

MONTHLY REVIEW

CREDIT, BUSINESS AND AGRICULTURAL CONDITIONS



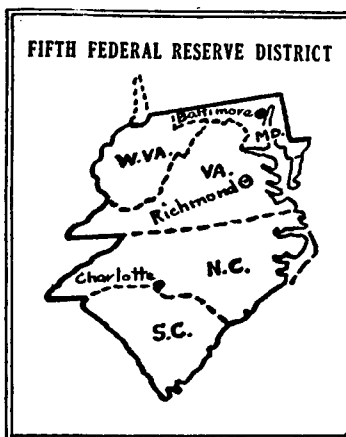
FEDERAL RESERVE BANK OF RICHMOND

RICHMOND, VIRGINIA

FEBRUARY 28, 1937

	January 1937	January 1936	% Change
Debits to individual accounts (24 cities).....	\$ 1,359,793	\$ 1,126,642	+20.7
Number of business failures, 5th district.....	61	44	+39.0
Liabilities involved in failures, 5th district.....	\$ 523,000	\$ 1,118,000	-53.0
Cotton consumption, 5th district (Bales).....	315,420	282,760	+11.6
Tobacco marketed in 5th district (Pounds).....	36,561,414	42,936,731	-14.8
Building permits issued, (31 cities).....	1,963	1,421	+38.1
Value of building permits (31 cities).....	\$ 5,672,717	\$ 4,134,060	+37.2
Value of contracts awarded, 5th district.....	\$32,621,000	\$23,714,162	+37.6
Total sales, 58 department stores, 5th district.....	\$ 7,041,486	\$ 6,444,320	+ 9.3
Total sales, 52 wholesale firms in 5 lines.....	\$ 4,668,368	\$ 4,054,681	+15.1
Bituminous coal production, U. S. (Tons).....	39,610,000	39,330,000	+ .7

TRADE in January showed a seasonal decline from the large volume of business done in December in the Fifth Reserve district, but continued materially above trade in the corresponding month of the preceding year. January was one of the wettest months on record throughout the district, and near the end of the month several cities in West Virginia suffered severely from flooded rivers, but in spite of these adverse conditions business showed no signs of slackening the advance which had been in evidence in recent months. No important developments occurred in banking last month, either at the Federal Reserve bank or in member banks, most changes in the statements being small and of a seasonal character. At the Reserve bank all discounts for member banks were paid up between the middle of January and the middle of February, and there was a seasonal decline in Federal Reserve notes in actual circulation. In reporting member banks, a small increase occurred in "All other loans", which are largely commercial or industrial at this season, but investments in securities and reserve balance at the Reserve bank declined. Demand deposits



showed a decrease between the middle of January and the middle of February, but this was nearly offset by a rise in time deposits. Debits to individual accounts in January in twenty-four Fifth district cities averaged 20.7 per cent higher than debits in the same cities in January 1936, but showed a seasonal decline of 8 per cent in comparison with debits in the preceding month of December. Business failures in the district in January were more numerous than in the same month last year, but aggregate liabilities involved last month were less than half those of January 1936. Employment on outside projects was handicapped by unfavorable weather last month, but industrial employment apparently continued to increase and was much larger than a year ago. Coal production on a daily basis in January exceeded production in January 1936 by nearly 5 per cent, but was 8 per cent lower than output in December. The cotton textile industry in the Fifth district slowed operations last month from the record level of December, but cotton consumption in the district in January this year exceeded consumption in January last year by 11.6 per cent and was the

highest January consumption on record. Spot cotton prices fluctuated through a range of about a quarter of a cent per pound last month, but at the middle of February quotations were 10 or 11 points higher than at the middle of January and a cent and a half per pound, or 150 points, higher than the average price at mid-February last year. Tobacco markets in Virginia and North Carolina combined sold less tobacco in January 1937 than in January 1936, this year's total crop being smaller, but last month's prices were higher than those a year earlier. Annual figures on tobacco manufacturing released by the Treasury Department show that in 1936 the Fifth district paid 84 per cent of all stamp taxes paid to the United States on cigarettes, and 77 per cent of taxes paid on all forms of manufactured tobacco. Taxes paid in the district on tobacco products increased 14 per cent in 1936 over 1935, against an average increase of 12 per cent for the United States. Construction provided for by permits issued and contracts awarded in January totaled more than 37 per cent over the volume of work provided for in January 1936. Retail trade last month as reflected in sales by 58 department and general merchandise stores in twenty-nine Fifth district cities exceeded January 1936 trade by 9.3 per cent, and all five wholesale lines for which data are available sold materially more than in the 1936 month.

Reserve Bank Statement

ITEMS	000 omitted		
	Feb. 15 1937	Jan. 15 1937	Feb. 15 1936
Discounts held	\$ 4	\$ 169	\$ 55
Open market paper	120	121	190
Industrial advances	3,047	3,079	4,454
Government securities	133,417	133,491	116,716
Total earning assets	136,588	136,860	121,415
Circulation of Fed. Res. notes	197,378	200,989	175,263
Members' reserve deposits	211,325	211,376	174,510
Cash reserves	303,997	301,626	250,113
Reserve ratio	69.90	69.60	68.84

All member bank discounts at the Federal Reserve Bank of Richmond were paid out between the middle of January and the middle of February, the only discounts held on February 15 being due to participation to the extent of \$4,000 in System foreign loans on gold. Open market paper held by this bank declined \$1,000 in the past month, and industrial advances for working capital dropped by \$32,000. There was also a decrease of \$74,000 in ownership of Government securities. These changes resulted in a total drop of \$272,000 in earning assets between January 15 and February 15. Federal Reserve notes in actual circulation continued a seasonal decline during the past month, decreasing by \$3,611,000, and member bank reserve deposits dropped \$51,000, the latter merely a daily fluctuation. The several changes mentioned in the statement resulted in a net increase of \$2,371,000 in cash reserves, and the ratio of reserves to note and deposit liabilities combined rose approximately a third of a point.

Most of the items in the accompanying statement increased between February 15 last year and this. Although discounts held declined by \$51,000, the portfolio of open market paper dropped by \$70,000, and

industrial advances fell by \$1,407,000, these decreases were more than compensated for by a rise of \$16,701,000 in holdings of Government securities, and therefore a net increase of \$15,173,000 in total earning assets occurred during the year. The volume of Federal Reserve notes in actual circulation also rose, by \$22,115,000, chiefly due to increased demands for currency with which to carry on a larger volume of trade at somewhat higher price levels this year. Member bank reserve deposits rose by \$36,815,000 between February 15 last year and this, and aggregate cash reserves of the Richmond Reserve bank were higher by \$58,884,000 on February 15, 1937, than a year earlier. The ratio of cash reserves to note and deposit liabilities combined rose 1.06 points during the year.

Statement of 41 Member Banks

ITEMS	000 omitted		
	Feb. 10 1937	Jan. 13 1937	Feb. 12 1936
Loans on stocks and bonds (including Governments)	\$ 73,280	\$ 73,593	\$ 69,605
All other loans	155,962	155,457	129,678
Total loans and discounts	229,242	229,050	199,283
Investments in securities	430,322	437,904	415,998
Reserve bal. with F. R. Bank	134,648	139,001	113,969
Cash in vaults	18,515	19,848	16,289
Demand deposits	462,607	464,261	403,586
Time deposits	196,681	195,338	192,698
Money borrowed	0	0	0

The accompanying table shows principal items on the weekly statement of forty-one member banks in twelve Fifth district cities as of February 10 and January 13, 1937, and February 12, 1936. Changes in the items were relatively small during the past month, but material changes occurred during the year. Loans on stocks and bonds declined \$313,000 between January 13 and February 10, both this year, but rose \$3,675,000 since February 12, 1936. All other loans showed an increase of \$505,000 for the month, and rose \$26,284,000 during the past year. Total loans and discounts increased \$192,000 and \$29,959,000 during the month and year, respectively. Investments in securities in the forty-one banks declined \$7,582,000 between January 13 and February 10, but rose \$14,324,000 since February 12 a year ago. Reserve balances of the reporting banks at the Federal Reserve bank declined \$4,353,000 in the past month, but rose \$20,679,000 during the year. Cash in vaults on February 10 showed a decline of \$1,333,000 since January 13, but was higher by \$2,226,000 than on February 12, 1936. Demand deposits decreased by \$1,654,000 since the middle of January, but rose by \$59,021,000 since the middle of February a year ago. Time deposits on February 10 were higher than on either of the earlier dates, having increased \$1,343,000 during the month and \$3,983,000 during the year. None of the forty-one reporting banks borrowed from the Reserve bank or elsewhere at any time during the past year.

Time and Savings Deposits

Time deposits in forty-one reporting member banks in the Fifth Reserve district and aggregate deposits in ten mutual savings banks in Baltimore totaled \$410,-

797,289 at the end of January 1937, an increase of 6/10ths of 1 per cent over \$408,516,946 in time and savings deposits reported on December 31, 1936, and 3.5 per cent over \$396,838,273 reported on January 31, 1936. Member bank time deposits increased 7/10ths of 1 per cent and mutual savings bank deposits rose 4/10ths of 1 per cent during January, and during the past year time deposits in the member banks rose 2.1 per cent while savings deposits in the mutuals gained 4.9 per cent.

Debits to Individual Accounts

CITIES	000 omitted				
	January 1937	December 1936	January 1936	% of Month	Change Year
Maryland					
Baltimore	\$ 392,921	\$ 425,820	\$ 308,213	— 7.7	+27.5
Cumberland	8,619	8,858	7,310	— 2.7	+17.9
Hagerstown	8,459	9,249	7,616	— 8.5	+11.1
D. of Columbia					
Washington	258,811	286,842	232,643	— 9.8	+11.2
Virginia					
Danville	10,801	14,933	10,717	—27.7	+ .8
Lynchburg	16,902	19,096	16,020	—11.5	+ 5.5
Newport News	9,664	11,848	8,465	—18.4	+14.2
Norfolk	52,493	57,381	46,917	— 8.5	+11.9
Portsmouth	4,397	5,658	3,493	—22.3	+25.9
Richmond	185,655	191,466	145,263	— 3.0	+27.8
Roanoke	31,093	33,942	23,380	— 8.4	+33.0
West Virginia					
Charleston	51,676	63,997	45,091	—19.3	+14.6
Huntington	16,836	22,934	14,222	—26.6	+18.4
North Carolina					
Asheville	13,111	14,354	10,964	— 8.7	+19.6
Charlotte	62,113	69,037	52,299	—10.0	+18.8
Durham	30,636	31,767	27,225	— 3.6	+12.5
Greensboro	19,647	20,012	14,686	— 1.8	+33.8
Raleigh	45,736	41,425	25,141	+10.4	+81.9
Wilmington	11,459	11,088	9,408	+ 3.3	+21.8
Winston-Salem	43,737	48,841	45,026	—10.5	— 2.9
South Carolina					
Charleston	19,884	18,534	14,389	+ 7.3	+38.2
Columbia	30,574	32,479	28,942	— 5.9	+ 5.6
Greenville	23,947	26,832	20,264	—10.8	+18.2
Spartanburg	10,622	11,692	8,948	— 9.2	+18.7
District	\$1,359,793	\$1,478,087	\$1,126,642	— 8.0	+20.7

Debits to individual accounts in twenty-four Fifth district cities in January 1937 averaged 8.0 per cent less than in December 1936, but rose 20.7 per cent above debits in January 1936. The moderate decline in last month's figures in comparison with those for the preceding month was a seasonal development of about the usual size. Only three cities, Charleston, S. C., Raleigh and Wilmington, N. C., reported higher figures for January than for December. The decline during January in Huntington was larger than would have occurred normally, due to the flood which seriously retarded business for several days. In comparison with January 1936 figures, debits in January 1937 increased in every city except Winston-Salem. Raleigh reported the largest increase for the year, 81.9 per cent, due to an unusual amount of State transactions in the 1937 month.

Commercial Failures

The pressure of year-end settlements usually causes commercial failures to increase sharply in January, and this year was no exception to the rule, according to

figures gathered by *Dun & Bradstreet*. The number of failures and aggregate liabilities involved in the Fifth district and the United States for several periods were as follows:

Period	Number of Failures District	U. S.	Total Liabilities District	U. S.
January 1937	61	811	\$ 523,000	\$ 8,661,000
December 1936	23	692	250,000	12,288,000
January 1936	44	1,077	1,118,000	18,104,000

The insolvency record in the Fifth district in January in comparison with December and January of last year was worse than the average for the United States. The number of failures in the district last month was 165 per cent above the December number and 39 per cent above failures in January last year, while total failures in the United States were only 17 per cent above those in December and were 25 per cent below insolvencies in January 1936. In aggregate liabilities involved in January 1937 failures, the district showed an increase of 109 per cent over December liabilities in comparison with a National decrease of 30 per cent, but in comparison with liabilities for January 1936 the district in January this year declined 53 per cent while the United States dropped 52 per cent.

Employment

No employment statistics for the Fifth Federal Reserve district are available, but all trade barometers point to marked improvement in employment during the past year. Textile mills are running on higher schedules than a year ago, tobacco manufacturers are exceeding last year's output, coal mines are digging more coal, and construction work is under way in much larger volume. Miscellaneous industries are practically all doing better than at this time in 1936, and the volume of retail trade also requires additional sales people. Some shortages of skilled men are reported in construction fields, in which unemployment was quite serious two or three years ago.

Coal Production

Bituminous coal production in the United States totaled approximately 39,610,000 net tons in January 1937, compared with 44,487,000 tons in December and 39,330,000 tons in January 1936. Daily production totaled 1,578,000 tons in January this year, 1,711,000 tons in December, and 1,507,000 tons in January last year. The total production during the present coal year to February 6 amounted to 369,614,000 net tons, an increase of 20 per cent over production of 307,923,000 tons to the corresponding date last year. Shipments of coal through Hampton Roads this calendar year through February 6 totaled 2,610,540 net tons, compared with 2,121,033 tons shipped to the same date in 1936 and 2,368,567 tons in 1929.

Cotton Textiles

The cotton textile industry in the Fifth Federal Reserve district slightly decreased the rate of operations in January 1937 in comparison with December, but

continued on a materially higher production schedule than in January last year. January consumption of cotton in the district dropped 9/10th of 1 per cent below December consumption, but rose 11.6 per cent above consumption in January 1936. The three textile manufacturing states in the Fifth district used 46.5 per cent of all cotton consumed in the United States last month, compared with 46.0 per cent in December 1936 and 47.9 per cent in January 1936. Consumption of cotton in the district in January 1937, December 1936 and January 1936 was as follows, in bales:

Months	No. Carolina	So. Carolina	Virginia	District
January 1937.....	174,415	127,699	13,306	315,420
December 1936.....	173,972	130,689	13,769	318,430
January 1936.....	151,845	116,263	14,652	282,760

On January 19, the Department of Commerce issued a report on spindles in place, spindles active in December, total spindle hours of operation in December, and average hours of operation per spindle in place in December. On December 31, 1936, there were 27,700,194 spindles in place in the United States, North Carolina leading with 6,073,320, or 21.9 per cent of the total, South Carolina ranking second with 5,708,190 spindles, or 20.6 per cent, and Massachusetts third with 4,201,764 spindles, or 15.2 per cent. The Fifth district as a whole had 44.9 per cent of total spindles in place in the United States at the end of December 1936, of which 93.4 per cent were active at some time during the month. In actual spindle hours of operation, South Carolina led all states for December with 2,159,103,391 hours, or 24.9 per cent of the National total of 8,679,119,464 hours, and North Carolina ranked second with 1,981,433,241 hours, or 22.8 per cent. The Fifth district, with 44.9 per cent of total spindles in the United States in place in December, showed 49.8 per cent of total hours of operation. In actual hours of operation per spindle in place, South Carolina with an average of 378 hours per spindle ranked first, but North Carolina with 326 hours ranked no better than seventh and Virginia with 281 hours ranked tenth. The average hours of operation for the United States was 313 per spindle in place.

Statistics on Cotton

Spot cotton prices were firm in the second half of January on ten Southern markets, but softened slightly in the first half of February. On February 12 the average price on the ten markets for middling grade 7/8 inch cotton was 11 points higher than the average price on January 15, 1937, and 1.5 cents, or 150 points, above the February 14, 1936, price. The following figures show recent trends in the market, and comparative per pound prices in nine earlier years:

Middling Grade, 7/8 inch Upland Cotton, Per Pound

Friday nearest	Middle January	First February	Middle February
1937	12.80c	13.05c	12.91c
1936	11.72	11.39	11.41
1935	12.45	12.37	12.54
1934	10.71	11.44	12.29
1933	6.03	5.79	5.91
1932	6.25	6.26	6.23
1931	9.29	9.59	10.14
1930	16.80	15.70	15.33
1929	19.12	18.71	18.82
1928	18.99	18.15	18.02

Cotton consumption figures as released by the Bureau of the Census showed a small decrease in January from the December figures, but were above January 1936 figures. The number of bales of cotton consumed in the United States in January 1937 was 2.1 per cent less than the amount used in December 1936 but exceeded January 1936 consumption by 14.8 per cent. During the six months of the present cotton year ended January 31 American mills used 27.7 per cent more cotton than during the corresponding six months ended January 31, 1936. Consuming establishments on January of this year held 43.9 per cent more cotton than a year earlier, but cotton in public storage and compresses declined 13.6 per cent during the year.

Cotton Consumed and On Hand

	(Bales)			
	January 1937	January 1936	August 1 to January 31 This season	January 31 Last season
Fifth district States:				
Cotton consumed...	315,420	282,760	1,801,477	1,443,164
Cotton growing states:				
Cotton consumed...	564,874	497,054	3,219,162	2,527,342
Cotton on hand Jan. 31 in consuming establishments ...	1,748,008	1,212,587	.....	.....
Public storage and compresses	6,690,474	7,719,203	.....	.....
United States:				
Cotton consumed...	678,064	590,484	3,848,195	3,014,381
Cotton on hand Jan. 31 in consuming establishments ...	2,066,302	1,436,418	.....	.....
Public storage and compresses	6,779,351	7,844,547	.....	.....

Exports of cotton in January this year totaled 538,280 bales, compared with 542,776 bales shipped over seas in January 1936, and exports in the six months ended January 31 totaled 3,435,082 bales against 4,003,597 bales exported in the corresponding six months of the preceding cotton year. Exports increased in January this year over those in January last year to the United Kingdom, France, Italy, Belgium and Miscellaneous European countries, but declined to Germany, Japan, China and Canada.

Cotton seed received at United States mills between August 1 and January 31 totaled 4,226,126 tons, compared with 3,481,658 tons received in the six months ended January 31, 1936. Of the receipts mentioned, North Carolina mills took 205,859 tons this year and 205,826 tons last year, and South Carolina mills received 191,794 tons and 178,705 tons in the two periods, respectively. The mills crushed 3,362,666 tons of seed in the period ended January 31 this year, and had 885,386 tons on hand at the end of the period, compared with 2,935,861 tons crushed in the six months ended January 31, 1936, and 635,372 tons on hand on that date.

Tobacco Marketing

Auction tobacco markets in Virginia and North Carolina were closed about a week in January for the holidays, and the wet weather was unfavorable for moving tobacco to market. Tobacco sold during the month was relatively low grade, as is usual at the end of the season. Nearly all markets closed prior to February 1, and the balance of them will close before March.

Sales In January and During the Season to February 1, and Prices Per Hundred

Virginia	Sales and Prices in January		Season Sales and Average Prices to	
	1937	1936	February 1937	February 1936
Flue-Cured	9,957,893 (\$18.20)	12,288,031 (\$13.76)	86,194,244 (\$22.48)	98,429,621 (\$20.61)
Fire-Cured	9,351,793 (\$14.08)	5,991,257 (\$10.98)	15,297,278 (\$13.08)	11,769,054 (\$10.86)
Burley	3,152,484 (\$33.55)	2,627,891 (\$20.62)	6,751,840 (\$33.26)	6,204,122 (\$19.86)
Sun-Cured	1,605,876 (\$16.44)	1,444,457 (\$11.25)	2,262,235 (\$15.31)	2,019,502 (\$10.75)
Total Virginia	24,068,046 (\$18.49)	22,351,636 (\$13.66)	110,505,597 (\$21.69)	118,422,299 (\$19.44)
North Carolina				
Flue-Cured	11,438,188 (\$16.73)	19,753,779 (\$14.81)	432,075,250 (\$22.44)	540,302,530 (\$20.50)
Burley	1,055,180 (\$39.59)	831,316 (\$21.41)	3,046,536 (\$38.28)	2,929,410 (\$21.30)
Total North Carolina	12,493,368 (\$18.65)	20,585,095 (\$15.09)	435,121,786 (\$22.55)	543,231,940 (\$20.50)

Tobacco Manufacturing

The Bureau of Internal Revenue of the Treasury Department has issued reports on tobacco manufacturing and taxes paid on tobacco products during the years 1936 and 1935. Tobacco products made were as follows in the United States:

	1936	1935	%	Change
Smoking and Chewing Tobacco, Pounds.....	309,589,530	304,249,609	+	2
Cigarettes, Number.....	153,166,336,093	134,607,741,257	+	14
Cigars, Number.....	5,182,898,751	4,763,883,947	+	9
Snuff, Pounds.....	38,099,956	36,076,434	+	6

Production figures by States are not available, but the following figures showing taxes paid for stamps give an indication of the large proportion of tobacco manufacturing carried on in the Fifth Federal Reserve district. The district paid 84 per cent of total taxes on cigarettes in 1936, and smoking and chewing tobacco and snuff taxes paid in the district amounted to 45 per cent of the National total, but cigar taxes in the district made up only 11 per cent of the total in the United States. Of the combined taxes paid to the Treasury on all forms of tobacco manufacture in 1936, the Fifth district paid 77 per cent.

	1936	1935	%	Change
Paid on Smoking & Chewing Tobacco & Snuff:				
In North Carolina.....	\$ 22,122,544	\$ 21,187,837	+	4
Virginia	4,457,862	4,304,954	+	4
West Virginia.....	1,416,488	1,347,074	+	5
Maryland	142	120	+	18
South Carolina.....	2,289	2,584	—	11
District Total.....	\$ 27,999,325	\$ 26,842,569	+	4
United States.....	62,588,149	61,263,934	+	2
Paid on Cigarettes:				
In North Carolina.....	\$250,343,978	\$220,245,053	+	14
Virginia	134,544,668	116,570,363	+	15
Maryland	156	217	—	28
South Carolina.....	6	3	+	100
District Total.....	\$384,888,808	\$336,815,636	+	14
United States.....	459,520,565	403,855,260	+	14
Paid on Cigars:				
In North Carolina.....	\$ 86,264	\$ 73,812	+	17
Virginia	654,765	513,537	+	28
West Virginia.....	176,616	179,619	—	2
Maryland	27,761	28,475	—	3
South Carolina.....	502,726	454,772	+	11
District Total.....	\$ 1,448,132	\$ 1,250,215	+	16
United States.....	12,919,662	12,002,008	+	8
All Tobacco Taxes:				
In district.....	\$414,336,265	\$364,908,420	+	14
In United States.....	535,028,376	477,121,202	+	12

Construction

Building Permits Issued in January 1937 and 1936

CITIES	Permits 1937	Issued 1936	Total 1937	Valuation 1936
Baltimore, Md.	664	410	\$1,209,120	\$ 910,449
Cumberland, Md.	19	0	25,150	0
Frederick, Md.	8	6	13,410	1,470
Hagerstown, Md.	18	9	12,265	81,035
Salisbury, Md.	18	13	29,100	5,510
Danville, Va.	21	10	48,235	8,578
Lynchburg, Va.	31	24	68,497	35,853
Norfolk, Va.	98	75	102,415	71,216
Petersburg, Va.	6	2	13,850	33,680
Portsmouth, Va.	30	10	151,425	1,675
Richmond, Va.	110	71	219,267	185,335
Roanoke, Va.	41	21	48,907	11,544
Bluefield, W. Va.	7	1	156,068	27,500
Charleston, W. Va.	81	38	167,155	25,233
Clarksburg, W. Va.	17	14	5,335	14,619
Huntington, W. Va.	6	9	8,400	373,484
Asheville, N. C.	67	13	123,013	12,633
Charlotte, N. C.	56	65	199,980	131,387
Durham, N. C.	23	21	50,750	33,400
Greensboro, N. C.	45	22	45,427	81,575
High Point, N. C.	16	17	22,117	11,093
Raleigh, N. C.	22	7	133,751	6,800
Rocky Mount, N. C.	0	5	0	13,050
Salisbury, N. C.	5	10	3,720	66,420
Winston-Salem, N. C.	62	54	108,231	80,384
Charleston, S. C.	67	48	96,760	162,998
Columbia, S. C.	46	56	114,316	179,628
Greenville, S. C.	21	17	13,132	26,165
Rock Hill, S. C.	5	5	5,425	2,275
Spartanburg, S. C.	20	15	16,881	3,355
Washington, D. C.	333	353	2,460,615	1,585,725
District Totals	1,963	1,421	\$5,672,717	\$4,134,060

Building permits issued in January in thirty-one leading cities of the Fifth Reserve district numbered 1,963, compared with 1,421 permits issued in January 1936, an increase of 38.1 per cent, and estimated valuation figures for last month totaling \$5,672,717 showed an increase of 37.2 per cent over estimated valuation figures totaling \$4,134,060 in January last year. Twenty-two of the thirty-one reporting cities showed higher valuation figures for the 1937 month. All of the five largest cities, Baltimore, Washington, Richmond, Norfolk and Charlotte, increased this year.

Contracts actually awarded in January 1937 for construction work in the Fifth district, including both rural and urban projects, totaled \$32,621,000, compared with \$23,714,162 awarded in January 1936, according to figures collected by the F. W. Dodge Corporation. Of the awards in January this year, \$10,076,900, or 30.9 per cent, was for residential work, while last year residential contracts totaled \$5,951,082, or 25.1 per cent of all awards in January.

Retail Trade, 28 Department Stores

<i>..Baltimore..</i>	<i>Washington</i>	<i>Other Cities</i>	<i>District</i>
January 1937 sales, compared with sales in January 1936:			
+ 9.8	+ 7.5	+ 8.8	+ 8.6
Jan. 31, 1937, stocks, compared with stocks on Jan. 31, 1936:			
+ 9.1	+15.0	+ 6.7	+11.2
Jan. 31, 1937, stocks, compared with stocks on Dec. 31, 1936:			
- 6.1	- 1.6	- .5	- 3.2
Number of times stocks were turned in January 1937:			
.279	.296	.253	.282
Percentage of Jan. 1, 1937, receivables collected in January:			
33.2	27.6	33.8	30.4

In addition to the 28 stores which reported on sales, stocks, receivables and collections, sales figures alone were received from 30 other stores representing for the most part smaller cities and towns. The sales in these 30 stores have been combined with sales in the 28 stores in the above table, and percentages of change calculated on a State basis, as follows:

<i>Va.</i>	<i>W. Va.</i>	<i>N. C.</i>	<i>S. C.</i>	<i>District</i>
12*	10*	8*	13*	58*
January 1937 sales, compared with sales in January, 1936:				
+10.7	+ 3.1	+16.1	+19.5	+ 9.3

* Number of reporting stores. The West Virginia average increase is lower than would have been the case had not Huntington stores closed eight days in January on account of flood conditions.

Wholesale Trade, 55 Firms

20	7	6	12	10
<i>Groceries</i>	<i>Dry Goods</i>	<i>Shoes</i>	<i>Hardware</i>	<i>Drugs</i>
January 1937 sales, compared with sales in January 1936:				
+10.1	+25.2	+11.6	+19.0	+11.2
January 1937 sales, compared with sales in December 1936:				
- 1.3	+12.0	+120.0	+ 5.4	+ 3.1
Jan. 31, 1937, stocks, compared with stocks on Jan. 31, 1936:				
+ 4.7(7*)	+31.3(3*)	+21.4(4*)	+ 4.3(7*)	.....
Jan. 31, 1937, stocks, compared with stocks on Dec. 31, 1936:				
- .1(7*)	+46.7(3*)	+37.9(4*)	+ 4.8(7*)	.....
Percentage of collections in January to receivables Jan. 1:				
117.3(11*)	52.0(4*)	48.2(5*)	48.7(11*)	69.4(6*)

* Number of reporting firms.

(Compiled February 20, 1937)

BUSINESS CONDITIONS IN THE UNITED STATES

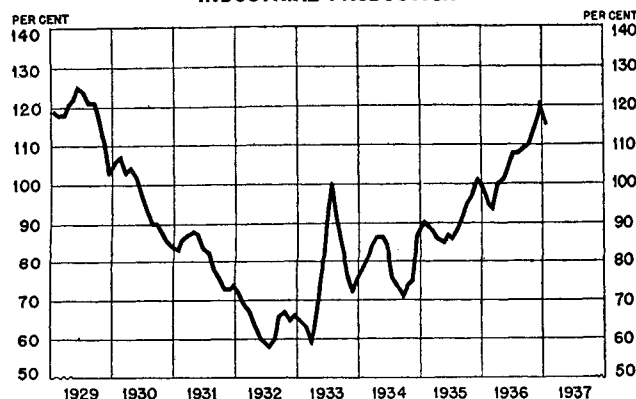
(Compiled by the Board of Governors of the Federal Reserve System)

Industrial activity, adjusted for seasonal changes, showed a decline in January following a rapid rise in November and December. Distribution of commodities to consumers declined more than seasonally.

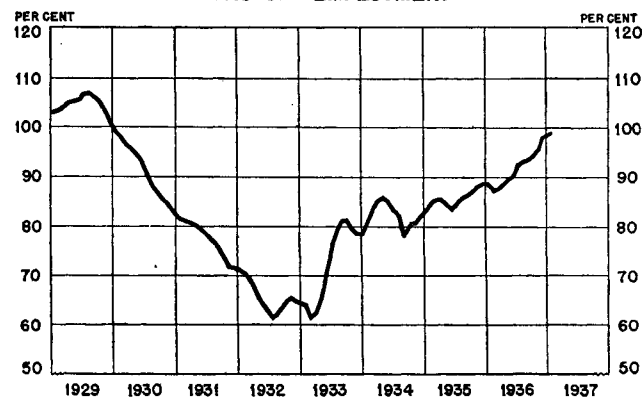
Production and Employment

Volume of industrial production, which usually increases at this time of year, declined from December to January, and the Board's seasonally adjusted index was 115 per cent of the 1923-1925 average as compared with 121 in December and 114 in November. Steel production increased, though by less than the usual seasonal amount, and was larger in January than at any other time during the recovery period. In the first

three weeks of February output of steel increased somewhat further. Output of automobiles was curtailed by strikes in January and the first half of February but after the strikes were settled production rose sharply. At lumber mills there was a considerable decrease in activity in January, reflecting in part the effects of unusually cold weather in the western lumber regions. Production of plate glass declined further in January but toward the end of the month the strikes which had restricted output since October were settled. At textile mills activity declined from the exceptionally high level reached in December, and in the meat packing industry there was also a decrease, while output at shoe factories increased. Mineral production was smaller in January than in December, reflecting a re-

INDUSTRIAL PRODUCTION

Index of physical volume of production, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 through January 1937.

FACTORY EMPLOYMENT

Index of number employed, adjusted for seasonal variation, 1923-1925 average=100. By months, January 1929 through January 1937.

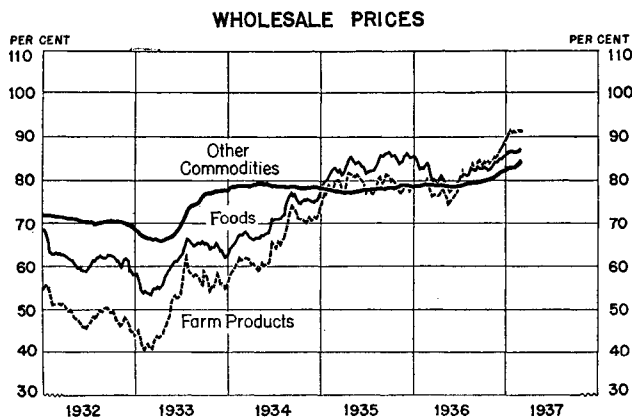
duction in output of coal. There was a further rise in output of crude petroleum.

Value of construction contracts awarded showed a considerable rise in January, according to figures of the F. W. Dodge Corporation, and was substantially larger than a year ago. The most marked increases over December were in factory building, which recently has been in larger volume than at any time since 1930, and in residential building. The increase in residential building was largely in publicly-financed apartment construction.

Factory employment and payrolls showed about the usual seasonal decline between the middle of December and the middle of January. Among the durable goods industries there were increases in employment at blast furnaces and steel mills and at foundries and machine shops, while in the automobile industry there was a considerable decline. In industries producing non-durable goods employment declined by less than the usual seasonal amount, with increases at textile mills and the chemical industries, and seasonal reductions in working forces in most other lines.

Distribution

Department store sales showed the usual seasonal decrease in January, while sales at variety stores and mail order houses declined considerably more than is usual. Car loadings of revenue freight also declined in January, reflecting in part the effects of floods. There were substantial declines in shipments of forest products, coal, and miscellaneous freight.



Commodity Prices

The general level of wholesale commodity prices, which, according to the Bureau of Labor Statistics,

had advanced more than 5 per cent from the end of October to the middle of January, showed little change from the middle of January to the third week of February. Prices of agricultural commodities declined slightly, while industrial commodities as a group continued to advance. There were substantial increases in nonferrous metals, lumber and petroleum and smaller increases in a wide variety of finished products, while prices of glass and certain cotton textiles declined, following rapid increases in other recent months.

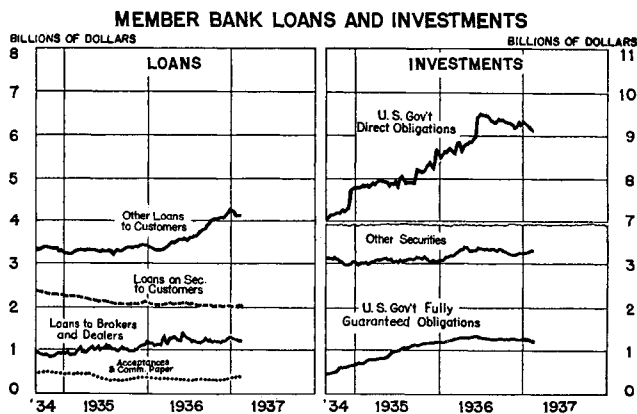
Bank Credit

Totals loans and investments of weekly reporting member banks in leading cities declined somewhat further during the four weeks ending February 17, reflecting principally a decrease in holdings of United States Government obligations. Commercial loans, following a seasonal decline in January, increased at reporting banks outside New York City and remained practically unchanged in New York.

On January 31 the Board of Governors raised reserve requirements for member banks by 33 1/3 per cent, half of the increase to become effective on March 1 and half on May 1. This action completes the use of the Board's authority under the law to raise reserve requirements.

Excess reserves of member banks showed little change in the five weeks ending February 24. There was a further increase at New York City banks and a decline at banks elsewhere.

The rate of Bankers' acceptances was raised 1/16 of 1 per cent on February 1, following a similar increase



on January 16. Market yields on short and medium term Treasury obligations also increased slightly in January and the early part of February, while yields on long term Government bonds showed little change.