

Cotton consumption in the United States in February 1936 totaled 516,649 bales, compared with 591,309 bales used in January this year and 480,339 bales in February 1935. Total consumption for the seven months of the present cotton season—August 1 to February 29—amounted to 3,523,846 bales, compared with 3,164,986 bales consumed in the corresponding period ended February 28, 1935. Manufacturing establishments held 1,404,476 bales on February 29, compared with 1,434,992 bales held on January 31 this year and 1,161,075 bales on February 28, 1935. Public warehouses and compresses held 7,247,803 bales in storage at the end of February this year, compared with 7,844,295 bales so held a month earlier and 8,354,790 bales on February 28 last year. February exports totaled 406,022 bales, compared with 525,636 bales sent abroad in January this year and 390,294 bales exported in February last year. Exports during the seven months of this cotton year totaled 4,409,619 bales, compared with 3,254,832 bales shipped over seas during the corresponding seven months ended February 28, 1935. Consumption of cotton in the cotton growing states numbered 431,591 bales in February 1936, compared with 497,360 bales used in January and 382,235 bales in February 1935. Last month's consumption in the cotton growing states amounted to 83.54 per cent of National consumption, compared with 79.58 per cent of National consumption used in the cotton growing states in February last year. Of the 431,591 bales of cotton used in cotton growing states in February, the Fifth district mills used 246,903 bales, or 57.21 per cent, compared with 57.63 per cent of Southern consumption attained in the district in February last year. Spindles active in the United States at some time in February 1936 numbered 23,337,070, compared with 23,323,958 in January this year and 24,916,758 in February last year.

Tobacco Marketing

Virginia sales of leaf tobacco during February amounted to 10,376,414 pounds, for an average price of \$8.94 per hundred, compared with February 1935 sales amounting to 5,103,617 pounds, for an average of \$11.24 per hundred pounds. Total sales for the season through February amounted to 128,791,005 pounds this year and 101,311,760 pounds last year, but this year's price of \$18.61 per hundred pounds compares with last season's average of \$24.40 per hundred.

Flue-cured tobacco markets all closed by the end of February, after selling 103,541,814 pounds this year compared with 75,789,401 pounds sold during the previous season. Fire-cured sales in February amounted to 4,524,470 pounds, at \$9.78 per hundred. Sales in February 1935 totaled 3,972,595 pounds, and last year's average price was \$11.57 per hundred. Total sales of fire-cured tobacco during the current season to March were 16,293,524 pounds, at \$10.56 per hundred pounds, compared with season sales to February 28, 1935, totaling 16,478,400 pounds, at \$12.41 per hundred. Burley markets closed in January. Total sales of burley this season amounted to 6,204,122 pounds at an average price of \$19.86 per hundred, compared with 6,454,620 pounds sold last year for an average of \$17.24 per hundred. Sun-cured sales in February totaled 732,043 pounds at \$11.71 per hundred, compared with 1,011,405 pounds sold for an average of \$9.86 per hundred in February 1935. Season sales of sun-cured tobacco totaled 2,751,545 pounds this year, at \$11.01 per hundred, compared with 2,589,339 pounds at \$9.71 sold last year. The quality of tobacco sold at the end of the season is usually poor, and this year February sales graded lower than usual. Warehousemen estimated that sales last month graded 16 per cent good, 34 per cent medium, and 50 per cent common, compared with February 1935 grading of 26 per cent good, 41 per cent medium, and 33 per cent common.

North Carolina tobacco markets closed early in February, and the Agricultural Statistician for the State has issued a report on total sales for the season, with comparisons of other recent seasons. Sales of producers' tobacco in 1935-1936 totaled 550,859,232 pounds, and the average price received was \$20.34 per hundred, compared with 395,135,824 pounds sold at \$28.44 per hundred in 1934-1935. With the exception of the 1930-1931 sales, those for this year were the largest for any year on record, and this year's average price, while materially lower than last year's, was the highest average since 1927-1928. *North Carolina* tobacco growers increased the use of fertilizer under their 1935-1936 crop, planted rows closer together and left plants nearer in the rows, and topped the crop higher than usual. As a result of these actions, the per acre yield of tobacco in the State set a new record.

Tobacco Manufacturing

The Internal Revenue Bureau of the Treasury Department issued a report on March 20 on tobacco manufacturing in February, showing increased production over February 1935 in all branches of the industry.

Cigarettes produced totaled 10,766,369,680, compared with 9,306,198,840 cigarettes made in February 1935, and taxes paid on cigarettes amounted to \$32,300,682 in February 1936 and \$27,920,348 in February 1935. Cigars manufactured last month numbered 356,624,025, compared with 320,864,191 cigars made in the corresponding month last year, and taxes paid on cigars totaled \$858,139 and \$791,767 in February 1936 and 1935, respectively. Manufactured tobacco made in February this year, including smoking and chewing tobacco, amounted to 24,655,463 pounds, compared with 23,121,561 pounds in February last year, and taxes on the product totaled \$4,438,079 this year and \$4,162,011 last year. Snuff production totaled 3,263,526 pounds and taxes thereon amounted to \$587,435 in February 1936, compared with 2,981,116 pounds and taxes totaling \$536,601 in February 1935. Taxes realized by the Treasury on all forms of tobacco products totaled \$38,184,335 in February this year, an increase of 14.3 per cent over taxes totaling \$33,410,727 paid on tobacco products in February last year.

Agricultural Notes

On March 16 the Department of Agriculture issued its annual "Intentions to plant report", in which was set forth the intentions of farmers as to acreages in leading crops to be planted this year. The report says that most of the farmers reported before the Soil Conservation Act was passed and before any of them knew how the Act would affect them individually. Allowance will need to be made for such changes in plans as the administration of the Act may cause. On the whole, the acreages which farmers are planning to grow are said to be about what would ordinarily be expected as a result of present supply and price conditions and prospective requirements for feeding livestock. In the Fifth Federal reserve district, the Department of Agriculture gives the following acreage figures, each figure showing the percentage of the 1935 harvested acreage which farmers now intend to plant in 1936: *Maryland*, tobacco 104, corn 101, sweet potatoes 100, hay 99, oats 95, white potatoes 89; *Virginia*, tobacco 115, oats 110, sweet potatoes 103, corn 102, hay 100, peanuts 100, white potatoes 97; *West Virginia*, tobacco 120, oats 110, corn 103, hay 102, white potatoes 97; *North Carolina*, tobacco 107, corn 102, peanuts 102, hay 101, oats 100, white potatoes 98, sweet potatoes 96; *South Carolina*, tobacco 110, white potatoes 106, peanuts 105, oats 100, hay 100, sweet potatoes 100, corn 98. Federal law forbids an estimate of proposed cotton acreage until later in the season.

Construction

Building Permits Issued in February
1936 and 1935

CITIES	Permits Issued		Total Valuation	
	1936	1935	1936	1935
Baltimore, Md.	326	381	\$2,186,784	\$ 498,120
Cumberland, Md.	1	3	2,400	20,958
Frederick, Md.	1	7	5,000	6,525
Hagerstown, Md.	2	7	5,100	7,465
Salisbury, Md.	8	8	6,785	3,700
Danville, Va.	10	20	35,215	5,840
Lynchburg, Va.	24	33	22,681	30,141
Norfolk, Va.	66	106	53,060	1,074,795
Petersburg, Va.	0	0	0	0
Portsmouth, Va.	11	14	4,435	12,245
Richmond, Va.	76	89	173,117	87,582
Roanoke, Va.	21	33	34,157	21,491
Bluefield, W. Va.	2	6	60,150	7,630
Charleston, W. Va.	47	79	63,788	83,489
Clarksburg, W. Va.	18	9	25,151	10,765
Huntington, W. Va.	12	13	39,190	9,950
Asheville, N. C.	23	24	36,450	11,810
Charlotte, N. C.	114	55	137,467	123,511
Durham, N. C.	16	27	42,225	68,667
Greensboro, N. C.	31	38	77,009	21,110
High Point, N. C.	27	29	12,162	29,415
Raleigh, N. C.	14	13	31,677	231,110
Rocky Mount, N. C.	6	8	3,960	4,870
Salisbury, N. C.	6	5	3,000	1,325
Winston-Salem, N. C.	63	53	43,567	22,218
Charleston, S. C.	37	41	83,467	37,103
Columbia, S. C.	44	28	293,738	22,088
Greenville, S. C.	34	40	97,875	174,460
Rock Hill, S. C.	14	27	25,150	30,005
Spartanburg, S. C.	17	33	75,502	19,319
Washington, D. C.	377	307	2,646,295	833,400
District Totals	1,448	1,536	\$6,326,557	\$3,511,107

Building permits issued in thirty-one cities of the Fifth reserve district totaled 1,448 in February 1936, a decrease of 8.7 per cent in comparison with 1,536 permits issued in the corresponding month last year. Total valuation figures, however, amounting to \$6,326,557 last month showed an increase of 80.2 per cent over valuation figures for permits issued in February 1935. Seventeen of the thirty-one cities reported higher estimated valuation figures for last month than for the same month last year, but most of the 80.2 per cent increase occurred in Baltimore and Washington. Among the five largest cities, Baltimore, Washington, Richmond and Charlotte reported higher figures for February this year than last, but Norfolk reported a very large decrease in valuation figures. It should

be pointed out, however, that Norfolk's valuation was the largest for any city in the district in February last year.

Contracts actually awarded for construction work in the Fifth reserve district in February this year totaled \$13,227,031, including both rural and urban projects, compared with \$8,203,823 in contracts awarded in February 1935, according to figures collected by the F. W. Dodge Corporation. Of the February 1936 contracts, \$4,951,311, or 37.4 per cent, was for residential structures, compared with \$2,609,183, or 31.8 per cent of the total, for residential work in February last year.

Retail Trade, 30 Department Stores

	Richmond	Baltimore	Washington	Other Cities	District
February 1936 sales, compared with sales in February 1935:	+ 6.5	+ 8.6	+16.2	+15.3	+12.4
Jan.-Feb. 1936 sales, compared with sales in Jan.-Feb. 1935:	+ 9.8	+ 8.4	+15.3	+12.5	+11.9
Feb. 29, 1936, stocks, compared with stocks on Feb. 28, 1935:	+ 5.4	+ 3.5	+ 8.6	+ .8	+ 5.5
Feb. 29, 1936, stocks, compared with stocks on Jan. 31, 1936:	+ 7.9	+11.2	+11.4	+10.5	+10.8
Number of times stock was turned in February 1936:	.275	.255	.322	.265	.286
Number of times stock was turned since January 1, 1936:	.539	.519	.626	.512	.565
Percentage of Feb. 1, 1936, receivables collected in February:	34.7	29.3	26.9	30.8	28.9

Wholesale Trade, 58 Firms

	21 Groceries	7 Dry Goods	6 Shoes	13 Hardware	11 Drugs
February 1936 sales, compared with sales in February 1935:	+ 3.9	— .5	— 2.1	— 4.9	+ 8.4
February 1936 sales, compared with sales in January 1936:	— 6.0	— 3.9	+33.1	—20.7	— 5.0
Jan.-Feb. 1936 sales, compared with sales in Jan.-Feb. 1935:	+ 2.9	— .4	+ .8	— 4.9	+ .6
Feb. 29, 1936, stocks, compared with stocks on Feb. 28, 1935:	— 8.8(8*)	—14.5(3*)	+17.4(4*)	+ 1.4(7*)
Feb. 29, 1936, stocks, compared with stocks on Jan. 31, 1936:	— 2.7(8*)	+11.3(3*)	+ 4.0(4*)	+ 1.2(7*)
Percentage of collections in Feb. to receivables on Feb. 1, 1936:	103.4(12*)	39.5(4*)	40.1(5*)	40.4(11*)	68.5(7*)

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

(Compiled March 20, 1936)

BUSINESS CONDITIONS IN THE UNITED STATES

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

Volume of industrial production and employment showed little change in February, and the index of production, which makes allowance for seasonal changes, declined from 98 to 95 percent of the 1923-1925 average. Distribution of commodities continued at about the January level.

Production and Employment

Daily average output in basic industries was in about the same volume in February as in January. Since usually there is an increase in manufacturing activity at this season, the Board's seasonally adjusted index of factory output showed a decline. Output at mines increased. There was a substantial further decrease in automobile production in February, and the rate of operations at steel mills increased by less than the usual seasonal amount. In the first half of March production of steel expanded seasonally and output of automobiles showed a more than seasonal increase. There was little change in the volume of lumber cut in February, although an increase usually occurs in that month. At woolen mills production increased by about the seasonal amount, while activity at cotton textile mills, which is usually larger in February than in January, decreased, and at silk mills there was a larger than seasonal decline. Output at meatpacking establishments also declined. There was a substantial increase in the mining of both anthracite and bituminous coal, while output of crude petroleum declined somewhat.

Factory employment increased by less than the usual seasonal amount between the middle of January and the middle of February. There was little change in the number of workers at steel mills and a decrease in the number employed at automobile factories, although increases are usual in these industries in February. Employment declined at silk and rayon textile mills and showed a smaller than seasonal increase at shoe factories. Increases in employment were reported for railroad repair shops, for printing and publishing establishments, and for factories producing wearing apparel. Factory payrolls, which are usually larger in the middle of February than a month earlier, showed no change.

The value of construction contracts awarded, as reported by the F. W. Dodge Corporation, declined further in February. Awards for residential construction showed little change, and there was a decrease in the value of awards for all other contracts, a large part of which are for public projects.

Distribution

Department store sales showed little change from January to February and, after allowance for seasonal variation, were at about the same level as that prevailing last summer and autumn. Freight-car loadings increased by a small seasonal amount in February. Loadings of coal were considerably larger than in January, while shipments of miscellaneous freight declined, and the Board's seasonally adjusted index of total loadings remained at the January figure of 70 percent of the 1923-1925 average as compared with 71 percent in December and an average of 63 percent for 1935.

Commodity Prices

The general level of wholesale commodity prices declined somewhat during the latter part of February and the first half of March, following a six-month period of little change. The recent downward movement reflected declines in prices of farm products and foods.

Bank Credit

Excess reserves of member banks decreased by \$650,000,000 during the four weeks ending March 18 and on that date amounted to \$2,400,000,000. This decrease reflected chiefly a transfer of funds to Treasury deposits at the Reserve banks in connection with receipt of income taxes and of cash payments for newly-issued Government securities.

Loans and investments of reporting member banks in leading cities increased rapidly in March and on the 18th of the month were \$525,000,000 higher than four weeks earlier. Of this increase \$190,000,000 represented a growth in holdings of direct and guaranteed obligations of the United States Government and \$80,000,000 an increase in other investments. Security loans both to brokers and dealers and to others increased, and there was a substantial growth in so-called "other loans," which include loans for commercial purposes.

Adjusted demand deposits of reporting member banks declined by \$340,000,000 during the four weeks ending March 18. Balances held for domestic banks increased at the turn of the month as banks in the interior sold Government securities in New York in anticipation of maturities. During the week ending March 18 balances declined, partly as the result of banks throughout the country purchasing in the New York market Government securities issued on March 16.