

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

January 31, 1940

Annual Survey for 1939

BUSINESS and industry in the Fifth Federal Reserve district continued through 1939 the improvement which began shortly after midyear in 1938, and results attained were materially better than those for the earlier year. Construction work not only exceeded 1938 work, but was also greater than for any other year since 1929. City building permits issued in 1939 exceeded 1938 permits by 35 per cent, and contracts awarded for all types of work, both rural and urban, were 16 per cent higher. The cotton textile industry was very active in the district in 1939, and consumed more cotton than in any earlier year, while rayon mills shipped the largest poundage of yarn since the industry began. Rayon mills, though operating at capacity, were unable to keep production up to shipments in the last half of 1939, and reserve stocks were reduced almost to the vanishing point. Tobacco manufacturing exceeded that of 1938 in all lines except smoking and chewing tobacco. Cigarettes, of which the district makes more than 80 per cent, rose 5 per cent in output in 1939 over 1938. Debits to individual accounts, reflecting transactions through the banks in 12 principal Fifth district cities, gained 6 per cent in comparison with 1938 debits. Commercial failures were fewer in number and lower in liabilities last year than in the preceding year. Sales of new automobiles rose 41 per cent in 1939 over 1938, and retail trade as reflected in department and furniture stores rose 4 per cent and 10

per cent, respectively. Employment in both the number employed and total payrolls showed substantial improvement throughout 1939. In agriculture, farmers had a better year than in 1938, yields and prices both being higher for most crops in the later year. Tobacco prices showed the most marked decline, but a record production offset the price drop and total receipts for the 1939 crop will approximately equal receipts for the 1938 crop. Purchasing power of farmers on the whole was appreciably higher in 1939 than in 1938, and this fact undoubtedly accounts in part for good results shown in distributive lines of trade.

DECEMBER BUSINESS

Considering specific developments in December, the month showed some seasonal recessions from other recent months, but the lines usually active in December did a large volume of business. Retail trade was somewhat above seasonal levels, department store sales rising 68 per cent above November sales and exceeding December 1938 sales by 4 per cent. Furniture sales were 13 per cent above December 1938 sales, and automobile sales were 3 per cent higher than in the final month of 1938. Construction provided for in December permits and contracts compared unfavorably with December 1938 figures, but this was due in part to high 1938 figures and very bad weather last month.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	December 1939	November 1939	December 1938	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,530,670,000	\$1,351,579,000	\$1,425,494,000	+ 13	+ 7
Sales, 31 department stores, 5th district.....	\$ 19,161,614	\$ 11,391,091	\$ 18,410,346	+ 68	+ 4
Sales, 38 furniture stores, 5th district.....	\$ 1,682,668	.....	\$ 1,488,386	.....	+ 13
Sales, 169 wholesale firms, 5th district.....	\$ 9,308,000	\$ 10,745,000	\$ 8,818,000	- 13	+ 6
Registrations, new autos, 5th district.....	19,330	17,380	18,853	+ 11	+ 3
Tobacco sold in 5th district (Pounds).....	78,350,037	260,664,844	29,822,668	- 70	+163
Growers' receipts from tobacco, 5th district.....	\$ 10,387,046	\$ 44,258,844	\$ 4,648,548	- 77	+123
Average price of tobacco, per 100 pounds.....	\$ 13.26	\$ 16.98	\$ 15.59	- 22	- 15
Number of business failures, 5th district.....	43	30	48	+ 43	- 10
Liabilities in failures, 5th district.....	\$ 540,000	\$ 289,000	\$ 934,000	+ 87	- 42
Value of building permits, 31 cities.....	\$ 5,280,866	\$ 8,947,654	\$ 8,387,203	- 41	- 37
Value of contracts awarded, 5th district.....	\$ 22,358,000	\$ 24,056,000	\$ 38,201,000	- 7	- 41
Cotton consumption, 5th district (Bales).....	307,369	341,096	266,650	- 10	+ 15
Cotton price, cents per lb., end of month.....	10.93	9.92	8.60	+ 10	+ 27
Print cloths, 38½ in., 64x60s, end of month.....	5.50	5.13	4.38	+ 7	+ 26
Rayon yarn shipments, U. S. (Pounds).....	30,900,000	32,800,000	26,200,000	- 6	+ 18
Rayon yarn stocks, U. S. (Pounds).....	6,800,000	7,600,000	39,500,000	- 11	- 83
Bituminous coal mined, U. S. (Tons).....	37,283,000	42,835,000	36,541,000	- 13	+ 2

SEASONAL CHANGES IN RESERVE BANK STATEMENT

No change of special significance occurred in the statement of the Federal Reserve Bank of Richmond between December 15, 1939, and January 15, 1940. Circulation of Federal Reserve notes declined seasonally by \$9,687,000 after the holiday need for funds had passed, and member bank reserve deposits rose by \$9,160,000. Government security holdings declined \$4,321,000, and cash reserves rose \$4,272,000. On January 15 this year notes in actual circulation exceeded those in circulation a year ago by \$19,226,000, probably reflecting a more active flow of business and trade this year. Member bank reserve deposits rose by \$40,810,000 during the year, and the Reserve bank's cash reserves increased by \$66,201,000.

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Jan. 15 1940	Dec. 15 1939	Jan. 15 1939
Discounts held	\$ 122	\$ 109	\$ 337
Foreign loans on gold	216	208	0
Open market paper	0	0	24
Industrial advances	942	950	1,466
Government securities	125,588	129,904	134,019
Total earning assets	\$126,863	\$131,171	\$135,846
Circulation of Fed. Res. notes	221,031	230,718	201,805
Members' reserve deposits	288,976	279,816	248,166
Cash reserves	430,976	426,704	364,775
Reserve ratio	77.57	76.58	73.36

In 1939, the Federal Reserve Bank of Richmond handled a total of 76,814,000 checks in its clearing operations, having a total face value of \$13,720,123,000. This is the highest number of checks handled in any year since the Reserve System began, but larger dollar amounts were handled in 1929, 1928, 1926 and 1925. Currency and coin handled in 1939 also exceeded the volume handled in 1938, and transactions through the Interdistrict Settlement Fund in which the Richmond bank was involved exceeded in amount those of the earlier year. The following banks in the Fifth district became members of the Federal Reserve System in 1939:

Merchants & Farmers Bank.....	Portsmouth, Va.
Southern Bank & Trust Co.....	Richmond, Va.
Commercial Bank of Camden.....	Camden, S. C.
Belington Bank	Belington, W. Va.
Bank of Phoebus.....	Phoebus, Va.
Farmers Bank of Mathews.....	Mathews, Va.
Bank of Smithfield.....	Smithfield, Va.
Security Savings & Commercial Bank.....	Washington, D. C.
City National Bank of Fairmont.....	Fairmont, W. Va.
Citizens Bank of Poquoson.....	Odd, Va.

MUTUAL SAVINGS AT RECORD LEVEL

Deposits in 10 Baltimore mutual savings banks increased in December to a new record of \$222,060,975, after a small seasonal decline in November. With only occasional small recessions, deposits showed a steady rising tendency during 1939. In January and February total deposits were lower than in the corresponding months in 1938, but every month after February showed higher figures than a year earlier and new records were set on March 31, April 30, October 31 and December 31. Between December 31, 1938, and December 31, 1939, aggregate deposits in the 10 banks rose from \$219,160,622 to \$222,060,975, an increase of 1.3 per cent. Eight banks gained deposits during the year 1939, while two banks lost deposits, percentage changes ranging from a rise of 14.1 per cent in a small institution to a decline of 3.4 per cent.

MEMBER BANK ITEMS CHANGE LITTLE

Forty-one member banks in 12 leading cities of the Fifth district make a condensed report of condition each week to the Federal Reserve Bank of Richmond, and the accompanying table shows principal items for January 10, 1940, in comparison with corresponding figures on December 13, 1939, and January 11, 1939. Most of the changes last month were either seasonal or daily fluctuations, but the yearly comparisons show material increases in both loans and investments, in reserve balances at the Reserve bank, and in demand deposits.

SELECTED ITEMS—41 REPORTING BANKS

ITEMS	Fifth District		
	Jan. 10 1940	Dec. 13 1939	Jan. 11 1939
Loans & discounts	\$262,031	\$264,576	\$238,628
Investments in securities	455,811	449,111	425,546
Reserve bal. with F. R. bank	189,559	192,636	166,196
Cash in vaults	23,762	24,813	20,364
Demand deposits	526,599	540,913	474,842
Time deposits	198,300	196,702	196,136
Money borrowed	0	0	0

EMPLOYMENT DECLINES MODERATELY

It is customary for employment to decline sharply in the second half of December, part of which is temporary. Immediately after Christmas many extra employees are released by retail establishments, and holiday shut-downs reduce employment and payrolls in industry and tobacco marketing. These shut-downs last from two or three days to two weeks. In addition to the normal influences mentioned, this year the weather after Christmas in a considerable part of the Fifth district was so unfavorable that outside construction work was practically stopped, and building tradesmen found their January pay envelopes materially reduced. However, industries are active and a large volume of construction work is under way, and when the weather permits employment will be about up to the levels of recent months except in retailing and tobacco marketing, both relatively small factors in affecting total employment. During the calendar year 1939, employment appears to have risen something like 12 per cent in the Fifth district, while aggregate payrolls advanced about 21 per cent.

The following figures, compiled by the Bureau of Labor Statistics from records submitted by a large number of identical employers, show trends of employment and payrolls in the Fifth district from November to December:

STATES	Percentage change from Nov. 1939 to Dec. 1939	
	in number on payroll	in amount of payroll
Maryland	+ 2.8	+ 1.0
Dist. of Columbia	+ 5.0	+ 3.1
Virginia	+ 0.3	+ 1.8
West Virginia	- 0.3	- 8.3
North Carolina	+ 0.1	+ 1.2
South Carolina	- 0.7	- 0.5

INSOLVENCIES RISE IN DECEMBER

Fifth district commercial failures in 1939, as reported by *Dun & Bradstreet*, declined 14 per cent in number and 21 per cent in liabilities involved in comparison with figures for 1938, compared with decreases in the United States of 8 per cent in number and 32 per cent in liabilities. The district showed increases in both number and liabilities in December 1939 over November, while the

United States showed a decline in number but an increase in liabilities involved.

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1939	43	882	\$ 540,000	\$ 12,078,000
November 1939	30	886	289,000	11,877,000
December 1938	48	875	934,000	36,528,000
Calendar Year 1939	552	11,781	\$6,357,000	\$168,589,000
Calendar Year 1938	639	12,836	8,052,000	246,505,000

DEBITS ADVANCE SEASONALLY

Debits to individual accounts, measuring checks cashed against deposit accounts of individuals, firms and corporations in 25 Fifth district cities, rose seasonally by 13 per cent in December in comparison with November, and were 7 per cent higher than December 1938 figures. All cities reported higher figures for December than for November except Danville, Durham and Richmond, the first two declining because tobacco markets were closed about ten days in the later month. In comparison with debits in December 1938, those in December 1939 increased in all but three cities, and two of the three declined less than 5/10th of 1 per cent.

In the calendar year 1939 debits in the 25 cities rose 6 per cent over 1938 figures, every city increasing except Durham, and total debits were higher in every month of 1939 than in the corresponding month of 1938. Newport News with an increase of 21 per cent led all cities, due to increased payrolls incident to a large volume of work in the ship building industry.

AUTO SALES ADVANCE FURTHER

Sales of new passenger automobiles in the Fifth district in December 1939 exceeded sales in December 1938 by 3 per cent and sales in December 1937 by 31 per cent. Sales in the past three years followed an interesting course. In 1937 they were very large through August, but in September a steady decline set in and ran through February 1938. From December 1937 through October 1938 sales ran far behind those for corresponding months of the preceding year. In November 1938, however, sales suddenly rose to the highest point of the year to that time, and in December went still higher. Moderate seasonal recessions followed in January and February 1939, but in March sales advanced sharply and in April the highest point of the year was reached. From that point to the end of the year sales were steady, with only one material decline which occurred in September when buyers were awaiting new models. The new models were well received, and in the last three months of 1939 sales were 21 per cent higher than in the same period in 1938 and 16 per cent above sales in the 1937 period. The year 1939 exceeded 1938 in sales by 41 per cent, but lacked 17 per cent of equaling 1937 figures, due to very large sales in the spring and early summer of 1937.

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Dec.	Dec.	% Change	12 Months	12 Months	% Change
	1939	1938		1939	1938	
Maryland	3,696	3,427	+ 8	39,389	27,331	+44
Dist. of Col.	2,116	2,143	- 1	25,637	17,944	+43
Virginia	3,830	3,766	+ 2	42,172	31,204	+35
West Virginia ..	2,147	1,757	+ 22	22,955	16,483	+39
No. Carolina ...	5,446	5,767	- 6	46,160	33,922	+36
So. Carolina ...	2,095	1,993	+ 5	25,100	15,748	+59
District	19,330	18,853	+ 3	201,413	142,632	+41

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	December	November	December	% Change		Annual Totals	Annual Totals	% Change
	1939	1939	1938	Month	Year	1939	1938	
Maryland								
Baltimore	\$ 433,143,000	\$ 354,795,000	\$ 384,745,000	+22	+13	\$ 4,181,609,000	\$ 3,926,328,000	+ 7
Cumberland	9,350,000	8,509,000	8,458,000	+10	+11	97,124,000	88,516,000	+10
Hagerstown	9,734,000	8,541,000	9,360,000	+14	+ 4	102,412,000	97,633,000	+ 5
Dist. of Col.								
Washington	301,770,000	263,313,000	298,121,000	+15	+ 1	3,173,685,000	2,966,804,000	+ 7
Virginia								
Danville	15,161,000	19,735,000	11,792,000	-23	+29	118,345,000	118,278,000	0
Lynchburg	16,930,000	15,121,000	16,439,000	+12	+ 3	170,287,000	170,148,000	0
Newport News	12,933,000	11,600,000	10,411,000	+11	+24	118,554,000	97,881,000	+21
Norfolk	58,812,000	52,022,000	56,963,000	+13	+ 3	588,452,000	549,644,000	+ 7
Portsmouth	5,393,000	4,578,000	5,414,000	+18	0	52,006,000	49,246,000	+ 6
Richmond	183,817,000	186,398,000	182,564,000	- 1	+ 1	1,878,864,000	1,866,125,000	+ 1
Roanoke	31,490,000	28,182,000	29,305,000	+12	+ 7	318,196,000	290,520,000	+10
West Virginia								
Charleston	59,733,000	52,200,000	54,832,000	+14	+ 9	561,194,000	542,757,000	+ 3
Huntington	20,640,000	18,024,000	18,662,000	+15	+11	197,070,000	191,678,000	+ 3
Parkersburg	15,220,000	9,480,000	10,317,000	+61	+48	117,881,000	106,973,000	+10
North Carolina								
Asheville	14,281,000	11,855,000	14,068,000	+20	+ 2	146,133,000	139,591,000	+ 5
Charlotte	75,215,000	66,978,000	65,642,000	+12	+15	738,360,000	637,201,000	+16
Durham	37,117,000	40,469,000	32,511,000	- 8	+14	382,246,000	390,426,000	- 2
Greensboro	24,271,000	22,802,000	22,092,000	+ 6	+10	234,874,000	206,523,000	+14
Raleigh	57,414,000	43,386,000	49,617,000	+32	+16	513,328,000	470,873,000	+ 9
Wilmington	12,337,000	10,997,000	11,342,000	+12	+ 9	129,745,000	125,109,000	+ 4
Winston-Salem	49,037,000	45,559,000	49,147,000	+ 8	0	485,111,000	465,338,000	+ 4
South Carolina								
Charleston	21,849,000	17,760,000	19,082,000	+23	+15	212,501,000	191,341,000	+11
Columbia	29,444,000	23,338,000	31,598,000	+ 4	- 7	325,013,000	294,721,000	+10
Greenville	22,449,000	19,711,000	22,069,000	+14	+ 2	229,312,000	206,938,000	+11
Spartanburg	13,130,000	11,226,000	10,943,000	+17	+20	122,974,000	104,893,000	+17
District Totals	\$1,530,670,000	\$1,351,579,000	\$1,425,494,000	+13	+ 7	\$15,195,276,000	\$14,295,490,000	+ 6

0 indicates a change of less than 1/2 of 1 per cent.

COAL PRODUCTION ABOVE 1938

Bituminous coal production in the United States continued high in December, 37,869,000 net tons mined exceeding output of 36,541,000 tons in December 1938 by 3.6 per cent. In the Fifth district, December production of 10,918,000 tons was 5.2 per cent above 10,381,000 tons in December 1938. Total production in 1939 was 119,226,000 tons in the district and 388,265,000 tons in the United States, compared with production of 106,566,000 tons in the district and 342,407,000 tons in the Nation in 1938. Production was higher in both the district and the United States in every month of 1939 than in 1938 except in April and May, when mines in the Appalachian region were closed pending renewal of wage contracts which expired on April 1. Hampton Roads ports shipped 20,107,806 tons of coal in the calendar year 1939, an increase of 18 per cent over 17,007,212 tons shipped in 1938. Production figures for Fifth district states in 1939 and 1938 were as follows:

SOFT COAL PRODUCTION IN TONS

STATES	Year 1939	Year 1938	% Change
West Virginia	104,722,000	93,037,000	+13
Virginia	13,100,000	12,243,000	+7
Maryland	1,404,000	1,286,000	+9
5th district	119,226,000	106,566,000	+12
United States	388,265,000	342,407,000	+13

CONSTRUCTION ACTIVE IN 1939

A seasonal decline occurred in December in permits issued and contracts awarded in the Fifth district. Building permits issued in 31 cities totaling \$5,280,866 were 41 per cent less than the total of \$8,947,654 in November 1939 and 37 per cent below the total of \$8,387,203 in December 1938. Washington, with permits aggregating \$2,420,925 in December 1939, led all Fifth district cities by a wide margin, Baltimore ranking second with only \$765,455, Norfolk third with \$242,058, Richmond fourth with \$234,413, and Greensboro fifth with \$201,794. Looking at the year's record, however, permits issued in 1939 amounting to \$119,497,614 show an increase of 35 per cent over permits valued at \$88,609,428 in 1938. Nineteen of the 31 cities show higher totals for 1939 than for 1938.

Contracts awarded for construction of all kinds in the district in December totaled \$22,358,000, decreases of 7 per cent from \$24,056,000 awarded in November 1939 and of 41 per cent from \$38,201,000 in December 1938. On the other hand, contracts awarded during the entire year totaled \$377,471,000, an increase of 16 per cent over contracts awarded in 1938 amounting to \$325,692,000. Awards were larger in all 1939 months except August, October, November and December than in the corresponding months of 1938, reaching the highest point of the year with \$46,154,000 in June. During 1939 residential construction accounted for 38 per cent of all contracts awarded, compared with 37 per cent in 1938. In the last quarter of 1938 a large volume of publicly financed projects was started, but activity of this kind was materially reduced in the fourth quarter of 1939, thus accounting for the decline in contracts awarded in October, November and December. Contract figures for Fifth district states, as reported by the *F. W. Dodge Corporation*, were as follows in 1939 and 1938:

CONSTRUCTION CONTRACTS AWARDED
(In thousands of dollars)

STATES	Dec. 1939	Dec. 1938	% Change	Year 1939	Year 1938	% Change
Maryland	\$ 5,088	\$11,907	- 57	\$ 80,833	\$ 72,528	+11
Dist. of Col. ...	2,851	2,893	- 1	77,175	46,437	+66
Virginia	5,085	8,410	- 40	78,502	80,645	- 3
West Virginia ..	1,132	5,888	- 81	31,482	29,630	+ 6
No. Carolina ...	6,354	6,257	+ 2	68,402	61,638	+11
So. Carolina ...	1,848	2,846	- 35	41,077	34,814	+18
5th District ..	\$22,358	\$38,201	- 41	\$377,471	\$325,692	+16

VALUATION OF BUILDING PERMITS ISSUED

CITIES	1939	1938
Maryland		
Baltimore	\$ 16,056,079	\$ 16,291,320
Cumberland	811,792	333,714
Frederick	796,122	349,637
Hagerstown	905,984	432,701
Salisbury	526,310	478,541
Virginia		
Danville	811,647	638,144
Lynchburg	1,318,552	1,037,782
Norfolk	3,310,410	4,581,111
Petersburg	222,532	308,108
Portsmouth	515,668	543,189
Richmond	7,222,627	4,524,045
Roanoke	1,260,064	1,104,865
West Virginia		
Bluefield	475,156	466,725
Charleston	5,383,480	2,956,660
Clarksburg	819,059	381,975
Huntington	3,390,161	1,362,664
North Carolina		
Asheville	998,298	769,748
Charlotte	4,040,962	2,807,592
Durham	2,467,090	2,954,914
Greensboro	2,068,536	1,866,048
High Point	640,456	1,074,858
Raleigh	3,017,020	3,848,382
Rocky Mount	742,475	789,203
Salisbury	316,365	495,470
Winston-Salem	2,261,748	2,394,364
South Carolina		
Charleston	2,825,978	2,148,495
Columbia	4,310,749	1,714,236
Greenville	726,093	1,019,953
Rock Hill	623,382	1,051,101
Spartanburg	856,440	705,965
Dist. of Col.		
Washington	49,776,379	29,177,948
District Totals	\$119,497,614	\$ 88,609,428

Note: Valuation figures for Washington do not include Federal buildings.

1939 RAYON SHIPMENTS SET RECORD

Rayon Organon for January states that the rayon market during 1939 was maintained at the highest level in the history of the industry. Shipments during the first half of the year were well maintained, but did not appreciably reduce reserve stocks of yarn in producers' hands. Shortly after midyear, the market entered a period of sustained activity, and shipments exceeded production by so much that reserve stocks of yarn declined from 32,600,000 pounds on June 30 to 6,800,000 pounds at the end of the year. Shipments during the last half of 1939 reached a new all-time high level for any consecutive six-month period in the 28 years of the rayon industry's commercial operation. Reasons listed for this marked rise in demand for rayon are the general improvement in business, a normal seasonal increase in yarn demand, the initial impetus given to textile activity at the outbreak of the war, increased consumer purchasing power, and expanding retail sales, and finally a wave of buying by fabricators in anticipation of rising costs of rayon production with consequent higher yarn prices. Further, extensive replacement of silk by rayon occurred in 1939, especially in underwear, dresses and hosiery; increased use of rayon was made in

brushed-type knitted garments for women's wear; and greater use in automobile tires and other industrial products was noted. Production figures are not yet available for 1939, but shipments of 356,000,000 pounds of rayon during the year not only exceeded 1938 shipments of 274,100,000 pounds by 30 per cent, but were 20 per cent above the previous record shipments of 297,000,000 pounds in 1936.

COTTON CONSUMPTION SET RECORD IN 1939

Activity at cotton textile mills continued at a very high rate in the first half of December but slackened somewhat toward the end of the month and in early January. Cloth woven by the mills was in excess of shipments, and in the first half of January there were some recessions in cloth prices. Yarn, however, continued firm and in better demand than cloth. Mill margins dropped in December, averaging 13.6 cents against 14.9 cents in November, but were substantially above the average of 10.7 cents in December 1938. On a daily basis, cotton consumption in Fifth district mills in December was about equal to November figures. Due to holiday closings, however, total consumption in December was 10 per cent less than in the preceding month, but exceeded December 1938 consumption by 15 per cent. Total consumption in Fifth district mills in 1939 was 22 per cent above 1938 consumption, and set a new record, exceeding the previous high of 3,513,067 bales used in 1937 by 4,261 bales.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
December 1939	172,881	124,987	9,501	307,369
November 1939	191,192	136,222	13,682	341,096
December 1938	145,327	112,245	9,078	266,650
12 months, 1939	1,941,541	1,433,603	142,184	3,517,328
12 months, 1938	1,542,706	1,196,000	137,224	2,875,930

A report on spindle activity in December, released by the Bureau of the Census on January 19, shows South Carolina in second place with an average of 366 hours of operation per spindle in place, and North Carolina averaging 330 hours, both above the National average of 322 hours. Virginia with 223 hours dropped behind the National average. South Carolina led in total spindle hours of operation in December with 2,037,897,258 hours, while North Carolina was second with 1,920,251,812 hours, the two states, with the addition of 142,827,710 hours for Virginia, accounting for 51 per cent of the United States total of 8,039,846,023 hours of operation.

COTTON PRICES AND EXPORTS RISE

Spot cotton prices on 10 Southern markets, which had risen to an average of 10.92 cents for middling grade on December 15, averaged 10.93 cents on December 29, the highest figure of the year, but in the next two weeks a decline occurred to 10.81 cents on January 12. On January 13, 1939, the average price was 8.49 cents. Apparently the chief influence tending to raise cotton prices in November and December was a desire to take advantage of export subsidy rates before they were substantially reduced or abolished. Exports of cotton in December

totalled 806,720 bales, more than double 368,043 bales shipped abroad in December 1938, and total exports since August 1, 1939, of 3,143,395 bales compare with 1,902,367 bales exported in the last 5 months of 1938.

COTTON CONSUMPTION AND ON HAND—BALES

	Dec. 1939	Dec. 1938	Aug. 1 to Dec. 31 1939	Aug. 1 to Dec. 31 1938
Fifth district states:				
Cotton consumed	307,369	266,650	1,566,475	1,348,619
Cotton growing states:				
Cotton consumed	555,756	480,220	2,811,574	2,370,944
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,593,624	1,482,737	.....	.....
Storage & compresses	14,531,828	15,280,678	.....	.....
United States:				
Cotton consumed	652,695	565,627	3,311,702	2,798,708
Cotton on hand Dec. 31 in				
Consuming establishments ..	1,859,664	1,700,877	.....	.....
Storage & compresses	14,581,642	15,339,729	.....	.....
Exports of cotton	806,720	368,043	3,143,395	1,902,367
Spindles active, U. S.	22,777,936	22,432,648	.....	.....

TOBACCO PRICES DECLINE IN DECEMBER

Auction sales of tobacco in the Fifth district in December totaling 78,350,037 pounds were unusually large for that month, but selling of the 1939 crop was delayed by the market shut-down from September 13 to October 10. The better grades of tobacco having been sold earlier, prices in December showed the customary season-end decline. Sales this season prior to December 31 reflected the very large production for 1939, and totaled nearly 45 per cent more than sales in 1938 prior to December 31, but the effect of the large crop on prices was also shown by a reduction of 31 per cent in the average paid in 1939 from the 1938 price.

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	December 1939	December 1938	1939	1938
No. Carolina	47,396,442	13,555,897	\$13.71	\$16.82
N. C. season to 12/31..	740,954,145	498,445,541	15.84	22.97
Virginia (Flue cured) ..	20,333,687	6,847,356	12.33	15.90
(Fire cured) ..	5,000,323	4,326,893	10.81	10.13
(Burley) ..	5,109,250	4,516,608	15.41	17.25
(Sun cured) ..	510,335	575,914	10.52	10.92
Virginia, Total	30,953,595	16,266,771	12.56	14.56
Va. season to 12/31..	126,710,735	95,908,044	15.00	21.28
So. Carolina, Season..	117,217,526	86,670,522	14.56	22.24
District, December	78,350,037	29,822,668	13.26	15.59
District, Season to 12/31	\$84,882,406	681,024,107	15.58	22.64

TOBACCO MANUFACTURING DECLINES

Production of tobacco products declined further in December, chiefly due to holidays at Christmas. Production figures for December 1939 and 1938 were given by the Bureau of Internal Revenue as follows:

TOBACCO PRODUCTS MANUFACTURED

	Dec. 1939	Dec. 1938	% Change
Smoking & chewing tobacco, pounds	21,088,322	23,728,246	-11
Cigarettes, number	12,802,800,103	12,655,993,013	+1
Cigars, number	331,203,629	333,981,623	-1
Snuff, pounds	2,968,418	3,398,232	-13

Total production of tobacco products in 1939 and 1938 was as follows:

	Year 1939	Year 1938	% Change
Smoking & chewing tobacco, pounds	302,777,328	305,926,710	-1
Cigarettes, number	172,421,537,347	163,758,508,313	+5
Cigars, number	5,311,393,887	5,138,742,434	+3
Snuff, pounds	38,017,336	37,333,930	+2

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Dec. collections to accounts outstanding Dec. 1
	Dec. 1939 comp. with December 1938	Year 1939 comp. with same period in 1938	Dec. 31, 1939 1938	Nov. 1939 1938	
Richmond (3)	+ 4.5	+ 4.1	+ 2.6	-28.5	33.6
Baltimore (8)	+ 6.5	+ 4.1	+ 0.2	-21.8	34.7
Washington (6) ..	+ 1.7	+ 4.5	+ 6.0	-25.0	28.6
Other Cities (14) .	+ 6.3	+ 5.3	+13.0	-25.2	31.2
District (31) ...	+ 4.1	+ 4.4	+ 4.2	-24.4	31.4
Same stores by states, with 26 stores added:					
Virginia (13)	+ 4.5	+ 4.4	...	...	...
West Virginia (10)	+ 6.9	+ 4.7	...	...	...
North Carolina (9)	+ 4.6	+ 5.2	...	...	...
South Carolina (11)	+ 6.1	+ 9.6	...	...	...

RETAIL FURNITURE SALES

% Change in Sales, December and Year 1939

STATES	Compared with	
	Dec. 1938	Year 1938
Maryland, 10 stores	+17.3	+10.3
Dist. of Col., 7 stores	+ 3.1	+ 5.9
Virginia, 10 stores	+ 2.7	+ 5.9
North Carolina, 3 stores	+33.0	+20.8
South Carolina, 7 stores	+12.2	+24.6
5th District, 38 stores*	+13.0	+10.0
Individual Cities:		
Baltimore, 10 stores	+17.3	+10.3
Columbia, 3 stores	+13.8	+ 2.4
Richmond, 5 stores	+ 1.9	+ 1.0
Washington, 7 stores	+ 3.1	+ 5.9

* Contains 1 store in West Va.

WHOLESALE TRADE, 169 FIRMS

LINES	Net Sales		Stocks		Ratio Dec. collections to accounts outstanding Dec. 1
	December 1939 compared with Dec. 1938	Nov. 1939 1938	Dec. 31, 1939 1938	Nov. 30 1939 1938	
Auto supplies (6)	+ 9	-12	..	..	61
Shoes (4)	-16	-57	+34	+43	58
Drugs (9)	+ 4	+ 4	+ 3	+ 1	96
Dry goods (7)	-10	-44	+ 7	-11	47
Electrical goods (4) ...	+36	- 6	+15	- 3	93
Groceries (56)	+ 3	- 7	+12	- 3	92
Hardware (18)	+ 6	-19	+10	+ 2	47
Indus. supplies (13) ...	+24	-18	+13	- 1	61
Plumbing & heating (5)	+ 9	-18	+14	+15	57
Paper & products (7) ..	+10	- 1	..	..	59
Tobacco & products (6) .	+ 3	-10	..	..	83
Miscellaneous (34)	+ 8	- 3	0	- 4	73
5th Dist. Totals (169)	+ 6	-13	+10	+ 3	66

The year 1939 turned out well for agriculture in the Fifth district, both because of larger yields and better prices than were gotten in 1938. Yields were larger for corn, cotton, cotton seed, tobacco, sweet potatoes, oats, peanuts and apples, the only important crops showing reductions being Irish potatoes, wheat and hay. The average season prices received by farmers were higher in 1939 than in 1938 for most crops, and where prices were lower the declines were offset by higher production figures. Therefore, cash receipts in 1939 were substantially above 1938, receipts, even tobacco, in which the average price declined drastically, showing a larger dollar return because of a 44 per cent rise in production. Actual cash receipt figures are not available, but the farm values of Fifth district crops grown in 1939 show the following percentage changes over 1938 values: corn +15%, cotton +34%, cotton seed +25%, tobacco +1%, Irish potatoes +6%, sweet potatoes +11%, oats +1%, wheat +6%, hay +2%, peanuts +23%, and apples -13%. Apples is the only major crop having a lower total value than in the preceding year, and this is chiefly due to inability to export the usual part of the crop to England and Continental Europe. Cotton and cotton seed registered the greatest increases in value in 1939, and the Carolinas, in which practically all Fifth district cotton is grown, show the influence of increased purchasing power on the part of farmers. For example, South Carolina led the district in percentage increases of automobile sales and in department store sales last year in comparison with the preceding year.

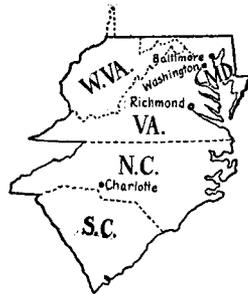
CROPS	Yrs.	Maryland	Virginia	W. Virginia	N. Carolina	S. Carolina	District	Farm Value
Corn (bus.)	1939	18,216,000	36,530,000	13,994,000	48,087,000	25,433,000	142,260,000	\$ 96,419,000
	1938	18,537,000	34,775,000	12,640,000	46,398,000	26,767,000	139,117,000	83,746,000
	Av. 1928-1937	15,617,000	32,225,000	12,384,000	41,355,000	21,335,000	122,916,000	.....
Cotton (bales)	1939	.....	12,000	.....	455,000	870,000	1,337,000	62,159,000
	1938	.....	12,000	.....	388,000	648,000	1,048,000	46,328,000
	Av. 1928-1937	.....	40,000	.....	702,000	827,000	1,569,000	.....
Cotton Seed (tons)	1939	.....	5,000	.....	202,000	386,000	593,000	13,367,000
	1938	.....	6,000	.....	172,000	288,000	466,000	10,668,000
	Av. 1928-1937	.....	18,000	.....	312,000	367,000	697,000	.....
Tobacco (lbs)	1939	29,796,000	138,232,000	2,175,000	773,810,000	130,200,000	1,074,213,000	165,925,000
	1938	29,250,000	98,906,000	2,415,000	516,850,000	98,800,000	746,221,000	163,700,000
	Av. 1928-1937	25,217,000	98,075,000	3,400,000	493,927,000	79,624,000	700,243,000	.....
Irish Potatoes (bus.)	1939	2,375,000	6,786,000	3,040,000	8,200,000	3,108,000	23,509,000	18,535,000
	1938	2,990,000	10,428,000	2,720,000	8,690,000	2,760,000	27,588,000	17,526,000
	Av. 1928-1937	3,257,000	12,352,000	3,109,000	8,028,000	2,476,000	29,222,000	.....
Sweet Potatoes (bus.)	1939	1,440,000	4,128,000	.....	8,624,000	6,834,000	21,026,000	13,964,000
	1938	1,040,000	3,570,000	.....	8,748,000	6,468,000	19,826,000	12,616,000
	Av. 1928-1937	1,156,000	4,285,000	.....	7,896,000	4,965,000	18,302,000	.....
Oats (bus.)	1939	1,128,000	1,600,000	1,460,000	5,692,000	11,515,000	21,395,000	8,903,000
	1938	1,312,000	1,978,000	1,806,000	5,566,000	10,648,000	21,310,000	8,775,000
	Av. 1928-1937	1,364,000	2,287,000	2,218,000	3,906,000	8,488,000	18,263,000	.....
Wheat (bus.)	1939	7,352,000	7,511,000	2,102,000	5,100,000	2,415,000	24,480,000	20,939,000
	1938	9,420,000	8,526,000	2,340,000	5,440,000	1,771,000	27,497,000	19,678,000
	Av. 1928-1937	8,419,000	8,764,000	1,983,000	4,496,000	1,054,000	24,716,000	.....
Hay (tons)	1939	518,000	983,000	718,000	991,000	541,000	3,751,000	45,234,000
	1938	558,000	1,146,000	802,000	958,000	470,000	3,934,000	44,349,000
	Av. 1928-1937	464,000	916,000	645,000	654,000	338,000	3,017,000	.....
Peanuts (lbs.)	1939	.....	189,175,000	.....	290,700,000	11,840,000	491,715,000	17,505,000
	1938	.....	146,010,000	.....	249,075,000	7,800,000	402,885,000	14,195,000
	Av. 1928-1937	.....	148,630,000	.....	238,750,000	8,517,000	395,897,000	.....
Apples, Commercial (bus.)	1939	1,700,000	7,500,000	4,000,000	580,000	.....	13,780,000	8,411,000
	1938	1,419,000	7,268,000	3,227,000	480,000	.....	12,394,000	9,710,000
	Av. 1928-1937	1,331,000	8,153,000	3,576,000	657,000	.....	13,717,000	.....

(Compiled January 20, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 29, 1940

Summary of January Business Conditions

SEVERAL indicators of business conditions customarily decline sharply in January and the first half of February, but this year's recessions were moderate in the Fifth Reserve district, and in comparison with trade and industry in the first six weeks of 1939, this year shows a continuation of a much higher level of activity. The only distinctly unfavorable comparison with January last year is in construction, both building permits and contracts awarded declining materially this year. However, this year's figures are compared to unusually high figures for January 1939, and in addition severe weather this year mitigated against formation of construction plans. Debits to individual accounts figures, while showing a normal decline from December figures, were 13 per cent above January 1939 debits. Tobacco sales in the district were larger in January than is normal for that month, marketing this year being later because of the shut-down of markets in September and October. Business failures increased in January over December, as they nearly always do, but declined 15 per cent from the number of insolvencies reported in January last year. Cotton consumption in Fifth district mills in January was at a record level for that month, and exceeded January 1939 consumption by 20 per cent, while shipments of rayon yarn to consumers were 18 per cent above shipments in the

first month of 1939. Bituminous coal mined in January exceeded production in December by 24 per cent and in January 1939 by 29 per cent.

RETAIL DISTRIBUTION CONTINUES ACTIVE

A continuation of activity in retail lines attests a distinct improvement in consumer purchasing power over a year ago. Sales reported by 31 department stores in the Fifth district for January were 9 per cent above the volume of sales in the same stores in January last year, and 39 retail furniture stores indicated an increase of 8 per cent in this year's business. Reports from 184 wholesale firms also give an increase of 8 per cent in sales this January over January a year ago. New automobiles registered in January 1940, in spite of severe weather and roads which were practically closed the final week in the month, increased 28 per cent over registrations in January 1939.

Such farm work as is usually done at this season has been retarded by cold, rain and snow, but the rain and snow gave the soil plenty of moisture and in the end will be beneficial to farmers. While crops in certain sections of the United States were severely hurt by cold weather, the Fifth district apparently escaped substantial damage of this kind.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	January 1940	December 1939	January 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,381,416,000	\$1,530,670,000	\$1,223,743,000	— 10	+ 13
Sales, 31 department stores, 5th district.....	\$ 7,218,855	19,161,614	6,604,159	— 62	+ 9
Sales, 39 furniture stores, 5th district.....	\$ 922,580	1,692,254	855,203	— 45	+ 8
Sales, 184 wholesale firms, 5th district.....	\$ 9,833,000	\$ 9,679,000	\$ 9,085,000	+ 2	+ 8
Registrations, new autos, 5th district.....	17,660	19,330	13,771	— 9	+ 28
Tobacco sold in 5th district (Pounds).....	51,332,975	78,350,037	17,989,861	— 34	+185
Growers' receipts from tobacco, 5th district.....	\$ 6,082,958	\$ 10,387,046	\$ 2,477,204	— 41	+146
Average price of tobacco, per 100 lbs.....	\$ 11.85	\$ 13.26	\$ 13.77	— 11	— 14
Number of business failures, 5th district.....	58	48	68	+ 21	— 15
Liabilities in failures, 5th district.....	\$ 579,000	\$ 544,000	\$ 618,000	+ 6	— 6
Value of building permits, 31 cities.....	\$ 4,987,380	\$ 5,280,866	\$ 10,266,893	— 6	— 51
Value of contracts awarded, 5th district.....	\$ 22,016,000	\$ 22,358,000	\$ 25,613,000	— 2	— 14
Cotton consumption, 5th district (Bales).....	346,605	307,369	287,869	+ 13	+ 20
Cotton price, cents per pound, end of month.....	10.52	10.93	8.56	— 4	+ 23
Print cloths, 38½ in., 64x60s, end of month.....	5.25	5.50	4.25	— 5	+ 24
Rayon yarn shipments U. S. (Pounds).....	31,900,000	32,000,000	27,100,000	0	+ 18
Rayon yarn stocks, U. S. (Pounds).....	7,000,000	6,400,000	39,500,000	+ 9	— 82
Bituminous coal mined, U. S. (Tons).....	46,155,000	37,283,000	35,750,000	+ 24	+ 29

RESERVE BANK FIGURES CHANGE LITTLE

Total earning assets of the Federal Reserve Bank of Richmond remained practically unchanged between January 15 and February 15, while Federal Reserve notes in actual circulation declined seasonally and member bank reserve deposits rose moderately. The bank's cash reserves also increased during the month. In comparison with figures for February 15 last year, this year's figures show substantial increases in Reserve notes in circulation, in member bank reserve deposits, and in the Bank's cash reserves.

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Feb. 15 1940	Jan. 15 1940	Feb. 15 1939
Discounts held	\$ 117	\$ 122	\$ 140
Foreign loans on gold.....	216	216	0
Open market paper.....	0	0	24
Industrial advances	933	942	1,249
Government securities	125,583	125,583	133,524
Total earning assets	\$126,849	\$126,863	\$134,937
Circulation of Fed. Res. notes.....	219,648	221,031	196,427
Members' reserve deposits.....	297,664	288,976	229,093
Cash reserves	438,385	430,976	361,713
Reserve ratio	77.96	77.57	73.78

MEMBER BANK LOANS RISE SLIGHTLY

Loans made by 41 regularly reporting member banks increased slightly between January 17 and February 14, but investments in securities declined by about the same amount. Both demand and time deposits rose during the four weeks, and reserve balances increased at the Reserve bank. Figures for most items in the skeleton statement of condition are materially higher than at mid-February last year, cash in vault rising 32 per cent, reserve balances 31 per cent, demand deposits 15 per cent, and loans and discounts 13 per cent.

SELECTED ITEMS—41 REPORTING BANKS

ITEMS	Fifth District		
	Feb. 14 1940	Jan. 17 1940	Feb. 15 1939
Loans and discounts	\$262,975	\$260,994	\$232,604
Investments in securities	450,497	452,239	430,160
Reserve bal. with F. R. bank.....	192,962	191,585	146,816
Cash in vaults	22,024	21,501	16,694
Demand deposits	531,919	529,359	464,032
Time deposits	200,084	198,761	197,779
Money borrowed	0	0	0

MUTUAL SAVINGS AGAIN SET RECORD

For the second successive month, mutual savings deposits in 10 Baltimore banks rose in January to a new record. The total of \$222,744,893 on deposit on January 31, 1940, was 0.3 per cent above deposits aggregating \$222,060,975 on December 31, 1939, and 1.5 per cent over \$219,452,382 on deposit on January 31, 1939. The December 31 figure was the highest on record to that date. Nine of the 10 mutual savings banks increased their deposits last month, while 8 of the 10 increased them over the January 1939 figures.

DEBITS CONTINUE ABOVE PREVIOUS YEAR

Checks cashed against depositors' accounts in 25 Fifth district cities in January 1940 totaled 13 per cent above debits in January last year, but showed a seasonal recession of 10 per cent from December 1939. In comparison with figures for January 1939, last month's figures were higher in every city, Newport News leading with an increase of 46 per cent, followed by gains in Durham of 26 per cent, in Charlotte of 24 per cent, in Parkersburg of 22 per cent, in Danville of 21 per cent, and in Balti-

more of 20 per cent. All cities declined in January from December except Columbia, which rose 3 per cent.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month	Year
	Jan. 1940	Dec. 1939	Jan. 1939		
Maryland					
Baltimore	\$ 401,652	\$ 433,143	\$ 333,709	- 7	+20
Cumberland	8,041	9,350	7,015	-14	+15
Hagerstown	8,585	9,734	7,312	-12	+17
Dist. of Col.					
Washington	281,077	301,770	258,068	- 7	+ 9
Virginia					
Danville	10,065	15,161	8,331	-34	+21
Lynchburg	15,861	16,930	15,041	- 6	+ 5
Newport News ..	11,664	12,933	7,982	-10	+46
Norfolk,	51,563	58,812	48,237	-12	+ 7
Portsmouth	4,534	5,393	4,065	-16	+12
Richmond	159,624	183,817	158,338	-13	+ 1
Roanoke	27,913	31,490	24,753	-11	+13
West Virginia					
Charleston	50,997	59,733	44,580	-15	+14
Huntington	17,295	20,640	15,734	-16	+10
Parkersburg	10,298	15,220	8,440	-32	+22
North Carolina					
Asheville	13,251	14,281	12,197	- 7	+ 9
Charlotte	68,517	75,215	55,401	- 9	+24
Durham	31,294	37,117	24,780	-16	+26
Greensboro	20,089	24,271	17,994	-17	+12
Raleigh	53,245	57,414	48,817	- 7	+ 9
Wilmington	11,895	12,337	10,568	- 4	+13
Winston-Salem ..	39,841	49,037	38,343	-19	+ 4
South Carolina					
Charleston	19,822	21,849	16,644	- 9	+19
Columbia	30,456	29,444	27,194	+ 3	+12
Greenville	22,309	22,449	19,794	- 1	+13
Spartanburg	11,528	13,130	10,406	-12	+11
District Totals ..	\$1,381,416	\$1,530,670	\$1,223,743	-10	+13

BANKRUPTCIES SHOW SEASONAL RISE

Pressure of year-end settlements usually proves disastrous for many firms, and consequently business failures tend to rise in January over December. This rise occurred in both the Fifth district and the United States in January 1940, but improvement was shown in comparison with failures in January 1939. Bankruptcy figures reported by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1940	58	1,237	\$ 579,000	\$15,279,000
December 1939	48	1,153	544,000	13,243,000
January 1939	68	1,567	618,000	20,790,000

WEATHER REDUCES EMPLOYMENT

Some seasonal reduction in employment occurred in January, due to release of extra workers taken on by retailers for the holiday trade and to closing of tobacco markets in certain cities. In addition, weather was so unfavorable for outside work during practically the entire month that building tradesmen and unskilled labor on construction projects worked very little. On the other hand, industrial plants continued operations at a high rate, and coal production in January rose. On the whole, employment in January was below the level of December, but the change was relatively small and was temporary to a considerable degree. The following figures, compiled chiefly by the Bureau of Labor Statistics from reports furnished by a large number of industries, show the trends of employment and payrolls in the fifth district from December to January, the latest available figures:

STATES	Percentage change from Dec. 1939 to Jan. 1940	
	In number on payroll	In amount of payroll
Maryland	- 4.9	- 5.0
Dist. of Columbia	-14.1	- 9.6
Virginia	- 2.3	- 3.1
West Virginia	- 3.3	- 2.5
North Carolina	- 2.2	- 4.6
South Carolina	- 0.1	- 1.1

AUTO SALES ABOVE JANUARY 1939

There was a 9 per cent decrease in registration of new passenger automobiles in the Fifth Reserve district in January 1940 in comparison with December 1939 registrations, but figures for last month were 28 per cent higher than January 1939 figures. The decrease in registrations from December to January was seasonal, and was further accounted for by severe weather from January 24 to the end of the month, deep snows especially in Virginia and the two Carolinas adversely affecting distribution of new cars. Sales by manufacturers to dealers in January set a new record for that month, and indicate that dealer stocks increased moderately during the month. Stocks of used cars also rose during January, but by not more than seasonal average. Plans made by manufacturers for the spring are based upon expectations of a continuation of sales substantially exceeding those for 1939.

REGISTRATION OF NEW PASSENGER CARS—Number

STATES	January 1940	January 1939	% Change
Maryland	3,346	2,486	+35
Dist. of Columbia	1,730	1,282	+35
Virginia	3,897	3,041	+28
West Virginia	2,045	1,423	+44
North Carolina	4,296	3,609	+19
South Carolina	2,346	1,930	+22
District	17,660	13,771	+28

CONSTRUCTION SLOWS DOWN

Construction provided in building permits issued in January 1940 was in materially smaller volume than in January 1939, and also below the level of December 1939. Very severe weather in January this year probably played a part in keeping down permits. Thirty-one cities issued permits totaling \$4,987,380 in January, a decrease of 5.6 per cent below \$5,280,866 reported for December permits and 51.4 per cent below permits amounting to \$10,266,893 in January 1939. Washington led in January 1940 permits with \$1,413,255, followed by Columbia with \$726,152, Baltimore with \$557,682, Charlotte with \$529,605, and Richmond with \$351,225. Only 8 of the 31 cities reported higher figures last month than in January 1939.

Contracts actually awarded in the Fifth district in January 1940 totaled \$22,016,000, compared with \$22,358,000 for December and \$25,613,000 for January 1939. Virginia and South Carolina contract awards in January exceeded the January 1939 awards, but all other sections of the district declined. Contract figures for Fifth district states, as reported by *F. W. Dodge Corporation*, were as follows in January 1940 and 1939:

CONSTRUCTION CONTRACTS AWARDED

STATES	January 1940	January 1939	% Change
Maryland	\$ 6,319,000	\$ 6,969,000	- 9
Dist. of Columbia	2,529,000	3,583,000	-29
Virginia	5,163,000	4,869,000	+ 6
West Virginia	908,000	3,484,000	-74
North Carolina	4,009,000	4,163,000	- 4
South Carolina	3,088,000	2,545,000	+21
Fifth District	\$22,016,000	\$25,613,000	-14

COAL MINING CONTINUES ACTIVE

Bituminous coal mined in the United States in January 1940 totaled 46,155,000 net tons, 23.8 per cent above 37,283,000 tons mined in December and 29.1 per cent above 35,750,000 tons in January 1939. Total production this coal year to February 10 amounted to 342,797,000 tons, an increase of 11.3 per cent above 307,967,000 tons dug during the 1938-1939 coal year before February 10.

Shipments of coal through Hampton Roads this calendar year prior to February 10 totaling 2,921,641 tons exceeded shipments of 2,580,901 tons in the same period last year by 13.2 per cent. In the Fifth district, coal mined in January 1940, December 1939 and January 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	January 1940	December 1939	January 1939
West Virginia	11,155,000	9,513,000	8,809,000
Virginia	1,441,000	1,242,000	1,149,000
Maryland	164,000	163,000	143,000
5th District	12,760,000	10,918,000	10,101,000
United States	46,155,000	37,283,000	35,750,000
% in District	27.6	29.3	28.3

COTTON TEXTILE PRODUCTION EXCEEDS ORDERS

Fifth district cotton cloth and yarn mills continued operations at an unusually high rate since the beginning of 1940, despite a tendency to slow down since the middle of January. Cloth prices weakened slightly in the past month, and yarn prices also softened. Orders received in the past month or two did not keep pace with production, and mills not only reduced the backlog of orders built up last fall but in some instances added to goods in stock. Consumption of cotton by states in the Fifth district in January 1940, December 1939 and January 1939, in bales, is shown in the accompanying table:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
January 1940	190,299	142,554	13,752	346,605
December 1939	172,881	124,987	9,501	307,369
January 1939	157,469	118,879	11,521	287,869

RAYON DELIVERIES CONTINUE LARGE

Shipments of rayon filament yarn to domestic mills in January 1940 totaled 31,900,000 pounds as compared with 32,000,000 pounds in December and 27,100,000 pounds in January 1939. Stocks of rayon yarn held by producers at the end of January amounted to 7,000,000 pounds, registering the first increase in stocks over the preceding month since April 1939. Stocks on December 31 stood at 6,400,000 pounds, and on January 31, 1939, stocks in primary hands totaled 39,500,000 pounds.

The importance of rayon as a textile fiber has grown enormously in recent years, and since the Fifth Reserve district is a leading producer of rayon, the following data from *Rayon Organon* is of interest:

ANNUAL FIBER CONSUMPTION IN THE UNITED STATES

Years	(Percentages of total consumption)					U. S. Total
	Cotton	Wool	Rayon	Silk	Linen	
1920	88.9%	9.9%	0.3%	0.9%	*	100% (3,180.3)
1921	86.5	11.4	0.7	1.4	*	100 (3,001.0)
1922	85.9	12.0	0.7	1.4	*	100 (3,389.3)
1923	86.1	11.7	0.9	1.3	*	100 (3,622.7)
1924	85.8	11.2	1.4	1.6	*	100 (3,069.0)
1925	86.6	9.9	1.6	1.9	*	100 (3,548.9)
1926	87.3	9.3	1.6	1.8	*	100 (3,684.0)
1927	87.2	8.6	2.4	1.8	*	100 (4,113.8)
1928	86.3	9.0	2.7	2.0	*	100 (3,692.8)
1929	85.5	9.2	3.3	2.0	*	100 (4,005.5)
1930	84.1	8.5	3.8	2.5	1.1	100 (3,103.6)
1931	82.2	9.6	4.9	2.4	0.9	100 (3,232.6)
1932	83.6	7.8	5.3	2.4	0.9	100 (2,946.9)
1933	83.0	8.6	5.9	1.6	0.9	100 (3,678.1)
1934	83.8	7.3	6.2	1.8	0.9	100 (3,169.6)
1935	78.2	11.8	7.3	1.8	0.9	100 (3,524.7)
1936	80.8	9.5	7.5	1.4	0.8	100 (4,292.6)
1937	82.5	8.6	6.9	1.2	0.8	100 (4,434.9)
1938	80.9	7.9	9.1	1.5	0.6	100 (3,587.9)
1939	79.6	8.7	10.2	1.0	0.5	100 (4,568.3)

* Data not available. Figures in parentheses, millions of pounds.

All fibers except silk increased appreciably in poundage used in 1939 over 1938, and combined consumption of

4,558,300,000 pounds of the five fibers set a new record. Cotton used in 1939 totaling 3,626,700,000 pounds was 25 per cent above 1938 and less than 1 per cent under the all-time high of 3,657,100,000 pounds consumed in 1937. Wool consumption in 1939 of 396,500,000 pounds was 39 per cent greater than in 1938 and only 6 per cent below the record of 422,400,000 pounds in 1923. The 1939 consumption of linen at 25,000,000 pounds was 21 per cent above 1938 consumption, but was substantially below the 1936 level. Silk continued to follow the downward trend of recent years, the 1939 figure of 47,300,000 pounds being the smallest annual total since 1923. Finally, rayon consumption (yarn plus staple fiber) set a new record of 462,800,000 pounds in 1939, surpassing the previous record of 327,100,000 pounds in 1938 by 41 per cent.

COTTON CONSUMPTION AND EXPORTS HIGH

Spot cotton prices on 10 Southern markets moved through a narrow range between the middle of January and the middle of February. During the last half of January the price fell from a base average of 10.87 cents on January 19 to 10.52 cents on February 2, but a recovery followed and on February 9 and 16 the average base price was 10.86 cents. Consumption of cotton in the United States set a January record of 730,143 bales last month, and exceeded all other months except March 1937. Exports of cotton in January totaling 1,026,628 bales were the largest for any January since 1927, and were 3.5 times the January 1939 exports of 289,514 bales.

COTTON CONSUMPTION AND ON HAND—Bales

	Jan. 1940	Jan. 1939	Aug. 1 to 1940	Jan. 31 1939
Fifth district states:				
Cotton consumed	346,605	287,869	1,913,080	1,636,488
Cotton growing states:				
Cotton consumed	619,332	508,519	3,430,906	2,879,463
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,498,839	1,413,306		
Storage & compresses	13,146,618	14,696,699		
United States:				
Cotton consumed	730,143	598,132	4,041,845	3,396,840
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,776,931	1,630,427		
Storage & compresses	13,206,819	14,757,627		
Exports of cotton	1,026,628	289,514	4,161,043	2,191,881
Spindles active, U. S.	22,872,414	22,496,544		

TOBACCO MARKETING NEARLY COMPLETED

Tobacco markets in North Carolina and Virginia sold 51,332,975 pounds of producers' tobacco in January 1940, compared with only 17,989,861 pounds sold in January 1939. The average price paid last month was \$11.85 per hundred pounds, against \$13.77 per hundred paid in January last year. A small amount of tobacco remained in growers' hands on January 31, and some markets therefore continued sales in February, but season figures to January 31 shown in the accompanying table are substantially complete for the 1939 crop. They show an increase of 49 per cent in poundage sold this year, but a decrease of 31 per cent in average price. Farmers in the Carolinas and Virginia received approximately \$160,-226,000 for tobacco from the 1939 crop prior to January 31, 1940, an increase of 2 per cent over \$156,649,000 received for the 1938 crop prior to January 31, 1939.

	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	January 1940	January 1939	1940	1939
No. Carolina	26,093,499	3,402,018	\$11.55	\$15.08
N. C. season to 1/31 ..	771,932,772	501,847,559	15.68	22.92
Virginia (Flus-cured) ..	12,033,338	1,852,747	10.02	14.18
(Fire-cured)	6,879,866	6,937,390	11.41	11.31
(Burley)	5,434,378	4,675,904	17.84	16.31
(Sun-cured)	891,394	1,121,802	12.26	13.71
Virginia, Total	25,239,476	14,587,843	12.16	13.46
Va. season to 1/31 ..	151,953,356	110,495,887	14.53	20.25
S. C., season	117,217,526	86,870,522	14.56	22.24
5th District, Jan.	51,332,975	17,989,861	11.85	13.77
Dist., season to 1/31 ..	1,041,103,654	699,013,968	15.39	22.41

TOBACCO MANUFACTURING INCREASES

Production of tobacco products rose sharply in January over December, and cigarette and cigar production went ahead of January 1939. Production figures for January 1940 and 1939 were given by the Bureau of Internal Revenue as follows:

TOBACCO PRODUCTS MANUFACTURED

	Jan. 1940	Jan. 1939	% Change
Smoking & chewing tobacco, pounds	23,528,480	23,716,059	- 1
Cigarettes, number	14,567,591,450	13,862,907,070	+ 5
Cigars, number	388,084,997	349,497,329	+11
Snuff, pounds	3,213,498	3,197,751	0

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Jan collections to accounts outstanding January 1
	Jan. 1940 comp. with January 1939	Jan. 1940 comp. with January 1939	Jan. 31, 1940	Dec. 31, 1939	
Richmond (3)	- 0.1	+ 7.8	- 1.3		34.0
Baltimore (8)	+16.2	+ 1.6	- 8.2		37.3
Washington (6)	+ 7.3	+ 6.3	- 4.7		30.6
Other Cities (14)	+ 6.2	+ 6.1	+ 0.4		30.8
District (31)	+ 9.3	+ 4.8	- 5.0		33.1
Same stores by States with 24 stores added:					
Virginia (13)	+ 1.4	..	..		..
West Virginia (9)	+19.9	..	..		..
North Carolina (9)	+ 0.9	..	..		..
South Carolina (10)	+14.7	..	..		..

RETAIL FURNITURE SALES

STATES	January 1940 sales, comp. with Jan. 1939
Maryland, 10 stores	+21.6
Dist. of Columbia, 7 stores	- 2.4
Virginia, 10 stores	- 5.9
North Carolina, 4 stores	+10.6
South Carolina, 7 stores	+13.8
District, 39 stores*	+ 8.0
* Includes 1 store in W. Va.	
Individual Cities:	
Baltimore, 10 stores	+21.6
Washington, 7 stores	- 2.4
Richmond, 5 stores	-23.3

WHOLESALE TRADE, 184 FIRMS

LINES	Net Sales		Stocks		Ratio Jan. collections to accounts outstanding Jan. 1
	January 1940 compared with Jan. 1939	Dec. 1939	Jan. 31, 1940	Dec. 31, 1939	
Auto supplies (5)	+48	+ 16	..	..	42
Shoes (5)	+ 8	+183	+ 8	+30	47
Drugs (7)	+14	+ 14	..	..	103
Dry goods (9)	+ 8	+ 5	+20	+37	42
Electrical goods (12) ..	+ 2	- 23	+21	+ 3	78
Groceries (58)	+ 8	+ 2	+ 9	- 1	92
Hardware (18)	+ 9	+ 9	+ 9	- 1	43
Indus. supplies (14) ..	+15	- 6	+19	+ 1	60
Plumbing & heating (4) ..	-19	- 37	..	..	48
Paper & products (7) ..	+13	- 5	- 7	+ 2	76
Tobacco & products (6) ..	+ 3	- 20	..	..	84
Miscellaneous (39)	+ 9	- 14	+ 2	- 5	74
Average, 184 firms....	+ 8	+ 2	+ 9	+ 6	65

(Compiled February 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

March 31, 1940

Summary of February Business Conditions

TRADE and industry in the Fifth Federal Reserve district were slightly below seasonal levels in February on the whole, but continued well above the levels of a year ago. Debits to individual accounts, reflecting transactions through the banks in 25 cities, declined somewhat more than usual in February, but were 14 per cent above February 1939 debits. Labor experienced a moderate decrease in employment and payrolls last month, chiefly due to lessened activity in coal mining and the cotton textile industry, but employment continued better than a year ago. Bituminous coal production in the district declined about 9 per cent from January to February, but in the later month was 22 per cent above production in February 1939. Textile mills reduced operations about 7 per cent in February from January in order to bring production of textiles more nearly in line with shipments, but activity during the month was 18 per cent greater than in February last year. Shipments of rayon yarn declined a little more than seasonal average last month, but were 16 per cent above February 1939 shipments. Production of rayon

yarn again exceeded shipments, and reserve stocks rose 19 per cent, but are still 79 per cent less than stocks a year ago.

CONSUMER BUYING HOLDS UP

Distribution of goods in February at retail and wholesale continued substantially above distribution a year ago. Retail trade as reflected by department store sales was 11 per cent greater in February this year than in the same month last year, and retail furniture sales increased 20 per cent. Sales of new passenger automobiles last month exceeded sales in February 1939 by 21 per cent, although sales were 12 per cent less than those in January. Wholesale firms in many lines averaged sale increases of 3 per cent in February this year over January sales, and also sold 14 per cent more than in February 1939. All wholesale lines for which data are available sold more goods in February 1940 than in February 1939 except dealers in Paper & Products, which shows a small decrease of 2 per cent.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	February 1940	January 1940	February 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,189,136,000	\$1,381,416,000	\$1,042,090,000	- 14	+ 14
Sales, 31 department stores, 5th district.....	\$ 7,334,877	\$ 7,218,855	\$ 6,623,599	+ 2	+ 11
Sales, 39 furniture stores, 5th district.....	\$ 1,012,329	\$ 922,580	\$ 847,030	+ 10	+ 20
Sales, 211 wholesale firms, 5th district.....	\$ 11,229,000	\$ 10,907,000	\$ 9,863,000	+ 3	+ 14
Registrations, new autos, 5th district.....	15,581	17,660	12,895	- 12	+ 21
Number of business failures, 5th district.....	46	58	65	- 21	- 29
Liabilities in failures, 5th district.....	\$ 584,000	\$ 579,000	\$ 469,000	+ 1	+ 25
Value of building permits, 31 cities.....	\$ 7,072,557	\$ 4,987,380	\$ 7,216,892	+ 42	- 2
Value of contracts awarded, 5th district.....	\$ 29,605,000	\$ 22,016,000	\$ 19,053,000	+ 34	+ 55
Cotton consumption, 5th district (Bales).....	319,601	346,605	270,630	- 8	+ 18
Cotton price, cents per lb., end of month.....	10.74	10.52	8.72	+ 2	+ 23
Print cloths, 39 in., 80x80, end of month.....	6.63	7.00	.....	- 5	....
Rayon shipments, U. S. (Pounds).....	29,700,000	31,400,000	25,700,000	- 5	+ 16
Rayon yarn stocks, U. S. (Pounds).....	8,300,000	7,000,000	39,600,000	+ 19	- 79
Bituminous coal mined, U. S. (Tons).....	39,270,000	44,940,000	34,134,000	- 13	+ 15

RESERVE BANK CIRCULATION RISES

Changes in the principal items on the statement of the Federal Reserve Bank of Richmond during the past month were of little significance, although Federal Reserve notes in actual circulation showed an unseasonal rise.

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		
	Mar. 15 1940	Feb. 15 1940	Mar. 15 1939
Discounts held	\$ 113	\$ 117	\$ 170
Foreign loans on gold.....	86	216	0
Open market paper.....	0	0	24
Industrial advances	909	933	1,204
Government securities	125,583	125,583	133,524
Total earning assets.....	126,691	126,849	134,922
Circulation of Fed. Res. notes.....	221,028	219,648	195,961
Members' reserve deposits.....	296,184	297,664	233,510
Cash reserves	443,536	438,385	351,097
Reserve ratio	78.28	77.96	73.05

MEMBER BANK LOANS INCREASE

Loans at reporting member banks rose further between February 14 and March 13, while investments in securities again declined. Both demand and time deposits increased during the month, and reserve balances at the Reserve bank rose. On March 13 this year figures were materially higher than on March 15, 1939, for loans, reserve balances, cash in vaults and demand deposits.

SELECTED ITEMS—41 REPORTING BANKS

Fifth District

ITEMS	000 omitted		
	Mar. 13 1940	Feb. 14 1940	Mar. 15 1939
Loans & discounts	\$264,196	\$262,975	\$232,202
Investments in securities.....	446,193	450,497	446,821
Reserve bal. with F. R. bank.....	195,333	192,962	145,974
Cash in vaults	22,483	22,024	16,889
Demand deposits	538,966	531,919	468,908
Time deposits	200,459	200,084	198,789
Money borrowed	0	0	0

DEBITS IN SEASONAL DECLINE

Debits to individual accounts in February 1940 declined by 14 per cent from January figures, about an average seasonal drop, but were 14 per cent above February 1939 debits. Every reporting city in the district showed lower figures in February than in January, but higher figures than in February last year. Newport News reported the smallest decline from January 1940 and the largest increase over February 1939.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	000 omitted			% of Month	Change Year
	Feb. 1940	Jan. 1940	Feb. 1939		
Maryland					
Baltimore	\$ 343,749	\$ 401,652	\$ 294,465	-14	+17
Cumberland	7,454	8,041	6,751	-7	+10
Hagerstown	7,456	8,585	6,305	-13	+18
Dist. of Col.					
Washington	239,885	281,077	220,617	-15	+9
Virginia					
Danville	7,609	10,065	6,606	-24	+15
Lynchburg	13,522	15,861	11,890	-15	+14
Newport News ..	11,067	11,664	8,110	-5	+36
Norfolk	45,217	51,563	41,099	-12	+10
Portsmouth	3,976	4,534	3,695	-12	+8
Richmond	140,191	159,624	125,481	-12	+12
Roanoke	25,301	27,913	22,806	-8	+13
West Virginia					
Charleston	46,355	50,997	38,754	-9	+20
Huntington	15,441	17,295	13,177	-11	+17
Parkersburg	8,290	10,298	7,320	-19	+13
North Carolina					
Asheville	11,547	13,251	10,152	-13	+14
Charlotte	61,375	68,517	50,073	-10	+23
Durham	27,885	31,294	22,345	-11	+25
Greensboro	18,745	20,089	16,630	-7	+13
Raleigh	34,973	53,245	33,698	-34	+4
Wilmington	10,316	11,895	8,753	-13	+18
Winston-Salem ..	35,247	39,841	32,482	-12	+9
South Carolina					
Charleston	17,695	19,822	14,745	-11	+20
Columbia	25,934	30,456	22,562	-15	+15
Greenville	19,664	22,309	15,851	-12	+24
Spartanburg	9,742	11,528	7,723	-15	+26
District Totals ..	\$1,189,136	\$1,381,416	\$1,042,090	-14	+14

MUTUAL SAVINGS CONTINUE AT RECORD LEVEL

Deposits in 10 Baltimore mutual savings banks totaled \$222,888,548 on February 29, 1940, setting a new record for the third successive month. On January 31, 1940, deposits of \$222,744,893 were reported, and on February 28, 1939, deposits totaled \$219,404,340.

INSOLVENCY STATISTICS

Bankruptcy statistics for the Fifth district and the United States, as reported by *Dun & Bradstreet*, are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
February 1940	46	1,042	\$ 584,000	\$13,472,000
January 1940	58	1,237	579,000	15,279,000
February 1939	65	1,202	469,000	13,582,000
2 Months, 1940	104	2,279	1,163,000	28,751,000
2 Months, 1939	133	2,769	1,087,000	34,372,000

EMPLOYMENT DECLINES MODERATELY

The number of workers gainfully employed in the Fifth Reserve district declined moderately in February, chiefly in coal mining and the textile industry. This was partly offset by some improvement in the weather, which allowed for an increase in outside construction work, but on the whole weather continued unusually severe until the middle of March. Tobacco markets have closed for the season, laying off many warehouse employees, but this is a regular seasonal development. The following figures, collected for the most part by the Bureau of Labor, show the trend of employment and payrolls in the Fifth district from January to February:

STATES	Percentage change from	
	Jan. 1940 in number on payroll	to Feb. 1940 in amount of payroll
Maryland	- 1.0	- 1.2
Dist. of Columbia	+ 0.4	+ 0.2
Virginia	- 0.6	- 0.5
West Virginia	- 1.5	- 0.5
North Carolina	- 0.1	+ 1.3
South Carolina	- 0.8	+ 0.2

AUTO SALES APPROACH FEBRUARY RECORD

New passenger automobiles registered in the Fifth district in February totaled 15,581, a seasonal decline from 17,660 cars registered in January but 21 per cent above February 1939 registrations. The number of new cars sold in the district last month exceeded sales in any other February since 1929. Retail sales, however, did not equal shipments from factory to dealers, and dealers' stocks increased substantially. Used car stocks also increased during February. However, spring and early summer sales are expected to reduce both new and used stocks, neither of which are unusually large for this time of year. Registration figures by states, collected by *R. L. Polk & Co.*, are as follows:

REGISTRATIONS OF NEW PASSENGER CARS—NUMBER

STATES	Feb.		% Change	2 Months		% Change
	1940	1939		1940	1939	
Maryland	2,986	2,297	+ 30	6,332	4,783	+32
Dist. of Col. ...	1,617	2,138	- 24	3,347	3,420	- 2
Virginia	3,079	2,608	+ 18	6,976	5,649	+23
West Virginia ..	1,824	1,330	+ 37	3,869	2,753	+41
No. Carolina ...	3,644	2,803	+ 30	7,940	6,412	+24
So. Carolina ...	2,431	1,719	+ 41	4,777	3,649	+31
District	15,581	12,895	+ 21	33,241	26,666	+25

CONSTRUCTION CONTRACTS INCREASE

Building permits issued in 31 Fifth district cities totaled \$7,072,557 in February, compared with \$4,987,380 in January 1940 and \$7,216,892 in February 1939. Washington led last month with permits totaling \$2,531,565, Baltimore was second with \$1,285,494, Richmond third

with \$473,697, and Charleston, W. Va., fourth with \$457,778. Eighteen of the 31 reporting cities issued permits last month in excess of February 1939 valuation, but substantial decreases from 1939 figures in Durham, Charleston, S. C., Spartanburg and Washington pulled this year's district total below the aggregate for February last year.

Contracts actually awarded in the Fifth district last month, valued at \$29,605,000, exceeded awards in any other February since 1929, and were also larger than awards totaling \$22,016,000 in January this year. Two publicly financed contracts awarded last month totaled more than \$9,000,000, one a naval medical center near Bethesda, Md., for \$4,850,000, and the other a War Department office building in Washington for \$4,329,000. Contract award figures collected by the *F. W. Dodge Corporation* by states for February 1940 and 1939 are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Feb. 1940	Feb. 1939	% Change
Maryland	\$10,234,000	\$ 4,697,000	+118
Dist. of Col.	6,839,000	3,307,000	+107
Virginia	4,728,000	4,413,000	+ 7
West Virginia	2,149,000	2,455,000	- 12
North Carolina	3,987,000	2,771,000	+ 44
South Carolina	1,668,000	1,410,000	+ 18
District	\$29,605,000	\$19,053,000	+ 55

COAL MINING SLOWS DOWN

Bituminous coal production in the United States totaled 39,270,000 net tons in February 1940, compared with 44,940,000 tons dug in January and 34,134,000 tons in February 1939. On a work-day basis, production of 1,577,000 tons last month was 8.4 per cent below 1,722,000 tons per day in January but 10.4 per cent above daily output of 1,428,000 tons in February 1939. Shipments through Hampton Roads this calendar year to March 9 of 4,902,966 tons exceeded shipments to the same date in 1939 of 4,427,294 tons by 10.7 per cent. In the Fifth district, coal mined in February 1940, January 1940 and February 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	Feb. 1940	Jan. 1940	Feb. 1939
West Virginia	10,163,000	11,155,000	8,285,000
Virginia	1,269,000	1,441,000	1,084,000
Maryland	153,000	164,000	125,000
5th District	11,585,000	12,760,000	9,494,000
United States	39,270,000	44,940,000	34,134,000
% in District	29.5	28.4	27.8

TEXTILE MILLS ADJUST PRODUCTION

Cotton textile mills restricted operations moderately in February, bringing production more nearly in balance with shipments. The back-log of orders built up last fall having been substantially reduced, some accumulation of inventories began to develop after the first of the year. Prices of unfinished cotton cloth declined in February, and the average mill margin in the first week in March at 11.83 cents compared with an average of 12.25 cents in February. Consumption of cotton by states in the Fifth district in February 1940, January 1940 and February 1939, in bales, is shown in the accompanying table:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
February 1940	174,359	131,419	13,823	319,601
January 1940	190,299	142,554	13,752	346,605
February 1939	143,164	111,097	11,389	270,630
2 months, 1940	364,658	273,973	27,575	666,206
2 months, 1939	305,633	229,976	22,890	558,499

RAYON MARKET CONTINUES ACTIVE

Shipments of rayon filament yarn, as tabulated in *Rayon Organon* for the United States, amounted to 29,700,000 pounds during February, a decline from 31,400,000 pounds

shipped in January but a substantial increase over shipments of 25,700,000 pounds in February 1939. For the second month in succession production exceeded shipments, and reserve stocks rose from 7,000,000 pounds on January 31 to 8,300,000 pounds on February 29. However, reserves of yarn are still very low, and are only a fraction of stocks on hand totaling 39,600,000 pounds at the end of February 1939. No changes of importance have occurred in rayon yarn prices since last fall, but in late February the largest American producer of rayon wood pulp announced advances of \$5 per ton for several grades of bleached sulphite pulp.

COTTON CONSUMPTION RECEDES

Spot cotton prices on Southern markets declined slightly between the middle of February and the middle of March, but mills were not active purchasers and quotations were more or less nominal. The average price for middling grade 15/16 inch staple was 10.86 cents per pound on February 16, but after rising to 10.92 cents on February 23, the price dropped to 10.61 cents on March 15.

COTTON CONSUMPTION AND ON HAND—BALES

	Feb. 1940	Feb. 1939	Aug. 1 to Feb. 29 This Year	Aug. 1 to Feb. 29 Last Year
Fifth district states:				
Cotton consumed	319,601	270,630	2,232,681	1,907,118
Cotton growing states:				
Cotton consumed	565,566	475,360	3,996,472	3,354,823
Cotton on hand Feb. 29 in				
Consuming establishments	1,434,283	1,342,325		
Storage & compresses	12,093,298	14,075,654		
United States:				
Cotton consumed	662,659	562,580	4,704,504	3,959,420
Cotton on hand Feb. 29 in				
Consuming establishments	1,701,510	1,559,417		
Storage & compresses	12,157,074	14,134,827		
Exports of cotton	746,680	263,922	4,916,511	2,455,803
Spindles active, U. S.	22,803,796	22,532,814		

AUCTION TOBACCO MARKETS CLOSE

All tobacco markets have closed for the season, but complete figures on sales are not yet available. Season figures will be published next month.

TOBACCO MANUFACTURING DECREASES

The manufacture of tobacco products declined seasonally in February from January levels, but was in larger volume than in February 1939. Production figures for February 1940 and 1939 were given by the Bureau of Internal Revenue as follows:

TOBACCO PRODUCTS MANUFACTURED

	Feb. 1940	Feb. 1939	% Change
Smoking & chewing tobacco, pounds	23,712,060	22,445,896	+ 6
Cigarettes, number	13,162,661,213	11,781,749,850	+12
Cigars, number	375,824,394	361,233,088	+ 4
Snuff, pounds	3,144,556	2,978,851	+ 6

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Feb. 1940 comp. with February 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks Feb. 29, 1940 comp. with Feb. 1939	Ratio Feb. collections to accounts outstanding Feb. 1
Richmond (3)	+12.7	+ 6.2	+ 8.1	+ 9.8
Baltimore (8)	+10.3	+13.3	+ 7.3	+17.5
Washington (6)	+11.1	+ 9.2	+ 8.9	+12.9
Other Cities (14)	+ 8.2	+ 7.2	+ 7.5	+13.2
District (31)	+10.7	+10.0	+ 8.1	+14.1
Same stores by states, with 24 stores added:				
Virginia (13)	+10.6	+ 5.9	..	..
West Va. (9)	+13.8	+16.3	..	..
No. Carolina (8)	+12.5	+ 6.7	..	..
So. Carolina (11)	+14.6	+15.0	..	..

MONTHLY REVIEW

RETAIL FURNITURE SALES

% Change in Sales, February and 2 Months 1940

STATES	% Change in Sales, February and 2 Months 1940	
	Compared with Feb. 1939	Compared with 2 Months 1939
Maryland, 10 stores	+24	+23
Dist. of Col., 7 stores	+18	+ 8
Virginia, 10 stores	+ 8	+ 1
North Carolina, 4 stores	+ 6	+ 8
South Carolina, 7 stores	+46	+29
District, 39 stores*	+20	+14
Individual Cities:		
Baltimore, 10 stores	+24	+23
Richmond, 5 stores	+21	- 7
Washington, 7 stores	+18	+ 8

* Includes 1 store in W. Va.

WHOLESALE TRADE, 211 FIRMS

LINES	Net Sales February 1940 compared with		Stocks Feb. 29, 1940 compared with		Ratio Feb. collections to accounts outstanding Feb. 1
	Feb. 1939	Jan. 1940	Feb. 28 1939	Jan. 31 1940	
Auto supplies (8)	+18	- 6	+ 5	0	58
Shoes (4)	+20	+46	+14	+ 3	42
Drugs (11)	+19	- 6	+ 3	+ 4	88
Dry Goods (8)	+ 9	+ 4	+21	+ 1	39
Electrical goods (15) ...	+16	+10	+ 9	+ 4	68
Groceries (82)	+14	- 2	+ 7	+ 1	87
Hardware (19)	+13	-14	+ 9	+ 1	37
Indus. supplies (12) ...	+21	+ 2	+15	0	59
Plumbing & heating (7)	+ 9	- 1	+12	- 1	48
Paper & products (9) ...	- 2	-14	- 3	+ 3	61
Tobacco & products (7) ..	+13	+ 3	+ 5	+ 2	75
Miscellaneous (49)	+12	+ 2	+10	- 4	71
District Totals (211) ..	+14	+ 3	+10	+ 1	61

LIVE STOCK ON FARMS ON JANUARY 1, FOR THE PAST TEN YEARS, WITH TOTAL VALUATION FIGURES

(All figures in thousands: i. e., 000 omitted)

	Maryland		Virginia		West Virginia		North Carolina		South Carolina		Fifth District	
	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Horses & colts....	1931	89 \$ 7,387	195	\$13,290	110	\$ 8,690	83	\$ 6,308	28	\$ 1,932	505	\$ 37,607
	1932	87 5,916	187	12,373	106	7,420	77	5,005	25	1,350	482	32,064
	1933	85 5,780	178	11,768	103	7,622	72	4,824	23	1,449	461	31,443
	1934	82 6,806	170	13,770	101	8,686	69	5,862	22	1,760	444	36,884
	1935	80 8,115	163	16,049	99	10,078	67	6,884	21	2,050	430	43,176
	1936	81 9,695	165	19,575	98	11,438	68	7,960	20	2,250	432	50,918
	1937	81 10,062	167	21,307	96	11,604	69	8,675	20	2,465	433	54,113
	1938	82 9,950	167	20,771	96	11,497	69	8,603	20	2,265	434	53,086
	1939	82 9,200	169	19,727	96	11,079	70	8,112	20	2,189	437	50,307
	1940	82 8,481	169	17,728	95	10,119	71	7,892	20	2,092	437	46,312
Mules & colts....	1931	29 3,045	94	8,014	13	1,079	282	32,148	183	16,836	601	61,122
	1932	29 2,755	93	7,834	12	888	279	24,831	181	13,394	594	49,702
	1933	29 2,581	90	7,442	12	876	285	25,365	179	13,783	595	50,047
	1934	29 2,987	92	9,108	12	972	290	33,596	179	20,943	602	67,606
	1935	29 3,491	93	11,028	12	1,116	295	41,242	183	25,071	612	81,948
	1936	29 4,013	93	13,076	12	1,380	298	51,150	185	30,525	617	100,144
	1937	28 4,004	96	14,546	12	1,428	301	54,110	189	34,398	626	108,486
	1938	28 4,060	94	14,274	12	1,428	305	55,136	187	31,790	626	106,688
	1939	28 3,696	95	14,063	12	1,392	305	53,198	185	30,525	625	102,874
	1940	28 3,668	96	13,830	12	1,272	305	52,287	183	31,010	624	102,067
Cattle & calves....	1931	292 17,841	754	25,536	500	18,000	558	20,032	310	10,261	2,414	91,670
	1932	295 12,154	782	21,706	546	15,561	594	16,157	324	7,679	2,541	73,257
	1933	300 8,700	800	16,955	596	13,350	659	13,575	351	6,844	2,706	59,424
	1934	304 8,725	856	17,291	627	12,540	679	13,399	372	7,031	2,838	58,986
	1935	307 9,687	870	19,740	612	12,856	685	14,624	386	7,327	2,860	64,234
	1936	307 13,913	861	28,443	618	19,530	671	18,225	374	8,131	2,831	88,242
	1937	307 14,735	852	28,906	576	17,491	651	18,813	374	8,834	2,760	88,779
	1938	313 16,397	869	32,250	588	20,447	638	18,896	352	9,322	2,760	97,312
	1939	322 16,324	886	34,161	600	21,415	664	20,716	359	9,731	2,831	102,347
	1940	338 16,593	913	35,402	600	22,116	684	22,010	359	10,270	2,894	106,391
Hogs & pigs.....	1931	168 1,596	508	4,069	168	1,428	913	9,313	494	4,347	2,251	20,753
	1932	160 1,200	551	3,343	176	1,320	954	7,346	576	3,283	2,417	16,492
	1933	180 882	579	2,577	196	1,019	1,096	5,590	600	2,820	2,651	12,888
	1934	186 874	585	2,545	188	884	1,005	5,822	552	2,705	2,516	12,830
	1935	159 1,036	543	3,314	188	1,106	947	7,241	509	2,917	2,346	15,614
	1936	167 1,676	597	5,691	197	1,807	966	10,255	519	4,425	2,446	23,854
	1937	184 1,839	663	6,114	213	1,859	1,111	11,523	550	4,828	2,721	26,163
	1938	191 1,725	663	5,904	209	1,823	1,111	10,994	540	4,635	2,714	25,081
	1939	210 1,845	683	5,722	217	1,834	1,155	10,833	583	4,633	2,848	24,867
	1940	231 1,566	717	4,543	230	1,539	1,167	8,358	688	4,512	3,033	20,518
Sheep & lambs....	1931	107 738	495	3,306	625	3,687	90	522	14	64	1,331	8,317
	1932	104 530	485	2,212	631	2,776	86	335	14	50	1,320	5,903
	1933	99 376	480	1,671	631	2,082	85	264	14	43	1,309	4,436
	1934	95 432	470	2,021	610	2,257	81	278	13	40	1,269	5,028
	1935	94 435	438	1,947	606	2,401	77	287	13	40	1,228	5,110
	1936	86 534	416	2,569	588	3,019	73	351	12	45	1,175	6,518
	1937	84 552	395	2,596	547	2,931	62	321	11	36	1,099	6,436
	1938	81 585	399	2,823	547	3,062	62	362	11	37	1,100	6,869
	1939	77 534	387	2,602	536	2,911	60	353	10	32	1,070	6,432
	1940	77 545	379	2,610	531	2,898	54	318	10	37	1,051	6,408

The number of cattle and hogs on Fifth district farms increased during 1939, but mules and sheep declined, while horses remained unchanged. Average value per head rose for cattle and sheep, but horses and mules declined slightly in value and hogs dropped by nearly 23% per head. During the past 10 years, horses on farms decreased 13% in number but rose 23% in aggregate value; mules rose 4% in number and 67% in value; cattle rose 20% in number and 16% in value; hogs rose 35% in number but

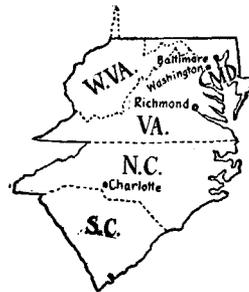
declined 1% in value; and sheep declined 21% in number and 23% in value. Between 1931 and 1940, inclusive, horses varied in average value per head from \$67 in 1932 to \$125 in 1937; mules ranged from \$84 in 1932 and 1933 to \$173 in 1937; cattle ranged from \$20.78 in 1934 to \$37.97 in 1931; hogs ranged from \$4.86 in 1933 to \$9.75 in 1936; and sheep ranged from \$3.39 in 1933 to \$6.25 in 1931.

(Compiled March 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1940

Summary of March Business Conditions

MARCH witnessed a larger volume of retail distribution than March last year, and industry was at about the same relatively high level as a year ago, but seasonal increases over February were in most instances not quite up to expectations.

RETAIL DISTRIBUTION LARGE

Department store sales in the Fifth district in March rose 36 per cent above February sales, and were 5 per cent above March 1939 sales, but most of the increase over last year was due to the earlier date of Easter this year. Because of cold weather, Easter trade was not up to normal volume. Retail furniture sales were moderately higher in March than in either February 1940 or March 1939, and sales of new passenger automobiles last month were the largest for any month since July 1937. At wholesale, distribution of goods in March was a little higher than in the corresponding month last year.

EMPLOYMENT DECLINES MODERATELY

The value of building permits issued in March showed a substantial increase over February valuations, but failed

to equal March 1939 figures. Contracts actually awarded made the same comparison, except that the March increase over February was smaller and the decrease from March last year was larger than the building permit comparisons. Cotton consumption last month in Fifth district mills was lower than in March last year, but rayon yarn production and shipments were both larger. Coal production declined further, but on a daily basis was still slightly higher in March 1940 than a year earlier. Changes in construction work, textile operations and coal mining resulted in some net decline in employment in the Fifth district in March.

FARM WORK LATE

Farm work has been delayed this year by unfavorable weather, and fall planted grains are in poorer condition than a year ago. The cold weather held back premature development of fruit buds and probably prevented damage to apples which frequently occurs in mild winters and springs. It appears that some peaches were seriously damaged by April freezes, but the district average condition is good. Sowing of oats has gone forward rapidly in the past few weeks, and in the extreme southern part of the district some cotton has been planted.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	March 1940	February 1940	March 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,342,709,000	\$1,189,136,000	\$1,242,366,000	+ 13	+ 8
Sales, 31 department stores, 5th district.....	\$ 9,965,594	\$ 7,334,877	\$ 9,489,258	+ 36	+ 5
Sales, 38 furniture stores, 5th district.....	\$ 1,049,111	\$ 986,806	\$ 995,135	+ 6	+ 5
Sales, 200 wholesale firms, 5th district.....	\$ 12,559,000	\$ 11,837,000	\$ 12,386,000	+ 6	+ 1
Registrations, new autos, 5th district.....	21,989	15,581	17,800	+ 41	+ 24
Number of business failures, 5th district.....	44	46	59	— 4	— 25
Liabilities in failures, 5th district.....	\$ 500,000	\$ 584,000	\$ 560,000	— 14	— 11
Value of building permits, 31 cities.....	\$ 11,633,318	\$ 7,092,770	\$ 11,904,407	+ 64	— 2
Value of contracts awarded, 5th district.....	\$ 31,542,000	\$ 29,605,000	\$ 38,946,000	+ 7	— 19
Cotton consumption, 5th district (Bales).....	305,494	319,601	310,642	— 4	— 2
Cotton price, cents per lb., end of month.....	10.50	10.74	8.48	— 2	+ 24
Print cloths, 39 in., 80x80s, end of month.....	6.50	6.63	.....	— 2	.....
Rayon shipments, U. S. (Pounds).....	29,500,000	29,500,000	26,600,000	0	+ 11
Rayon yarn stocks, U. S. (Pounds).....	10,100,000	8,300,000	41,400,000	+ 22	— 76
Bituminous coal mined, U. S. (Tons).....	35,400,000	39,105,000	35,438,000	— 9	0

RESERVE BANK FIGURES SHOW LITTLE CHANGE

Total earning assets of the Federal Reserve Bank of Richmond rose slightly between March 15 and April 15, small advances occurring in discounts held, industrial advances and Government security holdings. Federal Reserve notes in circulation declined seasonally, and member bank reserve deposits were reduced during the month.

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	000 omitted		
	Apr. 15 1940	Mar. 15 1940	Apr. 15 1939
Discounts held	\$ 175	\$ 113	\$ 260
Foreign loans on gold	43	86	0
Open market paper	0	0	24
Industrial advances	915	909	1,177
Government securities	125,871	125,583	134,227
Total earning assets	127,004	126,691	135,688
Circulation of Fed. Res. notes	218,615	221,028	195,287
Members' reserve deposits	236,730	296,184	250,796
Cash reserves	439,782	443,536	367,824
Reserve ratio	78.16	78.28	73.92

MEMBER BANK SECURITY HOLDINGS DECLINE

Forty-one regularly reporting member banks in 12 Fifth district cities increased loans slightly between March 13 and April 10, but investments in securities dropped substantially, principally in one large bank. Reserve balances and cash in vaults also declined during the period, but both demand and time deposits increased.

SELECTED ITEMS—41 REPORTING BANKS

ITEMS	Fifth District		
	000 omitted		
	Apr. 10 1940	Mar. 13 1940	Apr. 12 1939
Loans & discounts	\$268,947	\$264,196	\$237,298
Investments in securities	412,303	446,193	428,735
Reserve bal. with F. R. bank	190,291	195,333	162,850
Cash in vaults	22,146	22,483	20,684
Demand deposits	543,935	538,986	477,751
Time deposits	201,144	200,459	200,421
Money borrowed	0	0	0

DEBITS INCREASE SEASONALLY

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	000 omitted			% of Change	
	Mar. 1940	Feb. 1940	Mar. 1939	Month	Year
Maryland					
Baltimore	\$ 391,008	\$ 343,749	\$ 340,906	+14	+15
Cumberland	8,213	7,454	7,821	+10	+5
Hagerstown	9,326	7,456	8,222	+25	+13
Dist. of Col.					
Washington	287,345	239,885	272,053	+20	+6
Virginia					
Danville	8,019	7,609	7,089	+5	+13
Lynchburg	15,844	13,522	13,439	+17	+18
Newport News	11,519	11,067	8,893	+4	+30
Norfolk	51,227	45,217	50,447	+13	+2
Portsmouth	4,479	3,976	4,260	+13	+5
Richmond	141,849	140,191	139,432	+1	+2
Roanoke	28,527	25,801	30,089	+11	-5
West Virginia					
Charleston	47,474	46,355	45,373	+2	+5
Huntington	17,102	15,441	16,366	+11	+4
Parkersburg	10,344	8,290	8,884	+25	+16
North Carolina					
Asheville	12,500	11,547	12,035	+8	+4
Charlotte	69,942	61,375	58,816	+14	+19
Durham	26,575	27,885	26,375	-5	+1
Greensboro	21,145	18,745	20,422	+13	+4
Raleigh	44,158	34,973	44,645	+26	-1
Wilmington	11,325	10,316	10,300	+10	+10
Winston-Salem	43,909	35,247	41,275	+25	+6
South Carolina					
Charleston	20,651	17,695	16,938	+17	+22
Columbia	29,232	25,934	30,428	+13	-4
Greenville	20,975	19,664	18,530	+2	+8
Spartanburg	10,921	9,742	9,328	+12	+17
District Totals	\$1,342,709	\$1,189,136	\$1,242,366	+13	+8

Debits to individual, firm and corporation accounts in 25 Fifth district cities in March 1940 were 13 per cent higher than debits in February, and 8 per cent above those in March last year. Newport News again led in percentage gain over 1939 figures, but Raleigh showed the largest percentage increase over February.

MUTUAL SAVINGS RISE FURTHER

Mutual savings in Baltimore continue to set new records, and 10 mutual savings banks in that city had deposits totaling \$223,163,689 on March 31, 1940, compared with \$222,888,548 on February 29, 1940, and \$219,931,668 on March 31, 1939. Deposits in 2 of the 10 banks declined during the year, however.

COMMERCIAL FAILURES FALL

Bankruptcies in the Fifth district and the United States were reported for several periods by *Dun & Bradstreet* as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
March 1940	44	1,197	\$ 500,000	\$11,681,000
February 1940	46	1,042	584,000	13,472,000
March 1939	59	1,322	560,000	19,002,000
3 Months, 1940	148	3,476	\$1,663,000	\$40,432,000
3 Months, 1939	192	4,091	1,647,000	53,374,000

EMPLOYMENT IN INDUSTRY DECLINES

Employment in the cotton textile industry declined in the district in March, probably more in aggregate payrolls than in the number of workers, and the same may be said of employment in bituminous coal fields. On the other hand, a seasonal increase in building permits issued and contracts awarded increased the amount of work available in construction fields. On the whole, there was apparently a moderate net decrease in payrolls and a small decline in the number of employed persons in March in comparison with February. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from February to March:

STATES	Percentage change from Feb. 1940 to March 1940	
	In number on payroll	In amount of payroll
Maryland	+ 1.3	+ 2.7
Dist. of Columbia	+ 1.4	+ 1.6
Virginia	+ 0.6	- 0.9
West Virginia	- 0.3	- 3.0
North Carolina	- 1.0	- 1.4
South Carolina	- 0.7	- 1.3

AUTO REGISTRATIONS ADVANCE

Registrations of new passenger automobiles in the Fifth district rose 41 per cent in March in comparison with February, and were 24 per cent above March 1939 registrations. Last month's increase in sales over those in February was up to seasonal expectations, and probably reduced dealers' stocks of cars which had increased in February. The number of new cars sold in the Fifth district last month was the largest for any month since July 1937. The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Mar. 1940	Mar. 1939	% Change	3 Months 1940	3 Months 1939	% Change
Maryland	5,337	4,646	+ 15	11,669	9,429	+ 24
Dist. of Col.	3,087	2,761	+ 12	6,434	6,181	+ 4
Virginia	3,862	2,996	+ 29	10,838	8,645	+ 25
West Virginia ..	2,460	1,584	+ 55	6,329	4,337	+ 46
No. Carolina ...	4,415	3,445	+ 28	12,355	9,857	+ 25
So. Carolina ...	2,828	2,368	+ 19	7,605	6,017	+ 26
District	21,989	17,800	+ 24	55,230	44,466	+ 24

CONSTRUCTION SHOWS SEASONAL RISE

Building permits issued in March 1940 in 31 Fifth district cities totaled \$11,633,318, a seasonal increase of 64 per cent over permits totaling \$7,092,770 issued in February this year but 2 per cent less than \$11,904,407 in permits issued in March 1939. Permits in the first quarter of 1940 totaling \$23,713,468 were 19 per cent less than \$29,388,292 in the first quarter of 1939. Baltimore led in March 1940 permits with \$4,736,694, Washington was second with \$2,634,995, Raleigh third with \$774,300, Richmond fourth with \$680,162, and Charleston, W. Va., fifth with \$269,532.

Contracts actually awarded in March for construction work in the Fifth district totaled \$31,542,000, an increase of 7 per cent over \$29,605,000 in February but a decrease of 19 per cent from \$38,946,000 in March last year. Total awards in the district in the first quarter of 1940 amounted to \$83,163,000, a decrease of 5/10ths of 1 per cent below \$83,612,000 in the first quarter of 1939, but a larger figure than in any other first quarter since 1930. *F. W. Dodge Corporation* reports contract awards by states as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	March 1940	March 1939	% Change
Maryland	\$11,905,000	\$ 7,259,000	+ 64
Dist. of Col.	4,007,000	6,783,000	- 41
Virginia	7,057,000	8,158,000	- 13
West Virginia ..	2,020,000	1,790,000	+ 13
North Carolina ..	4,216,000	9,039,000	- 53
South Carolina ..	2,337,000	5,917,000	- 61
District	\$31,542,000	\$38,946,000	- 19

COAL MINING DECLINES FURTHER

Production of bituminous coal in the United States in March totaled 35,400,000 net tons, compared with 39,105,000 tons mined in February 1940 and 35,438,000 tons in March 1939. On a daily basis, however, production of 1,362,000 tons per working day in March 1940 was higher than production of 1,313,000 tons per day in March last year. Total production this calendar year to the end of March of 119,445,000 tons exceeds production of 105,453,000 tons to the same date in 1939 by 13.3 per cent. Shipments of coal through Hampton Roads ports between January 1 and March 31 totaled 6,436,519 tons this year and 5,630,212 tons last year, most of the increase occurring in foreign cargo coal. In the Fifth district, coal mined in March 1940, February 1940 and March 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	Mar. 1940	Feb. 1940	Mar. 1939
West Virginia	9,964,000	10,163,000	9,332,000
Virginia	1,134,000	1,269,000	1,145,000
Maryland	141,000	153,000	143,000
5th District	11,239,000	11,585,000	10,620,000
United States	35,400,000	39,105,000	35,438,000
% in District	31.7	29.6	30.0

TEXTILE MILLS REDUCE OUTPUT

Cotton textile mills in the Fifth district restricted operations further in March, and for the first time since September 1938 cotton consumption was less than in the corresponding month of the preceding year. Cloth prices softened in March, and mill margins declined from 12.25 cents in February to 11.59 cents in March. Early in April, however, demand for both cloth and yarn expanded, and mill sales exceeded output. The more active constructions strengthened in price, and industrial cloth consumers and manufacturers of clothing and household goods were active buyers. Finished cloth also moved in large volume in the first two weeks in April. Consumption of cotton by states in the Fifth district in March, 1940, February 1940 and March 1939, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
March 1940	163,705	129,351	12,438	305,494
February 1940	174,359	131,419	13,823	319,601
March 1939	169,147	128,110	13,385	310,642
3 Months, 1940	528,363	403,324	40,013	971,700
3 Months, 1939	474,780	358,086	36,275	869,141

RAYON PRODUCTION AND SHIPMENTS HOLD UP

Rayon Organon reports deliveries of 29,500,000 pounds of filament yarn to domestic consumers in March, the same poundage as was shipped in February and 11 per cent above March 1939 deliveries. Production in the United States continued to exceed shipments in March, and reserve stocks rose for the third consecutive month. Stocks of yarn in primary hands on March 31 this year totaled 10,100,000 pounds, against 8,300,000 pounds on February 29, 1940, and 41,400,000 pounds on March 31, 1939. During March several rayon grey goods mills lengthened their selling terms from a thirty- to a sixty-day basis, which will enable converters to keep on hand an extra month's supply of rayon goods. Cellulose consumption by the rayon industry in the United States totaled 196,000 tons of pulp in 1939, of which 143,000 tons was from wood and 53,000 tons from cotton linters. Cotton linters were much more important in the early days of the industry, but since 1936 the price differential has been increasingly favorable to wood pulp and the relative use of linters pulp has declined sharply.

COTTON CONSUMPTION AND PRICE DECLINES

COTTON CONSUMPTION AND ON HAND—BALES

	Mar. 1940	Mar. 1939	Aug. 1 to Mar. 31 This Year	Aug. 1 to Mar. 31 Last Year
Fifth district states:				
Cotton consumed	305,494	310,642	2,538,175	2,217,760
Cotton growing states:				
Cotton consumed	539,804	547,569	4,536,276	3,902,392
Cotton on hand March 31 in				
Consuming establishments ..	1,316,757	1,203,502	.....	.....
Storage & compresses	11,332,310	13,424,165	.....	.....
United States:				
Cotton consumed	626,331	649,940	5,330,835	4,609,360
Cotton on hand March 31 in				
Consuming establishments ..	1,595,722	1,414,541	.....	.....
Storage & compresses	11,404,298	13,477,548	.....	.....
Exports of cotton	443,842	330,070	5,350,353	2,785,875
Spindles active, U. S.	22,555,036	22,503,480	.....	.....

Spot cotton prices on Southern markets moved through a narrow range between the middle of March and the middle of April, falling from an average of 10.61 cents on March 15 to 10.50 cents on March 29, and then rising

MONTHLY REVIEW

to 10.62 cents on April 12. On the whole, the price was about \$1 to \$1.50 per bale lower than in the preceding month, but was about \$1 a bale higher than in the corresponding period last year.

SEASON TOBACCO SALES

All auction tobacco markets in the Fifth district have closed for the 1939-1940 season, and total sales for growers from the 1939 and 1938 crops, with average prices, were as follows:

	Total Sales For Growers, Pounds		Price per Cwt.	
	1939-1940	1938-1939	1939-40	1938-39
North Carolina	774,323,124	501,847,559	\$15.86	\$22.92
So. Carolina	117,217,526	86,670,522	14.56	22.24
Virginia	164,876,700	112,995,598	14.25	20.04
District Totals	1,056,417,350	701,513,679	\$15.32	\$22.37

TOBACCO MANUFACTURING LOWER

The Bureau of Internal Revenue reports tobacco products manufactured in March 1940 and 1939 as follows:

	Mar. 1940	Mar. 1939	% Change
Smoking & chewing tobacco, pounds	24,343,900	26,014,916	- 6
Cigarettes, number	13,020,617,490	14,243,656,930	- 9
Cigars, number	397,490,431	437,584,196	- 9
Snuff, pounds	3,205,843	3,578,753	-10

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Mar. 1940 comp. with Mar. 1939	Net Sales Jan. 1, to date comp. with same period last year	Stocks Mar. 31, 1940 comp. with Mar. Feb. 1940		Ratio Mar. collections to accounts outstanding Mar. 1
	Richmond (3) ...	+ 9.9	+ 7.8	+ 7.3	+ 5.7	32.2
Baltimore (8) ...	+ 3.1	+ 8.9	+ 2.7	+ 4.3	32.7
Washington (6) ...	+ 3.6	+ 7.0	+ 4.0	+ 4.8	27.5
Other Cities (14) ..	+11.5	+ 9.0	+ 4.3	+ 2.8	28.9
District (31) ..	+ 5.0	+ 7.9	+ 4.0	+ 4.5	29.8
Same stores by states, with 20 stores added:					
Virginia (12) ...	+ 9.3	+ 7.3			
West Va. (10) ..	+19.1	+17.7			
No. Carolina (6) ..	+15.9	+11.6			
So. Carolina (9) ..	+15.3	+14.7			

RETAIL FURNITURE SALES

STATES	% Change in Sales, Mar. and 3 Months in 1940 Compared with	
	Mar. 1939	3 Months 1939
Maryland, 10 stores	+12	+18
Dist. of Col., 6 stores	-10	+ 3
Virginia, 10 stores	+ 7	+ 3
North Carolina, 4 stores	+ 1	+ 5
South Carolina, 7 stores	+25	+28
District, 38 stores*	+ 5	+11
Individual Cities:		
Baltimore, 10 stores	+12	+18
Washington, 6 stores	-10	+ 3
Richmond, 5 stores	+ 9	- 1

* Includes 1 West Va. store.

WHOLESALE TRADE, 200 FIRMS

LINES	Net Sales Mar. 1940 compared with		Stocks Mar. 31, 1940 compared with		Ratio Mar. collections to accounts outstanding March 1
	Mar. 1939	Feb. 1940	Mar. 31 1939	Feb. 29 1940	
Auto supplies (6)	- 5	+ 4	..	..	45
Shoes (4)	-14	- 3	+19	-11	52
Drugs (13)	0	0	0	- 1	81
Dry Goods (8)	+ 1	+ 4	+20	- 3	39
Electrical goods (14)	+10	+12	+13	+11	66
Groceries (60)	+ 3	+ 6	+ 6	- 5	91
Hardware (16)	+ 4	+14	+ 8	- 1	44
Indus. supplies (13)	+31	+19	+13	0	73
Plumbing & heating (6) ..	-14	+12	+13	+ 6	46
Paper & products (8) ...	- 6	+ 4	- 2	- 1	58
Tobacco & products (7) ..	0	+ 8	..	..	79
Miscellaneous (45)	+ 4	+ 7	+ 2	+ 5	74
District Average (200) ..	+ 1	+ 6	+ 9	- 1	85

PEANUT PRODUCTION

The growing of peanuts for nuts is a leading agricultural activity in coastal counties in Virginia and North Carolina, and is also important in South Carolina. Per acre production in Virginia and North Carolina is much higher than in any other states, yields in these two states usually running more than 1,000 pounds per acre. Prices of peanuts vary widely from year to year, having ranged in Virginia in recent years from a low of 1.4 cents per pound in 1932 to a high of 5.3 cents in 1927, with an average of approximately 3.5 cents since 1926. Twelve states are listed as peanut producing by the Department of Agriculture, and the three which are located in the Fifth district account for about 40 per cent of total production in the country. Georgia is the leading grower in total pounds, but North Carolina ranks second and Virginia third.

PEANUTS PICKED AND THRESHED

(In thousands of pounds)

Year	Va.	N. C.	S. C.	District	U. S.
1926	152,640	200,850	4,550	358,040	662,190
1927	145,800	220,500	8,250	374,550	844,220
1928	165,240	210,000	6,900	382,140	843,505
1929	157,590	224,400	7,500	389,490	898,197
1930	99,360	178,350	8,400	286,110	697,350
1931	172,840	275,000	9,100	456,940	1,055,815
1932	146,590	229,500	11,900	387,990	941,195
1933	111,150	180,500	8,160	299,810	819,620
1934	145,550	260,150	7,500	413,200	1,009,950
1935	151,200	259,900	9,520	420,620	1,147,225
1936	151,800	261,000	8,160	420,960	1,253,090
1937	184,975	308,700	8,030	501,705	1,224,190
1938	146,010	249,075	7,900	402,885	1,305,800
1939	189,175	290,700	11,840	491,715	1,179,505

Yields Per Acre, Pounds

Year	Va.	N. C.	S. C.	District	U. S.
1926	1,060	1,030	650	1,035	770
1927	900	1,050	750	978	777
1928	1,020	1,050	690	1,027	695
1929	1,030	1,020	750	1,017	712
1930	720	870	700	806	650
1931	1,160	1,100	650	1,106	733
1932	1,070	900	700	956	627
1933	950	950	680	925	673
1934	1,025	1,075	625	1,043	679
1935	1,050	1,150	680	1,095	779
1936	1,100	1,125	680	1,102	780
1937	1,225	1,260	730	1,233	816
1938	980	1,025	600	976	764
1939	1,175	1,140	740	1,138	635

(Compiled April 20, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

May 31, 1940

Summary of April Business Conditions

BUSINESS in April in the Fifth Federal Reserve District continued on a level of activity substantially above the level a year ago, but no striking changes occurred in comparison with March. Most developments during the past month were seasonal in character, and of about normal proportions.

A relatively high consumer purchasing power continued to show itself in larger expenditures than a year ago. Department store sales in April were 3 per cent larger than sales in April 1939, even though the occurrence of Easter in April last year swelled sales of wearing apparel. Retail furniture sales last month were 28 per cent above April 1939 sales, and wholesale sales by 205 representative firms in many lines averaged 14 per cent more than sales a year ago. Registrations of new passenger automobiles in the district in April exceeded April 1939 registrations by 32 per cent and were the highest for any month in exactly three years. Debits to individual accounts, representing checks drawn on individual, firm and corporation accounts in the banks of 25 leading cities, rose 16 per cent in April over debits in the corresponding month last year.

In industry, coal mining was at seasonal level last month, in contrast with the almost complete shut-down in Fifth district mines at the same time last year because of a labor dispute. Textile mills continued operations in April at about the same rate as in March, and approximately 19 per cent ahead of April last year. Rayon yarn

mills produced about 20 per cent more yarn than in the 1939 month, and tobacco manufacturers turned out more of all products in April than in either the preceding month this year or the corresponding month last year.

Construction work provided for in April permits issued and contracts awarded was about the same as in March, but comparison with April 1939 is difficult to make. Permits issued last month exceeded April 1939 permits by 28 per cent, but on the other hand contracts awarded declined 25 per cent. However, in April 1939 about half a dozen very large Government contracts were awarded in the Fifth district, and work on several of these is still going on. Labor was employed in larger numbers in April than was the case a year ago in practically all lines of industry, especially in view of the fact that the dispute in coal fields last year threw more than 100,000 miners and railroad employees out of work from a month to six weeks, and a strike against one of the leading cigarette manufacturers involved 2,000 workers for a week.

In agriculture, the crop year is getting off to a very late start, frequent rains and unusually cold weather having delayed plowing and planting, germination of seed, and development of growing crops. However, the soil is in excellent condition for rapid growth of crops when warm weather comes, and no serious damage appears to have been done by late frosts and freezes except to peaches and early truck. It is of course too early to attempt to draw conclusions on probable yields this year.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	April 1940	March 1940	April 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,338,001,000	\$1,342,709,000	\$1,155,822,000	0	+ 16
Sales, 30 department stores, 5th district.....	\$ 9,181,453	\$ 9,918,797	\$ 8,902,566	- 7	+ 3
Sales, 37 furniture stores, 5th district.....	\$ 1,178,030	\$ 1,054,686	\$ 919,659	+ 12	+ 28
Sales, 205 wholesale firms, 5th district.....	\$ 11,385,000	\$ 11,535,000	\$ 9,967,000	- 1	+ 14
Registrations, new autos, 5th district.....	26,726	21,989	20,188	+ 22	+ 32
Number of business failures, 5th district.....	48	44	55	+ 9	- 13
Liabilities in failures, 5th district.....	\$ 348,000	\$ 500,000	\$ 525,000	- 30	- 34
Value of building permits, 30 cities.....	\$ 10,457,577	\$ 11,571,518	\$ 8,175,932	- 10	+ 28
Value of contracts awarded, 5th district.....	\$ 31,625,000	\$ 31,542,000	\$ 42,008,000	+ 0	- 25
Cotton Consumption, 5th district (Bales).....	309,622	305,494	259,795	+ 1	+ 19
Cotton prices, cents per pound, end of month.....	10.60	10.50	8.81	+ 1	+ 20
Print cloths, 39 in., 80x80s, end of month.....	6.88	6.50	.....	+ 6	.....
Rayon shipments, U. S. (Pounds).....	30,700,000	29,400,000	24,000,000	+ 4	+ 28
Rayon yarn stocks, U. S. (Pounds).....	11,600,000	10,400,000	43,400,000	+ 12	- 73
Bituminous coal mined, U. S. (Tons).....	32,962,000	35,210,000	9,627,000	- 6	+ 242

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	May 15 1940	April 15 1940	May 15 1939
Discounts held	\$ 190	\$ 175	\$ 277
Foreign loans on gold.....	43	43	0
Open market paper	0	0	24
Industrial advances	907	915	1,172
Government securities	126,155	125,871	134,227
Total earning assets	127,295	127,004	135,700
Circulation of Fed. Res. notes ..	217,259	218,615	194,239
Members' reserve deposits	302,841	286,730	246,064
Cash reserves	440,400	439,752	374,682
Reserve ratio	77.98	78.16	74.27

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	May 15 1940	April 17 1940	May 17 1939
Loans and discounts	\$269,348	\$270,688	\$242,518
Investments in securities	422,485	412,127	435,219
Reserve bal. with F. R. bank	198,225	184,787	161,109
Cash in vaults	20,502	20,754	18,610
Demand deposits	556,380	542,081	480,009
Time deposits	202,146	201,390	202,494
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	April 30 1940	March 31 1940	April 30 1939
Total deposits	\$224,288,123	\$223,163,689	\$220,545,406

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			% of Change	
	April 1940	Mar. 1940	April 1939	Month	Year
Dist. of Col.					
Washington	\$ 289,325	\$ 287,345	\$ 256,489	+ 1	+13
Maryland					
Baltimore	388,646	391,008	318,990	- 1	+22
Cumberland	8,402	8,213	7,883	+ 2	+ 7
Hagerstown	9,313	9,326	8,324	- 0	+12
North Carolina					
Asheville	12,581	12,500	11,389	+ 1	+10
Charlotte	64,816	69,942	55,815	- 7	+16
Durham	26,453	26,575	21,834	- 0	+21
Greensboro	21,352	21,145	17,729	+ 1	+20
Raleigh	42,300	44,158	37,586	- 4	+13
Wilmington	11,325	11,325	10,172	+ 0	+12
Winston-Salem	37,979	43,909	36,630	-14	+ 4
South Carolina					
Charleston	19,799	20,651	17,669	- 4	+12
Columbia	27,947	29,232	25,072	- 4	+11
Greenville	19,610	20,075	18,218	- 2	+ 8
Spartanburg	11,381	10,921	8,812	+ 4	+29
Virginia					
Danville	8,045	8,019	6,869	+ 0	+17
Lynchburg	15,645	15,844	12,925	- 1	+21
Newport News	11,733	11,519	8,411	+ 2	+39
Norfolk	53,653	51,227	46,941	+ 5	+14
Portsmouth	4,653	4,479	4,336	+ 4	+ 7
Richmond	147,832	141,849	132,807	+ 4	+11
Roanoke	28,765	28,527	25,204	+ 1	+14
West Virginia					
Charleston	48,598	47,474	41,855	+ 2	+16
Huntington	17,303	17,102	14,888	+ 1	+16
Parkersburg	10,495	10,344	8,974	+ 1	+17
District Totals	\$1,338,001	\$1,342,709	\$1,155,822	- 0	+16

0 indicates a change of less than 1/2 of 1%.

LIABILITIES IN BANKRUPTCIES DECLINE

Business failures in the Fifth district in April 1940 increased over the number in March, but decreased from April 1939, while liabilities involved in April 1940 bankruptcies were lower than in either March this year or April last year. *Dun & Bradstreet* insolvency figures were as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
April 1940	48	1,291	\$ 348,000	\$16,247,000
March 1940	44	1,197	500,000	11,681,000
April 1939	55	1,331	525,000	18,579,000
4 Months, 1940	196	4,767	2,011,000	56,679,000
4 Months, 1939	247	5,422	2,172,000	71,953,000

EMPLOYMENT RISES SLIGHTLY

Although the general trend of employment was slightly upward in the Fifth district in April and the first half of May, not much net change occurred. Certain workers in the building industry such as painters experienced a seasonal upturn in the volume of work, but in most lines of construction and industry the rate of operations continued at approximately the same level as in March. Employment this year in April and early May was substantially better than in the same period last year, the greatest improvement being in bituminous coal fields which were practically closed in 1939 from April 1 to the middle of May. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from March to April:

STATES	Percentage change from	
	In number On payroll	In amount of payroll
Maryland	+ 0.1	- 1.1
Dist. of Columbia	+ 0.7	+ 0.5
Virginia	- 0.9	- 1.3
West Virginia	- 2.1	- 3.7
North Carolina	- 1.1	- 2.8
South Carolina	- 0.6	- 0.4

AUTO REGISTRATIONS CONTINUE LARGE

Although automobile sales in the Fifth district, as reflected in new car registrations, were 22 per cent higher in April than in March, the increase was not quite up to seasonal level. However, sales in April exceeded sales in April last year by 32 per cent, all geographical divisions sharing in the advance except the District of Columbia. More new passenger cars were sold in the Fifth district last month than in any other month since April 1937. Cumulative registration figures from January 1 through April this year were 27 per cent above figures for the first 4 months of 1939, gains ranging from 2 per cent in the District of Columbia to 51 per cent in West Virginia. The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Apr.		% Change	4 Months		% Change
	1940	1939		1940	1939	
Maryland	5,112	3,735	+ 35	16,781	13,164	+27
Dist. of Col.	2,692	2,807	- 4	9,126	8,988	+ 2
Virginia	7,264	4,633	+ 57	18,102	13,278	+36
West Virginia	3,335	2,074	+ 61	9,664	6,411	+51
No. Carolina	5,667	4,669	+ 21	18,022	14,526	+24
So. Carolina	2,656	2,270	+ 17	10,261	8,287	+24
District	26,726	20,188	+ 32	81,956	64,654	+27

RESIDENTIAL CONSTRUCTION INCREASES

Construction work provided for in permits issued in April 1940 in 30 Fifth district cities totaled \$10,457,577, a decrease of 10 per cent from \$11,571,518 for permits issued in March this year but 28 per cent above \$8,175-932 in April last year. Washington led in April with permits totaling \$3,797,840, followed by Baltimore with \$1,872,246, Richmond with \$793,007, Charlotte with \$487,257, Charleston, W. Va., with \$457,833, and Greensboro with \$399,021. Washington permits do not include any Federal Government work.

Contracts actually awarded for all types of construction in the Fifth district in April were slightly above March contracts in total value, but were 25 per cent below the relatively high April 1939 total. Residential contracts form a much larger part of this year's contracts, amounting to 52 per cent of all contracts in April 1940 against only 31 per cent in April 1939. Several Fifth district cities are undertaking housing developments under the U. S. H. A., and private residential work is more active than in other recent years. *F. W. Dodge Corporation* figures for contracts awarded in April 1940 and April 1939 are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	April 1940	April 1939	% Change
Maryland	\$ 7,924,000	\$ 6,476,000	+ 22
Dist. of Col.	3,744,000	9,705,000	- 61
Virginia	8,167,000	9,581,000	- 15
West Virginia	2,647,000	3,360,000	- 21
North Carolina	7,350,000	7,536,000	- 2
South Carolina	1,793,000	5,350,000	- 66
Fifth District	\$31,625,000	\$42,008,000	- 25

COAL PRODUCTION DECLINES SEASONALLY

There was a seasonal decrease in bituminous coal production in the United States from March to April, output declining from 35,210,000 net tons in the earlier month to 32,962,000 tons in the later month. In April 1939 only 9,627,000 tons were mined, the entire Appalachian region being closed while owners and miners negotiated new wage contracts. Total production this calendar year to May 4 of 157,413,000 tons exceeded production of 117,702,000 tons to the same date last year by 33.7 per cent. Shipments of coal through Hampton Roads ports between January 1 and May 4 this year totaling 8,639,616 tons not only exceeded loadings of 6,550,376 tons in the corresponding period in 1939, but also were larger than loadings of 7,674,121 tons in the first four months of 1929, both gains being due in large part to increased shipments for foreign cargo this year. In the Fifth district, coal mined in April 1940, March 1940 and April 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	April 1940	March 1940	April 1939
West Virginia	9,758,000	9,964,000	0
Virginia	1,115,000	1,134,000	0
Maryland	110,000	141,000	0
5th District	10,983,000	11,239,000	0
United States	32,962,000	35,210,000	9,627,000
% in District	33.3	31.9	0.0

COTTON MILL ACTIVITY IS REDUCED

Cotton cloth and yarn mills in the Fifth district held at about the same level of activity in April as in March, a level substantially higher than in April a year ago but

lower than at midwinter. Reports indicate, however, that operations slowed further late in April and early in May. Output is again exceeding sales, and the backlog of orders is declining. In some mills stocks are accumulating, but accumulations are not yet excessive. Cloth prices held steady or advanced a little in April, along with spot cotton, but since the beginning of May prices of textiles have softened and cotton has declined about \$5 a bale. Consumption of cotton by states in the Fifth district in April 1940, March 1940, and April 1939, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
April 1940	166,746	128,493	14,383	309,622
March 1940	163,705	129,351	12,438	305,494
April 1939	140,596	108,766	10,433	259,795
4 Months, 1940	695,109	531,817	54,396	1,281,322
4 Months, 1939	615,376	466,852	46,708	1,128,936

BOTH SHIPMENTS AND STOCKS OF RAYON INCREASE

Rayon Organon for May reports that April deliveries of rayon filament yarn to domestic consumers amounted to 30,700,000 pounds, an increase of 4.4 per cent over 29,400,000 pounds in March and 27.9 per cent above 24,000,000 pounds in April 1939. Total rayon yarn consumption for the first 4 months of the current year amounted to 121,000,000 pounds compared with 103,400,000 pounds in the same period last year, an increase of 17 per cent.

In spite of increased shipments last month, production outran consumption for the fourth consecutive month, and reserve stocks of yarn held by producers at the end of April totaled 11,600,000 pounds in comparison with 10,400,000 pounds held at the end of March. The relative unimportance of this surplus is indicated by the fact that on April 30, 1939, reserve stocks of yarn totaled 43,400,000 pounds.

Interest has been expressed in the question whether the stoppage of pulp shipments from Scandinavian countries to the United States will affect the rayon industry. The effect will be indirect only, since all chemical dissolving sulphite pulp used by the United States rayon and allied products industry comes from the United States or Canada. *Rayon Organon* says that the capacity of the United States pulp producing industry is essentially equal to the task of supplying the total domestic demand, with only a minimum amount of aid from foreign sources, in this case Canada.

COTTON PRICES AND EXPORTS DECLINE

Spot cotton prices on 10 Southern markets moved through a range of only 7 points during April, varying from 10.58 cents for middling grade on April 5 to 10.65 cents on April 26, but in the first half of May prices dropped sharply to an average 9.58 cents on May 17. Exports of cotton also fell off substantially in the first half of May, although they were still above corresponding 1939 figures. Recent developments in Europe closed the markets in Holland, Belgium, Denmark and the Scandinavian countries to American cotton. These countries were not leaders in cotton consumption, but their purchases were a real factor in the American export market.

MONTHLY REVIEW

COTTON CONSUMPTION AND ON HAND—BALES

	Apr. 1940	Apr. 1939	Aug. 1 to Apr. 30 This Year	Aug. 1 to Apr. 30 Last Year
Fifth district states:				
Cotton consumed	309,622	259,795	2,847,797	2,477,555
Cotton growing states:				
Cotton consumed	533,634	459,573	5,069,910	4,361,965
Cotton held April 30 in				
Consuming establishments ..	1,193,981	1,087,858		
Storage & compresses	10,673,718	12,928,159		
United States:				
Cotton consumed	623,893	543,187	5,954,728	5,152,547
Cotton held April 30 in				
Consuming establishments ..	1,469,617	1,292,565		
Storage & compresses	10,743,002	12,976,432		
Exports of cotton, U. S.	344,609	178,225	5,694,962	2,964,098
Spindles active, U. S.	22,301,218	22,122,902		

TOBACCO MANUFACTURING RISES

Output of tobacco manufacturing plants in the United States in April not only exceeded production in April 1939, as shown in the accompanying table, but also increased over March output by 14 per cent in cigarettes, 7 per cent in cigars, 6 per cent in snuff, and 3 per cent in smoking and chewing tobacco. Part of the 21 per cent increase in cigarette production last month over April 1939 was due to a strike last year which closed plants of one of the big companies for a week. Bureau of Internal Revenue figures show production in April this year and last as follows:

	April 1940	April 1939	% Change
Smoking & chewing tobacco, pounds	25,082,562	22,618,267	+11
Cigarettes, number	14,819,507,680	12,269,248,887	+21
Cigars, number	425,140,424	403,041,777	+5
Snuff, pounds	3,398,017	3,009,347	+13

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Apr. 1940 comp. with Apr. 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks Apr. 30, 1940 comp. with Apr. 1940		Ratio Apr. collections to accounts outstanding Apr. 1
			Apr. 1939	Mar. 1940	
Richmond (3) ...	- 3.0	+ 4.9	+13.2	+ 5.2	31.7
Baltimore (8) ...	+ 2.4	+ 7.0	+ 4.6	+ 1.4	32.6
Washington (6) ..	+ 4.8	+ 6.4	+ 4.8	+ 1.2	28.9
Other Cities (13) .	+ 6.5	+ 8.8	+ 4.0	+ 2.0	30.0
District (30) ..	+ 3.1	+ 6.6	+ 5.7	+ 1.9	30.5
Same stores by states, with 22 stores added:					
Virginia (13) ...	- 2.3	+ 4.7	..	..	..
West Va. (10) ..	- 1.5	+11.9	..	..	..
No. Carolina (7) .	+ 3.8	+ 9.1	..	..	..
So. Carolina (8) .	- 4.4	+ 8.9	..	..	..

RETAIL FURNITURE SALES

STATES	% Change in Sales, April and 4 Months in 1940	
	Compared with April 1939	Compared with 4 Months 1939
Maryland, 9 stores	+43	+23
Dist. of Col., 7 stores	+32	+9
Virginia, 10 stores	+12	+5
North Carolina, 4 stores	+24	+12
South Carolina, 7 stores	+1	+19
District, 37 stores	+28	+15
Individual cities:		
Baltimore, 9 stores	+43	+23
Richmond, 5 stores	+7	+1
Washington, 7 stores	+32	+9

WHOLESALE TRADE, 205 FIRMS

LINES	Net Sales April 1940 compared with		Stocks Apr. 30, 1940 compared with		Ratio Apr. collections to accounts outstanding April 1
	Apr. 1939	Mar. 1940	Apr. 30 1939	Mar. 31 1940	
Auto supplies (8)	+20	+1	..	..	60
Shoes (5)	-12	-35	+13	-17	55
Drugs (13)	+11	-5	+1	-1	85
Dry Goods (8)	+22	-12	+20	-1	38
Electrical Goods (17) ...	+35	+10	+7	-1	69
Groceries (59)	+16	+3	+7	+1	92
Hardware (17)	+14	+1	+9	-2	47
Indus. supplies (10) ...	+52	-1	+13	+1	59
Plumbing & heating (6) ..	+23	+35	+1	-7	57
Paper & products (9) ...	+21	+22	+10	-2	74
Tobacco & products (8) .	-9	+4	..	..	89
Miscellaneous (45)	+10	+5	+4	+2	72
District Average (205) ..	+14	-1	+9	-3	66

AGRICULTURAL NOTES

Throughout the entire Fifth Reserve district, both farm work and crop growth were retarded during the spring by unfavorable weather conditions. Frequent rains interfered with plowing and unusually cold weather delayed planting and retarded growth. Frost occurred in some parts of the district as late as the end of April, and freezes around the middle of that month seriously damaged peaches. However, there is an abundant amount of moisture in the soil, and when warm weather comes all crops should make rapid progress and in many instances should overcome the late start. Early truck crops will be below normal in yields, and farmers have had to use much more of their reserve hay stocks than usual because of the late development in pasture grasses, but fall sown grains came through the winter in fair condition, most fruits were not sufficiently advanced to suffer seriously from the April freezes, and the two big money crops, cotton and tobacco, are not much affected by spring weather if good stands of plants can be obtained later. The outlook for cotton and tobacco growers is highly problematical this season, with large reserve stocks in storage to begin with and so many of American export markets in chaotic condition.

(Compiled May 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1940

Summary of May Business Conditions

IN the Fifth Federal Reserve district, May witnessed a continuation of business on a high level, nearly all indicators showing advances over April and also over May last year. The war in Europe has increased activity in certain industries and localities, but the Fifth district's trade is largely domestic and the war has influenced business less than in some other sections of the country.

RETAIL DISTRIBUTION HOLDS UP

Department store sales in May were 4 per cent above sales in May 1939, and a representative group of retail furniture stores sold 9 per cent more last month than in the same month last year. The number of new automobiles registered in the district in May rose 19 per cent above registrations in May last year. Checks drawn against depositors' accounts in 25 cities increased 16 per cent in amount last month over the same period last year.

Cotton textile mills continued operations in May at about the same level as in March and April, but sales were slow during the month. However, demand for cotton cloth and yarn rose in the first half of June, and prices recovered most of the decline which had occurred in May. Rayon yarn shipped was 22 per cent above shipments in May 1939, but production was still larger and consequently reserve stocks of yarn rose 4 per cent during the month. Reserve stocks of rayon yarn are

quite small, however, being only a two weeks' supply. Bituminous coal mined in the district last month was above seasonal tonnage, and was $3\frac{1}{2}$ times May 1939 production, during which month Fifth district mines were closed two weeks by a labor dispute. Tobacco manufacturing in May was higher than in April, but was slightly lower than in May last year for all products except cigarettes.

CONSTRUCTION AND EMPLOYMENT RISE

Construction work provided for in May exceeded that of May 1939 by a substantial volume. Building permits issued in 31 cities rose 10 per cent in valuation over permits issued last May, and contract awards rose 24 per cent this year. This rise in construction projects provides additional employment for both skilled and unskilled labor in the building trades, and in nearly all lines employment is better than a year ago.

Agricultural prospects in the Fifth district improved during May, especially in the latter half of the month when warm weather and rain stimulated plant growth. Wheat prospects improved distinctly, fruit proved to have suffered less from late freezes than had been thought earlier, grasses in pastures and hay fields developed rapidly, and the weather was favorable for potatoes. However, all crops are still late, and on June 1 corn planting had not been completed in the upper half of the district.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	May 1940	April 1940	May 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,362,938,000	\$1,338,001,000	\$1,172,618,000	+ 2	+ 16
Sales, 31 department stores, 5th district.....	\$ 10,474,004	\$ 9,218,187	\$ 10,101,952	+ 14	+ 4
Sales, 36 furniture stores, 5th district.....	\$ 1,137,135	\$ 1,164,592	\$ 1,041,016	- 2	+ 9
Sales, 192 wholesale firms, 5th district.....	\$ 12,617,000	\$ 12,093,000	\$ 11,427,000	+ 4	+ 10
Registrations, new autos, 5th district.....	23,623	26,726	19,822	- 12	+ 19
Number of business failures, 5th district.....	51	48	48	+ 6	+ 6
Liabilities in failures, 5th district.....	\$ 604,000	\$ 348,000	\$ 779,000	+ 74	- 22
Values of building permits, 31 cities.....	\$ 12,665,284	\$ 10,501,877	\$ 11,524,997	+ 21	+ 10
Value of contracts awarded, 5th district.....	\$ 39,339,000	\$ 31,625,000	\$ 31,619,000	+ 24	+ 24
Cotton consumption, 5th district (Bales).....	313,962	309,622	292,286	+ 1	+ 7
Cotton price, cents per lb., end of month.....	10.11	10.60	9.40	- 5	+ 8
Print cloths, 39 in., 80x80s, end of month.....	6.38	6.88	.....	- 7	.....
Rayon shipments, U. S. (Pounds).....	32,100,000	30,700,000	26,300,000	+ 5	+ 22
Rayon yarn stocks, U. S. (Pounds).....	12,200,000	11,700,000	41,700,000	+ 4	- 71
Bituminous coal mined, U. S. (Tons).....	35,468,000	32,962,000	17,927,000	+ 8	+ 98

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	June 15 1940	May 15 1940	June 15 1939
	000 omitted		
Discounts held	\$ 110	\$ 190	\$ 365
Foreign loans on gold	0	43	0
Open market paper	0	0	24
Industrial advances	896	907	1,169
Government securities	126,217	126,155	134,227
Total earning assets	\$127,223	\$127,295	\$135,785
Circulation of Fed. Res. notes	224,457	217,259	193,540
Members' reserve deposits	298,881	302,841	249,513
Cash reserves	432,154	440,400	380,127
Reserve ratio	77.62	77.98	74.39

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	June 12 1940	May 15 1940	June 14 1939
	000 omitted		
Loans & discounts	\$270,648	\$269,348	\$240,659
Investments in securities	429,072	422,485	436,509
Reserve bal. with F. R. bank	200,885	198,225	158,683
Cash in vaults	23,241	20,502	20,378
Demand deposits	569,955	556,380	485,870
Time deposits	201,662	202,146	202,106
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	May 31 1940	Apr. 30 1940	May 31 1939
Total deposits	\$223,616,485	\$224,288,123	\$220,130,334

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

Dist. of Col.	000 omitted			% of Change Month	Year
	May 1940	April 1940	May 1939		
Washington ..	\$ 292,486	\$ 289,325	\$ 253,197	+ 1	+ 16
Maryland					
Baltimore	390,437	388,646	323,042	+ 0	+ 21
Cumberland	8,625	8,402	7,842	+ 3	+ 10
Hagerstown	8,946	9,313	8,073	- 4	+ 11
North Carolina					
Asheville	12,711	12,581	11,905	+ 1	+ 7
Charlotte	63,876	64,816	58,051	- 1	+ 10
Durham	29,277	26,453	26,837	+ 11	+ 9
Greensboro	20,847	21,352	18,769	- 2	+ 11
Raleigh	39,966	42,300	37,352	- 6	+ 7
Wilmington	11,231	11,375	10,560	- 1	+ 6
Winston-Salem ..	40,563	37,979	36,234	+ 7	+ 12
South Carolina					
Charleston	20,972	19,799	16,984	+ 6	+ 23
Columbia	34,175	27,947	31,521	+ 22	+ 8
Greenville	20,381	19,610	17,828	+ 4	+ 14
Spartanburg	11,444	11,381	9,066	+ 1	+ 26
Virginia					
Danville	8,044	8,045	6,881	- 0	+ 17
Lynchburg	14,438	15,645	12,905	- 8	+ 12
Newport News ..	12,204	11,735	8,974	+ 4	+ 36
Norfolk	52,924	53,653	46,246	- 1	+ 14
Portsmouth	4,665	4,653	4,437	+ 0	+ 5
Richmond	154,112	147,832	133,875	+ 4	+ 15
Roanoke	28,933	28,765	25,076	+ 1	+ 15
West Virginia					
Charleston	52,062	48,598	42,273	+ 7	+ 23
Huntington	17,696	17,303	14,951	+ 2	+ 18
Parkersburg	11,923	10,495	9,739	+ 14	+ 22
District Totals ..	\$1,362,938	\$1,338,001	\$1,172,618	+ 2	+ 16

+0 or -0 indicates change of less than 1/2 of 1%.

INSOLVENCIES INCREASE

Contrary to the National record, both the number of business failures and the aggregate of liabilities involved increased in the Fifth district in May over April, and the number was also larger than in May last year, but lia-

bilities last month were less than in May 1939. Cumulative figures for five months this year were lower in the district for both the number of failures and liabilities involved than figures for the corresponding five months last year. Bankruptcy statistics gathered by *Dun & Bradstreet* are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1940	51	1,238	\$ 604,000	\$13,068,000
April 1940	48	1,291	348,000	16,247,000
May 1939	48	1,334	779,000	15,897,000
5 Months, 1940	247	6,005	2,615,000	69,747,000
5 Months, 1939	295	6,756	2,951,000	87,850,000

EMPLOYMENT INCREASES

Employment conditions in the Fifth Reserve district were better in May than in May last year, and probably showed improvement over April, although changes in the past two months were relatively small. Coal production figures indicate that employment was up about 2 per cent in coal fields over April, and pay rolls for May 1940 were about double those for May 1939, when the mines in the district were closed the first half of the month pending settlement of a labor dispute. Textile operatives were employed about the same in May as in April, at a level approximately 7 per cent higher than a year ago. Ship building in the Norfolk and Baltimore areas continues at a very high level, skilled men are in demand at Baltimore for work on aircraft, and construction work provided for in May building permits and contract awards calls for additional labor. A strike of a few machinists tied up a large tobacco factory in the district about four weeks in late May and early June and threw approximately 2,000 people out of work, but the trouble had been settled. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from April to May:

STATES	Percentage change from April 1940 to May 1940	
	in number on payroll	in amount of payroll
Maryland	+ 1.1	+ 1.9
Dist. of Columbia	+ 2.2	+ 2.2
Virginia	- 0.4	+ 1.4
West Virginia	0.0	+ 4.2
North Carolina	- 2.5	- 2.9
South Carolina	- 1.1	- 1.0

SALES OF AUTOS HOLD UP

Registrations of new passenger automobiles in the Fifth district in May ran seasonally behind April registrations, but were 19 per cent ahead of those in May 1939. Cumulative sales of new cars in the first 5 months of 1940 exceeded sales in the corresponding period last year by 25 per cent. Sales of automobiles slumped during the middle third of May when the war became active in Europe, but during the last third of the month sales again picked up rapidly. Factory shipments have somewhat more than kept up with retail sales of cars, and dealers have complete stocks of both new and used cars on hand. There is some evidence that a number of persons who have always bought used cars are now buying new ones. The following registration figures for

new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	May 1940	May 1939	% Change	5 Months 1940	5 Months 1939	% Change
Maryland	5,048	3,959	+ 28	21,829	17,123	+27
Dist. of Col. ...	2,982	2,567	+ 16	12,108	11,555	+ 5
Virginia	4,996	4,457	+ 12	23,098	17,735	+30
West Virginia ..	3,255	2,167	+ 50	12,919	8,578	+51
No. Carolina ...	4,727	4,302	+ 10	22,749	18,828	+21
So. Carolina ...	2,615	2,370	+ 10	12,876	10,657	+21
District	23,623	19,822	+ 19	105,579	84,476	+25

BUILDING PERMITS AND CONTRACTS RISE

The aggregate value of building permits issued in May in 31 Fifth district cities was \$12,665,284, an increase of 10 per cent over permits totaling \$11,524,997 issued in May 1939, and 21 per cent above \$10,501,877 in April 1940. Baltimore led in valuation for May permits with \$5,176,278, Washington was second with \$2,384,838, Richmond third with \$640,467, Charlotte fourth with \$377,096, and Norfolk fifth with \$370,563. Charleston, W. Va., and Columbia, S. C., also exceeded \$300,000 in permits last month. Eighteen of the 31 reporting cities showed increased valuation figures last month over May 1939 figures.

Contracts actually awarded for all types of construction in the Fifth district in May totaling \$39,339,000 exceeded May 1939 contracts by 24 per cent, and were also 24 per cent above April 1940 awards. *F. W. Dodge Corporation* reports that a substantially larger part of this year's contracts is for residential work and private industry, with a corresponding decline in publicly financed engineering projects. The *Dodge Corporation* figures for contracts awarded in the Fifth district in May 1940 and May 1939 are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1940	May 1939	% Change
Maryland	\$ 9,746,000	\$ 7,491,000	+ 30
Dist. of Col.	10,374,000	6,027,000	+ 72
Virginia	7,262,000	5,824,000	+ 25
West Virginia	3,681,000	2,836,000	+ 30
North Carolina ..	5,785,000	6,102,000	- 5
South Carolina ..	2,491,000	3,339,000	- 25
Fifth District	\$39,339,000	\$31,619,000	+ 24

COAL PRODUCTION ABOVE SEASONAL LEVEL

Bituminous coal production has been above seasonal level for several weeks, due chiefly to heavy exports through Hampton Roads and over the Lakes to Canada, and secondarily to increased activity in some coal-consuming industries such as steel. Production in May totaled 35,468,000 net tons, an average of 1,343,000 tons per working day, while April showed a total of 32,962,000 tons, or 1,313,000 tons per day. In May 1939 only 682,000 tons per day were dug, due to shut-downs in Eastern mines about half the month because of labor trouble. Total output of United States mines this year to June 8 of 196,633,000 tons exceeded 1939 output to the same date by 38.5 per cent. Hampton Roads ports loaded 10,664,327 tons between January 1 and June 8, 1940, an increase of 36 per cent over loadings in the corresponding period last year, while Lake loadings rose from 4,385,043 tons in the 1939 period to 13,713,834 tons in 1940. In

the Fifth district, bituminous coal mined in May 1940, April 1940, and May 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	May 1940	Apr. 1940	May 1939
West Virginia	10,988,000	9,758,000	3,143,000
Virginia	1,278,000	1,115,000	379,000
Maryland	104,000	110,000	49,000
5th District	12,370,000	10,983,000	3,571,000
United States	35,468,000	32,962,000	17,927,000
% in District	34.9	33.3	19.9

COTTON TEXTILE ACTIVITY CHANGES LITTLE

Although mill output of textile products exceeded sales in April and May, relatively little curtailment in operations has occurred since March, when there was a substantial decline from the January and February levels. Cloth prices declined somewhat in May for practically all constructions, and spot cotton prices also dropped during the first half of the month. After mid-May cotton turned upward, and in June cloth prices followed the advance, recovering most of the May decrease. The week ended June 15 witnessed a spurt in cloth and yarn sales, and print cloth sales were reported as much larger than mill output. Mill margins, or the difference between the price of a pound of cotton and its approximate cloth equivalent, averaged 11.37 cents during May against 11.40 cents in April and 9.33 cents in May 1939. Consumption of cotton by states in the Fifth district in May 1940, April 1940, and May 1939, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
May, 1940	165,046	135,288	13,628	313,962
April 1940	166,746	128,498	14,388	309,622
May 1939	159,984	120,746	11,556	292,286
5 Months, 1940	860,155	667,105	68,024	1,595,284
5 Months, 1939	775,360	587,598	58,264	1,421,222

RAYON YARN PRODUCTION INCREASES

Rayon Organon says that deliveries of rayon filament yarn to domestic consumers in May 1940 amounted to 32,100,000 pounds as compared with 30,700,000 pounds in April and 26,300,000 pounds in May 1939. Production was slightly above shipments, however, and stocks of yarn in primary hands rose from 11,700,000 pounds on April 30 to 12,200,000 pounds on May 31. This surplus is only a 'two weeks' supply, and is but 29 per cent of a reserve stock of 41,700,000 pounds held on May 31, 1939. In the first 5 months of 1940, shipments of 153,100,000 pounds of yarn set a record for the January-May period. Rayon producers have been informed of an increase of \$5 per ton for rayon dissolving pulp to be delivered between July 1 and September 30, 1940, the new price being \$85. In recent years rayon pulp prices have ranged from a low of \$72.50 to a peak of \$97.50 per ton.

COTTON PRICES REGAIN RECENT LOSS

Spot cotton prices on 10 Southern markets, which had declined to 9.58 cents for middling grade on May 17, rose thereafter each week to 10.68 cents on June 14, the latest date for which official data are available. Surplus stocks of cotton in the United States are now about

2,000,000 bales less than stocks in storage a year ago, and consumption figures continue substantially higher than in 1939.

COTTON CONSUMPTION AND ON HAND—BALES

	May 1940	May 1939	Aug. 1 to May 31 This Year	Aug. 1 to May 31 Last Year
Fifth district states:				
Cotton consumed	313,962	292,286	2,161,759	2,769,841
Cotton growing states:				
Cotton consumed	549,818	516,637	5,619,728	4,878,602
Cotton on hand May 31 in				
Consuming establishments ..	1,048,533	977,048	.....	.....
Storage & compresses	10,022,709	12,376,643	.....	.....
United States:				
Cotton consumed	636,467	606,090	6,591,195	5,758,637
Cotton on hand May 31 in				
Consuming establishments ..	1,314,105	1,175,357	.....	.....
Storage & compresses	10,087,027	12,422,259	.....	.....
Exports of cotton, U. S.	226,469	142,577	5,921,431	3,106,675
Spindles active, U. S.	22,217,302	21,970,202	....	....

American cotton growers depend upon foreign markets to take a substantial part of their crop, but conditions in Europe make future demands for cotton highly doubtful. France, Italy, Belgium and Germany took nearly a million and a half bales of American cotton in 10 months ended May 31, but their purchases will be very small as long as Great Britain maintains her naval supremacy. Much of the increase in exports to England shown in the accompanying table was due to an arrangement under which the United States exchanged government owned cotton with England for crude rubber.

EXPORTS OF DOMESTIC COTTON—BALES

COUNTRIES	In 10 months ending May 31,	
	1940	1939
Great Britain	1,820,778	383,702
France	712,151	331,897
Italy	536,256	251,777
Germany	18,992	292,061
Spain	268,359	15,570
Belgium	199,899	83,594
Other European	571,236	580,166
Japan	837,608	817,523
China	402,464	82,545
Canada	352,271	190,837
All Other	201,417	77,003
Total	5,921,431	3,106,675

TOBACCO MANUFACTURING INCREASES

All tobacco products increased in May over April, while all but cigarettes declined in comparison with May last year. Bureau of Internal Revenue figures show production figures as follows:

	May 1940	April 1940	May 1939
Smoking & chewing tobacco, pounds ..	26,457,385	25,082,562	26,973,918
Cigarettes, number ..	16,274,867,793	14,819,507,680	15,445,195,753
Cigars, number	469,313,069	425,140,424	470,579,558
Snuff, pounds	3,466,676	3,398,017	3,525,026

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales May 1940 comp. with May 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks May 31, 1940 comp. with May 1939	Ratio May collections to accounts outstanding May 1
Richmond (3) ...	+ 5.3	+ 5.0	+ 8.5	- 0.7
Baltimore (8) ...	+ 2.7	+ 6.2	+ 5.9	- 1.5
Washington (6) ..	+ 2.3	+ 5.3	+ 5.8	- 2.8
Other Cities (14) ..	+ 8.2	+ 8.2	+ 0.8	- 3.9
District (31) ..	+ 3.7	+ 5.9	+ 5.5	- 2.2
Same stores by states, with 26 stores added:				
Virginia (13) ...	+ 4.1	+ 4.6	...	...
West Va. (10) ..	+ 16.5	+ 13.1	...	...
No. Carolina (9) ..	+ 11.4	+ 8.7	...	...
So. Carolina (11) ..	+ 13.9	+ 11.6	...	...

RETAIL FURNITURE SALES

STATES	% Change in Sales, May and 5 Months in 1940 Compared with	
	May 1939	5 Months 1939
Maryland, 9 stores	+ 15	+ 21
Dist. of Col., 7 stores	+ 0	+ 7
Virginia, 9 stores	+ 8	+ 7
North Carolina, 4 stores	+ 15	+ 13
South Carolina, 7 stores	+ 16	+ 19
District, 36 stores	+ 9	+ 14
Individual cities:		
Baltimore, 9 stores	+ 15	+ 21
Richmond, 4 stores	- 7	- 0
Washington, 7 stores	+ 0	+ 7

WHOLESALE TRADE, 192 FIRMS

LINES	Net Sales May 1940 compared with		Stocks May 31, 1940 compared with		Ratio May collections to accounts outstanding May 1
	May 1939	April 1940	May 31 1939	Apr. 30 1940	
Auto Supplies (5)	+ 4	- 10	..	..	60
Shoes (5)	- 10	- 13	+ 11	- 8	57
Drugs (13)	+ 6	+ 0	+ 3	- 1	87
Dry goods (8)	+ 11	+ 11	+ 22	- 4	43
Electrical goods (16) ...	+ 27	+ 6	+ 11	+ 0	69
Groceries (58)	+ 9	+ 4	+ 5	- 0	94
Hardware (16)	+ 5	+ 3	+ 11	- 2	45
Industrial supplies (11) ..	+ 32	- 2	+ 13	+ 1	66
Plumbing & heating (4) ..	- 8	+ 1	..	..	56
Paper & products (6) ..	+ 15	- 3	+ 4	- 5	101
Tobacco & products (7) ..	+ 9	+ 9	- 6	- 8	86
Miscellaneous (43)	+ 14	+ 11	+ 3	- 3	77
District Average (192) ..	+ 10	+ 4	+ 8	- 3	69

AGRICULTURAL NOTES

Wheat and peaches are the only crops for which 1940 prospective yield figures have been issued. Total wheat yield this year for the Fifth district is forecast at 24,440,000 bushels, approximately the same as 24,480,000 bushels in 1939 but less than the ten-year average production of 25,169,000 bushels. Maryland and Virginia are expected to exceed last year's wheat crops, but West Virginia and the two Carolinas apparently have smaller crops this year. Peaches are turning out better than was expected, and the district's prospective crop of 4,793,000 bushels is higher than either the 1939 yield of 4,708,000 bushels or the ten-year average crop of 4,624,000 bushels. No forecasts of apple production have been made, but condition figures for Fifth district states were all higher on June 1 this year than a year earlier, and were higher in all states except North Carolina than the ten-year average as of June 1.

(Compiled June 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1940

Summary of June Business Conditions

TRADE and industry in the Fifth Federal Reserve district normally decline during the summer months, and this year is no exception, but in most instances the decreases have been less than was to be expected. Either direct or indirect influences of European conditions and of the preparedness program at home have probably held several indicators at higher than seasonal levels.

Employment appears to be better than at any time in many months, and there is an active demand for skilled mechanics and building tradesmen for work in shipyards, aircraft plants, and several other types of construction. Coal miners are more nearly employed full time than is usual at midsummer, textile operations continue at a high rate, and tobacco factories are running fully up to June and July average. Unskilled workers, while less in demand than trained men, are moderately employed in construction and road work.

Distribution of goods to consumers continues above the corresponding period last year. Department store sales in the Fifth district in June averaged 7 per cent above sales in June 1939, and sales in retail furniture stores totaled 8 per cent more than sales last year. Wholesale firms in several lines sold 4 per cent more than in June last year. Registrations of new passenger automobiles were substantially above registrations in June 1939, and sales of used cars were also reported quite satisfactory. Debits to individual accounts, reflecting transactions pass-

ing through the banks of the district, were 5 per cent larger in June 1940 than in June 1939.

Fifth district industries operated in June and the first half of July at least up to seasonal levels, and recent orders assure a continuation of operations at or above present levels. Increased activity in coal consuming industries this summer and larger than normal exports of coal enable West Virginia mines to hold output substantially above normal for this season. Shipyards in the Norfolk and Baltimore areas are working at capacity on sufficient orders to keep them busy for several years, and aircraft plants have all the business they can handle with present facilities. Smaller industries are also receiving orders for work in connection with the preparedness program, such as orders recently received by one firm for target shells for the Navy and by another firm for 500 steel railroad cars. Textile plants expect to secure orders for cloth and yarn to be used by the Army or by industrial establishments working on Government orders.

In agriculture, not much change in crop yields is in prospect this year in comparison with 1939 except in tobacco, in which an acreage reduction of nearly 40 per cent has been made, in agreement with Government control programs. This reduction may result in lower consumer purchasing power in tobacco growing areas next fall, although a considerable part of the prospective decrease in tobacco receipts will be made up by Government payments.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	June 1940	May 1940	June 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,367,716,000	\$1,362,938,000	\$1,300,495,000	+ 0	+ 5
Sales, 31 department stores, 5th district.....	\$ 9,770,327	\$ 10,474,004	\$ 9,167,490	- 7	+ 7
Sales, 36 furniture stores, 5th district.....	\$ 1,054,893	\$ 1,137,135	\$ 975,081	- 7	+ 8
Sales, 211 wholesale firms, 5th district.....	\$ 11,439,000	\$ 12,347,000	\$ 11,052,000	- 7	+ 4
Registrations, new autos, 5th district.....	24,135	23,623	18,177	+ 2	+ 33
Number of business failures, 5th district.....	47	51	36	- 8	+ 31
Liabilities in failures, 5th district.....	\$ 801,000	\$ 604,000	\$ 714,000	+ 33	+ 12
Value of building permits, 31 cities.....	\$ 10,719,466	\$ 12,665,284	\$ 11,843,892	- 15	- 9
Value of contracts awarded, 5th district.....	\$ 29,161,000	\$ 39,339,000	\$ 46,154,000	- 26	- 37
Cotton consumption, 5th district (Bales).....	271,127	313,962	274,367	- 14	- 1
Cotton price, ¢ per lb., end of month.....	10.64	10.11	9.33	+ 5	+ 14
Print cloths, 39 in., 80x80s, end of month.....	6.50	6.38	.....	+ 2	.....
Rayon shipments, U. S. (Pounds).....	31,100,000	31,900,000	33,000,000	- 3	- 6
Rayon Stocks, U. S. (Pounds).....	13,200,000	12,500,000	33,300,000	+ 6	- 60
Bituminous coal mined, U. S. (Tons).....	32,640,000	35,468,000	27,959,000	- 8	+ 17

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		July 15 1939
	July 15 1940	June 15 1940	
Discounts held	\$ 158	\$ 110	\$ 525
Foreign loans on gold	0	0	87
Open market paper	0	0	24
Industrial advances	871	896	1,153
Government securities	122,624	126,217	140,527
Total earning assets	123,653	127,223	142,316
Circulation of Fed. Res. Notes	230,463	224,457	196,706
Members' reserve deposits	319,933	298,881	243,945
Cash reserves	481,759	432,154	364,138
Reserve ratio	80.13	77.62	72.16

SELECTED ITEMS—41 REPORTING MEMBER BANKS

Fifth District

ITEMS	000 omitted		July 12 1939
	July 10 1940	June 12 1940	
Loans and discounts	\$271,117	\$270,648	\$241,625
Investments in securities	407,515	429,072	427,173
Reserve bal. with F. R. Bank	218,375	200,885	156,071
Cash in vaults	23,103	23,241	21,631
Demand deposits	574,902	569,955	488,948
Time deposits	202,182	201,662	200,133
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	June 30	May 31	June 30
	1940	1940	1939
Total deposits	\$223,515,446	\$223,616,485	\$220,303,545

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

CITIES	000 omitted			% of Change	
	June 1940	May 1940	June 1939	Month	Year
Dist. of Col.					
Washington	\$ 297,719	\$ 292,486	\$ 294,531	+ 2	+ 1
Maryland					
Baltimore	389,042	390,437	368,367	- 0	+ 6
Cumberland	9,253	8,625	8,837	+ 7	+ 5
Hagerstown	9,802	8,946	9,223	+10	+ 6
North Carolina					
Asheville	12,901	12,711	12,106	+ 1	+ 7
Charlotte	64,637	63,876	60,558	+ 1	+ 7
Durham	31,607	29,277	32,033	+ 8	- 1
Greensboro	21,113	20,847	19,612	+ 1	+ 8
Raleigh	47,932	39,966	40,438	+20	+19
Wilmington	11,419	11,231	11,386	+ 2	+ 0
Winston-Salem ..	42,824	40,563	39,689	+ 6	+ 8
South Carolina					
Charleston	21,642	20,972	17,987	+ 3	+20
Columbia	27,673	34,175	25,322	-19	+ 9
Greenville	17,946	20,381	17,718	-12	+ 1
Spartanburg	10,386	11,444	9,238	- 9	+12
Virginia					
Danville	8,289	8,044	7,525	+ 3	+10
Lynchburg	14,598	14,438	13,823	+ 1	+ 6
Newport News ..	12,338	12,204	9,794	+ 1	+26
Norfolk	53,127	52,924	50,629	+ 0	+ 5
Portsmouth	4,815	4,665	4,671	+ 3	+ 3
Richmond	149,636	154,112	148,304	- 3	+ 1
Roanoke	28,608	28,933	26,784	- 1	+ 7
West Virginia					
Charleston	51,572	52,062	46,403	- 1	+11
Huntington	18,136	17,696	15,761	+ 2	+15
Parkersburg	10,701	10,479	9,756	+ 2	+10
District Totals ..	\$1,367,716	\$1,361,494	\$1,300,495	+ 0	+ 5

+0 or -0 indicates change of less than 1/2 of 1%.

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1940	47	1,114	\$ 801,000	\$ 13,734,600
May 1940	51	1,238	604,000	13,068,000
June 1939	36	1,119	714,000	12,581,000
6 Months, 1940	294	7,119	\$3,416,000	\$ 83,481,000
6 Months, 1939	331	7,875	3,665,000	100,431,000

Source: Dun & Bradstreet.

EMPLOYMENT HOLDS UP

The number of industrial workers in the Fifth district changed little during the second half of June and the first half of July, increases and decreases about offsetting each other. In coal fields and in the cotton textile industry work declined moderately in June from the May level, but labor experienced reductions in payrolls rather than in the number of employees. On the other hand, the demand continues for skilled craftsmen in shipyards, aircraft factories, and construction work, but practically all available men in these trades are employed and there is some difficulty in securing trained men. Miscellaneous industries are busier than for several years, and employment in them is consequently up. There appears to be very little unemployment among able bodied men with any sort of mechanical training, although there is insufficient work to absorb all unskilled laborers and white collar workers. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from May to June:

STATES	Percentage change from May 1940 to June 1940	
	In number on payroll	In amount of payroll
Maryland	+ 1.2	+ 2.4
Dist. of Columbia	+ 0.5	+ 1.5
Virginia	+ 2.9	+ 3.1
West Virginia	+ 1.0	+ 0.3
North Carolina	- 1.1	- 1.3
South Carolina	- 1.7	- 3.7

AUTOMOBILE SALES CONTINUE LARGE

Registration figures for new passenger automobiles in the Fifth district in June showed an increase over May figures, due to substantial gains in Virginia and West Virginia, and exceeded June 1939 registrations by 33 per cent. However, the increase over June last year does not present a true picture, since June 1939 figures for West Virginia were incomplete. All states reported higher registrations last month than for June last year. Total registrations in the first half of 1940 exceeded listings in the first half of 1939 by 26 per cent, and except for 1937 were higher than registrations in the first half of any year since 1929. Trade reports indicate that manufacture of automobiles continued to decline seasonally in June, and consequently continued large retail sales reduced stocks of cars in dealers' showrooms from recent high levels. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	June	June	% Change	6 Months	6 Months	% Change
	1940	1939		1940	1939	
Maryland	5,015	3,523	+ 42	26,844	20,646	+30
Dist. of Col. ...	2,996	2,520	+ 19	15,104	14,075	+ 7
Virginia	5,507	4,321	+ 27	28,605	22,056	+30
West Virginia ...	4,391	1,968*	+123	17,310	10,545	+64
No. Carolina ...	3,907	3,591	+ 9	26,656	22,419	+19
So. Carolina ...	2,319	2,254	+ 3	15,195	12,911	+18
District	24,135	18,177	+ 33	129,714	102,653	+26

* W. Va. figure for June 1939 incomplete.

CONSTRUCTION CONTINUES ACTIVE

Construction provided for in building permits issued and contracts awarded in June in the Fifth district was in large volume, although both permit and contract valuations were lower than in June 1939. However, June 1939 figures were unusually high and it was to be expected that June 1940 figures would be lower.

Permits issued in 31 cities last month totaled \$10,719,466, a decrease of 15 per cent from \$12,665,284 in May 1940 and 9 per cent less than \$11,843,892 in June 1939. Total valuation for permits issued in 6 months this year was \$57,600,095, a decrease of 6 percent from a valuation of \$61,336,958 in the first 6 months of 1939. The leading cities in June permits were Baltimore with \$3,641,238, Washington \$3,043,270, Richmond \$600,592, Charleston, W. Va., \$597,298, and Norfolk \$406,810. Contract awards for the first half of 1940 totaling \$183,288,000 were 10 per cent below \$203,393,000 in the first half of 1939, but exceeded any other half-yearly figures since 1930. Figures collected by the *F. W. Dodge Corporation* by states for June 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	June 1940	June 1939	% Change
Maryland	\$ 9,606,000	\$ 9,556,000	+ 1
Dist. of Col.	3,304,000	18,858,000	- 82
Virginia	6,419,000	6,632,000	- 3
West Virginia	3,751,000	2,994,000	+ 25
North Carolina	4,172,000	6,303,000	- 34
South Carolina	1,909,000	1,811,000	+ 5
Fifth District	\$29,161,000	\$46,154,000	- 37

COAL PRODUCTION HIGH

Production of bituminous coal in the United States in June declined less than seasonally from May output, and was 17 per cent above June 1939 tonnage. Coal mined last month totaled 32,640,000 net tons, against 35,468,000 tons in May this year and 27,959,000 tons in June last year. Increased consumption by industry, and large exports to Canada chiefly account for the unusual production figures for the past several months. Total output of United States mines this year to July 6 reached 227,696,000 tons, 36 per cent above production of 167,181,000 tons to the same date in 1939. Lake loadings rose from 9,540,689 tons before July 6, 1939, to 20,485,255 tons before July 6, 1940, much of the increased tonnage going to Canada. Shipments of coal through Hampton Roads to July 6 amounted to 12,267,980 tons this year and 9,268,879 tons last year. In the Fifth district, bituminous coal mined in June 1940, May 1940, and June 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	June 1940	May 1940	June 1939
West Virginia	10,241,000	10,988,000	9,301,000
Virginia	1,260,000	1,278,000	1,148,000
Maryland	99,000	104,000	110,000
5th District	11,600,000	12,370,000	10,559,000
United States	32,640,000	35,468,000	27,959,000
% in District	35.5	34.9	37.8

TEXTILE MILLS REDUCE OPERATIONS

Cotton textile mills apparently reduced operating time in June, and less cotton was consumed in the district than in either May 1940 or June 1939. Production of textiles exceeded sales during most of June and the first half of July, but not sufficiently to build up burdensome stocks. Prices held up well during the past month, and actual or prospective sales of cloth and yarn for use in defense and WPA projects helped to increase mill sales and to strengthen prices. Yarn prices firmed especially in the first week in July as manufacturers made purchases against army orders and industrial users covered future requirements. Mill margins narrowed in June, averaging 10.7 cents against 11.4 cents in May and 9.8 cents in June

1939. Consumption of cotton by states in the Fifth district in June 1940, May 1940, and June 1939, in bales, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
June 1940	144,439	116,248	10,440	271,127
May 1940	165,046	135,288	13,628	313,962
June 1939	147,640	117,442	9,285	274,367
6 Months, 1940	1,004,594	783,353	78,464	1,866,411
6 Months, 1939	923,000	705,040	67,549	1,695,589

SEASONAL DECLINE IN RAYON PRODUCTION

Shipments of rayon filament yarn to domestic consumers in June totaled 31,100,000 pounds, compared with 31,900,000 pounds in May and 33,000,000 pounds in June last year. Cumulative shipments for the first half of this year amounting to 184,000,000 pounds rose 13 per cent above 162,700,000 pounds shipped in the corresponding period in 1939, and set a new record for shipments in any January-June period. In spite of large shipments, however, production has been somewhat higher than consumption for several months, and a small amount of yarn has been available to add to reserve stocks each month since January. On June 30, 1939, reserve stocks totaled 33,300,000 pounds of yarn, about a month's supply, but by the end of the year the reserve of yarn had declined to 6,400,000 pounds, somewhat less than a week's supply. Production in January and each month thereafter exceeded shipments, and manufacturers were able to build stocks up to 13,200,000 pounds by June 30, 1940, about a two-weeks supply. *Rayon Organon* states that the rayon yarn producing industry has been operating essentially at capacity based on the present deniers of yarn being spun, but that the industry has now entered the period when vacations and machine repairs will reduce operating schedules. It is expected that the sum of these reductions in operations will be equivalent to approximately 10 days.

COTTON ACREAGE INCREASES

Spot cotton prices on Southern markets were higher in June than in May, but held only part of the rise during the first two weeks in July. The average price quoted for middling grade 15/16-inch staple, which on May 17 was 9.58 cents, by June 14 had risen to 10.68 cents. From that date, however, there was a small decline each week to 10.42 cents on July 12. On July 14, 1939, the average price was 9.41 cents.

COTTON CONSUMPTION AND ON HAND—BALES

	June 1940	June 1939	Aug. 1 to June 30 This Year Last Year	
Fifth district states:				
Cotton consumed	271,127	274,367	3,432,886	3,044,208
Cotton growing states:				
Cotton consumed	480,069	489,135	6,099,797	5,367,737
Cotton on hand June 30 in				
Consuming establishments ..	903,100	825,949		
Storage & compresses	9,511,625	11,910,928		
United States:				
Cotton consumed	556,529	578,436	7,147,724	6,337,073
Cotton on hand June 30 in				
Consuming establishments ..	1,160,025	1,020,609		
Storage & compresses	9,572,142	11,948,792		
Exports of cotton	183,530	113,634	6,054,961	3,220,309
Spindles active	21,942,748	21,771,310		

On July 8, the Department of Agriculture reported the 1940 cotton acreage at 25,077,000 acres, 101.6 per cent of the area in cultivation on July 1 last year. In the

Fifth district, Virginia's 31,000 acres this year is only 94 per cent of last year's acreage, but North Carolina's 829,000 acres is 110 per cent and South Carolina's 1,273,000 acres is 102 per cent of the 1939 acreage. No official data on the condition of the crop will be available until August, but unofficial reports show that the crop is distinctly backward and at the moment prospects are below average for this season of the year.

CIGARETTE PRODUCTION SETS NEW RECORD

All tobacco products except cigarettes manufactured in the United States in June 1940 were in smaller amounts than in either May this year or June last year, but cigarette production set a new all-time record for a single month. Bureau of Internal Revenue figures show production figures as follows:

	June 1940	May 1940	June 1939
Smoking & chewing tobacco, pounds . . .	24,763,334	26,457,385	26,823,793
Cigarettes, number . . .	17,565,041,013	16,274,867,793	16,594,511,013
Cigars, number	435,029,473	469,318,069	486,721,353
Snuff, pounds	2,896,537	3,466,676	3,282,977

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales June 1940 comp. with June 1939		Net Sales Jan. 1 to date comp. with same period last year		Stocks June 30, 1940 comp. with June 30, 1939		Ratio June collections to accounts outstanding June 1
	June 1939	June 1940	June 1939	June 1940	June 1939	June 1940	
Richmond (3)	+ 4.5	+ 4.9	+ 6.0	- 8.2	32.1		
Baltimore (8)	+10.2	+ 6.9	+ 1.8	- 8.5	32.2		
Washington (6)	+ 5.2	+ 5.3	+ 1.7	- 9.0	28.5		
Other Cities (14)	+ 3.1	+ 7.3	+ 0.5	- 5.6	28.9		
District (31)	+ 6.6	+ 6.0	+ 2.1	- 8.3	30.1		
Same stores by states, with 25 stores added:							
Virginia (12)	+ 3.5	+ 4.4	..	..	..
West Virginia (10)	+ 8.7	+12.3	..	..	..
North Carolina (8)	+ 5.1	+ 8.1	..	..	..
South Carolina (11)	+ 8.3	+11.1	..	..	..

RETAIL FURNITURE SALES

% Change in Sales, June and 6 Months in 1940 Compared with Compared with June 1939 6 Months 1939

STATES	June 1939	June 1940	6 Months 1939	6 Months 1940
Maryland, 9 stores		+12		+20
Dist. of Col., 7 stores		+ 6		+ 7
Virginia, 9 stores		+ 6		+ 6
North Carolina, 4 stores		+ 6		+11
South Carolina, 7 stores		+10		+17
District, 36 stores		+ 8		+13
Individual cities:				
Baltimore, 9 stores		+12		+20
Richmond, 4 stores		+ 4		+ 1
Washington, 7 stores		+ 6		+ 7

WHOLESALE TRADE, 211 FIRMS

LINES	Net Sales June 1940 compared with June 1939		Stocks June 30, 1940 compared with June 30, 1939		Ratio June collections to accounts outstanding June 1
	June 1939	June 1940	June 1939	June 1940	
Auto supplies (8)	+ 6	+ 0	+10	- 2	65
Shoes (5)	-14	-36	+ 1	+ 7	52
Drugs (10)	+ 4	- 8	+ 7	+ 1	88
Dry goods (8)	- 9	-20	+24	- 6	41
Electrical goods (16)	+ 4	- 7	+11	+ 3	66
Groceries (58)	+ 3	- 4	+11	+ 3	87
Hardware (18)	+ 3	- 5	+11	+ 1	45
Industrial supplies (11)	+24	+ 8	+14	- 0	74
Plumbing & heating (5)	+11	+10	..	..	60
Paper & products (10)	+ 0	-11	+11	+10	64
Tobacco & products (8)	+ 6	+ 0	+ 5	+ 7	82
Miscellaneous (54)	+ 4	- 9	+ 5	- 6	65
District Average (211)	+ 4	- 7	+ 9	+ 1	63

CROP FORECASTS

The following figures, issued by the Department of Agriculture, show forecasts of production based on July 1 conditions, compared with yields in 1939 and in the 10-year period 1929-1938, and percentage changes in acreage this year over or under 1939:

	% Change Acreage	Wheat (Bushels)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+ 4	7,448,000	7,352,000	8,518,000
Virginia	+ 4	8,354,000	7,511,000	8,735,000
West Virginia	- 6	1,986,000	2,102,000	2,080,000
North Carolina	+ 5	5,798,000	5,100,000	4,661,000
South Carolina	0	2,625,000	2,415,000	1,175,000

	% Change Acreage	Corn (Bushels)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+ 1	17,374,000	18,216,000	15,923,000
Virginia	- 2	34,425,000	36,530,000	32,255,000
West Virginia	- 1	13,122,000	13,994,000	12,448,000
North Carolina	- 1	48,820,000	48,087,000	42,517,000
South Carolina	+ 2	25,940,000	25,433,000	22,306,000

	% Change Acreage	Oats (Bushels)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+15	1,015,000	1,128,000	1,344,000
Virginia	+ 5	1,806,000	1,600,000	2,197,000
West Virginia	-10	1,388,000	1,460,000	2,086,000
North Carolina	- 1	5,250,000	5,692,000	4,228,000
South Carolina	- 1	10,670,000	11,515,000	8,910,000

	% Change Acreage	Hay (Tons)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+ 2	591,000	518,000	464,000
Virginia	+ 3	1,178,000	983,000	923,000
West Virginia	+ 1	820,000	718,000	644,000
North Carolina	+ 7	1,035,000	991,000	696,000
South Carolina	+ 5	518,000	541,000	362,000

	% Change Acreage	Irish Potatoes (Bushels)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+ 4	2,834,000	2,375,000	3,098,000
Virginia	0	9,438,000	6,786,000	11,507,000
West Virginia	0	3,200,000	3,040,000	2,925,000
North Carolina	- 1	8,829,000	8,200,000	7,976,000
South Carolina	0	3,192,000	3,108,000	2,424,000

	% Change Acreage	Sweet Potatoes (Bushels)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	+11	1,350,000	1,440,000	1,090,000
Virginia	- 3	3,720,000	4,128,000	4,156,000
North Carolina	- 5	7,592,000	8,624,000	8,163,000
South Carolina	- 1	5,940,000	6,834,000	5,220,000

	% Change Acreage	Tobacco (Pounds)		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland	- 1	24,192,000	29,796,000	26,096,000
Virginia	-33	90,684,000	143,847,000	97,395,000
West Virginia	- 6	2,635,000	2,786,000	3,262,000
North Carolina	-41	465,650,000	811,675,000	496,101,000
South Carolina	-40	77,400,000	133,200,000	81,068,000

	% Change Acreage	Peanut Condition, July 1		
		Yield 1940	Yield 1939	Yield 1929-1938
Virginia	+ 5	86	79	80
North Carolina	+ 5	81	79	75
South Carolina	+15	80	78	67

	% Change Acreage	Pasture Condition, July 1		
		Yield 1940	Yield 1939	Yield 1929-1938
Maryland		80	77	76
Virginia		90	72	78
West Virginia		89	76	74
North Carolina		82	79	75
South Carolina		75	68	67

(Compiled July 20, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

August 31, 1940

Summary of July Business Conditions

BUSINESS in July in the Fifth Federal Reserve district was above seasonal level on the whole. None of the leading indicators declined more than seasonally, and most of them registered better results than is expected at this time of year. In comparison with July 1939, last month showed substantial improvement in nearly all lines. Probably a considerable part of the increased activity is due either directly or indirectly to the preparedness program.

Distribution of goods to consumers continued higher than a year ago, but showed some seasonal decline from June. Department store sales dropped 9 per cent from the previous month, July usually being a relatively poor month in wearing apparel and piece goods, but averaged 14 per cent more than sales in July last year. Furniture stores also reported a 9 per cent decline in last month's sales under June sales, but gained 10 per cent over sales in July 1939. Wholesale firms in a dozen or more lines sold more than in either June this year or July last year, and registration of new passenger automobiles in July also exceeded those in either June 1940 or July 1939.

In industry, developments during July were somewhat conflicting. Textile mill activity declined slightly from the level of the preceding month, and production exceeded sales of textile products. On the other hand, rayon manufacturers shipped more yarn than they made, and further reduced already small reserve stocks. Coal mines increased output further, and production during July was 23 per cent higher than production of coal in July last year. Shipyards and airplane plants operated at

capacity, and in some plants preparations for expansion of facilities were pushed. Miscellaneous manufacturers are in general operating more nearly full time than in many months.

Construction expanded sharply in July. Building permits issued in 31 Fifth district cities rose 32 per cent above June in valuation, and were 4 per cent higher than figures for July 1939. Contract awards in the district in July nearly doubled June figures, and were 63 per cent above awards in July last year.

Storms and floods around mid-August did serious damage to some crops, the extent of which is yet undetermined. Weather in July was favorable for plant growth, and on August 1 prospects for generally satisfactory yields were good. Cotton overcame in July much of the late start, and a larger yield than in 1939 is now forecast for the Fifth district. The 1940 tobacco crop will be between 40 and 45 per cent smaller than the 1939 crop, but the reduction is due chiefly to a smaller acreage this year. Tobacco markets already open are selling tobacco at prices slightly higher than opening prices last year, which must be considered satisfactory in view of the large carry-over of tobacco from previous seasons and absence of foreign demand due to disturbed European conditions. Prospective purchasing power for fall and winter trade should be about the same in cotton growing sections as a year ago, but cash income in tobacco sections will probably be substantially smaller, in spite of Government payments to compensate partly for acreage reduction.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	July 1940	June 1940	July 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,408,226,000	\$1,367,716,000	\$1,231,893,000	+ 3	+ 14
Sales, 31 department stores, 5th district.....	\$ 7,099,101	\$ 9,770,329	\$ 6,232,889	— 9	+ 14
Sales, 37 furniture stores, 5th district.....	\$ 972,989	\$ 1,074,064	\$ 883,882	— 9	+ 10
Sales, 194 wholesale firms, 5th district.....	\$ 10,041,000	\$ 9,602,000	\$ 9,117,000	+ 5	+ 10
Registrations, new autos, 5th district.....	24,724	24,135	19,962	+ 2	+ 24
Number of business failures, 5th district.....	51	47	35	+ 9	+ 46
Liabilities in failures, 5th district.....	\$ 756,000	\$ 801,000	\$ 486,000	— 6	+ 56
Value of building permits, 31 cities.....	\$ 14,127,489	\$ 10,719,466	\$ 13,635,565	+ 32	+ 4
Value of contracts awarded, 5th district.....	\$ 57,234,000	\$ 29,161,000	\$ 35,117,000	+ 96	+ 63
Cotton consumption, 5th district (Bales).....	285,912	271,127	255,264	+ 5	+ 12
Cotton price, ¢ per lb., end of month.....	10.23	10.64	9.28	— 4	+ 10
Print cloths, 39 in. 80x80s, end of month.....	6.50	6.50	....	0	....
Rayon shipments, U. S. (Pounds).....	32,700,000	31,400,000	32,900,000	+ 4	— 1
Rayon stocks, U. S. (Pounds).....	11,400,000	12,800,000	26,400,000	— 11	— 57
Bituminous coal mined, U. S. (Tons).....	36,080,000	32,340,000	29,391,000	+ 12	+ 23

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	August 15 1940	July 15 1940	August 15 1939
Discounts held	\$ 140	\$ 158	\$ 560
Foreign loans on gold.....	0	0	87
Open market paper.....	0	0	23
Industrial advances	790	871	1,067
Government securities	122,470	122,624	137,064
Total earning assets.....	123,400	123,653	138,801
Circulation of Fed. Res. notes.....	231,824	230,463	202,007
Members' reserve deposits.....	304,162	319,933	257,993
Cash reserves	493,514	481,759	377,097
Reserve ratio	80.35	80.13	74.01

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	August 14 1940	July 17 1940	August 16 1939
Loans & discounts.....	\$274,662	\$272,357	\$245,039
Investments in securities.....	442,623	412,811	428,350
Reserve bal. with F. R. bank.....	195,192	211,504	169,489
Cash in vaults.....	23,084	21,615	18,701
Demand deposits	577,754	578,646	502,862
Time deposits	202,774	202,412	200,104
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	July 31 1940	June 30 1940	July 31 1939
Total deposits	\$222,693,076	\$223,515,446	\$219,774,904

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			% of Month	Change Year
	July 1940	June 1940	July 1939		
Dist. of Col.					
Washington ..	\$ 299,105	\$ 297,719	\$ 266,293	+ 0	+ 12
Maryland					
Baltimore	415,299	389,042	346,938	+ 7	+ 20
Cumberland	9,608	9,253	8,878	+ 4	+ 8
Hagerstown	10,190	9,802	8,962	+ 4	+ 14
North Carolina					
Asheville	13,284	12,901	11,810	+ 3	+ 12
Charlotte	63,979	64,637	59,292	- 1	+ 8
Durham	30,647	31,607	29,503	- 3	+ 4
Greensboro	19,776	21,113	18,430	- 6	+ 7
Raleigh	50,205	47,932	41,713	+ 5	+ 20
Wilmington	11,992	11,419	10,373	+ 5	+ 16
Winston-Salem ..	40,162	42,824	37,257	- 6	+ 8
South Carolina					
Charleston	20,046	21,642	15,757	- 7	+ 27
Columbia	30,529	27,673	24,901	+ 10	+ 23
Greenville	19,301	17,946	18,298	+ 8	+ 5
Spartanburg	9,793	10,386	9,653	- 6	+ 1
Virginia					
Danville	6,948	8,289	7,380	- 16	- 6
Lynchburg	15,426	14,598	15,380	+ 6	+ 0
Newport News... ..	13,640	12,338	9,023	+ 11	+ 51
Norfolk	58,013	53,127	48,264	+ 9	+ 20
Portsmouth	4,906	4,815	4,072	+ 2	+ 20
Richmond	155,127	149,636	143,081	+ 4	+ 8
Roanoke	28,051	28,608	25,853	- 2	+ 9
West Virginia					
Charleston	54,179	51,572	45,197	+ 5	+ 20
Huntington	17,422	18,136	15,440	- 4	+ 13
Parkersburg	10,598	10,701	10,145	- 1	+ 4
District Totals...	\$1,408,226	\$1,367,716	\$1,231,893	+ 3	+ 14

+0 indicates increase of less than 1/2 of 1%.

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
July 1940	51	1,175	\$ 756,000	\$ 16,213,000
June 1940	47	1,114	801,000	13,734,000
July 1939	35	1,153	486,000	14,999,000
7 Months, 1940.....	345	8,294	4,172,000	99,694,000
7 Months, 1939.....	366	9,028	4,151,000	115,430,000

Source: Dun & Bradstreet.

EMPLOYMENT EXPANDS

Such changes as occurred in employment in the Fifth district in July and the first half of August denoted further demand for workers at once or in the near future, especially for labor in construction lines. Employment in coal fields is better than usual for this season, and cotton textile and rayon manufacturers continued operations last month at about the same levels as in June. Shipbuilding and airplane plants expanded further their need for skilled workers. A strike of truck drivers involving several hundred men is in progress in Richmond, but on the whole relations between employers and employees appear to be harmonious in the district at present. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from June to July:

STATES	Percentage change from June 1940 to July 1940	
	in number on payroll	in amount of payroll
Maryland	+ 1.6	- 0.1
Dist. of Columbia.....	- 2.4	- 2.1
Virginia	- 0.9	- 1.6
West Virginia	- 0.2	- 0.4
North Carolina	+ 1.1	+ 2.3
South Carolina	+ 1.3	+ 2.6

AUTO SALES ABOVE SEASONAL LEVEL

Automobile sales continue to show substantial advances over sales a year ago, and registrations of new passenger cars in the Fifth district in July 1940 were larger than in any other July since 1936. With the exception of April this year, last month's registrations exceeded those in any other month since June 1937, and the July 1940 figure was only exceeded 17 times in the past 187 months. Sales of used cars have not kept pace with new car sales, but on the whole the market has been satisfactory and dealers are not generally burdened with excessive stocks. New car stocks were reduced further in July as manufacturers stopped or sharply reduced production of 1940 models preparatory to the change-over to the 1941 line. *Automotive News* reports that eight manufacturers now have 1941 models on the production line. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	July 1940	July 1939	% Change	7 Months 1940	7 Months 1939	% Change
	Maryland	4,909	3,330	+47	31,753	23,976	+32
Dist. of Col.....	2,695	2,095	+29	17,799	16,170	+10
Virginia	5,985	3,797	+58	34,590	25,853	+34
West Virginia....	3,177	3,393*	- 6	20,487	13,939	+47
North Carolina...	5,415	4,928	+10	32,071	27,347	+17
South Carolina...	2,543	2,419	+ 5	17,738	15,330	+16
District	24,724	19,962	+24	154,438	122,615	+25

* Part of June 1939 registrations were reported in July.

CONSTRUCTION INCREASES

Both building permits issued and contracts awarded in July increased sharply over those in June, and were also above permits issued and contracts awarded in July last year. Permits issued in 31 Fifth district cities totaled \$14,127,489 in July, an increase of 32 per cent over the \$10,719,466 in June and 4 per cent above the \$13,635,565 in July 1939. Washington led in valuation with \$5,539,435 last month (Government work not included), followed by Baltimore with \$3,258,536, Winston-Salem

with \$734,000, Charleston, S. C., with \$459,485, Richmond with \$422,989, Charleston, W. Va., with \$414,170, and Norfolk with \$406,965. Contracts awarded in the district in July 1940 totaling \$57,234,000 were not only 96 per cent above June 1940 contracts and 63 per cent above those for July 1939, but were the highest amount for any month since April 1928, when the record of \$66,591,000 was set. Last month's contract awards were exceeded in only 3 months since complete district figures became available in June 1921. The high valuation of contracts last month was chiefly due to publicly financed construction, partly as a result of the preparedness program.

Figures collected by the *F. W. Dodge Corporation* by states for July 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	July 1940	July 1939	% Change
Maryland	\$ 7,951,000	\$ 6,024,000	+ 32
Dist. of Col.	6,197,000	5,871,000	+ 6
Virginia	31,728,000	8,814,000	+260
West Virginia	1,575,000	5,318,000	- 70
North Carolina	5,882,000	7,014,000	- 16
South Carolina	3,901,000	2,076,000	+ 88
Fifth District	\$57,234,000	\$35,117,000	+ 63

COAL PRODUCTION RISES FURTHER

Bituminous coal production in the United States has been unusually high since mid-winter, and output in July totaling 36,080,000 net tons was 12 per cent above 32,340,000 tons mined in June this year and 23 per cent above 29,391,000 tons in July last year. The greater demand for coal this year is chiefly due to increased industrial activity, but exports, especially to Canada, have also been a substantial factor in the gain. Total output of coal this calendar year to August 3 amounted to 260,028,000 tons, an increase of 31 per cent over 197,815,000 tons mined in the corresponding period in 1939. Shipments of coal through Hampton Roads to August 3 were 13,793,961 tons in 1940 and 10,714,559 tons in 1939, an increase this year of 29 per cent. The chief increase was in foreign cargo coal, which rose 363 per cent this year. In the Fifth district, which accounts for between 30 and 40 per cent of the bituminous coal output of the United States, production in July 1940, June 1940 and July 1939, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	July 1940	June 1940	July 1939
West Virginia	11,097,000	10,241,000	9,851,000
Virginia	1,165,000	1,260,000	1,153,000
Maryland	98,000	99,000	97,000
5th District	12,360,000	11,600,000	11,101,000
United States	36,080,000	32,340,000	29,391,000
% in District	34.3	35.9	37.8

TEXTILE ACTIVITY AGAIN DECLINES

For the most part, business obtained in July by cotton textile mills was disappointing, and sales were substantially below mill production, according to the best available trade data. Prices for textiles held up remarkably well, however, most constructions declining only about an eighth of a cent during the latter part of the month. The *Journal of Commerce* states that a sudden flare-up in trading on the last day of July accounted for sales of approximately 40,000,000 yards of print cloths, carded broadcloths and related items, and nearly all prices snapped back to the levels at which they started the

month. Trading in textiles on July 31 exceeded all the rest of the month, but dullness developed again in August and mill activity has been only fairly well maintained at recent levels. Sales of finished goods appear to be holding up somewhat better than unfinished cloth and yarn. A considerable volume of heavy industrial cloth was sold in early August. Consumption of cotton in July was below the June level on an average daily basis, but total consumption last month was higher because July had two additional working days.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
July 1940	158,028	120,829	7,055	285,912
June 1940	144,439	116,248	10,440	271,127
July 1939	143,266	100,757	11,241	255,264
7 Months, 1940	1,162,622	904,182	85,519	2,152,323
7 Months, 1939	1,066,266	805,797	78,790	1,950,853

RAYON SHIPMENTS EXCEED PRODUCTION

Manufacturers of rayon filament yarn continued operations at about capacity levels in July, and shipments to fabricators totaling 32,700,000 pounds exceeded output by 1,400,000 pounds, already low reserve stocks being reduced accordingly. Last month's shipments compared with 31,400,000 pounds in June this year and 32,900,000 pounds in July last year, while reserve stocks at the end of July 1940, totaling 11,400,000 pounds, compared with 12,800,000 pounds on hand a month earlier and 26,400,000 pounds on July 31, 1939. *Rayon Organon* reports that a new field for the use of rayon products is indicated in experimental orders placed by the Army Quartermaster Corps, one for satins to be used as linings in garments for the Air Corps and another for olive drab cloth containing 30 per cent rayon staple fiber and 70 per cent wool, to be used chiefly for shirts. It is understood that the Navy is also experimenting with rayon linings in uniforms and overcoats of enlisted men.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets continued to decline steadily from the middle of July through the middle of August, and on August 16 dropped below the 10-cent line to 9.93 cents for middling upland cotton. A year earlier, on August 18, 1939, the average price was 8.95 cents.

The first forecast on production of cotton was made on August 8 by the Department of Agriculture, and indicated a yield of 11,429,000 bales against 11,817,000 bales in 1939 and a 10-year average of 13,547,000 bales. In the Fifth district, Virginia and North Carolina figures are higher than last year's, and more than offset a decline in South Carolina. Figures for Fifth district states are shown on page 4. The 1940 crop got a late start, but the weather during most of July and early August was almost ideal for cotton and rapid progress was made. In the district the crop is well fruited, and weevil damage has been very slight.

On August 9, the details of the 1940 Government cotton loan were released. Rates range from 9.16 cents in west Texas and New Mexico to 9.90 cents in the Carolina mill sections for middling 15/16 inch, net weight basis. The rates are somewhat higher than those in force in 1939, and are equal to about 56 per cent of the so-called parity price.

COTTON CONSUMPTION AND ON HAND—BALES

	July 1940	July 1939	Year Ended July 31	
			This Year	Last Year
Fifth district states:				
Cotton consumed	285,912	255,264	3,718,798	3,299,472
Cotton growing states:				
Cotton consumed	511,121	442,084	6,610,918	5,809,821
Cotton on hand July 31 in				
Consuming establishments...	743,226	681,681	.....	.....
Storage & compresses.....	9,044,748	11,586,232	.....	.....
United States:				
Cotton consumed	597,850	521,353	7,745,574	6,858,426
Cotton on hand July 31 in				
Consuming establishments...	973,542	862,105	.....	.....
Storage & compresses.....	9,122,178	11,620,408	.....	.....
Exports of cotton, U. S.....	120,388	106,531	6,175,349	3,326,840
Spindles active, U. S.....	21,916,700	21,939,404	.....	.....

CIGARETTE PRODUCTION DECLINES

Bureau of Internal Revenue receipts for July show production of tobacco products as follows:

	July 1940	June 1940	July 1939
Smoking & chewing			
tobacco, pounds	26,241,167	24,763,334	23,674,676
Cigarettes, number	15,912,640,803	17,565,041,013	14,259,801,810
Cigars, number	460,522,504	435,029,473	427,533,137
Snuff, pounds	3,091,422	2,896,537	2,571,218

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio July collections to accounts outstanding July 1
	July 1940 comp. with July 1939	Jan. 1 to date comp. with same period last year	July 1939	June 1940	
Richmond (3) ...	+ 9.6	+ 5.4	+ 4.6	- 1.8	31.8
Baltimore (8) ...	+ 12.3	+ 7.5	+ 3.7	- 6.8	32.0
Washington (6) ..	+ 16.6	+ 6.5	+ 2.4	- 5.2	29.2
Other Cities (14) ..	+ 13.5	+ 8.0	- 1.0	- 7.3	28.3
District (31) ..	+ 13.9	+ 6.9	+ 2.7	- 5.6	30.3
Same stores by states, with 24 stores added:					
Virginia (12) ..	+ 10.9	+ 5.2	...	...	...
West Va. (10) ...	+ 12.7	+ 12.7	...	...	...
No. Carolina (8) ..	+ 5.8	+ 9.6	...	...	...
So. Carolina (11) ..	+ 9.2	+ 10.9	...	...	...

RETAIL FURNITURE SALES

STATES	% Change in Sales, July and 7 Months in 1940 Compared with	
	July 1939	7 Months 1939
Maryland, 9 stores.....	- 1	+ 17
Dist. of Col., 7 stores.....	+ 15	+ 8
Virginia, 10 stores.....	+ 13	+ 7
North Carolina, 4 stores.....	+ 29	+ 13
South Carolina, 7 stores.....	+ 9	+ 16
District, 37 stores.....	+ 10	+ 12
Individual Cities:		
Baltimore, 9 stores.....	- 1	+ 17
Richmond, 5 stores.....	+ 18	+ 3
Washington, 7 stores.....	+ 15	+ 8

WHOLESALE TRADE—194 FIRMS

LINES	Net Sales		Stocks		Ratio July collections to accounts outstanding July 1
	July 1940 compared with July 1939	June 1940	July 31 1939	June 30 1940	
Auto supplies (7).....	+ 5	- 7	..	..	65
Shoes (3)	- 17	+ 7	- 4	+ 21	..
Drugs (13)	+ 10	+ 3	+ 1	+ 1	81
Dry goods (8).....	+ 5	- 1	+ 21	+ 21	42
Electrical goods (16)...	+ 17	+ 6	+ 1	- 4	69
Groceries (57)	+ 9	+ 2	+ 14	+ 9	93
Hardware (16)	+ 16	- 2	+ 12	+ 6	36
Indus. supplies (9).....	+ 33	+ 24	+ 26	+ 3	61
Plumbing & heating (3) ..	+ 11	+ 9	..	..	..
Paper & products (9).....	+ 23	+ 7	+ 4	- 3	67
Tobacco & products (9) ..	+ 9	- 8	..	..	83
Miscellaneous (44)	+ 17	- 1	- 4	- 0	62
District average (194) ..	+ 10	+ 5	+ 6	+ 7	64

Source: Bureau of the Census.

CROP FORECASTS

The following figures issued by the Department of Agriculture show forecasts of production based on August 1 conditions, compared with yields in 1939 and in the 10-year period 1929-1938, and percentage changes in acreage this year over or under 1939. Yield figures marked (+) were raised between July 1 and August 1, and those marked (-) were lowered.

	Cotton (Bales)			Yield 1929-1938
	% Change Acreage	Yield 1940	Yield 1939	
Virginia	- 6	20,000	13,000	37,000
North Carolina	+ 9	588,000	457,000	658,000
South Carolina	+ 1	840,000	871,000	820,000
Fifth District	+ 4	1,448,000	1,341,000	1,515,000
Wheat (Bushels)				
Maryland	+ 4	7,448,000	7,352,000	8,518,000
Virginia	+ 4	8,354,000	7,511,000	8,735,000
West Virginia	- 6	1,986,000	2,102,000	2,080,000
North Carolina	+ 5	6,021,000+	5,100,000	4,661,000
South Carolina	0	2,625,000	2,415,000	1,175,000
Fifth District	+ 3	26,434,000+	24,480,000	25,169,000
Corn (Bushels)				
Maryland	+ 1	16,863,000-	18,216,000	15,923,000
Virginia	- 2	35,114,000+	36,530,000	32,255,000
West Virginia	- 1	12,879,000-	13,994,000	12,448,000
North Carolina	- 1	43,933,000-	48,087,000	42,517,000
South Carolina	+ 2	24,152,000+	25,433,000	22,306,000
Fifth District	- 0	132,946,000+	142,260,000	125,449,000
Oats (Bushels)				
Maryland	+ 15	1,015,000	1,128,000	1,344,000
Virginia	+ 5	1,932,000+	1,600,000	2,197,000
West Virginia	- 10	1,385,000-	1,460,000	2,086,000
North Carolina	- 1	6,000,000+	5,692,000	4,228,000
South Carolina	- 1	10,670,000	11,515,000	8,970,000
Fifth District	- 2	21,003,000+	21,335,000	18,765,000
Hay (Tons)				
Maryland	+ 2	570,000-	518,000	464,000
Virginia	+ 3	1,178,000	983,000	923,000
West Virginia	+ 1	820,000	718,000	644,000
North Carolina	+ 7	1,000,000-	991,000	696,000
South Carolina	+ 5	483,000-	541,000	362,000
Fifth District	+ 4	4,051,000-	3,751,000	3,089,000
Irish Potatoes (Bushels)				
Maryland	+ 4	2,782,000-	2,875,000	3,098,000
Virginia	0	10,452,000+	6,786,000	11,597,000
West Virginia	0	3,200,000	3,040,000	2,925,000
North Carolina	- 1	8,748,000-	8,200,000	7,976,000
South Carolina	0	3,192,000	3,108,000	2,424,000
Fifth District	0	28,374,000+	23,509,000	27,930,000
Sweet Potatoes (Bushels)				
Maryland	+ 11	1,359,000	1,440,000	1,090,000
Virginia	- 3	3,875,000+	4,128,000	4,156,000
North Carolina	- 5	6,935,000-	8,624,000	8,163,000
South Carolina	- 1	5,280,000-	6,834,000	5,220,000
Fifth District	- 3	17,440,000-	21,026,000	18,629,000
Tobacco (Pounds)				
Maryland	- 1	26,460,000+	29,796,000	26,096,000
Virginia	- 33	94,035,000+	143,847,000	97,395,000
West Virginia	- 6	2,635,000	2,736,000	3,262,000
North Carolina	- 41	430,823,000-	811,675,000	496,101,000
South Carolina	- 40	73,960,000-	133,200,000	81,068,000
Fifth District	- 38	627,913,000-	1,121,254,000	703,922,000
Apples, Commercial (Bushels)				
Maryland .....	..	2,232,000	2,362,000	1,922,000
Virginia .....	..	10,150,000	10,800,000	10,279,000
West Virginia .....	..	4,309,000	5,670,000	4,622,000
North Carolina .....	..	945,000	1,120,000	935,000
Fifth District .....	..	17,636,000	19,952,000	17,758,000
Peanuts (Pounds)				
Virginia	+ 5	194,350,000	189,175,000	146,706,000
North Carolina	+ 5	304,750,000	290,700,000	242,658,000
South Carolina	+ 15	14,000,000	11,840,000	8,607,000
Fifth District	+ 5	513,100,000	491,715,000	397,971,000
Pasture Condition, August 1				
Maryland .....	..	70-	77	66
Virginia .....	..	92+	87	74
West Virginia .....	..	88-	85	71
North Carolina .....	..	77-	84	76
South Carolina .....	..	65-	78	69

(Compiled August 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT*Federal Reserve Bank, Richmond, Va.**September 30, 1940*

Summary of August Business Conditions

THE stimulating influence of the preparedness program is beginning to be widely felt in the Fifth Reserve district, and many Government contracts have been awarded to industries in the district for articles needed for the expanded Army and Navy. These direct activities are also bringing indirect results, such as the pressing need for additional housing developed in the Newport News area by the great shipbuilding program under way there. Increased industrial activity necessitates additional plant capacity in a number of instances, and plans are in the making for further construction in the near future. Very large additions to shipbuilding facilities, airplane plants and powder manufacturers will presently be made in the Fifth district.

In addition to new business flowing from the preparedness program, ordinary commercial business was up to or above seasonal level in August and early September. Distribution of goods continued in greater volume than a year ago, and some seasonal advances over July were registered. Sales in department stores in August rose 27 per cent above July sales, and were 20 per cent larger than sales in August 1939. Retail furniture sales were also larger last month than in either the preceding month this year or the corresponding month last year, and wholesale sales in August exceeded those in either of the two earlier periods mentioned. Sales of new automobiles declined from the July level, but this was a seasonal development, and August sales were above those of August 1939.

Industrial activity held up well last month, although gains over the level of operations a year ago were smaller than gains made over the same period by retail distribution. Textile mills in the Fifth district found business slow in early August, but during the latter part of the month demand picked up materially and cotton consumption was approximately the same as in August 1939. Rayon shipments again exceeded capacity production, and reserve stocks of yarn declined further. Coal mined increased to a level 12 per cent above that of August last year. Tobacco manufacturing declined in August from the high level of August 1939. Building permits issued and contracts awarded both decreased from July figures, but continued in relatively large volume and both were above permits and awards in August 1939.

The agricultural outlook improved during August for most crops, in spite of serious damage from floods during the month in many sections of the Fifth district. The leading cash crop, tobacco, declined in prospective yield, but cotton, the second most important crop from an income standpoint, improved substantially. Increased yields over those forecast on August 1 were predicted on September 1 for cotton, corn, oats, hay and sweet potatoes, while lower yields were forecast for tobacco, apples and peanuts. Pasture conditions improved in August in all Fifth district states except West Virginia, and all were above the 10-year average.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	August 1940	July 1940	August 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,307,118,000	\$1,408,226,000	\$1,228,451,000	— 7	+ 6
Sales, 30 department stores, 5th district.....	\$ 8,958,091	\$ 7,074,213	\$ 7,439,682	+ 27	+ 20
Sales, 37 furniture stores, 5th district.....	\$ 1,476,379	\$ 972,989	\$ 1,288,618	+ 52	+ 15
Sales, 196 wholesale firms, 5th district.....	\$ 12,529,000	\$ 11,229,000	\$ 11,860,000	+ 12	+ 6
Registrations, new autos, 5th district.....	17,242	24,724	15,840	— 30	+ 9
Tobacco sold in 5th district (Pounds).....	52,687,557	.....	219,923,342	— 76	.....
Average price of tobacco, per 100 lbs.....	\$ 18.36	.....	\$ 16.02	.....	+ 15
Growers' receipts from tobacco, 5th district.....	\$ 9,671,070	.....	\$ 35,233,572	.....	— 73
Number of business failures, 5th district.....	42	51	39	— 18	+ 8
Liabilities in failures, 5th district.....	\$ 713,000	\$ 756,000	249,000	— 6	+186
Value of building permits, 31 cities.....	\$ 10,033,108	\$ 14,127,489	\$ 8,498,125	— 29	+ 18
Value of contracts awarded, 5th district.....	\$ 47,363,000	\$ 57,234,000	\$ 32,213,000	— 17	+ 47
Cotton consumption, 5th district (Bales).....	298,696	285,912	299,195	+ 4	— 0
Cotton price, ¢ per lb., end of month.....	9.62	10.23	8.76	— 6	+ 10
Print cloths, 39 in. 80x80s, end of month.....	6.50	6.50	.....	0	.....
Rayon yarn shipments, U. S. (Pounds).....	35,400,000	32,700,000	32,500,000	+ 8	+ 9
Rayon yarn stocks, U. S. (Pounds).....	9,300,000	11,200,000	19,300,000	— 17	— 52
Bituminous coal mined, U. S. (Tons).....	39,240,000	36,080,000	35,016,000	+ 9	+ 12

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Sept. 15 1940	Aug. 15 1940	Sept. 15 1939
Discounts held	\$ 250	\$ 140	\$ 200
Foreign loans on gold	13	0	87
Open market paper	0	0	23
Industrial advances	849	790	1,043
Government securities	121,994	122,470	151,912
Total earning assets	123,106	123,400	153,265
Circulation of Fed. Res. notes	242,825	231,824	210,496
Members' reserve deposits	323,639	304,162	273,187
Cash reserves	520,860	493,514	398,943
Reserve ratio	81.51	80.85	72.48

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Sept. 11 1940	Aug. 14 1940	Sept. 13 1939
Loans & discounts	\$280,966	\$274,662	\$248,637
Investments in securities	435,123	442,623	433,539
Reserve bal. with F. R. bank	213,120	195,192	183,969
Cash in vaults	24,374	23,084	23,043
Demand deposits	590,725	577,754	521,368
Time deposits	202,935	202,774	200,024
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	Aug. 31 1940	July 31 1940	Aug. 31. 1939
Total deposits	\$222,488,398	\$222,693,076	\$219,426,239

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

Dist. of Col.	000 omitted			% of Change	
	Aug. 1940	July 1940	Aug. 1939	Month	Year
Washington	\$ 268,453	\$ 299,105	\$ 246,187	-10	+ 9
Maryland					
Baltimore	365,968	415,299	325,562	-12	+12
Cumberland	9,042	9,608	7,546	- 6	+20
Hagerstown	9,092	10,190	8,030	-11	+13
North Carolina					
Asheville	14,752	13,284	12,499	+11	+18
Charlotte	60,299	63,979	61,310	- 6	- 2
Durham	38,815	30,647	41,281	+27	- 6
Greensboro	19,448	19,776	18,095	- 2	+ 8
Raleigh	37,033	50,205	40,266	-26	- 8
Wilmington	11,561	11,992	11,111	- 4	+ 4
Winston-Salem	41,891	40,162	40,681	+ 4	+ 3
South Carolina					
Charleston	19,112	20,046	15,487	- 5	+23
Columbia	28,420	30,529	27,256	- 7	+ 4
Greenville	18,935	19,301	17,710	- 2	+ 7
Spartanburg	11,114	9,793	9,812	+14	+13
Virginia					
Danville	7,311	6,948	9,170	+ 5	-20
Lynchburg	13,065	15,426	13,405	-15	- 3
Newport News	13,931	13,640	9,602	+ 2	+45
Norfolk	50,357	58,013	43,747	-13	+15
Portsmouth	5,839	4,906	3,913	+19	+49
Richmond	155,626	155,127	169,458	+ 0	- 8
Roanoke	28,729	23,051	24,621	+ 2	+17
West Virginia					
Charleston	50,415	54,179	46,420	- 7	+ 9
Huntington	17,684	17,422	15,673	+ 2	+13
Parkersburg	10,226	10,598	9,607	- 4	+ 7
District Totals	\$1,307,118	\$1,408,226	\$1,228,451	- 7	+ 6

+0 indicates increase of less than 1/2 of 1%.

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
August 1940	42	1,128	\$ 713,000	\$ 12,997,000
July 1940	51	1,175	756,000	16,213,000
August 1939	39	1,126	249,000	12,637,000
8 Months, 1940	387	9,422	4,885,000	112,691,000
8 Months, 1939	405	10,154	4,400,000	128,067,000

Source: Dun & Bradstreet

EMPLOYMENT SHOWS FURTHER IMPROVEMENT

Employment in the aggregate increased substantially in the Fifth district in recent weeks, principally in the ranks of skilled workers fitting into the defense program. Many industrial plants have obtained contracts for Army and Navy supplies, and have increased rates of operations accordingly. Shipyards and airplane plants are employing all available skilled men, and in fact are reported to be having difficulty in finding sufficient labor of desired quality. Construction is active and is giving work to nearly all building tradesmen. Coal mines are running at a relatively high rate, and harvesting of tobacco, cotton, apples and other crops is providing seasonal employment for agricultural workers. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from July to August:

STATES	Percentage change from July 1940 to Aug. 1940	
	In number on payroll	In amount of payroll
Maryland	+ 2.2	+ 2.9
Dist. of Columbia	- 0.4	- 0.2
Virginia	+ 1.4	+ 2.9
West Virginia	+ 1.3	+ 7.8
North Carolina	+ 1.6	+ 3.4
South Carolina	0.0	+ 1.1

AUTO SALES AT SEASONAL LEVEL

Retail sales of new automobiles in the Fifth district declined seasonally in August from the July figures, but exceeded August 1939 sales by 9 per cent. Last month's decrease was due to a tendency to wait for 1941 models, and also to incomplete stocks from which to choose on many dealers' floors. Dealers were quite successful in clearing out stocks of 1940 cars before the new models began to appear in September, and used cars also moved from dealers' lots and showrooms in large numbers. As the 1941 model year opens, agencies have few new last year's models on hand, and used car stocks of popular makes have been reduced to relatively low levels. Manufacturers report that the reception given the 1941 models exceeds expectations, and increased sales over those for last fall are confidently expected. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	% Change			% Change		
	Aug. 1940	Aug. 1939	Change	8 Months 1940	8 Months 1939	
Maryland	2,971	2,935	+ 1	34,724	26,911	+29
Dist. of Col.	1,580	1,681	- 6	19,379	17,851	+ 9
Virginia	4,568	3,636	+ 26	39,158	29,489	+33
West Virginia	2,069	1,716	+ 21	22,556	15,655	+44
No. Carolina	4,064	3,805	+ 7	36,135	31,152	+16
So. Carolina	1,990	2,067	- 4	19,728	17,397	+13
Fifth District	17,242	15,840	+ 9	171,680	138,455	+24

CONSTRUCTION CONTINUES RELATIVELY ACTIVE

Building permit and contract award figures in the Fifth district were both lower in August than in July, but nevertheless were in relatively large amounts and exceeded the figures for August last year. Permits issued in 31 cities totaled \$10,033,108 in August, a decrease of 29 per cent from \$14,127,489 in July 1940 but 18 per cent above \$8,498,125 in August 1939. Washington reported \$3,853,805 last month (Government work not included) to top the district, followed in order by Balti-

more with \$1,681,806, Charleston, W. Va., with \$598,854, Norfolk with \$514,637, and Spartanburg with \$436,535.

Contracts awarded in the district in August 1940 totaling \$47,363,000 were 17 per cent below the July 1940 figures but exceeded August 1939 figures by 47 per cent. The decline last month was chiefly in publicly financed projects. Figures collected by the *F. W. Dodge Corporation* by states for August 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Aug. 1940	Aug. 1939	% Change
Maryland	\$10,103,000	\$ 8,568,000	+ 18
Dist. of Col.	3,114,000	10,035,000	- 69
Virginia	11,695,000	6,760,000	+ 73
West Virginia	2,392,000	2,050,000	+ 17
North Carolina	15,733,000	3,271,000	+381
South Carolina	4,326,000	1,529,000	+183
Fifth District	\$47,363,000	\$32,213,000	+ 47

COAL MINING INCREASES FURTHER

Production of bituminous coal rose further in the United States in August, totaling 39,240,000 net tons, an increase of 9 per cent over 36,080,000 tons mined in July 1940 and 12 per cent above 35,016,000 tons mined in August 1939. Total output of coal this calendar year to September 14 amounting to 312,686,000 tons exceeds 1939 production to the same date of 245,750,000 tons by 27 per cent, but is 15 per cent below the 1929 total of 366,218,000 tons. Shipments of coal through Hampton Roads to September 14 were 16,065,403 tons in 1940 and 12,997,538 tons in 1939, an increase of 24 per cent this year, caused chiefly by a rise of 305 per cent in loadings of foreign cargo coal in 1940. In the Fifth district, production of bituminous coal in August 1940, July 1940 and August 1939, was as follows:

SOFT COAL PRODUCTION IN TONS			
REGIONS	Aug. 1940	July 1940	Aug. 1939
West Virginia	11,751,000	11,097,000	10,635,000
Virginia	1,341,000	1,165,000	1,331,000
Maryland	113,000	98,000	111,000
5th District	13,205,000	12,360,000	12,077,000
United States	39,240,000	36,080,000	35,016,000
% in District	33.7	34.3	34.5

COTTON TEXTILE MILLS INCREASE ACTIVITY

Domestic mill activity, which had been only fairly well maintained in the first half of August, picked up substantially in late August and early September, and sales, especially of unfinished goods, exceeded mill output. The volume of business was reported exceptionally large in print cloths, but sheetings, twills, ducks and wide industrial fabrics also sold freely. Reports from finishers indicate a temporary shortage of grey sheetings. Many mills are bidding on Government work in connection with the preparedness program, and mills making textiles suitable for Army or Navy needs expect to operate at capacity for some time to come. Prices for most constructions were about unchanged during August. Mill margins averaged 11.23 cents in August this year, against 11.00 cents for July 1940 and 11.41 cents in August 1939. Consumption of cotton in August in the Fifth district is shown below, in comparison with figures for July this year and August last year:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
August 1940	159,631	127,934	11,131	298,696
July 1940	158,028	120,829	7,055	285,912
August 1939	163,494	121,535	14,166	299,195
8 Months, 1940	1,322,253	1,032,116	96,650	2,451,019
8 Months, 1939	1,229,760	927,332	92,956	2,250,048

RAYON SHIPMENTS AGAIN EXCEED PRODUCTION

Shipments of rayon filament yarn to domestic mills in August amounted to 35,400,000 pounds, of which 33,500,000 pounds came from current production and 1,900,000 pounds were withdrawn from already low reserve stocks, according to data in *Rayon Organon*. Last month's shipments of 35,400,000 pounds compared with 32,700,000 pounds shipped in July and 32,500,000 pounds in August last year. Total shipments in the 8 elapsed months of 1940 amounted to 254,200,000 pounds as compared with 228,100,000 pounds in the first 8 months of 1939, an increase of 11 per cent. The 1939 shipments exceeded production in the 8 months by 20,000,000 pounds, but output has been stepped up and this year production has exceeded production in the same period last year by 23 per cent. The amount of yarn manufactured in August and early September was cut something like 2,500,000 pounds in southern mills by flooded streams. Reserve stocks of filament yarn totaled 9,300,000 pounds on August 31, against 11,200,000 pounds on July 31, 1940, and 19,300,000 pounds on August 31, 1939.

COTTON STATISTICS

The average price of spot cotton on 10 southern markets, based on Friday quotations for middling grade, 15/16 in. staple, has fallen every week since the middle of June, and on September 13 was 9.42 cents per pound against 10.68 cents on June 14, 1940, and 9.18 cents on September 15 last year.

The second forecast of the 1940 cotton crop, issued on September 9 by the Department of Agriculture, raised the estimate materially, from 11,429,000 bales as of August 1 to 12,772,000 bales on September 1. The crop is now expected to exceed the 1939 yield of 11,817,000 bales by 8 per cent. Figures for production in Fifth district states are shown on page 4.

COTTON CONSUMED AND ON HAND

	(Bales)	
	August 1940	August 1939
Fifth district states:		
Cotton consumed	298,696	299,195
Cotton growing states:		
Cotton consumed	563,820	533,898
Cotton on hand August 31 in		
Consuming establishments	538,362	494,475
Storage & compresses	9,009,189	11,801,848
United States:		
Cotton consumed	654,503	630,667
Cotton on hand August 31 in		
Consuming establishments	737,962	653,087
Storage & compresses	9,120,291	11,829,439
Exports of cotton	64,743	214,541
Spindles active in month	22,078,162	22,009,882

TOBACCO MARKETS OPEN

Auction tobacco markets opened in the Border belt on August 20. This belt includes all South Carolina and 7 North Carolina markets. Prices on the opening were about 12 per cent above last year's figures. The pound-

age sold in the Fifth district in August 1940 was far below the August 1939 figure, but last year the Border markets opened early in the month and in addition Western North Carolina Bright Belt markets were open 10 days in August but did not open until September this year. Sales in August, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Hundred	
	August 1940	August 1939	1940	1939
So. Carolina	25,346,105	76,832,115	\$17.78	\$15.97
No. Carolina	27,341,452	143,091,227	18.89	16.05
Total	52,687,557	219,923,342	\$18.36	\$16.02

TOBACCO MANUFACTURING DECLINES

Bureau of Internal Revenue receipts for August show production of tobacco products as follows in the United States:

	August 1940	July 1940	August 1939
Smoking & chewing tobacco, pounds	25,931,262	26,241,167	29,839,260
Cigarettes, number	15,839,874,477	15,912,640,803	16,571,041,957
Cigars, number	487,641,197	460,522,504	500,807,236
Snuff, pounds	2,917,649	3,091,422	3,451,554

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Aug. 1940 comp. with Aug. 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks Aug. 31, 1940 comp. with Aug. 1939		Ratio Aug. collections to accounts outstanding Aug. 1
			Aug. 1939	July 1940	
Richmond (3) ...	+14.1	+ 6.5	+ 9.4	+ 8.7	30.9
Baltimore (8) ...	+25.7	+ 9.5	+ 3.4	+ 9.0	30.4
Washington (6) .	+19.5	+ 8.0	+ 0.8	+ 5.9	26.9
Other Cities (13)	+16.7	+ 9.4	- 1.5	+10.3	26.5
District (30) ..	+20.4	+ 8.4	+ 2.6	+ 7.8	28.4

Same stores by states, with 25 stores added:

Virginia (12) ...	+14.7	+ 6.3	...	...	...
West Va. (10) ..	+11.2	+12.5	...	...	...
No. Carolina (9)	+14.5	+ 9.7	...	...	...
So. Carolina (10)	+13.1	+11.1	...	...	...

RETAIL FURNITURE SALES

STATES	% Change in Sales, August and 8 Months in 1940 Compared with	
	Aug. 1939	8 Months 1939
Maryland, 9 stores	+21	+18
Dist. of Col., 7 stores	+20	+10
Virginia, 10 stores	+1	+5
North Carolina, 4 stores	+2	+12
South Carolina, 7 stores	+9	+15
District, 37 stores	+15	+12
Individual cities:		
Baltimore, 9 stores	+21	+18
Richmond, 5 stores	+1	+1
Washington, 7 stores	+20	+10

WHOLESALE TRADE, 196 FIRMS

LINES	Net Sales Aug. 1940 compared with Aug. 1939		Stocks Aug. 31, 1940 compared with Aug. 31, 1939		Ratio Aug. collections to accounts outstanding August 1
	July 1940	1940	July 31 1940	1940	
Auto supplies (9)	+15	+13	+ 8	- 2	66
Shoes (4)	- 2	+112	- 6	- 5	35
Drugs (14)	+ 6	+ 7	+ 4	+ 1	84
Dry Goods (7)	+ 0	+ 80	+15	- 3	44
Electrical goods (14) ..	+17	- 13	+10	+11	75
Groceries (62)	+ 3	+ 0	+ 6	- 1	89
Hardware (16)	- 0	+10	+13	+ 3	38
Industrial supplies (9) ..	+26	+12	+28	- 1	60
Plumbing & heating (5) ..	+22	- 2	..	..	61
Paper & products (8) ..	+ 8	- 4	+13	+ 8	76
Tobacco & products (6) ..	-14	-10	..	..	79
Miscellaneous (42)	+ 9	+ 9	- 0	- 1	67
Dist. Average (196) ..	+ 6	+12	+ 6	+ 1	65

Source: Bureau of the Census.

CROP FORECASTS

In spite of severe damage by flood waters in August to crops on bottom land in many sections of the Fifth district, prospects on the whole improved during the month. The weather was favorable for late growth and for harvesting work, and tobacco was the only major crop which lost ground. The following figures show forecasts of production made by the Department of Agriculture on the basis of September 1 conditions. Yield figures marked (+) were raised between August 1 and September 1, and those marked (-) were lowered.

Cotton (Bales)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Virginia	- 6	21,000+	13,000	37,000
North Carolina	+ 9	630,000+	457,000	658,000
South Carolina	+ 1	903,000+	871,000	820,000
Fifth District	+ 4	1,554,000+	1,341,000	1,515,000

Corn (Bushels)

Maryland	+ 1	16,863,000	18,216,000	15,923,000
Virginia	- 2	35,114,000	36,530,000	32,255,000
West Virginia	- 1	12,636,000-	13,994,000	12,448,000
North Carolina	- 1	45,158,000+	48,087,000	42,517,000
South Carolina	+ 2	24,152,000	25,433,000	22,306,000
Fifth District	- 0	133,923,000+	142,260,000	125,449,000

Oats (Bushels)

Maryland	+15	1,085,000+	1,128,000	1,344,000
Virginia	+ 5	1,932,000	1,600,000	2,197,000
West Virginia	-10	1,386,000	1,460,000	2,086,000
North Carolina	- 1	6,000,000	5,692,000	4,228,000
South Carolina	- 1	10,670,000	11,515,000	8,910,000
Fifth District	- 2	21,073,000+	21,395,000	18,765,000

Hay (Tons)

Maryland	+ 2	557,000-	518,000	464,000
Virginia	+ 3	1,178,000	983,000	923,000
West Virginia	+ 1	820,000	718,000	644,000
North Carolina	+ 7	1,012,000+	991,000	696,000
South Carolina	+ 5	518,000+	541,000	362,000
Fifth District	+ 4	4,085,000+	3,751,000	3,089,000

Irish Potatoes (Bushels)

Maryland	+ 4	2,782,000	2,375,000	3,098,000
Virginia	0	10,452,000	6,786,000	11,507,000
West Virginia	0	3,200,000	3,040,000	2,925,000
North Carolina	- 1	8,748,000	8,200,000	7,976,000
South Carolina	0	3,192,000	3,108,000	2,424,000
Fifth District	0	28,374,000	23,509,000	27,930,000

Sweet Potatoes (Bushels)

Maryland	+11	1,450,000+	1,440,000	1,090,000
Virginia	- 3	3,720,000-	4,128,000	4,156,000
North Carolina	- 5	7,446,000+	8,624,000	8,163,000
South Carolina	- 1	5,610,000+	6,834,000	5,220,000
Fifth District	- 3	18,226,000+	21,026,000	18,629,000

Tobacco (Pounds)

Maryland	- 1	27,405,000+	29,796,000	26,096,000
Virginia	-33	86,193,000-	143,847,000	97,395,000
West Virginia	- 6	2,465,000-	2,736,000	3,262,000
North Carolina	-41	428,470,000-	811,675,000	496,101,000
South Carolina	-40	77,400,000+	133,200,000	81,068,000
Fifth District	-38	621,933,000-	1,121,254,000	703,922,000

Apples, Commercial (Bushels)

Maryland .....	..	2,015,000-	2,362,000	1,922,000
Virginia .....	..	10,150,000	10,800,000	10,279,000
West Virginia .....	..	4,469,000+	5,670,000	4,622,000
North Carolina .....	..	910,000-	1,120,000	935,000
Fifth District .....	..	17,544,000-	19,952,000	17,758,000

Peanuts (Pounds)

Virginia	+ 5	173,225,000-	189,175,000	146,706,000
North Carolina	+ 5	291,500,000-	290,700,000	242,658,000
South Carolina	+15	14,400,000+	11,840,000	8,607,000
Fifth District	+ 5	479,125,000+	491,715,000	397,971,000

Pasture Condition, September 1

Maryland .....	..	76+	72	65
Virginia .....	..	97+	91	75
West Virginia .....	..	79-	81	74
North Carolina .....	..	85+	89	80
South Carolina .....	..	72+	81	69

(Compiled September 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1940

Summary of September Business Conditions

AS the defense program develops, its influence on trade and industry in the Fifth Reserve district is broadening and increased activity is noted at additional points. Two or three camps in the district are now being greatly expanded to provide quarters for drafted men, and in the Hampton Roads area a substantial housing program is being rushed, these projects requiring large amounts of lumber, paints and other building materials, and several thousand building tradesmen. Plant expansion continues, especially at shipyards and aircraft factories, and plans previously announced for additional facilities to manufacture munitions and chemicals are being pushed. Textile mills are working on Army and Navy orders for such materials as ducks, drills, denims, sheetings and blankets. At least one shoe factory is making service footwear. An overall plant is turning out denim work garments, and another plant is making up articles of canvas such as wagon and truck covers, mattress covers, and airplane tarpaulins. A shell case order is being handled by a Virginia plant, and another is making steel drums for liquid storage. An order for trunk lockers is being filled by a leading luggage manufacturer. All of these developments, picked at random, are in addition to the vast orders for ships and aircraft awarded in the Hampton Roads and Baltimore areas.

Normal commercial business in September was up to or above seasonal levels in most lines. Retail trade in department stores rose 25 per cent above the August volume, and was 9 per cent greater than in September 1939. Furniture sales also increased over a year ago, but declined seasonally from August sales. New automobile registrations were lower in September than in September last year, but most of this was due to a difference in dates for introduction of new models.

Textile mills increased activity in September over August, coal output was greater on a daily basis, and building permit valuations rose sharply. Contracts actually awarded, however, declined last month from the unusually high August figure. Tobacco markets in September sold 92 per cent more tobacco for 130 per cent more money than in September 1939, when the markets were closed most of the month after foreign buyers withdrew.

In agriculture, late crops improved in September, and prospective yields were raised for the district in cotton, tobacco, sweet potatoes, apples and peanuts. Slight declines were reported last month in corn, hay, Irish potatoes and pastures.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	September 1940	August 1940	September 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,309,689,000	\$1,306,979,000	\$1,303,123,000	+ 0	+ 1
Sales, 30 department stores, 5th district.....	\$ 11,222,650	\$ 8,958,091	\$ 10,305,012	+ 25	+ 9
Sales, 40 furniture stores, 5th district.....	\$ 1,462,792	.....	\$ 1,407,542	.....	+ 4
Sales, 199 wholesale firms, 5th district.....	\$ 11,704,000	\$ 11,014,000	\$ 11,975,000	+ 6	- 2
Registrations, new autos, 5th district.....	10,463	17,242	10,988	- 39	- 5
Tobacco sold in 5th district (Pounds).....	222,042,386	52,687,557	115,842,563	+321	+ 92
Average price of tobacco, per 100 lbs.....	\$ 15.24	\$ 18.36	\$ 12.69	- 17	+ 20
Growers' receipts from tobacco, 5th district.....	\$ 33,839,262	\$ 9,671,070	\$ 14,700,426	+250	+130
Number of business failures, 5th district.....	37	42	36	- 12	+ 3
Liabilities in failures, 5th district.....	\$ 348,000	\$ 713,000	\$ 386,000	- 51	- 10
Value of building permits, 31 cities.....	\$ 12,265,224	\$ 10,033,108	\$ 7,765,960	+ 22	+ 58
Value of contracts awarded, 5th district.....	\$ 35,017,000	\$ 47,363,000	\$ 32,058,000	- 26	+ 9
Cotton consumption, 5th district (Bales).....	302,833	298,696	297,816	+ 1	+ 2
Cotton price, ¢ per lb., end of month.....	9.42	9.62	9.08	- 2	+ 4
Print cloths, 39 in., 80x80s, end of month.....	7.00	6.50	.....	+ 8	.....
Rayon yarn shipments, U. S. (Pounds).....	30,800,000	35,400,000	34,300,000	- 13	- 10
Rayon yarn stocks, U. S. (Pounds).....	8,400,000	10,000,000	13,100,000	- 16	- 36
Bituminous coal mined, U. S. (Tons).....	38,413,000	39,240,000	38,465,000	- 2	- 0

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		Oct. 15 1939
	Oct. 15 1940	Sept. 15 1940	
Discounts held	\$ 40	\$ 250	\$ 360
Foreign loans on gold	22	13	142
Open market paper	0	0	24
Industrial advances	821	849	1,023
Government securities	123,938	121,994	139,408
Total earning assets	124,821	123,106	140,957
Circulation of Fed. Res. notes	256,825	242,825	215,245
Members' reserve deposits	340,160	323,639	283,686
Cash reserves	541,669	520,860	413,613
Reserve ratio	82.08	81.51	74.75

SELECTED ITEMS—41 REPORTING MEMBER BANKS

Fifth District

ITEMS	000 omitted		Oct. 11 1939
	Oct. 9 1940	Sept. 11 1940	
Loans & discounts	\$284,523	\$280,966	\$255,652
Investments in securities	449,043	435,123	446,514
Reserve bal. with F. R. bank	218,641	213,120	180,616
Cash in vaults	24,046	24,374	23,413
Demand deposits	601,065	590,725	530,923
Time deposits	203,715	202,985	200,504
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	Sept. 30 1940	Aug. 31 1940	Sept. 30 1939
Total deposits	\$222,792,230	\$222,488,398	\$219,921,027

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

Dist. of Col.	000 omitted		Sept. 1939	% of Change	
	Sept. 1940	Aug. 1940		Month	Year
Washington	\$ 263,524	\$ 268,453	\$ 263,294	- 2	+ 0
Maryland					
Baltimore	358,270	365,968	355,028	- 2	+ 1
Cumberland	7,967	9,042	7,833	-12	+ 2
Hagerstown	9,044	9,092	10,115	- 1	-11
North Carolina					
Asheville	13,624	14,752	12,898	- 8	+ 6
Charlotte	63,278	60,299	64,911	+ 5	- 3
Durham	42,771	38,815	35,558	+10	+20
Greensboro	19,406	19,448	20,241	- 0	- 4
Raleigh	38,464	37,033	42,162	+ 4	- 9
Wilmington	12,213	11,561	11,617	+ 6	+ 5
Winston-Salem	41,430	41,891	42,067	- 1	- 2
South Carolina					
Charleston	18,487	19,112	18,017	- 3	+ 3
Columbia	28,092	28,420	26,698	- 1	+ 5
Greenville	19,348	18,935	21,101	+ 2	- 8
Spartanburg	10,255	11,114	11,564	- 8	-11
Virginia					
Danville	10,361	7,311	9,114	+42	+14
Lynchburg	14,599	13,065	14,661	+12	- 0
Newport News	13,515	13,931	11,247	- 3	+20
Norfolk	53,521	50,357	49,575	+ 6	+ 8
Portsmouth	4,766	5,839	4,398	-18	+ 8
Richmond	164,069	155,626	170,576	+ 5	- 4
Roanoke	28,184	28,729	25,886	- 2	+ 9
West Virginia					
Charleston	46,947	50,415	47,526	- 7	- 1
Huntington	17,236	17,684	17,514	- 3	- 2
Parkersburg	10,318	10,087	9,522	+ 2	+ 8
District Totals	\$1,309,689	\$1,306,979	\$1,303,123	+ 0	+ 1

+0 indicates increase of less than 1/2 of 1%.

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1940	37	976	\$ 348,000	\$ 11,397,000
August 1940	42	1,128	713,000	12,997,000
September 1939	36	1,043	386,000	10,545,000
9 months, 1940	424	10,398	5,238,000	124,088,000
9 months, 1939	441	11,197	4,786,000	138,612,000

Source: Dun & Bradstreet

EMPLOYMENT CONTINUES UPWARD

With ordinary commercial work up to seasonal levels in most industries, and additional orders on hand as a result of the defense program, labor in nearly all lines is actively in demand and few skilled workers are unemployed. There has been relatively little increase in the demand for office help and white collar workers, but entrance of many persons between 21 and 36 into the Army and Navy during the next few months will make openings for a considerable number of temporary employees, many of whom will probably become permanent workers. No labor troubles of a serious nature are visible at present, although there are or have recently been a few scattered strikes in the district involving relatively few workers. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from August to September:

STATES	Percentage change from Aug. 1940 to Sept. 1940	
	in number on payroll	in amount of payroll
Maryland	+ 1.9	+ 4.9
Dist. of Columbia	+ 4.2	+ 3.7
Virginia	+ 3.7	+ 6.5
West Virginia	+ 0.6	- 1.8
North Carolina	+ 1.8	+ 5.4
South Carolina	+ 1.9	+ 4.2

AUTO SALES DECLINE SEASONALLY

Sales of new passenger automobiles declined seasonally in the Fifth district in September from the August number, and also were fewer than September 1939 sales. This was the first decline from the corresponding month of the preceding year since October 1939, and was due in part to a delay in the appearance of 1941 models until late September and in part to hesitation to buy cars on the part of men in the draft age limits. Used cars sold well during the retooling period, and dealers' lots are carrying fewer second hand cars than in any other recent fall. New car prices are slightly higher this year than last, but the cars are nearly all larger and have been otherwise improved. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Sept. 1940	Sept. 1939	% Change	9 Months		% Change
				1940	1939	
Maryland	1,945	2,585	- 25	36,669	29,496	+24
Dist. of Col.	1,146	1,340	- 14	20,525	19,191	+ 7
Virginia	2,611	2,190	+ 19	41,769	31,679	+32
West Virginia	1,232	1,260	- 2	23,788	16,915	+41
No. Carolina	2,447	2,388	+ 2	38,582	33,540	+15
So. Carolina	1,082	1,225	- 12	20,810	18,622	+12
Fifth District.	10,463	10,988	- 5	182,143	149,443	+22

CONSTRUCTION EXPANDS FURTHER

Both building permits issued and contracts awarded in September in the Fifth district exceeded September 1939 permits and awards. Building permits issued in 31 cities last month totaled \$12,265,224, an increase of 58 per cent over \$7,765,960 for September 1939 and a gain of 22 per cent over \$10,033,108 for August 1940. Permits issued in the first 9 months of this year totaling \$94,025,916 are ahead of permits totaling \$91,236,608 issued in the first 9 months of 1939. In September this year Baltimore led

in permit valuation with \$3,819,875, Washington was second with \$3,296,530 (Exclusive of U. S. Government work), Portsmouth, Va., third with \$926,899, Greensboro fourth with \$476,165, Charlotte fifth with \$451,471, and Norfolk sixth with \$434,213. Federally aided housing projects play an important part in some of these figures, although private residential construction is quite active.

Contracts awarded in the district in September 1940 totaling \$35,017,000 were 9 per cent above September 1939 figures but were 26 per cent below the August 1940 total. The August figure was exceptionally high, however, chiefly due to large contracts awarded in connection with the defense program. Figures collected by the *F. W. Dodge Corporation* by states for September 1940 and 1939 on contracts actually awarded in the Fifth Reserve district are as follows:

CONSTRUCTION CONTRACTS AWARDED			
STATES	Sept. 1940	Sept. 1939	% Change
Maryland	\$ 7,453,000	\$ 6,693,000	+11
Dist. of Col.	5,381,000	3,172,000	+70
Virginia	7,664,000	5,811,000	+32
West Virginia	5,155,000	2,815,000	+83
North Carolina	7,129,000	5,926,000	+20
South Carolina	2,235,000	7,641,000	-71
Fifth District	\$35,017,000	\$32,058,000	+ 9

COAL MINING CONTINUES TO INCREASE

Bituminous coal mined in the United States in September totaling 38,413,000 net tons was less than production in either August 1940 or September 1939, but September this year had only 24 working days in comparison with 27 in August and 25 in September last year. On a daily basis, therefore, output of 1,601,000 tons last month was 10 per cent above August 1940 and 4 per cent above September 1939. Total production this calendar year to October 12 totaled 348,226,000 net tons, an increase of 22 per cent over 286,479,000 tons mined to the same date in 1939. Shipments of coal through Hampton Roads ports totaled 17,617,255 tons between January 1 and October 12, 1940, an increase of 18 per cent over shipments in the corresponding period last year. In the Fifth district, production of bituminous coal in September 1940, August 1940 and September 1939, was as follows:

SOFT COAL PRODUCTION IN TONS			
REGIONS	Sept. 1940	Aug. 1940	Sept. 1939
West Virginia	11,027,000	11,751,000	11,461,000
Virginia	1,285,000	1,341,000	1,438,000
Maryland	102,000	113,000	132,000
5th District	12,414,000	13,205,000	13,031,000
United States	38,413,000	39,240,000	38,465,000
% in District	32.3	33.7	33.9

COTTON TEXTILES INCREASE ACTIVITY

Business in cotton textiles was very active in September and reports indicate that most mills booked sufficient orders to assure peak production for the rest of the year. Demand for military supplies removed large quantities of goods from the market, and the volume of commercial business was about the largest for any month this year. Prices in most constructions rose substantially during the month, although advances were uneven. Indicative of the improvement in prices were the changes listed in standard eighty square print cloths. Opening the month at 6½¢ the price moved up to 6¾¢ and closed strong at

7c. Similar advances were made on sheetings, carded broadcloth, and others. Sales of print cloths in September were more than double the output, and sheetings business was especially heavy. Ducks continued in an extremely strong position as a result of heavy Army purchases. Many observers think September marked an upward turning point in textiles. Consumption of cotton last month was as follows in Fifth district states:

MONTHS	COTTON CONSUMPTION—FIFTH DISTRICT			
	In Bales			
	No. Carolina	So. Carolina	Virginia	District
September 1940	164,788	124,872	13,173	302,833
August 1940	159,631	127,934	11,131	298,696
September 1939	166,640	118,362	12,814	297,816
9 Months, 1940	1,487,041	1,156,988	109,823	2,753,852
9 Months, 1939	1,396,400	1,045,694	105,770	2,547,864

RAYON SHIPMENTS CONTINUE ABOVE PRODUCTION

Production of rayon filament yarn in the United States declined in September, chiefly because the largest acetate yarn plant was closed about two weeks by a strike. Shipments to domestic consumers in September totaled 30,-800,000 pounds of yarn, according to *Rayon Organon*, compared with 35,400,000 pounds shipped in August 1940 and 34,300,000 pounds in September 1939. Of last month's shipments, 1,600,000 pounds were drawn from reserve stocks, which declined from 10,000,000 pounds on August 31 to 8,400,000 pounds on September 30. Production loss from the September strike and from floods in August and September is estimated at approximately 5,500,000 pounds. Since consumption of rayon yarn was up to capacity production before these losses occurred, and has continued undiminished, withdrawals from reserves were necessary in each of the past three months.

COTTON STATISTICS

Spot cotton prices moved through a narrow range between the middle of September and the middle of October, the trend being downward. Ten Southern spot markets reported 9.42 cents per pound as the average price for middling grade, 15/16-inch staple on September 13. The average rose to 9.46 cents on October 4, but then dropped to 9.33 cents on October 11 and October 18.

The third forecast of the 1940 cotton crop, issued by the Department of Agriculture on October 8, lowered the estimate from 12,772,000 bales as of September 1 to 12,741,000 bales on October 1. The expected yield is still 8 per cent above the 1939 crop of 11,817,000 bales. In the Fifth district, the estimates were raised, the district total rising by 63,000 bales during the month. Prospective yield figures for the Fifth district states are on page 4.

	COTTON CONSUMPTION AND ON HAND—BALES			
	Sept. 1940	Sept. 1939	Aug. 1 to Sept. 30 This Year	Aug. 1 to Sept. 30 Last Year
Fifth district states:				
Cotton consumed	302,833	297,816	601,529	597,011
Cotton growing states:				
Cotton consumed	549,989	534,390	1,113,809	1,068,288
Cotton held Sept. 30 in				
Consuming establishments ..	611,123	724,253	.....	.....
Storage & compresses	10,617,839	14,184,868	.....	.....
United States:				
Cotton consumed	639,252	624,183	1,293,755	1,254,850
Cotton held Sept. 30 in				
Consuming establishments ..	788,669	868,150	.....	.....
Storage & compresses	10,733,787	14,206,343	.....	.....
Exports of cotton, U. S.	90,555	644,328	155,980	858,869
Spindles active, U. S.	22,278,204	22,231,496	.....	.....

ADDITIONAL TOBACCO MARKETS OPEN

Additional tobacco markets opened in the Fifth district in September, and total sales were nearly double the sales in September last year, when markets were closed most of the month pending arrangements to take care of the tobacco usually sold to exporters. Prices this year are slightly higher than last year, but the total crop will be about 40 per cent smaller this year, due almost entirely to voluntary crop reduction by acreage cuts. Sales in September, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	September 1940	September 1939	1940	1939
So. Carolina	41,193,905	19,407,860	\$13.08	\$12.50
No. Carolina	173,195,095	96,434,703	16.33	12.73
Virginia	7,653,386	0	20.59	0
District Total	222,042,386	115,842,563	\$15.24	\$12.69
Season through	274,729,943	335,755,905	15.84	14.88

TOBACCO MANUFACTURING DECLINES SEASONALLY

Tobacco products manufactured in September, based on Bureau of Internal Revenue receipts, declined from the figures for the longer month of August 1940, and were also slightly below the levels of September 1939, which had one more business day than September this year.

	Sept. 1940	Aug. 1940	Sept. 1939
Smoking & chewing tobacco, pounds	25,879,985	25,931,262	27,411,852
Cigarettes, number	14,889,814,717	15,839,874,477	14,789,904,810
Cigars, number	475,725,260	487,641,197	486,864,568
Snuff, pounds	2,848,874	2,917,649	2,949,488

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

STATES	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	Sept. 1940 comp. with Sept. 1938	Net Sales Jan. 1 to date same period last year	Sept. 30, 1940 comp. with Sept. 1939	Sept. 30, 1940 comp. with Aug. 1940	
Richmond (3)	+ 5.8	+ 6.4	+ 9.7	+12.8	29.9
Baltimore (8)	+10.2	+ 9.6	+ 4.4	+14.1	29.5
Washington (6)	+ 8.7	+ 8.1	+ 3.4	+14.4	27.7
Other Cities (13)	+ 9.9	+ 9.5	+ 2.9	+12.0	26.0
District (30)	+ 8.9	+ 8.5	+ 4.5	+13.8	28.3
Same stores by states, with 24 stores added:					
Virginia (11)	+ 6.9	+ 6.4	..	..	..
West Va. (10)	+ 5.4	+11.6	..	..	..
No. Carolina (9)	+ 8.6	+ 9.5	..	..	..
So. Carolina (10)	+ 7.7	+10.7	..	..	..

RETAIL FURNITURE SALES

STATES	% Change in Sales, Sept. and 9 Months in 1940	
	Compared with Sept. 1939	Compared with 9 Months 1939
Maryland (9)	+ 2	+16
Dist. of Col. (7)	+ 9	+10
Virginia (13)	+ 7	+ 6
North Carolina (4)	+ 2	+11
South Carolina (7)	-14	+10
District (40)	+ 4	+11
Individual Cities:		
Baltimore (9)	+ 2	+16
Richmond (5)	+ 8	+ 2
Washington (7)	+ 9	+10

WHOLESALE TRADE, 199 FIRMS

LINES	Net Sales		Stocks		Ratio Sept. collections to accounts outstanding Sept. 1
	September 1940 compared with Sept. 1939	Aug. 1940	Sept. 30, 1940 compared with Sept. 1939	Aug. 31 1940	
Auto supplies (7)	+ 0	+19	..	..	68
Shoes (8)	-13	-14	..	..	45
Drugs (15)	+ 4	+ 6	+ 7	+ 5	75
Dry goods (8)	- 5	+26	+15	- 9	42
Electrical goods (15)	+21	+13	+ 7	+ 5	70
Groceries (57)	-11	+ 0	+ 3	+ 4	109
Hardware (17)	- 2	+19	+ 5	- 5	43
Industrial supplies (11)	- 7	-12	+22	0	64
Plumbing & heating (4)	+13	0	..	..	58
Paper & products (9)	+ 1	+11	- 2	-10	62
Tobacco & products (8)	+ 1	- 4	..	..	81
Miscellaneous (45)	- 6	+ 4	-12	- 2	62
District Average (199)	- 2	+ 6	+ 3	- 1	62

Source: Bureau of the Census.

CROP FORECASTS

Weather in September and early October was excellent for harvesting, and for late developments of most crops which had not matured, but was too dry for hay and pastures. District forecasts of production rose during September for cotton, sweet potatoes, tobacco, apples and peanuts, but declined for corn, hay, Irish potatoes and pastures. The following figures show forecasts of production made by the Department of Agriculture on the basis of October 1 conditions. Yield figures marked (+) were raised between September 1 and October 1, and those marked (-) were lowered.

Cotton (Bales)

	% Change Acreage	Yield 1940	Yield 1939	Yield 1929-1938
Virginia	- 6	22,000+	13,000	37,000
North Carolina	+ 9	670,000+	457,000	658,000
South Carolina	+ 1	925,000+	871,000	820,000
Fifth District	+ 4	1,617,000+	1,341,000	1,515,000

Corn (Bushels)

Maryland	+ 1	16,863,000	18,216,000	15,923,000
Virginia	- 2	35,114,000	36,530,000	32,255,000
West Virginia	- 1	12,636,000	13,994,000	12,448,000
North Carolina	- 1	43,938,000-	43,087,000	42,517,000
South Carolina	+ 2	24,152,000	25,433,000	22,306,000
Fifth District	0	132,703,000-	142,260,000	125,449,000

Hay (Tons)

Maryland	+ 2	553,000-	518,000	464,000
Virginia	+ 3	1,189,000+	983,000	923,000
West Virginia	+ 1	813,000-	718,000	644,000
North Carolina	+ 7	1,012,000	991,000	696,000
South Carolina	+ 5	504,000-	541,000	362,000
Fifth District	+ 4	4,071,000-	3,751,000	3,089,000

Irish Potatoes (Bushels)

Maryland	+ 4	2,756,000-	2,375,000	3,098,000
Virginia	0	10,452,000	6,786,000	11,507,000
West Virginia	0	3,200,000	3,040,000	2,925,000
North Carolina	- 1	8,748,000	8,200,000	7,976,000
South Carolina	0	3,192,100	3,108,000	2,424,000
Fifth District	0	28,348,000-	23,509,000	27,930,000

Sweet Potatoes (Bushels)

Maryland	+11	1,450,000	1,440,000	1,090,000
Virginia	- 3	4,030,000+	4,128,000	4,156,000
North Carolina	- 5	7,592,000+	8,624,000	8,163,000
South Carolina	- 1	5,610,000	6,834,000	5,220,000
Fifth District	- 3	18,682,000+	21,026,000	18,629,000

Tobacco (Pounds)

Maryland	- 1	30,240,000+	29,796,000	26,096,000
Virginia	-33	89,048,000+	143,847,000	97,395,000
West Virginia	- 6	2,465,000	2,736,000	3,262,000
North Carolina	-41	441,483,000+	811,675,000	496,101,000
South Carolina	-40	81,700,000+	133,200,000	81,068,000
Fifth District	-38	644,936,000+	1,121,254,000	703,922,000

Apples, Commercial (Bushels)

Maryland .....	..	2,077,000+	2,362,000	1,922,000
Virginia .....	..	10,150,000	10,800,000	10,279,000
West Virginia .....	..	4,948,000+	5,670,000	4,622,000
North Carolina .....	..	1,032,000	1,120,000	935,000
District .....	..	18,207,000+	19,952,000	17,758,000

Peanuts (Pounds)

Virginia	+ 5	185,900,000+	189,175,000	146,706,000
North Carolina	+ 5	298,125,000+	290,700,000	242,658,000
South Carolina	+15	15,000,000+	11,840,000	8,607,000
Fifth District	+ 5	499,025,000+	491,715,000	397,971,000

Pasture Condition, October 1

Maryland .....	..	82+	73	69
Virginia .....	..	88-	68	71
West Virginia .....	..	77-	56	68
North Carolina .....	..	74-	74	76
South Carolina .....	..	59-	66	64

(Compiled October 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1940

Summary of October Business Conditions

THE influence of the defense program is permeating industry in the Fifth Reserve district, and is spreading over into retail fields as increased employment furnishes additional purchasing power. Shipyards in the Hampton Roads area have many millions in contracts, are increasing facilities to handle additional business, and are employing all the workers for whom housing can be found. The airplane industry in Maryland also holds large contracts, and is expanding facilities further. The cotton textile industry in the Carolinas and Virginia, accounting for nearly half the country's capacity, is operating at a near-record level, and has accumulated a heavy back-log of orders, while the rayon yarn producers are shipping more yarn than they can make and have subsequently reduced reserve stocks to less than a week's supply. Coal mines in Virginia and West Virginia are working at seasonal levels, and the railroads of the district are hauling a relatively heavy tonnage. Lumber is in active demand and saw mills have recently been unable to keep production up to shipments and new orders. Contract awards for construction, swelled by numerous projects flowing out of the defense program, reached the

second highest figure in October for any month in eleven years. Reporting member banks increased loans moderately between the middle of October and the middle of November, and are in a strong position to take care of further demands as they develop. Debits to individual accounts, representing checking transactions in 25 cities, rose 20 per cent in October over September, and were 11 per cent ahead of debits in October 1939.

In distribution through retail and wholesale channels, department store sales in October exceeded sales in September by 14 per cent and were 13 per cent above October 1939 sales, and furniture sales rose 9 per cent above those in the same month last year. Registrations of new passenger automobiles in the Fifth district created an October record, and were 48 per cent higher than October 1939 registrations. Sales reported by 194 wholesale firms followed retail sales closely, gaining 12 per cent over wholesale sales in October last year. Commercial failures were fewer in number and lower in liabilities in October 1940 than a year ago, and all tobacco products manufactured exceeded last year's October output by a substantial margin.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	October 1940	September 1940	October 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,572,148,000	\$1,309,689,000	\$1,412,426,000	+ 20	+ 11
Sales, 30 department stores, 5th district.....	\$ 12,795,009	\$ 11,222,650	\$ 11,283,276	+ 14	+ 13
Sales, 41 furniture stores, 5th district.....	\$ 1,563,620	\$ 1,481,292	\$ 1,436,161	+ 6	+ 9
Sales, 194 wholesale firms, 5th district.....	\$ 12,513,000	\$ 11,627,000	\$ 11,169,000	+ 8	+ 12
Registrations, new autos, 5th district.....	22,610	10,463	15,260	+116	+ 48
Tobacco sold in 5th district (Pounds).....	235,912,145	222,042,386	307,850,162	+ 6	-- 23
Average price of tobacco, per 100 lbs.....	\$ 19.31	\$ 15.24	\$ 15.75	+ 27	+ 23
Growers' receipts from tobacco, 5th district...	\$ 45,557,450	\$ 33,839,262	\$ 48,479,006	+ 35	-- 6
Number of business failures, 5th district.....	40	37	52	+ 8	-- 23
Liabilities in failures, 5th district.....	\$ 498,000	\$ 348,000	\$ 755,000	+ 43	-- 34
Value of building permits, 30 cities.....	\$ 11,901,543	\$ 12,206,334	\$ 13,973,225	-- 2	-- 15
Value of contracts awarded, 5th district.....	\$ 51,758,000	\$ 34,192,000	\$ 28,276,000	+ 51	+ 83
Cotton consumption, 5th district (Bales).....	354,688	302,833	320,999	+ 17	+ 10
Cotton price, ¢ per lb. end of month.....	9.36	9.42	9.09	-- 1	+ 3
Print cloths, 39 in., 80x80s, end of month.....	7.13	7.00	.....	+ 2	....
Rayon yarn shipments, U. S. (Pounds).....	36,900,000	30,900,000	34,800,000	+ 19	+ 6
Rayon yarn stocks, U. S. (Pounds).....	6,800,000	8,300,000	9,400,000	-- 18	-- 28
Bituminous coal mined, U. S. (Tons).....	38,300,000	38,650,000	46,394,000	-- 1	-- 17

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Nov. 15 1940	Oct. 15 1940	Nov. 15 1939
Discounts held	\$ 80	\$ 40	\$ 256
Foreign loans on gold	35	22	142
Industrial advances	815	821	1,007
Government securities	118,321	123,938	135,062
Total earning assets	119,251	124,821	136,467
Circulation of Fed. Res. notes	264,697	256,825	225,548
Members' reserve deposits	356,891	340,160	279,791
Cash reserves	563,022	541,669	417,333
Reserve ratio	82.88	82.08	75.94

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Nov. 13 1940	Oct. 16 1940	Nov. 15 1939
Loans & discounts	\$296,120	\$287,866	\$260,721
Investments in securities	441,804	455,402	437,513
Reserve bal. with F. R. bank	238,240	225,268	185,381
Cash in vaults	26,180	21,758	20,406
Demand deposits	626,102	615,758	535,113
Time deposits	204,792	203,763	201,392
Money borrowed	100	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	Oct. 31 1940	Sept. 30 1940	Oct. 31 1939
Total deposits	\$223,668,715	\$222,792,230	\$220,944,398

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

Dist. of Col.	000 omitted			% of Change	
	Oct. 1940	Sept. 1940	Oct. 1939	Month	Year
Washington	\$ 307,184	\$ 263,524	\$ 277,873	+17	+11
Maryland					
Baltimore	431,213	358,270	386,664	+20	+12
Cumberland	8,614	7,967	8,859	+ 8	- 3
Hagerstown	10,379	9,044	9,571	+15	+ 8
North Carolina					
Asheville	16,182	13,624	13,006	+19	+24
Charlotte	76,729	63,278	71,940	+21	+ 7
Durham	54,030	42,771	44,114	+26	+22
Greensboro	22,597	19,406	19,879	+16	+14
Raleigh	51,108	38,464	45,851	+33	+11
Wilmington	13,735	12,213	11,571	+12	+19
Winston-Salem ..	51,050	41,430	45,857	+23	+11
South Carolina					
Charleston	23,809	18,487	22,662	+29	+ 5
Columbia	34,854	28,092	26,277	+24	+33
Greenville	24,460	19,348	22,104	+26	+11
Spartanburg	14,902	10,255	13,016	+45	+14
Virginia					
Danville	17,833	10,361	14,484	+72	+23
Lynchburg	15,525	14,599	14,767	+ 6	+ 5
Newport News ..	15,535	13,515	11,985	+15	+30
Norfolk	62,387	53,521	52,433	+17	+19
Portsmouth	5,640	4,766	4,188	+18	+35
Richmond	197,573	164,069	187,297	+20	+ 5
Roanoke	30,684	28,184	27,452	+ 9	+12
West Virginia					
Charleston	55,116	46,947	50,880	+17	+ 8
Huntington	19,460	17,236	18,902	+13	+ 3
Parkersburg	11,554	10,318	10,794	+12	+ 7
District Totals.	\$1,572,148	\$1,309,689	\$1,412,426	+20	+11

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October, 1940	40	1,111	\$ 498,000	\$ 12,715,000
September, 1940	37	976	348,000	11,397,000
October, 1939	52	1,234	755,000	17,464,000
10 months, 1940	464	11,509	5,736,000	136,803,000
10 months, 1939	493	12,431	5,541,000	156,076,000

Source: Dun & Bradstreet

EMPLOYMENT AT HIGH LEVEL

Employment in the Fifth district has increased steadily in recent months, and there is a scarcity of skilled men in certain trades. Industry is busier than it has been for several years at this season, both on ordinary commercial business and on special orders either directly or indirectly due to the defense program. In some localities, notably in the Hampton Roads area, housing is insufficient to provide for the large number of workers needed by plants handling Government contracts, but construction is being rushed in an effort to overcome this handicap to further employment. Coal production declined in October and miners consequently worked less than in the two preceding months, but coal output is still relatively large and no unemployment developed from last month's curtailment of tonnage. Mining is apparently the only major line in which work slackened last month. There is no labor trouble of importance in the district at present. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from September to October:

STATES	Percentage change from Sept. 1940 to Oct. 1940	
	in number on payroll	in amount of payroll
Maryland	+ 0.9	+ 1.3
Dist. of Columbia	+ 4.6	+ 2.9
Virginia	+ 2.0	+ 3.4
West Virginia	+ 1.5	+ 0.6
North Carolina	+ 3.3	+ 4.2
South Carolina	+ 1.2	+ 2.2
District Average	+ 2.9	+ 2.2

AUTOMOBILE SALES RISE SHARPLY

All 1941 models being available in October, sales in the Fifth district of new passenger automobiles rose substantially, and exceeded October 1939 sales by 48 per cent. In fact, sales last month were larger in every Fifth district state except North Carolina than in any other October since the introduction of new models was shifted from spring to fall. Used cars also sold exceptionally well in October, and some dealers are actually advertising for late model second hand cars and offering cash for them. There is some fear that the preparedness program may cause a diversion of material from the auto industry a little later, which might bring about a shortage of available new cars, and many people in the trade believe this fear has caused a number of buyers to anticipate their needs by a few months. The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Oct. 1940	Oct. 1939	% Change	10 Months 1940	10 Months 1939	% Change
Maryland	4,454	2,570	+73	41,123	32,066	+28
Dist. of Col.	3,109	2,221	+40	23,634	21,412	+10
Virginia	4,358	2,986	+46	46,127	34,665	+33
West Virginia...	2,427	1,837	+32	26,215	18,752	+40
No. Carolina....	5,479	3,780	+45	44,061	37,320	+18
So. Carolina....	2,783	1,866	+49	23,593	20,488	+15
Fifth District.	22,610	15,260	+48	204,758	164,703	+24

DEFENSE PROGRAM INCREASES CONSTRUCTION

Building permits issued in 30 Fifth district cities in October were lower in valuation than in either September 1940 or October 1939, but contract award figures last month, including rural as well as urban projects, were substantially higher than in either of the earlier months. Most of the emergency construction resulting from the defense program is in rural, suburban or small town areas, and does not appear in building permits but does appear in contract awards. Permits issued last month in 30 cities totaled \$11,901,543, a decrease of 2 per cent from \$12,206,334 for September this year and 15 per cent below \$13,973,225 for October last year. Washington led in October 1940 valuations with \$5,149,180, Baltimore was second with 1,789,086, Norfolk third with \$1,082,203, Charleston, W. Va., fourth with \$471,756, and Greensboro fifth with \$430,811. Federally aided housing projects continue to play an important role in building permit figures.

Contracts actually awarded in the Fifth district in October for all types of construction totaled \$51,758,000, a figure exceeded only 6 times in the past 233 months, and only once since 1929. A considerable part of the October awards is accounted for by needs for additional industrial facilities to care for defense work. Figures collected by the *F. W. Dodge Corporation* by states in the Fifth district are usually included in the Review each month but were not available in time for inclusion this month.

COAL MINING DECLINES

Bituminous coal mining in the United States declined in October from September on both a monthly and daily basis, and also fell materially below the level of October last year. In October 1940 output of 38,300,000 net tons compared with 38,650,000 tons mined in the shorter month of September and 46,394,000 tons in October 1939. On a daily basis, October tonnage of 1,419,000 tons was 12 per cent less than 1,610,000 tons per day in September and 20 per cent less than 1,784,000 tons per day in October last year. However, total production this calendar year to November 9 of 382,727,000 tons was 16 per cent above 328,685,000 tons mined to the corresponding date in 1939. Shipments of coal through Hampton Roads ports totaled 19,272,677 tons through November 9, an increase of 15 per cent over shipments of 16,720,252 tons to the same date last year. In the Fifth district, production of bituminous coal in October 1940, September 1940 and October 1939 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Oct. 1940	Sept. 1940	Oct. 1939
West Virginia	9,705,000	11,054,000	12,926,000
Virginia	1,294,000	1,260,000	1,605,000
Maryland	117,000	105,000	167,000
5th District	11,116,000	12,419,000	14,698,000
United States	38,300,000	38,650,000	46,394,000
% in District.....	29.0	32.1	31.7

COTTON TEXTILE ACTIVITY NEARS RECORD

The *Journal of Commerce* reports that sales of cotton gray goods in October were well in excess of production, and the improvement that got under way in late August showed no signs of diminishing. Prices were marked up on most weaves, mill stocks were cleared and backlogs of orders enlarged. As the month ended, most mills had enough business in hand to assure maintenance of the present rate of production to the end of the year. In many instances mills reported booking sizable orders for delivery through the first quarter of 1941. Print cloths were also active most of the month and in at least one week sales were more than double production. Prices moved up sharply and shortage of a number of items developed. Sheetings were also active and as the month ended mills were unable to promise deliveries on a number of staple weaves before late December. Defense contracts continued to flow into the market in swelling volume and this business alone was sufficient to divert considerable equipment from the manufacture of ordinary commercial requirements. As has been the case since August, ducks and similar heavy materials which come under the head of military supplies remained in a strong position.

In the Fifth district specifically, which accounts for approximately 46 per cent of the textile industry, cotton consumption in October was the second highest for any month on record, and lacked only 9/10ths of 1% of equalling the record of 358,117 bales set in March 1937.

COTTON CONSUMPTION—FIFTH DISTRICT
In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
October, 1940	196,823	143,374	14,491	354,688
September, 1940	164,788	124,872	13,173	302,833
October, 1939	181,068	126,700	13,231	320,999
10 Months, 1940	1,683,864	1,300,362	124,314	3,108,540
10 Months, 1939	1,577,468	1,172,394	119,001	2,868,863

RAYON YARN SHIPMENTS SET RECORD

Rayon yarn shipments in the United States to domestic consumers set a record of 36,900,000 pounds in October, 19 per cent above September 1940 shipments of 30,900,000 pounds and 6 per cent above October 1939 shipments of 34,800,000 pounds. Deliveries last month exceeded production for the fourth successive month, and reserve stocks consequently declined from 8,300,000 pounds on September 30 to 6,800,000 pounds on October 31. *Rayon Organon* reports shipments in the first 10 months of 1940 at 320,100,000 pounds, an increase of 8 per cent over 297,200,000 pounds in the corresponding period of 1939.

COTTON STATISTICS

Cotton prices on 10 Southern markets, after declining slowly but steadily from the middle of June to the middle of October, turned upward slightly in the last week in October and the first half of November. On Friday, June 14, the average price of middling grade 15/16-inch upland cotton on the 10 markets was 10.68 cents per pound, but practically every Friday thereafter showed a lower average until 9.33 cents was reached on October 11. Remaining at approximately the same level until November, the price then rose to 9.75 cents on November 15, the latest date for which data are available.

The fourth forecast of 1940 cotton production in the United States, issued by the Department of Agriculture on November 8, raised the estimate from 12,741,000 bales as of October 1 to 12,847,000 bales on November 1, an increase of 8.7 per cent above the 1939 crop of 11,817,000 bales. In the Fifth district, Virginia's figure was raised from 22,000 bales on October 1 to 23,000 bales on November 1, North Carolina's figure from 670,000 bales to 740,000 bales, and South Carolina's figure from 925,000 bales to 960,000 bales. In 1939 Virginia grew 13,000 bales, North Carolina 457,000 bales, and South Carolina 871,000 bales. The district as a whole therefore shows a crop of 1,723,000 bales this year, an increase of 28.5 per cent over the 1939 yield of 1,341,000 bales.

COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1940	Oct. 1939	Aug. 1 to Oct. 31 This Year	Oct. 31 Last Year
Fifth district states:				
Cotton consumed	354,688	320,999	956,217	918,010
Cotton growing states:				
Cotton consumed	652,236	578,972	1,766,045	1,647,260
Cotton held Oct. 31 in				
Consuming establishments...	1,172,152	1,290,137		
Storage & compresses.....	13,712,347	15,476,084		
United States:				
Cotton consumed	770,702	686,451	2,064,457	1,941,301
Cotton held Oct. 31 in				
Consuming establishments...	1,354,063	1,459,329		
Storage & compresses.....	13,848,115	15,504,291		
Exports of cotton, U. S.....	194,251	885,182	350,231	1,744,051
Spindles active, U. S.....	22,456,588	22,667,414		

AUCTION TOBACCO SALES

Prices paid for tobacco in Fifth district auction markets in October held above 1939 prices, and poundage sales, while substantially below October 1939 figures, were up to seasonal level in consideration of the size of this year's crop, which is 39 per cent less than last year's. This reduction is due almost entirely to voluntary acreage restriction. Sales in October, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	October 1940	October 1939	1940	1939
So. Carolina	8,263,570	20,030,159	\$11.99	\$11.28
No. Carolina	186,144,580	243,422,252	19.42	16.19
Virginia	41,503,995	44,397,751	20.28	15.34
District Total	235,912,145	307,850,162	19.31	15.75
Season through	512,819,546	644,553,459	17.71	15.29

TOBACCO MANUFACTURING RISES

Production of all tobacco products rose sharply in October over September, and materially exceeded October 1939 output, according to data based on Internal Revenue receipts.

	Oct. 1940	Sept. 1940	Oct. 1939
Smoking & chewing tobacco, pounds	31,150,014	25,879,985	26,977,566
Cigarettes, number	16,448,241,230	14,889,814,717	15,384,360,207
Cigars, number	583,508,410	475,725,260	551,229,569
Snuff, pounds	3,567,501	2,848,874	3,261,057

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1940 comp. with Oct. 1939	Jan. 1 to date comp. with same period last year	Oct. 31, 1940 comp. with Oct. 1939	Sept. 1940	
Richmond (3)	+15.5	+ 7.5	+ 5.8	+ 6.4	34.3
Baltimore (8)	+11.0	+ 9.8	+ 4.5	+ 7.0	32.4
Washington (6) ..	+15.1	+ 9.0	+ 3.2	+10.2	28.4
Other Cities (13) ..	+12.8	+ 9.9	+ 4.9	+ 8.2	31.5
District (30)	+13.4	+ 9.2	+ 4.3	+ 8.3	30.6
Same stores by states, with 25 stores added:					
Virginia (12).....	+18.9	+ 8.0	..	..	..
West Va. (10)....	+ 4.5	+10.7	..	..	..
No. Carolina (9)...	+13.7	+10.0	..	..	..
So. Carolina (10)..	+10.6	+10.8	..	..	..

RETAIL FURNITURE SALES

STATES	% Change in Sales, Oct. and 10 Months in 1940	
	Compared with Oct. 1939	Compared with 10 Months 1939
Maryland (9)	+ 4	+14
Dist. of Col. (7).....	+16	+11
Virginia (13)	+10	+ 7
North Carolina (5).....	+ 8	+ 8
South Carolina (7).....	+ 4	+ 9
District (41)	+ 9	+11
Individual Cities:		
Baltimore (9)	+ 4	+14
Richmond (5)	+ 1	+ 2
Washington (7)	+16	+11

WHOLESALE TRADE, 194 FIRMS

	Net Sales		Stocks		Ratio Oct. collections to accounts outstanding Oct. 1
	October 1940 compared with Oct. 1939	Sept. 1940	Oct. 31, 1940 compared with Oct. 1939	Sept. 30, 1940	
Auto supplies (8)	+13	+27	+15	+ 4	57
Shoes (4)	- 1	- 8	- 6	-14	64
Drugs (13)	+12	+ 8	+ 9	+ 5	73
Dry Goods (8)	+ 6	- 5	+ 8	- 4	45
Electrical goods (6)....	+16	+19	+24	+12	99
Groceries (66)	+14	+ 8	+ 1	+ 2	98
Hardware (14)	+ 7	0	+ 6	0	50
Industrial supplies (8) ..	+18	+32	+11	+ 1	73
Plumbing & heating (4) ..	+66	+55	..	..	59
Paper & products (9)....	+16	+12	- 5	0	67
Tobacco & products (8) ..	- 2	- 9	0	+ 3	85
Miscellaneous (46)	+15	+18	-13	+25	76
District Average (194) ..	+12	+ 8	+ 1	+ 2	69

Source: Bureau of the Census.

AGRICULTURAL NOTES

The year 1940 was unusually favorable for farming in the Fifth district, with good weather during the growing season and almost ideal harvesting conditions. Nearly all crop yields are above the 10-year averages, and many are higher than the large returns in 1939. Both North Carolina and South Carolina have record per acre cotton yields, and tobacco turned out substantially better than had been expected earlier in the season. Hay and grain crops provided abundant feed for stock during the winter, pastures were above average until frost, and live stock is in excellent shape. Fall sown grains have been planted under favorable conditions in most sections of the district.

(Compiled November 20, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1940

Summary of November Business Conditions

DEVELOPMENTS in trade and industry in the Fifth Federal Reserve district were fully up to seasonal levels in November, and reflected a continuation of the stimulating influence of the defense program. Some recessions from October activities were noted, but these were nearly all due to fewer business days in November or to other seasonal causes.

Increased purchasing power this year is reflected in retail sales, automobile registrations, a large cotton crop, residential construction, and steadily expanding employment and payrolls. Department store sales in November 1940 were 14 per cent larger than sales in the same stores in November 1939, and furniture stores sold 13 per cent more in the 1940 month. Registrations of new passenger automobiles in Fifth district states last month were 35 per cent above November 1939 registrations, and set a record for November. The cotton crop made record per acre yields this year in the three Fifth district cotton growing states, and total production for the district was 29 per cent higher than in 1939 in contrast with an increase for the United States of only 7 per cent. With slightly higher cotton prices prevailing during the fall of 1940 than a year earlier, the increased cotton yield re-

sulted in substantially larger cash returns to growers. In residential building, contracts issued in November 1940 show a 20 per cent increase over contracts awarded in November 1939 for the same class of work. The number of employees and total hours worked have risen steadily since midsummer, materially increasing incomes of industrial workers and building tradesmen especially.

Construction work under way or under contract in the Fifth district is in very large volume, for much of which the defense program is directly or indirectly responsible. Building permits issued in November exceeded the November 1939 permits by 47 per cent in valuation, and contract awards were 89 per cent higher. Textile mills in the Fifth district have a large backlog of Government orders, sufficient to keep them operating at capacity for at least ninety days, and many other industries also hold substantial contracts for material needed by the Army or Navy. Baltimore airplane factories and shipyards, and shipyards in the Hampton Roads area, have several hundred million dollars in contracts which assure full time operations for several years. Four or five Army camps are under construction or expansion in the district, and when finished will be occupied by many thousands of National Guardsmen or drafted men.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	November 1940	October 1940	November 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,528,845,000	\$1,572,148,000	\$1,351,579,000	— 3	+ 13
Sales, 30 department stores, 5th district.....	\$ 12,953,928	\$ 12,805,009	\$ 11,398,495	+ 1	+ 14
Sales, 41 furniture stores, 5th district.....	\$ 1,478,646	\$ 1,563,620	\$ 1,313,403	— 5	+ 13
Sales, 195 wholesale firms, 5th district.....	\$ 13,121,000	\$ 14,351,000	\$ 11,701,000	— 9	+ 12
Registrations, new autos, 5th district.....	23,479	22,610	17,380	+ 4	+ 35
Tobacco sold in 5th district (Pounds).....	102,320,316	235,912,145	262,012,670	— 57	— 61
Average price of tobacco, per 100 lbs.....	\$ 14.33	\$ 19.31	\$ 16.99	— 26	— 16
Growers' receipts from tobacco, 5th district.....	\$ 14,659,107	\$ 45,557,450	\$ 44,522,355	— 68	— 67
Number of business failures, 5th district.....	31	40	34	— 23	— 9
Liabilities in failures, 5th district.....	\$ 769,000	\$ 498,000	\$ 291,000	+ 54	+164
Value of building permits, 30 cities.....	\$ 13,076,326	\$ 11,901,543	\$ 8,888,654	+ 10	+ 47
Value of contracts awarded, 5th district.....	\$ 45,378,000	\$ 51,758,000	\$ 24,056,000	— 12	+ 89
Cotton consumption, 5th district (Bales).....	340,446	354,688	341,096	— 4	— 0
Cotton price, ¢ per lb., end of month.....	9.74	9.36	9.09	+ 4	+ 7
Print cloths, 39 in., 80x80s, end of month.....	7.375	7.125	.....	+ 4	.....
Rayon yarn shipments, U. S. (Pounds).....	35,000,000	36,900,000	33,300,000	— 5	+ 5
Rayon yarn stocks, U. S. (Pounds).....	6,200,000	6,800,000	7,700,000	— 9	— 19
Bituminous coal mined, U. S. (Tons).....	40,300,000	38,700,000	43,301,000	+ 4	— 7

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District

ITEMS	000 omitted		Dec. 15 1939
	Dec. 15 1940	Nov. 15 1940	
Discounts held	\$ 47	\$ 80	\$ 109
Foreign loans on gold	41	35	208
Industrial advances	783	815	950
Government securities	115,900	118,321	129,904
Total earning assets	116,771	119,251	131,171
Circulation of Fed. Res. notes	278,382	264,697	230,718
Members' reserve deposits	354,012	356,891	279,816
Cash reserves	570,688	563,022	426,704
Reserve ratio	83.49	82.88	76.58

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		Dec. 13 1939
	Dec. 11 1940	Nov. 13 1940	
Loans & discounts	\$298,873	\$296,120	\$264,576
Investments in securities	432,527	441,804	449,111
Reserve bal. with F. R. bank	242,985	238,240	192,636
Cash in vaults	27,828	26,180	24,813
Demand deposits	637,972	626,102	540,913
Time deposits	199,907	204,792	196,702
Money borrowed	0	100	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks

	Nov. 30 1940	Oct. 31 1940	Nov. 30 1939
Total deposits	\$223,087,460	\$223,668,715	\$220,910,601

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District

Dist. of Col.	Nov.	Oct.	Nov.	% of Change	
	1940	1940	1939	Month	Year
Washington	\$ 304,470	\$ 307,184	\$ 263,313	- 1	+16
Maryland					
Baltimore	429,178	431,213	354,795	0	+21
Cumberland	8,739	8,614	8,509	+ 1	+ 3
Hagerstown	9,678	10,379	8,541	- 7	+13
North Carolina					
Asheville	14,955	16,182	11,855	- 8	+26
Charlotte	86,845	76,729	66,978	+13	+30
Durham	38,342	54,030	40,469	-29	- 5
Greensboro	23,001	22,597	22,802	+ 2	+ 1
Raleigh	48,235	51,103	43,386	- 6	+11
Wilmington	11,843	13,735	10,997	-14	+ 8
Winston-Salem ..	48,359	51,050	45,559	- 5	+ 6
South Carolina					
Charleston	21,482	23,809	17,760	-10	+21
Columbia	37,278	34,854	28,338	+ 7	+32
Greenville	24,722	24,460	19,711	+ 1	+25
Spartanburg	13,102	14,902	11,226	-12	+17
Virginia					
Danville	15,409	17,833	19,735	-14	-22
Lynchburg	16,336	15,525	15,121	+ 5	+ 8
Newport News ..	13,023	15,635	11,600	-16	+12
Norfolk	64,884	62,387	52,022	+ 4	+25
Portsmouth	5,939	5,640	4,578	+ 5	+30
Richmond	175,920	197,573	186,398	-11	- 6
Roanoke	32,962	30,684	28,182	+ 7	+17
West Virginia					
Charleston	54,195	55,116	52,200	- 2	+ 4
Huntington	18,710	19,460	18,024	- 4	+ 4
Parkersburg	11,238	11,554	9,480	- 3	+19
District Totals ...	\$1,528,845	\$1,572,148	\$1,351,579	- 3	+13

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
November 1940	31	1,024	\$ 769,000	\$ 16,572,000
October 1940	40	1,111	498,000	12,715,000
November 1939	34	1,184	291,000	13,201,000
11 Months, 1940	495	12,533	6,505,000	150,005,000
11 Months, 1939	527	13,615	5,832,000	169,277,000

Source: Dun & Bradstreet

EMPLOYMENT CONTINUES TO EXPAND

Increased activity in industry and construction, to a large extent due to defense contracts placed with Fifth district plants, raised employment further in November and the first half of December, and very few skilled workers are now unemployed. In fact, there is a shortage of trained mechanics for such work as shipbuilding, and a need for building tradesmen at Army camps. One of the obstacles in the way of further employment is insufficient housing at points of labor concentration. Seasonal expansion of sales forces in retail stores has given temporary work until Christmas to thousands of people. Clerical workers have benefitted least by the defense program, but even in that line there has been improvement in recent months as industries were compelled to add office workers to handle the clerical end of new contracts. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from October to November:

STATES	Percentage change from	
	Oct. 1940 in number on payroll	to Nov. 1940 in amount of payroll
Maryland	+ 0.6	+ 4.9
Dist. of Columbia	+ 2.5	+ 1.2
Virginia	+ 0.4	- 2.0
West Virginia	+ 0.6	+ 3.0
North Carolina	+ 2.2	+ 2.2
South Carolina	+ 1.9	+ 0.2
District Average	+ 0.9	+ 2.3

AUTO SALES SET NOVEMBER RECORD

More new passenger automobiles were sold in the Fifth Reserve district in November 1940 than in any other November since comparable figures became available in 1925, the second month in succession in which new monthly records were set. Used cars also sold well during the past month, and dealers have accumulated fewer cars on their lots than usual for this season of the year. If it should become necessary to restrict production of new cars during the next few months, present stocks of used cars would be quickly exhausted. The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Nov.	Nov.	% Change	11 Months	11 Months	% Change
	1940	1939		1940	1939	
Maryland	5,120	3,627	+ 41	46,243	35,693	+30
Dist. of Col. ...	2,914	2,109	+ 38	26,548	23,521	+13
Virginia	5,152	3,677	+ 40	51,279	38,342	+34
West Virginia ..	2,495	2,056	+ 21	23,710	20,808	+38
No. Carolina ...	4,356	3,394	+ 28	48,417	40,714	+19
So. Carolina ...	3,442	2,517	+ 37	27,035	23,005	+18
Fifth District .	23,479	17,380	+ 35	228,232	182,083	+25

CONSTRUCTION AT HIGH LEVEL

Construction work provided for in permits issued and contracts awarded in November 1940 in the Fifth Reserve district was in large volume. United States Housing Authority projects in certain cities and defense construction in rural areas and small towns continue to play leading parts in both building permits and contract awards.

Building permits issued in 30 Fifth district cities in November were valued at \$13,076,326, an increase of 10

per cent over \$11,901,543 in October this year and 47 per cent above \$8,888,654 in November last year. Washington led in November 1940 valuation with \$5,969,440, Norfolk with a large USHA project was second with \$2,064,545, Baltimore was third with \$1,395,744, Portsmouth with another USHA project was fourth with \$791,235, and Spartanburg was fifth with \$391,429.

Contracts awarded for construction in the Fifth district totaled \$45,378,000 in November, a decline of 12 per cent from the October total of \$51,758,000, but an increase of 89 per cent over the November 1939 valuation of \$24,056,000. Figures by states for November are not yet available, but October figures for contracts awarded are shown by states in the table below.

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1940	Oct. 1939	% Change
Maryland	\$13,368,000	\$ 6,012,000	+ 122
Dist. of Col.	7,736,000	4,035,000	+ 92
Virginia	15,699,000	7,276,000	+ 116
West Virginia	1,938,000	2,074,000	- 7
North Carolina	10,832,000	4,448,000	+ 144
South Carolina	2,185,000	4,431,000	- 51
Fifth District	\$51,758,000	\$28,276,000	+ 83

Source: F. W. Dodge Corporation.

COAL PRODUCTION INCREASES

Output of bituminous coal in November 1940 exceeded that of October this year, but was less than production in November 1939. There were 40,300,000 tons mined in November, against 38,700,000 tons in October 1940 and 43,301,000 tons in November 1939. On a daily basis, production of 1,679,000 tons per day last month was 17 per cent above the October average but 5 per cent below the average for November last year. Total production this calendar year to December 7 of 422,052,000 net tons was 15 per cent above 366,452,000 tons mined to the same date in 1939. Shipments of coal through Hampton Roads ports totaled 20,888,887 tons to December 7 this year, an increase of 12 per cent over shipments of 18,620,595 tons to December 7 last year. In the Fifth district, production of bituminous coal in November 1940, October 1940 and November 1939 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Nov. 1940	Oct. 1940	Nov. 1939
West Virginia	10,504,000	10,280,000	12,010,000
Virginia	1,254,000	1,270,000	1,384,000
Maryland	128,000	120,000	162,000
Fifth District	11,886,000	11,670,000	13,556,000
United States	40,300,000	38,700,000	43,301,000
% in District	29.5	30.2	31.3

DEMAND FOR TEXTILES CONTINUES FIRM

The monthly survey of cotton cloth movement issued by the *Journal of Commerce* for November says that orders for war materials continued to flow into the market in such volume that heavy gray goods advanced sharply in price, while the price rise on strictly consumer goods was only moderate. However, there were four days of heavy trading in print cloths in November during which many staple goods mills sold the equivalent of a month's production. As the month ended, there were many shortages, especially in sheetings, and mills quite generally had booked sufficient orders to maintain the current rate of machinery activity for at least ninety days. Some mills

with large defense contracts, particularly those making ducks, were unable to accept any additional business for delivery nearer than the second quarter of 1941.

In the Fifth district, cotton consumption in November was slightly less than in either October this year or November last year, but the decreases were due to differences in the calendar.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
November 1940	188,495	137,539	14,412	340,446
October 1940	196,823	143,374	14,491	354,688
November 1939	191,192	136,222	13,682	341,096
11 Months, 1940	1,872,359	1,437,901	138,726	3,448,986
11 Months, 1939	1,768,660	1,308,616	132,683	3,209,959

RAYON YARN OUTPUT CONTINUES AT CAPACITY

Rayon Organon reports shipments to domestic consumers of 35,000,000 pounds of filament yarn in November, a decrease of 5 per cent from 36,900,000 pounds shipped in the longer month of October 1940, but an increase of 5 per cent over shipments of 33,300,000 pounds in November 1939. Shipments continuing above production, reserve stocks of yarn dropped from 6,800,000 pounds on October 31 to 6,200,000 pounds on November 30. A year earlier, on November 30, 1939, yarn stocks totaled 7,700,000 pounds. Total shipments of rayon yarn in eleven months this year of 355,100,000 pounds exceeded shipments of 330,500,000 pounds in the corresponding months of 1939 by 7 per cent. On December 2, one large manufacturer of viscose yarn raised the price 2 cents per pound on certain knitting yarns, but one of the leading producers of rayon-grade dissolving wood pulp has announced that present pulp prices will hold through the first quarter of 1941, and probably rayon yarn prices will change little during the same period unless labor costs advance.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets advanced in November and the first week in December, rising from 9.55 cents per pound for middling grade upland cotton on November 8 to 9.92 cents on December 6, but then dropped to 9.86 cents on December 13, the latest date for which official quotations are available. The advance was attributed to a scarcity of good grades of cotton outside Government loan stocks.

The final forecast of 1940 cotton production, based on December 1 condition, estimated the crop at 12,686,000 bales, a decline of 1 per cent from the November 1 estimate, but an increase of 7 per cent over the 1939 yield of 11,817,000 bales. In the Fifth district, Virginia's 1940 crop was put at 25,000 bales against 13,000 bales in 1939, North Carolina's yield at 740,000 bales against 457,000 bales last year, and South Carolina's yield at 970,000 bales against 871,000 bales in 1939, a district total of 1,735,000 bales for 1940, against 1,341,000 bales for 1939, an increase of 29 per cent. North Carolina with a yield of 425 pounds per acre, Virginia with 385 pounds, and South Carolina with 374 pounds, all set new per acre yield records in 1940.

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1940	Nov. 1939	Aug. 1 to Nov. 30 This Year	Nov. 30 Last Year
Fifth district states:				
Cotton consumed	340,446	341,096	1,296,663	1,259,106
Cotton growing states:				
Cotton consumed	638,767	609,547	2,404,812	2,256,807
Cotton on hand Nov. 30 in				
Consuming establishments ..	1,449,510	1,560,832	.....	.....
Storage & compresses	14,562,274	15,446,982	.....	.....
United States:				
Cotton consumed	744,088	718,719	2,808,545	2,660,020
Cotton on hand Nov. 30 in				
Consuming establishments ..	1,682,278	1,782,589	.....	.....
Storage & compresses	14,727,234	15,484,383	.....	.....
Exports of cotton, U. S.	144,710	583,644	495,390	2,327,695
Spindles active, U. S.	22,685,968	22,784,776	.....	.....

AUCTION TOBACCO SALES AND PRICES

As the end of the season approached and lower grades of tobacco came on the markets, prices on auction markets in North Carolina and Virginia declined in November from the October level, and also fell below the November 1939 prices, when a larger poundage of the better grades remained to be sold. Fire-cured tobacco markets opened late in November in Virginia, and opening prices were much lower than opening prices last year. Sales of tobacco in November and for the season through November were as follows in the Fifth district:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	November 1940	November 1939	1940	1939
North Carolina	73,274,312	210,644,281	\$14.42	\$17.19
Virginia (Flue-cured)	27,504,147	50,359,071	14.46	16.29
(Fire-cured)	1,541,857	1,009,318	7.59	10.81
District Total	102,320,316	262,012,670	14.33	16.99
Season through	619,594,728*	906,566,129*	17.16*	15.78*

* Includes South Carolina market sales.

TOBACCO MANUFACTURING IN SEASONAL DECLINE

Production of all tobacco products declined seasonally in November from October, but was about the same as production in November 1939, according to data based on Internal Revenue receipts.

	Nov. 1940	Oct. 1940	Nov. 1939
Smoking & chewing tobacco, pounds	25,730,910	31,150,014	25,192,808
Cigarettes, number	14,347,327,020	16,448,241,230	14,461,358,957
Cigars, number	507,348,580	583,503,410	505,098,447
Snuff	2,865,513	3,567,501	3,242,896

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Nov. 1940	Net Sales Jan. 1 to date comp. with Nov. 1939	Net Sales Jan. 1 to date comp. with same period last year	Stocks Nov. 30, 1940	Ratio Nov. collections to accounts outstanding Nov. 1
	comp. with Nov. 1939	Nov. 1939	Nov. 1939	Oct. 1940	
Richmond (3)	+12.8	+ 8.1	+ 7.7	+ 5.7	35.3
Baltimore (8)	+11.2	+ 9.9	+ 3.2	+ 3.8	34.3
Washington (6) ..	+15.0	+ 9.7	+ 4.5	+ 9.0	30.6
Other Cities (13) .	+18.0	+10.9	+ 3.1	+ 3.0	32.6
District (30) ...	+13.6	+ 9.7	+ 4.3	+ 6.1	32.5
Same stores by states, with 26 stores added:					
Virginia (11)	+14.7	+ 9.3	..	..	..
West Va. (10) ...	+15.3	+11.2	..	..	..
No. Carolina (9) ..	+17.2	+12.9	..	..	..
So. Carolina (11) .	+16.4	+10.9	..	..	..

RETAIL FURNITURE SALES

STATES	% Change in Sales, Nov. and 11 Months in 1940	
	Compared with Nov. 1939	Compared with 11 Months 1939
Maryland (9)	+22	+15
Dist. of Columbia (7)	+20	+12
Virginia (13)	+14	+ 7
North Carolina (5)	-16	+ 5
South Carolina (7)	+ 7	+ 9
District (41)	+13	+11
Individual Cities:		
Baltimore (9)	+22	+15
Richmond (5)	+ 3	+ 2
Washington (7)	+20	+12

WHOLESALE TRADE, 195 FIRMS

LINES	Net Sales November 1940		Stocks Nov. 30, 1940		Ratio Nov. collections to accounts outstanding Nov. 1
	compared with Nov. 1939	Oct. 1940	Nov. 30 1939	Oct. 31 1940	
Auto supplies (9)	+26	+ 4	- 3	- 6	71
Shoes (5)	+ 6	-22	- 4	- 4	54
Drugs (11)	+ 7	- 5	+10	- 3	77
Dry goods (7)	- 3	- 9	- 2	-11	43
Electrical goods (18) ..	+28	+ 1	+25	+ 2	72
Groceries (55)	+ 5	- 9	+ 2	+ 2	89
Hardware (15)	+ 6	-10	+ 3	- 1	48
Industrial supplies (9) .	+36	- 1	+28	+12	82
Plumbing & heating (5) .	+44	-20	..	..	58
Paper & products (9) ..	+ 6	-14	- 1	+ 3	61
Tobacco & products (6) .	+ 9	+ 4	..	..	79
Miscellaneous (46)	+ 6	- 8	+ 7	+ 6	54
District Average (195)	+12	- 9	+ 7	+ 1	63

FIFTH DISTRICT CROPS

In the January 31, 1941, issue of the Monthly Review we shall publish a table showing final 1940 crop yields for the several states in the Fifth Federal Reserve district, in comparison with corresponding figures for some earlier periods.

(Compiled December 21, 1940)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

January 31, 1941

Annual Survey for 1940

1940 was one of the best years in the history of the Fifth Federal Reserve district in trade and industry, and was moderately good in agriculture. New records were made in several lines, and other records were closely approached. Construction work, for example, stimulated in the second half-year by much defense work, set an all time record of \$520,417,000 in contracts actually awarded, an increase of 15 per cent over the previous high of \$451,030,000 for 1928, and 38 per cent above the 1939 total. City building permits issued in 1940 were also near a record level, totaling \$127,398,101 in 31 Fifth district cities. The cotton textile industry, receiving a substantial volume of orders from the Army and Navy in addition to increased commercial requirements, consumed more cotton than in any previous year and ended 1940 with sufficient orders on hand to maintain operations several months. Rayon yarn mills again set a record for shipments to domestic consumers in 1940, and the demand was so great that reserve stocks of yarn declined to a four days' supply at the end of the year. Tobacco manufacturing exceeded that of 1939 in all lines except snuff, and cigarette production, of which the Fifth district accounts for more than 80 per cent, rose 5 per cent in 1940 over 1939. Production of

bituminous coal in Fifth district states exceeded 1939 output by 16 per cent, and was the highest for any year since 1929. Sales of new passenger automobiles rose 27 per cent in 1940 over sales in 1939, and used cars also sold unusually well. Retail trade as indicated by department store sales rose 11 per cent in 1940 from the 1939 level, and furniture stores also reported an increase of 11 per cent. Debits to individual accounts, reflecting transactions through the banks in 25 Fifth district cities, rose to \$16,841,529,000 in 1940, another 11 per cent increase over the 1939 figure. Every reporting city showed higher debits in the later year. Many of the developments mentioned required additional workers or afforded longer hours of work, and consequently employment improved so notably that shortages of men actually developed toward the end of the year in some skilled trades. In agriculture, the farm values of all principal crops except tobacco and sweet potatoes were higher for 1940 than for 1939 yields. The tobacco crop was curtailed about a third this year, which reduced the aggregate value of the crop proportionately, but part of the decline in the crop's value was made up by Government benefit payments for acreage reduction.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	December 1940	November 1940	December 1939	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,735,170,000	\$1,528,845,000	\$1,530,670,000	+ 13	+ 13
Sales, 30 department stores, 5th district.....	\$ 20,927,121	\$ 12,954,921	\$ 19,006,586	+ 62	+ 10
Sales, 39 furniture stores, 5th district.....	\$ 1,675,071	\$ 1,365,816	\$ 1,428,795	+ 23	+ 17
Sales, 178 wholesale firms, 5th district.....	\$ 9,598,000	\$ 10,425,000	\$ 8,428,000	- 8	+ 14
Registrations, new autos, 5th district.....	28,391	23,479	19,330	+ 21	+ 47
Tobacco sold in 5th district (pounds).....	35,323,912	102,320,316	83,304,996	- 65	- 58
Growers' receipts from tobacco, 5th district.....	\$ 4,786,231	\$ 14,659,107	\$ 11,068,040	- 67	- 57
Average price of tobacco, 5th district.....	\$ 13.55	\$ 14.33	\$ 13.29	- 5	+ 2
Number of business failures, 5th district.....	41	31	48	+ 32	- 15
Liabilities in failures, 5th district.....	\$ 884,000	\$ 769,000	\$ 544,000	+ 15	+ 63
Value of building permits, 31 cities.....	\$ 8,359,191	\$ 13,095,771	\$ 5,280,866	- 36	+ 58
Value of contracts awarded, 5th district.....	\$ 100,879,000	\$ 45,703,000	\$ 22,358,000	+121	+351
Cotton consumption, 5th district (bales).....	354,051	340,446	307,369	+ 4	+ 15
Cotton price, cents per lb., end of month.....	10.07	9.74	10.93	+ 3	- 8
Print cloths, 39 in., 80x80s, end of month.....	7.50	7.375	7.25	+ 2	+ 3
Rayon yarn shipments, U. S. (pounds).....	34,500,000	35,000,000	32,000,000	- 1	+ 8
Rayon yarn stocks, U. S. (pounds).....	5,300,000	6,200,000	6,400,000	- 15	- 17
Bituminous coal mined, U. S. (tons).....	40,600,000	40,012,000	38,066,000	+ 1	+ 7

RESERVE BANK COMPARISONS

Changes in the statement of the Federal Reserve Bank of Richmond between December 15, 1940, and January 15, 1941, were of no special significance. Circulation of Federal Reserve notes showed the usual decline after the holiday need for funds had passed. Government security holdings, reversing a recent trend, rose moderately during the period, while member bank reserve deposits and the Bank's cash reserves advanced further. In comparison with figures for January 15, 1940, those for January 15, 1941, show advances in all items except those making up earning assets, which declined slightly. Federal Reserve note circulation rose substantially over a year ago, probably reflecting greater activity in nearly all lines of trade and industry this year. Member bank reserve deposits and cash reserves of the Richmond bank both registered marked increases during 1940.

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Jan. 15 1941	Dec. 15 1940	Jan. 15 1940
Discounts held	\$ 33	\$ 47	\$ 122
Foreign loans on gold	27	41	216
Industrial advances	780	783	942
Government securities	119,976	115,900	125,583
Total earning assets	120,816	116,771	126,863
Circulation of Fed. Res. notes	274,908	278,382	221,031
Members' reserve deposits	372,450	354,012	288,976
Cash reserves	581,553	570,688	430,976
Reserve ratio	83.23	83.49	77.57

A brief review of the operations of the Federal Reserve Bank of Richmond during 1940 shows continued growth of the Bank. Total assets rose from \$632,001,031.78 on December 31, 1939, to \$774,748,010.56 on December 31, 1940. Although the number of employees at the Head Office and the two Branches was the same, 675, at the end of both 1939 and 1940, a larger volume of business was handled last year in most departments. The number of checks handled by the Transit department set an annual record at 79,938,000 items, an average of 265,575 checks per working day. These checks totaled \$15,474,834,000 in 1940, an average of \$51,411,409 per day. Currency and coin received or paid out in 1940 totaled 962,789,100 pieces, valued at \$1,567,387,500, against 869,862,878 pieces valued at \$1,386,332,900 handled in 1939. Transfers of funds to and from other Reserve Banks and Branches through the Inter-district Settlement Fund also rose substantially in 1940 in comparison with 1939. The number of member banks in the Fifth district rose from 411 to 431 during 1940. One member bank was absorbed by a non-member, but the following 31 banks joined the Reserve System:

Citizens & Southern National Bank of S. C.....	Charleston, S. C.
City National Bank of Winston-Salem.....	Winston-Salem, N. C.
Citizens-Waynesboro Bank & Trust Co.....	Waynesboro, Va.
Bank of Christiansburg.....	Christiansburg, Va.
Bank of Wadesboro.....	Wadesboro, N. C.
Bank of Monroe.....	Union, W. Va.
Bank of Quinwood.....	Quinwood, W. Va.
Farmers & Bank of Amherst.....	Amherst, Va.
Commercial National Bank.....	Kinston, N. C.
City Bank of Washington.....	Washington, D. C.
Farmers & Merchants Bank.....	Rich Creek, Va.
Shenandoah County Bank & Trust Co.....	Woodstock, Va.
Farmers & Merchants Bank.....	Blacksburg, Va.
Farmers Bank of Edinburg, Inc.....	Edinburg, Va.
South Boston Bank & Trust Co.....	South Boston, Va.
Bank of Greene, Inc.....	Stanardsville, Va.
Planters Bank of Bridgewater.....	Bridgewater, Va.
Bank of Alberta, Inc.....	Alberta, Va.
Peoples' Bank of Mt. Jackson.....	Mount Jackson, Va.
State Bank of Remington, Inc.....	Remington, Va.
Bank of Shawville, Inc.....	Shawville, Va.

STATEMENT OF SELECTED MEMBER BANKS

The accompanying table shows comparisons of statement items for 41 regularly reporting member banks as of January 15, 1941, with corresponding figures a month and a year earlier. Changes during the past month were relatively unimportant, but during the past year loans and discounts rose 13 per cent, reserve balance at the Reserve bank rose 31 per cent, and demand deposits rose 20 per cent.

SELECTED ITEMS—41 REPORTING BANKS
Fifth District

ITEMS	000 omitted		
	Jan. 15 1941	Dec. 11 1940	Jan. 10 1940
Loans & discounts	\$297,199	\$298,873	\$262,031
Investments in securities	447,111	432,527	455,811
Reserve bal. with F. R. Bank	248,518	242,985	189,559
Cash in vaults	23,961	27,828	23,762
Demand deposits	632,936	637,972	526,599
Time deposits	203,177	199,907	198,300
Money borrowed	0	0	0

DEPOSITS IN MUTUAL SAVINGS BANKS

Deposits in 10 mutual savings banks in Baltimore, which had set a record of \$222,060,975 on December 31, 1939, advanced further to \$224,288,123 on April 30, 1940, establishing a new record each month during the intervening period. After April, however, deposits turned downward and declined each month to \$222,488,398 on August 31, the low month-end figure of 1940 but still above the December 31, 1939, total. Deposits increased in September and October, dropped a little in November, and rose again to \$223,920,684 on December 31, 1940. Deposits in the 10 mutual savings banks were higher at the end of every month in 1940 than on the corresponding dates in 1939.

DEBITS TO INDIVIDUAL ACCOUNTS

Debits to individual accounts, measuring checks cashed against deposit accounts of individuals, firms and corporations in 25 Fifth district cities, rose seasonally by 13 per cent in December in comparison with November, and were also 13 per cent higher than December 1939 figures. The December increase over November was exactly the same as the increase between the corresponding months a year earlier. Danville and Durham reported the only decreases from November to December, but both were due to holiday closings of auction tobacco markets in the later month.

In the calendar year 1940, debits in the 25 cities rose 11 per cent over 1939 debits, every city reporting higher figures for the later year. For the second successive year, Newport News with a rise of 30 per cent in 1940 over the preceding year led all cities in percentage gain, due to the large increase in payrolls at the shipyard in that city. All three reporting cities in the Hampton Roads areas, Norfolk, Newport News and Portsmouth, reflect in their debits the great activity in shipbuilding and in the necessity for additional housing arising from a large influx of workers, and Baltimore, Charleston, S. C., Columbia, and Charleston, W. Va., also show either direct or indirect influences of the defense program.

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MONTHLY REVIEW

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES Dist. of Col.	December	November	December	% Change		Annual Totals	Annual Totals	%
	1940	1940	1939	Month	Year	1940	1939	Change
Washington	\$ 339,473,000	\$ 304,470,000	\$ 301,770,000	+11	+12	\$ 3,470,046,000	\$ 3,173,685,000	+ 9
Maryland								
Baltimore	495,647,000	429,178,000	433,143,000	+15	+14	4,800,109,000	4,181,609,000	+15
Cumberland	9,383,000	8,739,000	9,350,000	+ 7	0	103,341,000	97,124,000	+ 6
Hagerstown	11,221,000	9,678,000	9,734,000	+16	+15	113,032,000	102,412,000	+10
North Carolina								
Asheville	17,914,000	14,955,000	14,281,000	+20	+25	166,202,000	146,133,000	+14
Charlotte	102,551,000	86,845,000	75,215,000	+18	+36	846,844,000	738,360,000	+15
Durham	34,996,000	38,342,000	37,117,000	- 9	- 6	412,692,000	382,246,000	+ 8
Greensboro	28,362,000	29,001,000	24,271,000	+23	+17	255,881,000	284,874,000	+ 9
Raleigh	66,073,000	48,235,000	57,414,000	+37	+15	553,687,000	513,328,000	+ 8
Wilmington	13,982,000	11,843,000	12,337,000	+18	+13	142,887,000	129,745,000	+10
Winston-Salem	54,936,000	48,359,000	49,037,000	+14	+12	518,191,000	485,111,000	+ 7
South Carolina								
Charleston	24,607,000	21,482,000	21,849,000	+15	+13	248,124,000	212,501,000	+17
Columbia	41,411,000	37,278,000	29,444,000	+11	+41	376,001,000	325,013,000	+16
Greenville	25,766,000	24,722,000	22,449,000	+ 4	+15	252,517,000	229,312,000	+10
Spartanburg	14,488,000	13,102,000	13,130,000	+11	+10	139,056,000	122,974,000	+13
Virginia								
Danville	11,603,000	15,409,000	15,161,000	-25	-23	119,536,000	118,345,000	+ 1
Lynchburg	19,035,000	16,336,000	16,930,000	+17	+12	183,894,000	170,287,000	+ 8
Newport News	14,532,000	13,023,000	12,933,000	+12	+12	154,701,000	118,554,000	+30
Norfolk	73,719,000	64,884,000	58,812,000	+14	+25	670,592,000	588,452,000	+14
Portsmouth	7,321,000	5,939,000	5,393,000	+23	+36	61,533,000	52,006,000	+18
Richmond	192,111,000	175,920,000	183,817,000	+ 9	+ 5	1,933,670,000	1,878,864,000	+ 3
Roanoke	34,121,000	32,962,000	31,490,000	+ 4	+ 8	351,278,000	318,196,000	+10
West Virginia								
Charleston	67,850,000	54,195,000	59,733,000	+25	+14	625,760,000	561,194,000	+12
Huntington	22,122,000	18,710,000	20,640,000	+18	+ 7	215,607,000	197,070,000	+ 9
Parkersburg	11,946,000	11,238,000	15,220,000	+ 6	-22	126,348,000	117,881,000	+ 7
District Totals	\$1,735,170,000	\$1,528,845,000	\$1,530,670,000	+13	+13	\$16,841,529,000	\$15,195,276,000	+11

EMPLOYMENT

Employment probably declined in the Fifth district between the middle of December and the middle of January, as is to be expected when retail outlets release extra help taken on for the holiday season and many industrial plants shut down a few days around the end of the year for taking inventories and overhauling machinery. The industrial lay-offs were all temporary, however, and continued increases in the needs for workers in shipyards, airplane plants and on numerous construction projects have increased further the number of employed persons in those lines. Generally speaking, it appears that there are practically no skilled mechanics or building tradesmen now on the unemployed list, but there are surpluses of clerical workers and unskilled help. Employment in industry in the Fifth district rose something like 5 per cent during 1940, while payrolls rose about 10 per cent, the greater increase in payrolls being partly due to longer hours of work available for certain people. The increase in workers employed in construction is probably greater than the increase in industry, but no figures on employment in construction are available.

The following figures, compiled for the most part by the Bureau of Labor Statistics from records submitted by a large number of identical employers, show trends of employment and payrolls in the Fifth district from November to December:

STATES	Percentage change from Nov. 1940 to Dec. 1940	
	In number on payroll	In amount of payroll
Maryland	+ 2.3	+ 4.7
Dist. of Columbia	+ 6.4	+ 8.2
Virginia	+ 1.7	+ 7.5
West Virginia	+ 0.9	+ 2.9
North Carolina	+ 1.4	+ 1.1
South Carolina	+ 2.6	+ 7.8
District Average	+ 2.1	+ 4.7

BUSINESS INSOLVENCIES

Fifth district commercial failures in the calendar year 1940, as reported by *Dun & Bradstreet*, declined 7 per cent in number but increased 16 per cent in liabilities involved in comparison with figures for 1939, compared with decreases in the United States of 8 per cent in number and 11 per cent in liabilities. The district showed increases in both number and liabilities in December 1940 over November, while the United States also increased in number of bankruptcies but decreased in total liabilities involved.

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1940	41	1,086	\$ 884,000	\$ 13,309,000
November 1940	31	1,024	769,000	16,572,000
December 1939	48	1,153	544,000	13,243,000
12 Months, 1940	536	13,619	7,389,000	163,314,000
12 Months, 1939	575	14,768	6,376,000	182,520,000

PASSENGER AUTOMOBILE SALES

Sales of new passenger automobiles in the Fifth Reserve district set a December record in 1940, and exceeded sales in December 1939 by 47 per cent. The District of Columbia and West Virginia sold more cars in December 1936 than in any other December, but Maryland, Virginia, North Carolina, South Carolina and the district as a whole established records last month. During the calendar year 1940, total sales in the Fifth district exceeded 1939 sales by 27 per cent, and lacked only 3 per cent of equaling the all-time high sales in 1929. The feature of automobile retailing in 1940 was the way in which sales held up in the second half of the year, which was explained by dealers as due in part to precautionary buying resulting from fear that new cars might not be readily available next spring and summer if the defense

program makes necessary any substantial restriction in steel available to the automobile industry and in part to increased incomes of many car buyers. The following figures, furnished by *R. L. Polk & Co.*, of Detroit, show December and annual sales by states for 1940 and 1939:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Dec. 1940	Dec. 1939	% Change	12 Months 1940	12 Months 1939	% Change
Maryland	5,076	3,696	+ 37	51,319	39,389	+ 30
Dist. of Col. ...	2,622	2,116	+ 24	29,170	25,637	+ 14
Virginia	6,561	3,830	+ 71	59,840	42,172	+ 37
West Virginia ...	2,392	2,147	+ 11	31,102	22,955	+ 35
No. Carolina ...	8,343	5,446	+ 53	56,760	46,160	+ 23
So. Carolina ...	3,397	2,095	+ 62	30,432	25,100	+ 21
District	28,391	19,330	+ 47	256,623	201,413	+ 27

BITUMINOUS COAL PRODUCTION

Output of bituminous coal in the United States in December 1940 totaled 40,600,000 net tons, an increase of 7 per cent over production of 38,066,000 tons in December 1939. Last month's tonnage also exceeded that of November, the preceding month, but November contained one less working day and on a daily basis exceeded December daily output by 2.5 per cent. In the Fifth district, December production of 11,335,000 tons was 3 per cent above 10,980,000 tons in December 1939. Total production in 1940 was 142,557,000 tons in the district and 452,445,000 tons in the United States, compared with production in 1939 of 122,636,000 tons in the district and 393,065,000 tons in the nation. Output in the district was higher in all 1940 months except September, October and November than in 1939, and higher in the United States in all months but March and October. Hampton Roads ports shipped approximately 22,231,624 tons of coal in the calendar year 1940, an increase of 11 per cent over 20,107,806 tons shipped in 1939. Production figures for Fifth district states in 1940 and 1939 were as follows:

SOFT COAL PRODUCTION IN TONS

STATES	Year 1940	Year 1939	% Change
West Virginia	126,072,000	107,938,000	+ 17
Virginia	15,009,000	13,230,000	+ 13
Maryland	1,476,000	1,468,000	+ 1
5th District	142,557,000	122,636,000	+ 16
United States	452,445,000	393,065,000	+ 15

BUILDING PERMITS AND CONTRACT AWARDS

Building permits issued in 31 Fifth district cities followed the seasonal trend in December and declined from the November total, but contract award figures rose to an all-time high in December. The defense program is responsible for the high contract awards, but is playing a much smaller part in influencing building permits. The permits cover construction within the corporate limits of larger towns, while the bulk of the defense construction is located in suburban, rural or small town areas.

Permits issued in December 1940 totaled \$8,359,191, a decrease of 36 per cent from \$13,076,326 in November 1940 but an increase of 58 per cent over \$5,280,866 in December 1939. Washington led all Fifth district cities last month with \$4,137,030, Baltimore was second with \$1,173,774, Norfolk third with \$897,578, Charlotte fourth with \$308,094, and Richmond fifth with \$214,864. Examination of the annual record shows permits issued in 1940 to the amount of \$127,398,101, an increase of 6.6 per cent over \$119,497,614 in 1939. Washington led for

the year with permits totaling \$43,751,180, and this is exclusive of Federal Government work for which permits are not taken out in the District of Columbia. A table showing permits issued in each of the 31 cities in 1940 and 1939 appears elsewhere in this *Review*.

Construction contracts awarded in the Fifth district in December reached the record figure of \$100,879,000, and was the largest amount reported for any of the 12 Federal Reserve districts. A few large defense contracts for industrial buildings account for much of the total, which is 351 per cent above awards totaling \$22,358,000 in December 1939. Contract awards in the Fifth district in the calendar year 1940 amounted to \$520,417,000, an increase of 38 per cent over awards totaling \$377,471,000 in 1939.

Contract award figures by states for December are not yet available, but the following table shows awards made in November 1940 and 1939, and brings monthly figures previously published in the *Review* up-to-date to December.

CONSTRUCTION CONTRACTS AWARDED

STATES	Nov. 1940	Nov. 1939	% Change
Maryland	\$ 8,368,000	\$ 6,000,000	+ 39
Dist. of Col.	6,244,000	2,948,000	+ 112
Virginia	11,629,000	5,279,000	+ 120
West Virginia	5,661,000	1,174,000	+ 382
North Carolina	6,418,000	5,475,000	+ 17
South Carolina	7,383,000	3,180,000	+ 132
Fifth District	\$45,703,000	\$24,056,000	+ 90

VALUATION OF BUILDING PERMITS ISSUED

CITIES	1940	1939
Maryland		
Baltimore	\$ 30,388,453	\$ 16,056,079
Cumberland	690,744	811,792
Frederick	621,389	796,122
Hagerstown	566,342	905,984
Salisbury	786,880	526,310
Virginia		
Danville	717,630	811,647
Lynchburg	1,327,885	1,318,552
Norfolk	7,000,321	3,310,410
Petersburg	186,971	222,532
Portsmouth	2,430,492	515,668
Richmond	5,267,908	7,222,627
Roanoke	1,390,208	1,260,064
West Virginia		
Bluefield	739,844	475,156
Charleston	4,345,397	5,383,480
Clarksburg	822,978	819,059
Huntington	1,682,122	3,390,161
North Carolina		
Asheville	655,542	998,298
Charlotte	4,295,627	4,040,962
Durham	1,625,029	2,467,090
Greensboro	2,674,816	2,068,536
High Point	1,182,235	640,456
Raleigh	2,328,176	3,017,020
Rocky Mount	716,561	742,475
Salisbury	452,735	316,365
Winston-Salem	2,628,421	2,261,748
South Carolina		
Charleston	2,222,532	2,825,978
Columbia	2,825,978	4,310,749
Greenville	900,012	726,093
Rock Hill	398,870	623,382
Spartanburg	1,773,834	856,440
Dist. of Col.		
Washington	43,751,180	49,776,379
District Totals	\$127,398,101	\$119,497,614

Note: Valuation figures for Washington do not include Federal buildings.

THE RAYON INDUSTRY

Rayon Organon for January states that the sustained high activity which prevailed in the rayon filament yarn market during 1940 was without parallel in the industry's history. During the first half of the year the de-

mand for rayon yarn was at an average level of 31,000,000 pounds per month, and the adverse seasonal influence which normally appears during the second quarter period was completely absent. Shipments of yarn advanced still further in the second half of 1940, and averaged approximately 34,000,000 pounds per month. As a result of high shipments, reserve stocks never exceeded a two weeks' supply during the year, and at the end of December had been reduced to about a four days' supply. Total shipments in 1940 by domestic mills are estimated at 388,684,000 pounds of filament yarn, an increase of 8 per cent over shipments of 359,572,000 pounds in 1939. The defense program has undoubtedly accounted in part for the great advance in the rayon market, although the program's influence has been indirect. Very little fabric made of rayon has been bought for Army or Navy use, but greater consumer purchasing power resulting from defense jobs has been reflected in a sharply rising demand for textiles in civilian life. In these uses rayon has continued to gain ground on other textiles, and new uses for it have been developed during the past year. Two more or less nominal price changes were made in the rayon yarn list in 1940, but no general price changes occurred, although raw materials and labor costs advanced. The average hourly earnings of workers in the rayon industry in the first nine months of 1940 rose to 67.4 cents an hour from the average of 64.3 cents in the first nine months of 1939.

THE COTTON TEXTILE INDUSTRY

The volume of business in cotton goods in December was considerably smaller than in the preceding four months, but the usual year-end influences failed to curb activity to any appreciable extent. The *Journal of Commerce* monthly survey says that heavy Government buying continued, and that prices for the most part were strong. Ordinarily December witnesses the offering of resale lots of textiles, with a consequent depreciation of values in first hands, but second hand offerings last month were about the smallest on record. Trading in first hands continued as converters covered requirements against both defense and commercial needs. Sheetings were unusually strong and a number of shortages developed. Drills and four-leaf twills were strong, and ducks sold in such large volume to the Army that mills announced sufficient forward orders to maintain current operating schedules over most of the first half of 1941. Production of cotton goods was reported as the largest for any December on record, and closely approached the record for any month.

Consumption of cotton in Fifth district mills in 1940 was the highest on record, exceeding the 1939 figure, which was high to that year, by 8 per cent. Each of the past three years set consumption records for the district.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
December 1940	194,227	144,461	15,363	354,051
November 1940	188,495	137,539	14,412	340,446
December 1939	172,881	124,987	9,501	307,369
12 months, 1940	2,066,586	1,582,362	154,089	3,803,037
12 months, 1939	1,941,541	1,433,603	142,184	3,517,328

COTTON STATISTICS

Spot cotton prices were somewhat higher between the middle of December and the middle of January than a month earlier, but were lower than during the corresponding month a year ago. The rise in cotton prices last month was probably due to reduced stocks of free cotton and the high level of domestic mill activity. The average price for middling upland 15/16 inch staple on 10 Southern markets on December 13, 1940, was 9.86 cents, but rose to 10.22 cents on January 10, and then dropped to 10.06 cents on January 17, the latest date for which figures are available. On January 19, 1940, the average price was 10.87 cents.

COTTON CONSUMPTION AND ON HAND—BALES

	Dec. 1940	Dec. 1939	Aug. 1 to Dec. 31 1940	Dec. 31 1939
Fifth district states:				
Cotton consumed	354,051	307,369	1,650,714	1,566,475
Cotton growing states:				
Cotton consumed	665,265	553,042	3,070,077	2,809,849
Cotton in hand Dec. 31 in				
Consuming establishments ..	1,535,572	1,594,808	.....	.....
Storage & compresses	14,796,369	14,529,576	.....	.....
United States:				
Cotton consumed	775,472	650,123	3,584,017	3,310,143
Cotton in hand Dec. 31 in				
Consuming establishments ..	1,833,864	1,861,406	.....	.....
Storage & compresses	15,046,513	14,579,390	.....	.....
Exports of cotton	107,375	806,720	602,763	3,134,415
Spindles active, U. S.	22,817,658	22,780,406	.....	.....

AUCTION TOBACCO MARKETING

Only a little over a third as much tobacco was auctioned in the Fifth district in December 1940 as in December 1939, due in part to a much smaller crop this crop year and in part to delayed sales last year. The average price was slightly higher last month than a year earlier, but declined from the November average price as the end of the season approached and poorer grades of tobacco came on the markets. Sales in the district from the opening of the season in the South Carolina belt last August to December 31 were only 66 per cent of sales in the corresponding period in 1939, but this season's tobacco crop was only 64 per cent of 1939's yield. Average prices this year were 9 per cent higher than 1939 prices, a small increase in view of the marked decline in production, but there was a large carryover of tobacco from 1939, and exports were practically shut off in both 1939 and 1940, which reduced demand for the 1940 crop.

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	December 1940	December 1939	1940	1939
North Carolina	18,135,933	52,333,498	\$13.69	\$13.71
Virginia (Flue cured)	6,798,306	20,348,445	11.87	12.33
(Fire cured)	4,266,347	5,000,323	8.57	10.81
(Burley)	5,546,700	5,109,250	19.48	15.41
(Sun cured)	576,626	513,480	8.72	10.72
Virginia, Total	17,187,979	30,971,498	13.40	12.57
District Total, Dec. ...	35,323,912	83,304,966	13.55	13.29
N. C. season to 12/31	484,974,320	745,915,961	17.30	15.82
Va. season to 12/31	95,391,364	126,787,638	17.18	15.00
S. C. entire season ...	74,803,580	117,217,526	14.55	14.56
Dist., season to 12/31	655,169,864	989,871,125	16.97	15.57

TOBACCO MANUFACTURING

The output of tobacco products in the United States declined seasonally in December from the November level, due to holiday closing of factories at Christmas, but exceeded output of December 1939, according to reports by the Bureau of Internal Revenue.

MONTHLY REVIEW

TOBACCO PRODUCTS MANUFACTURED

	Dec. 1940	Nov. 1940	Dec. 1939
Smoking & chewing tobacco, pounds	21,499,435	25,730,910	21,088,322
Cigarettes, number	13,814,602,886	14,347,327,020	12,802,800,103
Cigars, number	349,779,880	507,348,580	331,203,629
Snuff, pounds	3,258,973	2,865,513	2,968,418

Annual production figures for 1940 and 1939 were as follows:

	Year 1940	Year 1939	% Change
Smoking & chewing tobacco, pounds	304,320,494	302,777,328	+ 1
Cigarettes, number	180,662,787,772	172,421,537,347	+ 5
Cigars, number	5,418,408,619	5,311,393,887	+ 2
Snuff, pounds	37,875,059	38,017,336	0

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Net Sales Dec. 1940 comp. with Dec. 1939	Net Sales Year 1940 comp. with same period in 1939	Stocks Dec. 31, 1940 comp. with Dec. 1939	Stocks Nov. 1940	Ratio Dec. collections to accounts outstanding Dec. 1
Richmond (3)	+ 6.1	+ 7.8	+ 14.0	-23.4	32.6
Baltimore (8)	+ 8.2	+ 9.7	+ 6.1	-19.6	31.6
Washington (6) ..	+12.4	+10.1	+ 5.9	-24.0	29.1
Other Cities (13) .	+12.2	+11.1	+ 3.2	-24.6	30.6
District (30) ...	+10.1	+ 9.8	+ 6.6	-22.4	30.4

Same stores by states, with additional stores reporting sales only:

Virginia (15)	+10.	+11.
West Va. (12) ...	+ 4.	+12.
No. Carolina (10) .	+12.	+11.
So. Carolina (10) .	+14.	+12.
5th District (65) .	+11.	+11.

RETAIL FURNITURE SALES

STATES	% Change in Sales, Dec. and Year 1940 Compared with	
	Dec. 1939	Year 1939
Maryland, 9 stores	+22	+15
Dist. of Col., 6 stores	+27	+12
Virginia, 13 stores	+10	+ 8
North Carolina, 5 stores	+ 6	+ 5
South Carolina, 6 stores	+22	+ 9
5th District, 39 stores	+17	+11
Individual Cities:		
Baltimore, 9 stores	+22	+15
Richmond, 5 stores	+ 2	+ 2
Washington, 6 stores	+27	+12

WHOLESALE TRADE, 178 FIRMS

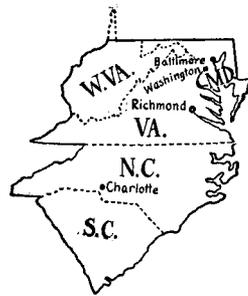
LINES	Net Sales December 1940 compared with		Stocks Dec. 31, 1940 compared with		Ratio Dec. collections to accounts outstanding Dec. 1
	Dec. 1939	Nov. 1940	Dec. 31 1939	Nov. 30 1940	
Auto supplies (8)	+23	+ 4	+ 6	+ 6	62
Shoes (4)	+13	-54	-18	+19	62
Drugs (11)	+ 2	- 9	..	..	89
Dry goods (8)	+ 7	-35	- 1	-11	48
Electrical goods (13) ..	+47	+29	+23	- 7	85
Groceries (52)	+ 4	- 6	+ 1	- 1	93
Hardware (14)	+16	-10	+ 3	+ 3	52
Industrial supplies (9) ..	+36	- 3	+22	+13	74
Paper & products (9) .	+ 3	- 2	+19	+18	56
Tobacco & products (7) .	+14	- 5	0	- 4	80
Miscellaneous (43)	+14	+ 7	+11	+ 1	63
District Totals (178) ..	+14	- 8	+ 3	+ 3	66

Source: Department of Commerce.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 28, 1941

Summary of January Business Conditions

JANUARY trade and industry in the Fifth Federal Reserve district continued on the high levels of recent months. There were some seasonal recessions in lines directly affected by Christmas business, such as retail trade, automobile sales, and debits to individual accounts, but some industrial lines which take holidays in December advanced their output in January, such as tobacco manufacturing and the textile industry. Every field of endeavor except coal mining showed substantially greater activity last month than in January 1940, and the adverse comparison made by coal was due rather to unusually high 1940 figures than to low figures this year.

In construction, permits issued and contracts awarded in January far exceeded corresponding figures for the same month last year, permits increasing by 138 per cent and contracts awarded by 93 per cent. The increase in contracts awarded was chiefly due to defense work, and permits also owed part of the rise to the same influence, although defense work affects permits less than contracts. The large volume of construction under way is reflected in activity in lumber mills, brick yards, builders' supply houses, and labor circles.

Fifth district industries are generally working at or near capacity, partly on defense orders and partly on increased demand for commercial goods as purchasing power rises. Cotton textile mills set a record for cotton consumption in January, and rayon yarn output also reached a new high

level. Tobacco manufacturers in January exceeded January 1940 production in all lines, and shipyards and airplane plants used every facility and employed all skilled workers they could secure and make room for. Further expansion of many industries is under way or is being planned for the near future.

In distribution of goods to consumers, activity was materially above that of a year ago. Department store sales in January 1941 exceeded January 1940 sales by 18 per cent, most of which represented the movement of additional merchandise since price changes in the year were not marked. Furniture sales were 26 per cent larger in January than a year ago, and wholesale trade advanced 19 per cent over the same period. New automobiles registered last month in the district out-numbered January 1940 registrations by 25 per cent, and sales of used cars were correspondingly high. Automobile stocks have been built up to a relatively high point as a back-log against restricted manufacture of cars which may develop later in the year as a result of defense needs for steel and automobile plant facilities.

Little farm work is done at this season, but weather has been favorable and farmers have had no trouble with routine activities. Farmers are benefitting less from the defense program than most other groups, but many of the younger people in rural sections have obtained work at cantonments and on other construction projects while farm work is slack.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	January 1941	December 1940	January 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,649,671,000	\$1,735,170,000	\$1,381,416,000	— 5	+ 19
Sales, 79 department stores, 5th district.....	\$ 10,584,680	\$ 26,362,481	\$ 8,975,505	— 60	+ 18
Sales, 40 furniture stores, 5th district.....	\$ 1,098,965	\$ 1,780,489	\$ 870,933	— 38	+ 26
Sales, 169 wholesale firms, 5th district.....	\$ 10,161,000	\$ 9,613,000	\$ 8,558,000	+ 6	+ 19
Registrations, new autos, 5th district.....	22094	28,391	17,660	— 22	+ 25
Tobacco sold in 5th district (Pounds).....	18,125,827	35,323,912	51,312,966	— 49	— 65
Growers' receipts from tobacco, 5th district.....	\$ 2,005,593	\$ 4,786,231	\$ 6,083,288	— 58	— 67
Average price of tobacco, 5th district.....	\$ 11.06	\$ 13.55	\$ 11.86	— 18	— 7
Number of business failures, 5th district.....	45	41	58	+ 10	— 22
Liabilities in failures, 5th district.....	\$ 371,000	\$ 884,000	\$ 579,000	— 58	— 36
Value of building permits, 31 cities.....	\$ 11,875,563	\$ 8,359,191	\$ 4,987,380	+ 42	+138
Value of contracts awarded, 5th district.....	\$ 42,567,000	\$ 101,104,000	\$ 22,016,000	— 58	+ 93
Cotton consumption, 5th district (Bales).....	391,059	354,051	346,605	+ 10	+ 13
Cotton price, cents per lb., end of month.....	10.14	10.07	10.52	+ 1	— 4
Print cloths, 39 in., 80x80s, end of month.....	7.75	7.50	7.00	+ 3	+ 11
Rayon yarn shipments, U. S. (Pounds).....	34,100,000	34,000,000	31,800,000	+ 0	+ 7
Rayon yarn stocks, U. S. (Pounds).....	8,900,000	6,300,000	7,000,000	+ 41	+ 27
Bituminous coal mined, U. S. (Tons).....	43,905,000	41,400,000	44,976,000	+ 6	— 2

BANKING STATISTICS

FEDERAL RESERVE NOTE CIRCULATION
INCREASES

A contraseasonal rise in the circulation of Federal Reserve notes occurred between the middle of January and the middle of February, the great activity of the defense program in the Fifth district increasing the needs for currency. Member bank reserve deposits at the Reserve bank also rose last month, and there was a substantial increase in the Reserve bank's cash reserves.

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Feb. 15 1941	Jan. 15 1941	Feb. 15 1940
Discounts held	\$ 18	\$ 33	\$ 117
Foreign loans on gold	0	27	216
Industrial advances	769	780	933
Government securities	119,976	119,976	125,583
Total earning assets	120,763	120,816	126,849
Circulation of Fed. Res. notes	284,437	274,908	219,648
Members' reserve deposits	383,504	372,450	297,664
Cash reserves	615,044	581,553	438,385
Reserve ratio	83.84	83.23	77.96

MEMBER BANK INVESTMENTS RISE

Loans and discounts in reporting member banks rose gradually throughout 1940, but between December 11, 1940, and February 12, 1941, loans declined moderately. On the other hand, investments in securities rose from the middle of December to the middle of February, chiefly due to purchases of Government securities. Reserve balances of the reporting banks at the Reserve bank also increased further in 1941, and demand deposits, after declining from mid-December to mid-January, rose sharply to mid-February.

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Feb. 12 1941	Jan. 15 1941	Feb. 14 1940
Loans & discounts	\$294,770	\$297,199	\$262,975
Investments in securities	470,995	447,111	450,497
Reserve bal. with F. R. bank	256,171	248,518	192,962
Cash in vaults	27,253	23,961	22,024
Demand deposits	652,642	632,936	531,919
Time deposits	205,553	203,177	200,084
Money borrowed	0	0	0

MUTUAL SAVINGS DEPOSITS NEAR RECORD LEVEL

Deposits in 10 mutual savings banks in Baltimore rose in January to the highest point since last April, which was the record point. Aggregate deposits on January 31, 1941, were next to the record month-end figure for the 10 reporting banks.

	Jan. 31 1941	Dec. 31 1940	Jan. 31 1940
Total deposits	\$224,189,917	\$223,920,684	\$222,744,893

DEBITS REFLECT DEFENSE WORK

Debits to individual accounts showed a seasonal decline in January from December debits, but reflected the greatly increased volume of business incident to the defense program by rising materially above debits in January 1940. Durham and Danville were the only cities reporting lower figures for January 1941 than for January 1940, both decreases being due to reduced selling of tobacco this year.

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

Dist. of Col.	000 omitted			% of Change Month Year
	Jan. 1941	Dec. 1940	Jan. 1940	
Washington	\$ 330,742	\$ 339,473	\$ 281,077	- 3 +18
Maryland				
Baltimore	489,747	495,647	401,652	- 1 +22
Cumberland	8,694	9,383	8,041	- 7 + 8
Hagerstown	10,494	11,221	8,585	- 6 +22
North Carolina				
Asheville	16,510	17,914	13,251	- 8 +25
Charlotte	92,704	102,551	68,517	-10 +35
Durham	30,627	34,996	31,294	-12 - 2
Greensboro	24,361	28,362	20,089	-14 +21
Raleigh	61,364	66,073	53,245	- 7 +15
Wilmington	14,087	13,982	11,895	+ 1 +18
Winston-Salem ..	44,666	54,936	39,841	-19 +12
South Carolina				
Charleston	25,356	24,607	19,822	+ 3 +28
Columbia	37,378	41,411	30,456	-10 +23
Greenville	26,518	25,766	22,309	+ 3 +19
Spartanburg	17,288	14,488	11,528	+19 +50
Virginia				
Danville	8,634	11,603	10,065	-26 -14
Lynchburg	17,751	19,035	15,861	- 7 +12
Newport News ..	14,291	14,532	11,664	- 2 +23
Norfolk	71,462	73,719	51,563	- 3 +39
Portsmouth	6,223	7,321	4,534	-15 +37
Richmond	180,891	192,111	159,624	- 6 +13
Roanoke	33,083	34,121	27,913	- 3 +19
West Virginia				
Charleston	55,268	67,850	50,997	-19 + 8
Huntington	19,492	22,122	17,295	-12 +13
Parkersburg	12,040	11,946	10,298	+ 1 +17
District Totals ..	\$1,649,671	\$1,735,170	\$1,381,416	- 5 +19

FAILURES AT SEASONAL LEVEL

Commercial failures tend to increase in January as a result of the pressure of year-end settlements. In both the Fifth district and the United States this rise was noted last month in comparison with December, but fewer failures occurred than in January 1940. Liabilities in January this year were lower in both the district and the United States than in either December or January 1940. *Dun & Bradstreet* insolvency data are as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1941	45	1,124	\$ 371,000	\$11,888,000
December 1940	41	1,086	884,000	13,309,000
January 1940	58	1,237	579,000	15,279,000

EMPLOYMENT AT A PEAK

Employment in the Fifth district is at the highest level in many years, and practically all experienced industrial and construction workers are employed. A large volume of construction is under way in army camps, expansion of existing industrial plants, and erection of new plants for defense work. Many industries have Government contracts and are working to capacity, and industries engaged entirely on ordinary commercial goods are receiving large orders as a result of generally increased consumer purchasing power. All of this activity has put a premium on efficient labor, and in addition has brought many people from farms into wage ranks for the time being. There is some unrest in labor circles, and a few scattered strikes or walk-outs have occurred, but as yet there have been no serious clashes between employers and employees in the Fifth district. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from December to January:

STATES	Percentage change from Dec. 1940 to Jan. 1941	
	In number on payroll	In amount of payroll
Maryland	- 2.7	- 2.2
Dist. of Columbia	- 8.6	- 7.2
Virginia	- 2.9	- 3.5
West Virginia	- 1.7	- 5.9
North Carolina	- 1.1	- 2.4
South Carolina	- 1.3	- 4.4
District	- 1.4	- 4.0

AUTOMOBILE SALES LARGE

Registrations of new passenger automobiles in the Fifth district continued high in January, and were 25 per cent above registrations in January 1940. In spite of large sales, however, dealers' stocks of new cars rose to a relatively high level, and trade reports indicate that manufacturers have surplus stocks in warehouses. These unusual stocks have been purposely built up against a possible restriction of material for car building later in the year, when the defense program may require materials normally consumed by automobile factories and perhaps the use of the factories themselves. Registration figures in Fifth district states for January 1941 and 1940, as reported by *R. L. Polk & Co.*, were as follows:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Jan. 1941	Jan. 1940	% Change
Maryland	4,169	3,346	+25
Dist. of Columbia	2,113	1,730	+22
Virginia	4,871	3,897	+25
West Virginia	2,336	2,045	+14
North Carolina	5,761	4,296	+34
South Carolina	2,844	2,346	+21
Fifth District	22,094	17,660	+25

Virginia figure for 1941 estimated.

COAL OUTPUT CONTINUES HIGH

Production of bituminous coal in January totaled 43,905,000 net tons in the United States, of which the Fifth district mined approximately 27 per cent. Last month's production in the United States was above 41,400,000 tons mined in December, but was below the January 1940 output of 44,976,000 tons. On a daily basis, production of 1,689,000 tons per day in January was 2 per cent above the December average, but 2 per cent below the average for January last year. Shipments of coal through Hampton Roads ports totaled 2,716,637 tons this calendar year to February 8, a decrease of 7 per cent under shipments of 2,921,641 tons to February 8 last year. In the Fifth district, production of bituminous coal in January 1941, December 1940 and January 1940 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Jan. 1941	Dec. 1940	Jan. 1940
West Virginia	10,509,000	10,143,000	11,265,000
Virginia	1,373,000	1,220,000	1,436,000
Maryland	152,000	145,000	167,000
Fifth District	12,035,000	11,508,000	12,868,000
United States	43,905,000	41,400,000	44,976,000
% in District	27.0	28.0	29.0

DEFENSE WORK SWELLS CONSTRUCTION

Building permits issued in 31 Fifth district cities in January 1941 totaling \$11,875,563 exceeded December valuation of \$8,359,191 by 42 per cent and January 1940 valuation of \$4,987,380 by 138 per cent. Washington led with \$6,927,000 in January permits, all for private construction, and Baltimore was second with \$1,816,450.

Charlotte reported permits totaling \$762,192, Norfolk reported \$497,230, and Richmond reported \$328,918.

Contracts actually awarded in the Fifth district in January 1941 totaled \$42,567,000, including both urban and rural work. This was a decrease of 58 per cent from the all-time record of \$101,104,000 in contracts awarded in December, but was 93 per cent above \$22,016,000 awarded in January 1940. The record award figure in December was due to defense projects, and included \$17,100,000 for an addition to a powder plant near Radford, Va., \$10,000,000 for additional facilities at Fort Meade, Md., \$7,520,000 for work at Camp Lee, Va., \$7,337,000 for a replacement center at Spartanburg, S. C., \$6,000,000 for cantonment at Fort Belvoir, Va., \$5,130,000 for replacement centers at Fort Eustis, Va., and \$2,395,000 for barracks at Parris Island, S. C. Figures on contract awards by states for December and the year 1940 in comparison with corresponding figures for 1939, which were not available when last month's *Review* went to press, are included in the accompanying table:

CONSTRUCTION CONTRACTS AWARDED

(In thousands of dollars)

STATES	Dec. 1940	Dec. 1939	% Change	Year 1940	Year 1939	% Change
Maryland	\$ 19,587	\$ 5,088	+285	\$122,564	\$ 80,833	+ 52
Dist. of Col. ...	5,321	2,851	+ 87	64,790	77,175	- 16
Virginia	51,907	5,085	+921	169,118	78,502	+115
W. Virginia ...	3,442	1,132	+204	34,494	31,482	+ 10
N. Carolina ..	5,330	6,654	- 16	80,843	68,402	+ 18
S. Carolina ...	15,517	1,848	+814	48,833	41,077	+ 19
5th District .	\$101,104	\$22,358	+352	\$520,642	\$377,471	+ 38

Source: F. W. Dodge Corporation.

TEXTILE MILLS SET COTTON CONSUMPTION RECORD

The market for cotton textiles was very active in January, and the *Journal of Commerce* reports that print cloth and other staple mills ended the month with first quarter production almost completely sold and with large contracts for delivery in the second quarter. Prices advanced in many constructions, and mill margins widened. Mills specializing in drills, osnaburgs, heavy twills and various heavy industrials were virtually withdrawn from the market, a large number of mills being sold up through August. Army orders were not as large as in December, but the amount of business already booked for defense continued to exert an influence on prices and general marketing conditions. Mills continued operations at capacity, and set a new record for cotton consumption for a single month at 843,274 bales. In the Fifth district, which accounted for 46 per cent of all cotton used in the United States in January, consumption by states was as follows:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
January 1941	212,132	161,911	17,016	391,059
December 1940	194,227	144,461	15,363	354,051
January 1940	190,299	142,554	13,752	346,605

RAYON YARN OUTPUT RISES

Deliveries of rayon filament yarn to domestic consumers in January amounted to 34,100,000 pounds, showing increases over 34,000,000 pounds delivered in December and 31,800,000 pounds in January 1940. Last month was the first since June 1940 in which production of yarn exceeded shipments, and reserve stocks consequently rose

from 6,300,000 pounds on December 31 to 8,900,000 pounds on January 31. On January 31, 1940, reserve stocks of yarn totaled 7,000,000 pounds. Capacity of the industry has been recently increased by the opening of the new Celanese Corporation plant near Pearisburg, Virginia.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets were relatively constant between the middle of January and the middle of February and on February 14 the average of 10.06 cents per pound for middling grade upland cotton was exactly the same as the average price on January 17. Between the two dates the price went to 10.17 cents on January 24, a variation of only 55 cents a bale during the month. On February 16, 1940, the average base price on the same 10 markets was 10.86 cents.

Cotton consumption in American mills set a record in January, but exports of cotton were very low and more than offset the gain in consumption. Cotton held in manufacturing establishments and in public warehouses was substantially above the amount of cotton so held a year ago. Statistics on consumption and on reserve stocks are shown in the accompanying table:

COTTON CONSUMPTION AND ON HAND—BALES

	Jan. 1941	Jan. 1940	Aug. 1 to Jan. 31 This Year	1,913,080 Last Year
Fifth district states:				
Cotton consumed	391,059	346,605	2,041,773	1,913,080
Cotton growing states:				
Cotton consumed	716,990	619,983	3,787,067	3,429,832
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,550,009	1,498,777	.....	.....
Storage & compresses	14,368,033	13,140,399	.....	.....
United States:				
Cotton consumed	843,274	731,793	4,427,291	4,041,936
Cotton on hand Jan. 31 in				
Consuming establishments ..	1,874,611	1,775,598	.....	.....
Storage & compresses	14,668,189	13,200,600	.....	.....
Exports of cotton	52,184	1,035,416	660,131	4,169,831
Spindles active	22,820,724	22,880,270	.....	.....

TOBACCO MARKETING NEARLY COMPLETED

Tobacco markets in North Carolina and flue-cured markets in Virginia wound up the season in January, but fire-cured, sun-cured and burley markets in Virginia continued sales into February. Sales of all types of tobacco in January totaled 18,125,827 pounds, at an average of \$11.06 per hundred, compared with 51,312,966 pounds sold in January last year for \$11.86 per hundred pounds. Complete sales figures covering the Carolinas and Virginia for the 1940-1941 and 1939-1940 seasons will be published in the *Review* next month.

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	January 1941	January 1940	1941	1940
No. Carolina	2,505,808	26,093,490	\$13.59	\$11.55
Virginia (Flue-cured)	1,801,786	12,033,338	10.41	10.02
(Fire-cured)	9,401,243	6,859,866	9.66	11.45
(Burley)	2,364,056	5,434,378	15.88	17.83
(Sun-cured)	2,052,934	891,894	9.45	12.26
Virginia, Total	15,620,019	25,219,476	10.66	12.17
District Total	18,125,827	51,312,966	\$11.06	\$11.86

TOBACCO MANUFACTURING INCREASES

Production of tobacco products rose sharply in January over December, in keeping with a seasonal trend, and also

exceeded January 1940 production in every branch of the industry. Production figures as released by the Bureau of Internal Revenue are as follows:

	Jan. 1941	Dec. 1940	Jan. 1940
Smoking & chewing tobacco, pounds	25,536,138	21,499,435	23,528,480
Cigarettes, number	16,286,811,310	13,814,602,886	14,567,591,450
Cigars, number	403,166,320	349,779,880	388,084,997
Snuff, pounds	3,422,102	3,258,973	3,213,498

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

In cooperation with the Board of Governors of the Federal Reserve System and the twelve Federal Reserve Banks, the table of percentages on department store trade has been revised. Two new items have been added, to show comparisons of outstanding orders for merchandise and total outstanding receivables at the end of the month with orders and receivables a year earlier. Two items have been discontinued, comparison of stocks with stocks a month earlier and the percentage of collections during the month to receivables at the beginning of the month.

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in January 1941 in comparison with January 1940:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+16	+10	+22	+11
Baltimore (10)	+13	+5	+11	+12
Washington (7)	+21	+8	+19	+11
Other Cities (12)	+16	+4	..	+9
5th District (34)	+17	+7	+17	+11
Same stores by states, with additional stores reporting sales only:				
Maryland (13)	+14	..	..	..
Virginia (16)	+22	..	..	..
West Virginia (15)	+10	..	..	..
North Carolina (16)	+22	..	..	..
South Carolina (12)	+19	..	..	..
5th District (79)	+18	..	..	..

RETAIL FURNITURE SALES

January 1941 sales, compared with sales in January 1940

Maryland, 8 stores	+22
Dist. of Columbia, 7 stores	+36
Virginia, 13 stores	+17
North Carolina, 5 stores	+17
South Carolina, 7 stores	+36
5th District, 40 stores	+26
Individual Cities:	
Baltimore, 8 stores	+22
Washington, 7 stores	+36
Richmond, 5 stores	+3

WHOLESALE TRADE, 169 FIRMS

LINES	Net Sales Jan. 1941 compared with		Stocks Jan. 31, 1941 compared with		Ratio Jan. collections to accounts outstanding Jan. 1
	Jan. 1940	Dec. 1940	Jan. 31 1940	Dec. 31 1940	
Auto supplies (6)	+1	+2	..	..	56
Shoes (5)	-0	+151	-6	+52	51
Drugs (9)	+20	+35	..	..	103
Dry goods (6)	+6	-6	-3	+14	45
Electrical goods (10) ..	+55	-28	+35	+11	70
Groceries (55)	+12	+10	+3	-1	97
Hardware (13)	+25	+29	+2	+3	46
Industrial supplies (9) ..	+31	-1	+3	-6	71
Paper & products (9) ..	+15	+11	+12	+2	66
Tobacco & products (7) ..	+18	-8	..	..	85
Miscellaneous (40)	+22	-13	-1	+3	65
District Average (169) ..	+19	+6	+4	+10	68

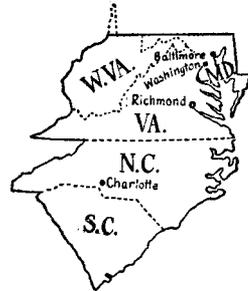
Source: Bureau of the Census.

(Compiled February 24, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

March 31, 1941

Summary of February Business Conditions

BUSINESS and industry in the Fifth Federal Reserve District were sustained on high levels during February and the first half of March. There were a few recessions from January levels, mostly seasonal in character and due to the shorter month, but all important indicators were well above 1940 figures. Nearly all phases of trade and industry in the district are benefiting either directly or indirectly from the Defense program. Construction is under way in very large volume, accounted for in large part by Government and private work in connection with the efforts of the country to prepare for possible involvement in war and to produce goods needed under the Lease-Lend program. Fifth district textile mills are operating at or near capacity, having large backlogs of orders for materials needed by the Army and Navy and by commercial customers. A considerable number of mills are sold up into late summer and fall months, and advancing prices on many constructions have widened mill margins, although the increased demand for and the scarcity of "free" cotton have raised cotton prices in recent weeks. Coal production is at a higher rate than a year ago, to meet increased needs of industry and the railroads. The demand for lumber from Southern mills is greater than at any other time since the early twenties. Shipyards and

airplane factories continue to expand, and a very large new smokeless powder plant in the district is beginning operations this month. A large number of smaller industrial plants hold Government contracts for miscellaneous articles ranging from vinegar to ammunition components. Skilled labor is practically fully employed. The sharp increase in employment in the past few months has substantially increased consumer purchasing power, and distribution of consumer goods has risen accordingly. Department store sales in February in 79 Fifth district stores averaged 14 per cent above sales in February last year, and retail furniture sales in 39 stores rose 26 per cent during the same period. Wholesale trade in nearly all lines also rose, 181 reporting firms gaining 19 per cent in sales in February this year over sales a year ago. Sales of new automobiles last month were far above sales in February 1940, and used cars moved from dealers' lots in large numbers. Debits to individual accounts in 25 Fifth district cities, reflecting transactions through the banks, rose 21 per cent in February in comparison with February 1940 debits, and loans made for industrial, commercial or agricultural purposes by reporting member banks in the Fifth district advanced 25 per cent between the middle of March last year and this.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	February 1941	January 1941	February 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,440,567,000	\$1,649,671,000	\$1,189,136,000	- 13	+ 21
Sales, 79 department stores, 5th district.....	\$ 10,550,615	\$ 10,587,510	\$ 9,223,196	- 0	+ 14
Sales, 39 furniture stores, 5th district.....	\$ 1,179,190	\$ 1,059,421	\$ 932,315	+ 11	+ 26
Sales, 181 wholesale firms, 5th district.....	\$ 11,999,000	\$ 11,822,000	\$ 10,059,000	+ 1	+ 19
Registrations, new autos, 5th district.....	21,621	23,362	15,581	- 7	+ 39
Number of business failures, 5th district.....	47	45	46	+ 4	+ 2
Liabilities in failures, 5th district.....	\$ 901,000	\$ 371,000	\$ 584,000	+143	+ 54
Value of building permits, 30 cities.....	\$ 8,250,505	\$ 12,223,913	\$ 7,059,770	- 33	+ 17
Value of contracts awarded, 5th district.....	\$ 35,023,000	\$ 42,567,000	\$ 29,605,000	- 18	+ 18
Cotton Consumption, 5th district (Bales).....	356,419	391,059	319,601	- 9	+ 12
Cotton price, cents per lb., end of month.....	10.25	10.14	10.74	+ 1	- 5
Print cloths, 39 in., 80x80s, end of month.....	7.875	7.750	6.625	+ 2	+ 19
Rayon yarn shipments, U. S. (Pounds).....	31,600,000	34,300,000	29,800,000	- 8	+ 6
Rayon yarn stocks, U. S. (Pounds).....	10,000,000	8,900,000	8,300,000	+ 12	+ 20
Bituminous coal mined, U. S. (Tons).....	41,450,000	44,070,000	39,277,000	- 6	+ 6

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Mar. 15 1941	Feb. 15 1941	Mar. 15 1940
Discounts held	\$ 43	\$ 18	\$ 113
Foreign loans on gold	0	0	86
Industrial advances	766	769	909
Government securities	119,976	119,976	125,583
Total earning assets	120,785	120,763	126,691
Circulation of Fed. Res. notes	291,284	284,437	221,028
Members' reserve deposits	394,914	383,504	296,184
Cash reserves	628,578	615,044	443,536
Reserve ratio	84.45	83.84	78.28

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Mar. 12 1941	Feb. 12 1941	Mar. 13 1940
Loans to business & agriculture	\$144,000	\$137,300	\$115,600
All other loans	159,188	157,470	148,596
Investments in securities	471,875	470,995	446,193
Reserve bal. with F. R. bank	273,152	256,171	195,333
Cash in vaults	26,649	27,253	22,483
Demand deposits	662,843	652,642	538,986
Time deposits	206,030	205,553	200,459
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	Feb. 28 1941	Jan. 31 1941	Feb. 29 1940
Total deposits	\$224,323,164	\$224,189,917	\$222,888,548

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			% of Change	
	Feb. 1941	Jan. 1941	Feb. 1940	Month	Year
Dist. of Col.					
Washington	\$ 287,863	\$ 330,742	\$ 239,885	-13	+20
Maryland					
Baltimore	416,425	489,747	343,749	-15	+21
Cumberland	7,704	8,694	7,454	-11	+3
Hagerstown	10,085	10,494	7,456	-4	+35
North Carolina					
Asheville	14,314	16,510	11,547	-13	+24
Charlotte	89,650	92,704	61,875	-3	+46
Durham	25,293	30,627	27,885	-17	-9
Greensboro	23,353	24,361	18,745	-4	+25
Raleigh	46,538	61,364	34,973	-24	+33
Wilmington	12,863	14,087	10,316	-9	+25
Winston-Salem ..	38,535	44,666	35,247	-14	+9
South Carolina					
Charleston	22,601	25,356	17,695	-11	+28
Columbia	34,112	37,378	25,934	-9	+32
Greenville	22,247	26,518	19,664	-16	+13
Spartanburg	18,316	17,288	9,742	+6	+88
Virginia					
Danville	8,153	8,634	7,609	-6	+7
Lynchburg	14,277	17,751	13,522	-20	+6
Newport News ..	13,245	14,291	11,067	-7	+20
Norfolk	64,390	71,462	45,217	-10	+42
Portsmouth	5,402	6,223	3,976	-13	+36
Richmond	157,765	180,891	140,191	-13	+13
Roanoke	29,511	33,083	25,801	-11	+14
West Virginia					
Charleston	51,584	55,268	46,355	-7	+11
Huntington	16,843	19,492	15,441	-14	+9
Parkersburg	9,498	12,040	8,290	-21	+15
District Totals ...	\$1,440,567	\$1,649,671	\$1,189,136	-13	+21

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
February 1941	47	1,129	\$ 901,000	\$13,483,000
January 1941	45	1,124	371,000	11,888,000
February 1940	46	1,042	584,000	13,472,000
2 months, 1941	92	2,253	1,272,000	25,371,000
2 months, 1940	104	2,279	1,163,000	28,751,000

Source: Dun & Bradstreet

EMPLOYMENT

Work on buildings at army camps in the Fifth district has begun to taper off, and building tradesmen are now

being dropped each week. Many of these workers will probably shift to housing projects or to private building jobs, and some of them will return to non-construction work, especially agriculture. Industrial employment continues to rise steadily, both by increased activity of old plants and the opening of new ones. Skilled workmen of all kinds are well employed. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from January to February:

STATES	Percentage change from Jan. 1941 to Feb. 1941	
	In number on payroll	In amount of payroll
Maryland	+ 1.2	+ 2.4
Dist. of Columbia	+ 0.6	+ 0.4
Virginia	+ 1.4	+ 3.3
West Virginia	+ 1.6	+ 6.1
North Carolina	+ 0.3	+ 1.6
South Carolina	+ 3.0	+ 6.6
District Average	+ 1.1	+ 3.6

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles in the Fifth Reserve district in February continued to run far ahead of last year's figures, rising 39 per cent, and cumulative sales in the first two months were 35 per cent above sales in January and February 1940. Sales of used cars have also been in large volume in recent months, but have not kept pace with new car sales, and stocks of used cars on dealers' lots have consequently increased. Dealers also have relatively large stocks of new cars on hand, but in view of the approach of the spring season and a possibility that manufacture of automobiles may have to be restricted as a part of the defense program later in the year, stocks of neither new nor used cars are thought to be excessive.

Registration figures in Fifth district states for February, as reported by *R. L. Polk & Co.*, of Detroit, are as follows:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Feb. 1941	Feb. 1940	% Change	2 Months 1941	2 Months 1940	% Change
Maryland	4,200	2,986	+ 41	8,369	6,332	+32
Dist. of Col.	2,302	1,617	+ 42	4,415	3,847	+32
Virginia	4,280*	3,079	+ 39	10,419	6,976	+49
West Virginia ...	2,198	1,824	+ 21	4,534	3,869	+17
No. Carolina ...	5,098	3,644	+ 40	10,859	7,940	+37
So. Carolina	3,543	2,431	+ 46	6,387	4,777	+34
Fifth District ..	21,621	15,581	+ 39	44,983	33,241	+35

*Feb. 1941 Virginia figure estimated.

CONSTRUCTION

Building permit and contract award figures in the Fifth district in February declined from the January totals, but were substantially above February 1940 figures: Permits issued last month in 30 cities totaling \$8,250,505 declined 33 per cent from \$12,223,913 reported for January, but were 17 per cent above the February 1940 valuation of \$7,059,770. Washington with \$2,061,545 led in February 1941 valuation, Baltimore was second with \$2,030,544, High Point third with \$1,382,275, Charlotte fourth with \$464,962, and Norfolk fifth with \$314,099.

Contracts awarded for all types of construction in the Fifth district totaled \$35,023,000 in February, a decrease of 18 per cent below awards totaling \$42,567,000 in January but 18 per cent above \$29,605,000 in February last year. Figures on contract awards by states for January

1940, which were not available when last month's *Review* was compiled, are included in the accompanying table:

STATES	Jan. 1941	Jan. 1940	% Change
Maryland	\$13,715,000	\$ 6,319,000	+117
Dist. of Col.	9,550,000	2,529,000	+278
Virginia	8,475,000	5,163,000	+64
West Virginia	1,684,000	908,000	+85
North Carolina	5,149,000	4,009,000	+28
South Carolina	3,994,000	3,088,000	+29
Fifth District	\$42,567,000	\$22,016,000	+93

Source: F. W. Dodge Corporation.

BITUMINOUS COAL PRODUCTION

Daily production of bituminous coal rose less than seasonally in February, but exceeded February 1940 daily production by 10 per cent. Trade reports indicate a sharp rise in output in March, caused by stocking for inventory against a possible shut-down after April 1 when the present contract between the operators and miners' union expires. Shipments of coal through Hampton Roads from January 1 through March 8, 1941, totaling 4,710,575 tons were lower than 4,903,611 tons shipped in the corresponding period last year, chiefly due to reduced loadings for foreign cargo and bunker. In the Fifth district, production of bituminous coal in February 1941, January 1941 and February 1940 was as follows:

REGIONS	Feb. 1941	Jan. 1941	Feb. 1940
West Virginia	10,542,000	11,194,000	10,090,000
Virginia	1,355,000	1,417,000	1,289,000
Maryland	152,000	157,000	158,000
5th District	12,049,000	12,768,000	11,537,000
United States	41,450,000	44,070,000	39,277,000
% in District	29	29	29

COTTON TEXTILES

In a survey of the cotton textile industry for last month the *Journal of Commerce* states that delivery difficulties reduced activity in some sections of the gray goods markets in February, but mills enlarged their backlogs of orders to the point where continuance of the present rate of activity is assured into the late summer months. Heavy Government buying for defense purposes continued to buoy the market and was responsible in part for the recurrent shortages of many types of goods. Demand for heavy fabrics of the industrial type was more pronounced than the call for apparel goods. Sheetings were in heavy demand and prices advanced sharply. Mills manufacturing drills and osnaburgs are sold up for many months and in some instances have withdrawn from the market. Ducks continue scarce, the bulk of production being taken by the Government. The month ended with most mills operating on a two shift basis, but a considerable number of mills were running three shifts. In the Carolinas, textile mills are reported as operating at the highest level in their history, and daily consumption of cotton in February set a record. Consumption figures in Fifth district states in February were as follows:

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
February 1941	194,637	146,331	15,451	356,419
January 1941	212,132	161,911	17,016	391,059
February 1940	174,359	131,419	13,823	319,601
2 Months, 1941	406,769	308,242	32,467	747,478
2 Months, 1940	364,658	273,973	27,575	666,206

RAYON SHIPMENTS AND STOCKS

The demand for rayon filament yarn continued strong during February, although shipments declined seasonally from those of the longer month of January. Deliveries of 31,600,000 pounds of yarn to domestic consumers in February declined 7.9 per cent from 34,300,000 pounds shipped in January but were 6 per cent above shipments of 29,800,000 pounds in February 1940. Production again exceeded shipments of yarn, and consequently reserve stocks rose from 8,900,000 pounds on January 31 to 10,000,000 pounds on February 28. A year ago, on February 29, 1940, reserve stocks totaled 8,300,000 pounds. To the present time rayon has played a very small part in the preparedness program, but there are indications that a special fabric consisting of 50 per cent high-tenacity filament rayon yarn and 50 per cent 3-thread long-staple cotton is particularly well suited for "jump suits" used by Parachute Battalions, and may come into extensive use in army circles.

COTTON STATISTICS

Spot cotton prices rose slowly but steadily from the middle of February to the middle of March, middling grade 15/16-inch staple advancing on 10 Southern markets from 10.06 cents per pound on February 14 to 10.68 cents on March 14, a rise of \$3.10 per bale. The increase was due largely to strong domestic mill demand, increasing scarcity of free cotton, trade comments on possible changes in the farm program, and the rising tendency of commodity prices. Mills are reported having difficulty in fulfilling their needs at prevailing prices, although stocks of cotton are being reprocessed from Government loans at a fairly rapid rate.

COTTON CONSUMPTION AND ON HAND—BALES

	Feb. 1941	Feb. 1940	Aug. 1 to Feb. 28 This Year	1939-40 Last Year
Fifth district states:				
Cotton consumed	356,419	319,601	2,398,192	2,232,681
Cotton growing states:				
Cotton consumed	674,204	565,145	4,461,271	3,994,977
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,568,923	1,432,362	.....	.....
Storage & compresses	13,701,424	12,112,957	.....	.....
United States:				
Cotton consumed	793,626	661,771	5,220,917	4,703,707
Cotton on hand Feb. 28 in				
Consuming establishments ..	1,905,413	1,700,394	.....	.....
Storage & compresses	14,038,917	12,176,733	.....	.....
Exports of cotton	60,597	746,680	724,729	4,916,511
Spindles active, U. S.	22,769,368	22,800,726	.....	.....

SEASON'S TOBACCO SALES

All auction tobacco markets in the Fifth district have closed for the 1940-1941 season, and total season sales are shown in the accompanying table. Gross receipts from tobacco sales were \$113,681,000 for the 1940 crop, a decrease of \$48,136,000, or 30 per cent, from \$161,817,000 brought by the 1939 crop, the decline being due almost entirely to voluntary restriction in the acreage planted to flue-cured tobacco in 1940 in comparison with 1939.

	Sales for Growers, Pounds		Price per Cwt.	
	1940-1941	1939-1940	1940-41	1939-40
South Carolina	74,803,580	117,217,526	\$14.55	\$14.56
North Carolina	487,746,996	774,347,884	17.27	15.66
Virginia (Flue-cured)	85,261,620	129,957,301	17.55	14.59
(Fire-cured)	18,606,627	20,877,497	9.37	11.22
(Burley)	8,436,152	10,757,496	18.24	16.67
(Sun-cured)	3,133,952	3,284,406	9.32	12.18
Virginia, Total	115,438,351	164,876,700	16.06	14.25
District, Total	667,988,927	1,057,442,110	\$16.77	\$15.30

MONTHLY REVIEW

TOBACCO MANUFACTURING

Production of tobacco products declined seasonally in February from January output, but was above February 1940 production because of a 10 per cent rise in cigarettes. Production figures as released by the Bureau of Internal Revenue are as follows:

	Feb. 1941	Jan. 1941	Feb. 1940
Smoking & chewing tobacco, pounds	22,150,840	25,536,138	23,712,060
Cigarettes, number	14,464,626,900	16,286,811,310	13,162,661,218
Cigars, number	385,348,833	403,166,320	375,824,394
Snuff, pounds	3,051,492	3,422,102	3,144,556

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in February 1941 in comparison with February 1940:

	Sales				Stocks	Orders	Receivables
	Feb. 1941	Jan. 1941	Feb. 1940	Jan. 1940			
Richmond (5)	+ 9 (+13)	..	+ 7	+ 7	..	+ 9	
Baltimore (10)	+16 (+14)	..	+ 3	+34	..	+ 9	
Washington (7)	+15 (+18)	..	+ 6	+41	..	+10	
Other Cities (12)	+ 8 (+12)	..	+ 9	+31	..	+10	
Fifth District (79)*	+14 (+16)	..	+ 6	+33	..	+10	
Same stores by states, including stores reporting sales only:							
Maryland (13)	+15 (+14)	..	..	..	..	..
Virginia (16)	+16 (+19)	..	..	..	..	..
West Virginia (15)	+ 9 (+10)	..	..	..	..	..
North Carolina (16)	+10 (+15)	..	..	..	..	..
South Carolina (12)	+14 (+16)	..	..	..	..	..

* Include stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 2 months of 1941 with sales in first 2 months last year.

RETAIL FURNITURE SALES

STATES	% Change in Sales, February and 2 Months 1941 Compared with	
	Feb. 1940	2 Months 1940
	Compared with	
Maryland, 8 stores	+25	+24
Dist. of Col., 6 stores	+24	+29
Virginia, 13 stores	+31	+24
North Carolina, 5 stores	+35	+26
South Carolina, 7 stores	+22	+28
District, 39 stores	+26	+26
Individual Cities:		
Baltimore, 8 stores	+25	+24
Richmond, 5 stores	+ 4	+ 4
Washington, 6 stores	+24	+29

WHOLESALE TRADE, 181 FIRMS

LINES	Net Sales February 1941 compared with		Stocks Feb. 28, 1941 compared with		Ratio Feb. collections to accounts outstanding Feb. 1
	Feb. 1940	Jan. 1941	Feb. 28, 1940	Jan. 31, 1941	
Auto supplies (6)	+39	+23	..	..	61
Shoes (5)	+ 5	+54	-13	- 5	35
Drugs & sundries (11)	+ 8	-19	..	..	102
Dry goods (8)	+ 3	+ 0	- 5	+ 3	41
Electrical goods (8)	+81	+28	+38	+ 6	75
Groceries (60)	+ 1	- 8	+ 4	+ 1	89
Hardware (15)	+23	-13	+ 5	+ 4	45
Indus. supplies (11)	+56	+ 9	+18	+ 2	76
Paper & products (8)	+22	-10	- 6	+ 5	72
Tobacco & products (6)	+13	- 3	..	..	..
Miscellaneous (43)	+28	- 5	+24	+ 6	58
District Average (181)	+19	+ 1	+ 8	+ 2	63

Source: Bureau of the Census.

LIVE STOCK ON FARMS ON JANUARY 1, FOR THE PAST TEN YEARS, WITH TOTAL VALUATION FIGURES

(All figures in thousands; i. e., 000 omitted)

	Year	Maryland		Virginia		West Virginia		North Carolina		South Carolina		Fifth District	
		No.	Value	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
Horses and colts...	1932	87	\$ 5,916	187	\$12,373	106	\$ 7,420	77	\$ 5,005	25	\$ 1,350	482	\$ 32,064
	1933	85	5,780	178	11,768	103	7,622	72	4,824	23	1,449	461	31,443
	1934	82	6,806	170	13,770	101	8,686	69	5,862	22	1,760	444	36,884
	1935	80	8,115	163	16,049	99	10,078	67	6,884	21	2,050	430	43,176
	1936	81	9,695	165	19,575	98	11,438	68	7,960	20	2,250	432	50,918
	1937	81	10,062	167	21,307	96	11,604	69	8,675	20	2,465	433	54,113
	1938	82	9,950	167	20,771	96	11,497	69	8,603	20	2,265	434	53,686
	1939	82	9,200	169	19,727	96	11,079	70	8,112	20	2,189	437	50,307
	1940	82	8,481	169	17,728	95	10,119	71	7,892	20	2,092	437	46,312
	1941	81	7,595	166	16,732	95	9,095	72	7,397	20	2,033	434	42,852
Mules and colts....	1932	29	2,755	93	7,834	12	888	279	24,331	181	13,394	594	49,702
	1933	29	2,581	90	7,442	12	876	285	25,365	179	13,783	595	50,047
	1934	29	2,987	92	9,108	12	972	290	33,596	179	20,943	602	67,606
	1935	29	3,491	93	11,028	12	1,116	295	41,242	183	25,071	612	81,348
	1936	29	4,013	93	13,076	12	1,380	298	51,150	185	30,525	617	100,144
	1937	28	4,004	96	14,546	12	1,428	301	54,110	189	34,398	626	108,486
	1938	28	4,060	94	14,274	12	1,428	305	55,136	187	31,790	626	106,688
	1939	28	3,696	95	14,063	12	1,392	305	53,198	185	30,525	625	102,374
	1940	27	3,537	96	13,745	12	1,272	305	52,287	185	31,350	625	102,191
	1941	26	3,198	95	12,889	12	1,272	299	47,387	185	30,059	617	94,805
Cattle and calves..	1932	295	12,514	782	21,706	546	15,561	594	16,157	324	7,679	2,541	73,257
	1933	300	8,700	800	16,955	596	13,350	659	13,575	351	6,844	2,706	59,424
	1934	304	8,725	856	17,291	627	12,540	679	13,399	372	7,031	2,838	58,986
	1935	307	9,687	870	19,740	612	12,866	685	14,624	386	7,327	2,860	64,234
	1936	307	13,913	861	28,443	618	19,530	671	18,225	374	8,131	2,831	88,242
	1937	307	14,735	852	28,906	576	17,491	651	18,813	374	8,834	2,760	88,779
	1938	313	16,397	869	32,250	588	20,447	638	18,896	352	9,322	2,760	97,312
	1939	322	16,324	886	34,161	600	21,415	664	20,716	359	9,731	2,831	102,347
	1940	338	16,531	930	36,061	600	22,116	664	21,438	359	10,259	2,891	106,405
	1941	352	19,534	967	40,179	600	23,040	684	23,184	366	10,636	2,969	116,573
Sheep and lambs..	1932	104	530	485	2,212	631	2,776	86	335	14	50	1,320	5,903
	1933	99	376	480	1,671	631	2,082	85	264	14	43	1,309	4,436
	1934	95	432	470	2,021	610	2,267	81	278	13	40	1,269	5,028
	1935	94	435	438	1,947	606	2,401	77	287	13	40	1,228	5,110
	1936	86	534	416	2,569	588	3,019	73	351	12	45	1,175	6,518
	1937	84	552	395	2,596	547	2,931	62	321	11	36	1,099	6,436
	1938	81	585	399	2,823	547	3,062	62	362	11	37	1,100	6,869
	1939	77	534	387	2,602	536	2,911	60	353	10	37	1,070	6,437
	1940	74	524	379	2,610	504	2,750	50	295	10	37	1,017	6,216
	1941	70	514	379	2,760	489	2,690	50	298	8	29	996	6,291
Hogs and pigs....	1932	160	1,200	551	3,343	176	1,320	954	7,346	576	3,283	2,417	16,492
	1933	180	882	579	2,577	196	1,019	1,096	5,590	600	2,820	2,651	12,888
	1934	186	874	585	2,545	188	884	1,005	5,822	552	2,705	2,516	12,830
	1935	159	1,036	543	3,314	188	1,106	947	7,241	509	2,917	2,346	15,614
	1936	167	1,676	597	5,691	197	1,807	966	10,255	519	4,425	2,446	23,854
	1937	184	1,839	663	6,114	213	1,859	1,111	11,523	550	4,828	2,721	26,163
	1938	191	1,725	663	5,904	209	1,823	1,111	10,994	540	4,635	2,714	25,081
	1939	210	1,845	683	5,722	217	1,834	1,155	10,833	583	4,633	2,848	24,867
	1940	235	1,584	717	4,543	221	1,481	1,167	8,355	688	4,512	3,028	20,478
	1941	214	1,385	688	4,610	208	1,238	1,097	7,967	605	4,008	2,807	19,208

(Compiled March 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1941

Summary of March Business Conditions

THE wide influence of the defense program is steadily expanding throughout the Fifth Federal Reserve district as increased employment and larger payrolls enable workers to buy more consumer goods. All lines of trade and industry continued operations at approximate capacity levels or increased further in March, and all indicators were materially above those of March last year.

Debits to individual accounts in the banks of 25 Fifth district cities, reflecting payments by check, rose 25 per cent above debits in March 1940, every reporting city registering a gain this year. Reporting member banks increased loans to industry and trade during the year, and the greater need for money with which to meet current payrolls and provide additional pocket cash is indicated by a marked rise in Federal Reserve notes in actual circulation. The number of business insolvencies last month decreased 20 per cent from the number of bankruptcies in March last year.

Department store sales in 79 Fifth district stores in March 1941 were 10 per cent larger than sales in March 1940, an impressive increase in view of the fact that Easter trade occurred in March 1940 but much of it fell in April this year. Furniture sales rose 32 per cent last month over sales a year ago, wholesale trade rose 24 per

cent, and sales of new passenger automobiles were 41 per cent larger in March 1941 than in March 1940, automobile sales being stimulated not only by generally increased purchasing power but also by anticipation of higher retail prices as a result of rising taxes and reductions in output by automobile factories as defense work expands.

Construction work continues to increase in the district. Building permits issued in 30 cities last month exceeded March 1940 permits by 5 per cent, a relatively small gain, but contracts actually awarded in the district for both urban and rural work rose 81 per cent above last year's figures.

Industries have probably never been busier in the Fifth district than they were in March. Cotton textile mills used 26 per cent more cotton than in the corresponding month last year, rayon yarn mills shipped 18 per cent more yarn to domestic consumers, tobacco manufacturing exceeded March 1940 output in every branch of the industry, and coal mines produced 37 per cent more coal than a year ago. In April, however, Fifth district coal mines were closed from the first of the month through the date of this survey, April 21, while operators and miners negotiated renewal of labor contracts. The coal mine shut-down is the only serious labor and management disagreement to this time in the Fifth district.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	March 1941	February 1941	March 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,674,663,000	\$1,440,567,000	\$1,342,709,000	+ 16	+ 25
Sales, 79 department stores, 5th district.....	\$ 13,995,665	\$ 10,550,615	\$ 12,702,648	+ 33	+ 10
Sales, 41 furniture stores, 5th district.....	\$ 1,137,839	\$ 1,251,675	\$ 865,216	- 9	+ 32
Sales, 188 wholesale firms, 5th district.....	\$ 12,656,000	\$ 11,270,000	\$ 10,247,000	+ 12	+ 24
Registrations, new autos, 5th district.....	30,742	23,539	21,989	+ 31	+ 41
Number of business failures, 5th district.....	35	47	44	- 26	- 20
Liabilities in failures, 5th district.....	\$ 547,000	\$ 901,000	\$ 500,000	- 39	+ 9
Value of building permits, 30 cities.....	\$ 12,172,328	\$ 8,250,505	\$ 11,571,518	+ 48	+ 5
Value of contracts awarded, 5th district.....	\$ 57,017,000	\$ 35,023,000	\$ 31,542,000	+ 63	+ 81
Cotton consumption, 5th district (Bales).....	385,352	356,419	305,494	+ 8	+ 26
Cotton price, cents per lb., end of month.....	10.89	10.25	10.50	+ 6	+ 4
Print cloths, 39 in., 80x80s, end of month.....	9.25	7.875	6.50	+ 17	+ 42
Rayon yarn shipments, U. S. (Pounds).....	35,200,000	31,600,000	29,800,000	+ 11	+ 18
Rayon yarn stocks, U. S. (Pounds).....	9,700,000	10,000,000	10,400,000	- 3	- 7
Bituminous coal mined, U. S. (Tons).....	48,250,000	41,695,000	35,244,000	+ 16	+ 37

RESERVE BANK STATEMENT

Discounts for member banks rose between the middle of March and the middle of April, and industrial advances, after declining slowly but steadily for nearly a year, increased also. Circulation of Federal Reserve notes, reflecting the greater need for currency for increased payrolls and a higher level of general business activity, continued to rise. The Bank's holdings of Government securities under System allocation were also moderately increased between March 15 and April 15, and cash reserves advanced substantially.

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	April 15 1941	March 15 1941	April 15 1940
Discounts held	\$ 210	\$ 43	\$ 175
Foreign loans on gold	0	0	43
Industrial advances	848	766	915
Government securities	121,486	119,976	125,871
Total earning assets	122,544	120,785	127,004
Circulation of Fed. Res. notes	298,853	291,234	218,615
Members' reserve deposits	400,802	394,914	286,730
Cash reserves	650,872	628,578	439,752
Reserve ratio	85.03	84.45	78.16

MEMBER BANK STATEMENT

Forty-one regularly reporting member banks in 12 Fifth district cities reported increased loans, cash in vaults, and time deposits between March 12 and April 9, 1941, but declines occurred in investments in securities, reserve balances, and demand deposits. The rise in loans was almost entirely in advances to trade and industry. Between April 10, 1940, and April 9, 1941, loans to business advanced by \$27,300,000, or 23 per cent, while all other loans increased only \$9,645,000, or 6 per cent. The rise in business loans reflects in large part assistance extended to the defense program.

SELECTED ITEMS—41 REPORTING BANKS
Fifth District

ITEMS	000 omitted		
	April 9 1941	March 12 1941	April 10 1940
Loans to business and agriculture	\$146,500	\$144,000	\$119,200
All other loans	159,392	159,188	149,747
Investments in securities	428,461	471,875	412,309
Reserve bal with F. R. bank	270,921	273,152	190,291
Cash in vaults	27,444	26,649	22,146
Demand deposits	654,971	662,843	543,935
Time deposits	207,504	206,030	201,144
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

Deposits in 10 mutual savings banks in Baltimore set a new record on March 31, 1941, totaling \$225,009,656, in comparison with \$224,323,164 in deposits on February 28, 1941, and \$223,163,689 on March 31, 1940.

DEBITS TO INDIVIDUAL ACCOUNTS

Checks cashed against depositors' accounts in the banks in 25 cities in March showed a seasonal rise over February figures, and also rose 25 per cent above March 1940 figures. The high debits total reflects the large volume of business resulting either directly or indirectly from the defense program.

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	000 omitted			% of Change	
	Mar. 1941	Feb. 1941	Mar. 1940	Month	Year
Dist. of Col.					
Washington	\$ 342,396	\$ 287,863	\$ 287,345	+19	+19
Maryland					
Baltimore	481,724	416,425	391,008	+16	+23
Cumberland	8,694	7,704	8,213	+13	+6
Hagerstown	11,074	10,085	9,326	+10	+19
North Carolina					
Asheville	15,798	14,314	12,500	+10	+26
Charlotte	99,621	89,650	69,942	+11	+42
Durham	32,350	25,293	26,575	+28	+22
Greensboro	24,986	23,353	21,145	+7	+18
Raleigh	57,714	46,538	44,158	+24	+31
Wilmington	15,455	12,863	11,325	+20	+36
Winston-Salem	48,231	38,535	43,909	+25	+10
South Carolina					
Charleston	26,077	22,601	20,651	+15	+26
Columbia	41,821	34,112	29,232	+23	+43
Greenville	24,834	22,247	20,075	+12	+24
Spartanburg	17,852	18,316	10,921	-3	+63
Virginia					
Danville	8,938	8,153	8,019	+10	+11
Lynchburg	16,759	14,277	15,844	+17	+6
Newport News	16,556	13,245	11,519	+25	+4
Norfolk	72,632	64,390	51,227	+13	+42
Portsmouth	6,494	5,402	4,479	+20	+45
Richmond	184,219	157,765	141,849	+17	+30
Roanoke	33,511	29,511	28,527	+14	+17
West Virginia					
Charleston	56,502	51,584	47,474	+10	+19
Huntington	19,559	16,843	17,102	+16	+14
Parkersburg	10,866	9,498	10,344	+14	+5
District Totals	\$1,674,663	\$1,440,567	\$1,342,709	+16	+25

COMMERCIAL FAILURES

Dun & Bradstreet reports commercial failures in the Fifth district and the United States for several recent periods as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
March 1941	35	1,211	\$ 547,000	\$13,444,000
February 1941	47	1,129	901,000	13,483,000
March 1940	44	1,197	500,000	11,681,000
3 months, 1941	127	3,464	1,819,000	38,815,000
3 months, 1940	148	3,476	1,663,000	40,432,000

EMPLOYMENT

Construction work at army camps has declined substantially or been practically completed during the past month, and in bituminous coal fields miners have been voluntarily idle since April 1, but employment has increased further in every other branch of industry and trade since March 1. Labor is so well employed in construction and industry that farmers report a scarcity of agricultural workers, although the farming season is just beginning. Skilled mechanics are the workers in greatest demand, and there are insufficient men of this class to meet industry's need, but the problem can probably be solved by shifts of workers from non-defense industries to those doing more important work, or by transfer of workers from production of consumer goods to defense products in the same plant, as in the automobile industry. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from February to March:

STATES	Percentage change from Feb. 1941 to Mar. 1941	
	in number on payroll	in amount of payroll
Maryland	+ 2.0	+ 3.3
Dist. of Columbia	+ 2.0	+ 1.7
Virginia	+ 1.3	+ 4.1
West Virginia	+ 1.9	+ 4.4
North Carolina	+ 1.1	+ 1.6
South Carolina	+ 1.3	+ 3.6
District Average	+ 1.5	+ 3.4

AUTOMOBILE REGISTRATIONS

Registrations of new passenger automobiles in the Fifth district, representing sales of new cars at retail, continue very high. Owners of old cars have reached the conclusion that automobiles prices will advance materially as soon as new tax legislation can be passed, and they are trading in their used cars for new ones or for better and later model used ones. In March, sales of new cars set all time records for that month in Maryland, the District of Columbia, Virginia, North Carolina and South Carolina, and dealers state that the demand for new cars jumped higher in April as a result of the automobile industry's announcement of restrictions to be put on 1942 production and the Treasury's notice of intention to raise three and a half billions in additional taxes. The increased demand for cars, while chiefly in the new car field, has been felt in sales of late model used cars also, but dealers' stocks of used cars have increased substantially in the past two or three months. Many of the cars being traded in on new ones are comparatively recent models with low mileage on them, and they will sell easily, especially if and when new car output is restricted.

Registration figures in Fifth district states for March, as reported by *R. L. Polk & Co.*, of Detroit, are as follows:

STATES	REGISTRATION OF NEW PASSENGER CARS—NUMBER					
	Mar. 1941	Mar. 1940	% Change	3 Months 1941	3 Months 1940	% Change
Maryland	7,052	5,337	+32	15,421	11,669	+32
Dist. of Col.	3,896	3,087	+26	8,311	6,434	+29
Virginia	6,357	3,862	+65	18,694	10,838	+72
West Virginia ..	2,740	2,460	+11	7,274	6,329	+15
No. Carolina ...	6,727	4,415	+52	17,586	12,355	+42
So. Carolina ...	3,970	2,828	+40	10,357	7,605	+36
Fifth District..	30,742	21,989	+40	77,643	55,230	+41

CONSTRUCTION

Building permits issued in March 1941 in 30 Fifth district cities totaled \$12,172,328, a seasonal increase of 48 per cent over permits totaling \$8,250,505 issued in February this year and 5 per cent above \$11,571,518 in permits issued in March 1940. Permits in the first quarter of 1941 totaling \$32,646,746 were 38 per cent greater than \$23,605,168 in the first quarter of 1940. Washington led in March 1941 permits with \$5,296,450, Baltimore was second with \$2,124,600, Raleigh third with \$1,113,825, Richmond fourth with \$746,509, and Charlotte fifth with \$343,564.

Contracts actually awarded in March for construction work in the Fifth district totaled \$57,017,000, an increase of 63 per cent over \$35,023,000 in February and a gain of 81 per cent above \$31,542,000 in March last year. Total awards in the district in the first quarter of 1941 amounted

to \$132,907,000, the highest total for any first quarter since records began in 1921 and 60 per cent above \$83,163,000 in the first quarter of 1940.

Figures by states for February 1941, which were not available when the March 31 *Review* went to press, were reported by *F. W. Dodge Corporation* as follows:

STATES	CONSTRUCTION CONTRACTS AWARDED		
	Feb. 1941	Feb. 1940	% Change
Maryland	\$ 5,687,000	\$10,234,000	- 44
Dist. of Col.	5,880,000	6,839,000	- 14
Virginia	10,698,000	4,728,000	+126
West Virginia	3,746,000	2,149,000	+ 74
North Carolina	6,360,000	3,987,000	+ 60
South Carolina	2,657,000	1,668,000	+ 59
District	\$35,023,000	\$29,605,000	+ 18

BITUMINOUS COAL MINING

Practically all bituminous coal mines in the United States have been closed since April 1, and production has been negligible. Reserve stocks were accumulated in anticipation of the shut-down, but industry and the railroads are using coal at a high rate and shortages of fuel are now, on April 21, beginning to develop. Production of soft coal in the United States in March totaled 48,250,000 net tons, compared with 41,695,000 tons in February 1941 and 35,244,000 tons in March 1940. The high figure last month was due in part to stocking of coal. Total production this calendar year to April 5 of 138,719,000 tons exceeded production of 126,450,000 tons to the same date in 1940 by 10 per cent. Shipments of coal through Hampton Roads ports between January 1 and April 5 totaled 6,635,227 tons this year and 6,925,217 tons last year. In the Fifth district, coal mined in March 1941, February 1941 and March 1940, was as follows:

REGIONS	SOFT COAL PRODUCTION IN TONS		
	Mar. 1941	Feb. 1941	Mar. 1940
West Virginia	12,945,000	10,835,000	9,720,000
Virginia	1,594,000	1,343,000	1,156,000
Maryland	174,000	153,000	137,000
5th District	14,713,000	12,331,000	11,013,000
United States	48,250,000	41,695,000	35,244,000
% in District	30%	30%	31%

COTTON TEXTILES

Buying of all kinds of cotton gray goods was heavy in March, according to the monthly survey by the *Journal of Commerce*. Print cloths sold in large amounts and a substantial business was written on sheetings, drills, osnaburgs and combed goods. Price advances were more pronounced than in any other month since the buying movement got under way last September, and averaged approximately 1 cent per yard on most constructions. Mills entered the second quarter with the largest peacetime backlogs they ever possessed, and maintenance of the present high rate of operations is assured for at least six months. Cotton consumption in Fifth district mills in March was higher than in either the shorter month of February 1941 or March 1940, but declined slightly from the January 1941 record. Consumption of cotton in Fifth district states, as reported by the Census Bureau, was as follows in March and February this year and March last year:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
March 1941	210,193	158,442	16,712	385,352
February 1941	194,637	146,331	15,451	356,419
March 1940	163,706	129,351	12,438	305,494
3 Months, 1941	616,967	466,684	49,179	1,132,830
3 Months, 1940	528,363	403,324	40,013	971,700

THE RAYON MARKET

Rayon Organon reports shipments of 35,200,000 pounds of rayon filament yarn to domestic consumers in March, compared with 31,600,000 pounds shipped in February and 29,800,000 pounds in March last year. One of the medium-size viscose rayon yarn plants was closed by a strike on March 22, and had not reopened at the end of the month. Shipments exceeded production of yarn last month, and reserve stocks consequently declined from 10,000,000 pounds on February 28 to 9,700,000 pounds on March 31. On March 31 last year reserve stocks totaled 10,400,000 pounds. The National Rayon Weavers Association and the National Federation of Textiles recently announced a new inventory of rayon filament yarn held by rayon broad goods weavers in mill warehouses or unopened cases, but exclusive of stocks in process or in transit. On February 28, 1941, American mills thus held 28,000,000 pounds of yarn, against 28,600,000 pounds at the end of 1940 and 24,000,000 pounds held on February 29, 1940.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose during March and early April from an average of 10.68 cents per pound for middling short staple on March 14 to 11.22 cents on April 14, the high point for the current season to date. The price eased off after the 14th to 11.08 cents on April 18, the latest date for which data are available. Price advances since the first of the year have been sufficient to encourage repossessions of loan cotton, and through April 15 approximately 1,193,000 bales of the 1940 loan stocks were withdrawn. Total loan stocks, including cotton owned by the Government, are now about 10,000,000 bales.

COTTON CONSUMPTION AND ON HAND—BALES

	Mar. 1941	Mar. 1940	Aug. 1 to Mar. 31 This Year	Mar. 31 Last Year
Fifth district states:				
Cotton consumed	385,382	305,494	2,783,574	2,538,175
Cotton growing states:				
Cotton consumed	722,584	540,516	5,183,855	4,535,493
Cotton on hand March 31 in				
Consuming establishments ..	1,555,064	1,317,056		
Storage & compresses	12,888,620	11,337,532		
United States:				
Cotton consumed	854,179	627,194	6,075,096	5,330,901
Cotton on hand March 31 in				
Consuming establishments ..	1,911,238	1,596,334		
Storage & compresses	13,243,573	11,409,520		
Exports of cotton	97,292	433,842	829,992	5,350,353
Spindles active, U. S.	22,795,742	22,553,360		

TOBACCO MANUFACTURING

Production of tobacco products in March not only showed a seasonal rise from February figures, but exceeded March 1940 production in every branch of the industry. Percentage increases for March 1941 output over March 1940 were 19 per cent for cigarettes, 8 per cent for cigars, 3 per cent for chewing and smoking tobacco, and 2 per cent for snuff. Production figures released by the Bureau of Internal Revenue are as follows:

	Mar. 1941	Feb. 1941	Mar. 1940
Smoking & chewing tobacco, pounds	24,993,372	22,150,840	24,343,900
Cigarettes, number	15,528,629,200	14,464,626,900	13,020,617,490
Cigars, number	430,326,200	385,348,833	397,490,431
Snuff, pounds	3,260,069	3,051,492	3,205,843

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in March 1941 in comparison with March 1940 figures:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 5 (+ 9)	+ 9	+ 78	+ 7
Baltimore (10)	+ 11 (+ 13)	+ 7	+ 73	+ 9
Washington (7)	+ 12 (+ 15)	+ 9	+ 59	+ 9
Other Cities (12)	+ 5 (+ 9)	+ 6	+ 66	+ 6
Fifth District (79)*	+ 10 (+ 14)	+ 8	+ 66	+ 8
Same stores by states, including stores reporting sales only:				
Maryland (13)	+ 11 (+ 13)	..	..	..
Virginia (16)	+ 11 (+ 15)	..	..	..
West Virginia (15)	+ 4 (+ 7)	..	..	..
North Carolina (16)	+ 7 (+ 11)	..	..	..
South Carolina (12)	+ 3 (+ 11)	..	..	..

*Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 3 months of 1941 with sales in first 3 months last year.

RETAIL FURNITURE SALES

% Changes in Sales, March and 3 Months 1941

STATES	Compared with	
	Mar. 1940	3 Months 1940
Maryland, 9 stores	+24	+24
Dist. of Col., 7 stores	+46	+36
Virginia, 13 stores	+31	+27
North Carolina, 5 stores	+13	+20
South Carolina, 7 stores	+40	+32
District, 41 stores	+32	+29
Individual Cities:		
Baltimore, 9 stores	+24	+24
Richmond, 5 stores	+13	+7
Washington, 7 stores	+46	+36

WHOLESALE TRADE, 188 FIRMS

LINE	Net Sales		Stocks		Ratio Mar. collections to accounts outstanding Mar. 1
	March 1941 compared with Mar. 1940	March 1941 compared with Feb. 1941	Mar. 31, 1941 compared with Mar. 31, 1940	Mar. 28, 1941 compared with Feb. 28, 1940	
Auto supplies (8)	+13	+ 1	+14	0	64
Shoes (4)	+21	+11	-12	-10	48
Drugs & sundries (10) ..	+13	+ 6	..	..	87
Dry goods (8)	+13	+14	- 1	+ 2	44
Electrical goods (10) ..	+58	+ 5	+32	+14	72
Groceries (63)	+10	+15	+15	+ 5	96
Hardware (15)	+17	+10	+ 9	+ 3	49
Industrial supplies (8) ..	+76	+38	+18	- 4	101
Paper & products (8) ..	+33	+13	- 3	- 1	77
Tobacco & products (8) ..	+16	+11	+ 8	+ 9	80
Miscellaneous (46)	+36	+15	+22	0	61
District Average (188) ..	+24	+12	+ 9	+ 1	67

Source: Bureau of the Census.

(Compiled April 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

May 31, 1941

Summary of April Business Conditions

ALL branches of trade and industry expanded further in April and early May in the Fifth Reserve district except bituminous coal mining and railroad car loadings, both exceptions resulting from the month-long shut-down in the Appalachian coal fields. This trouble was at least temporarily settled at the end of April, and during May the miners were exceedingly active. New records were set in several production lines during April.

The outstanding feature of business in the district is the strong effect exerted by defense construction and industrial work. In the Hampton Roads area, great expansion in shipbuilding, with several hundred million dollars in naval and merchant ship contracts, has brought in thousands of new workers who have made necessary a number of housing projects and have swelled retail trade in Norfolk, Newport News and Portsmouth to record levels. Cantonments and new defense industries in other sections of the district, expansion of airplane plants at Baltimore, and record activity in the cotton textile and rayon yarn industries have brought large volumes of business to many cities, towns and counties. There is hardly a section of the district which has not felt the impact of the defense work.

With more work available than in many years, consumer purchasing power has naturally risen sharply, and practically all retail outlets are reporting large sales. Auto-

mobile sales in April were the highest for any month on record in the Fifth district, sales of cars being further stimulated by a fear of rising prices and higher taxes on 1942 models. Department store sales, profiting by the later date of Easter this year and favorable weather, rose 35 per cent in April above April 1940 sales. Furniture sales in 39 stores were 24 per cent higher last month than a year ago, and 212 wholesale firms in various lines gained 30 per cent in sales.

Construction continues in large volume in the Fifth district. Building permits issued in April in 29 cities were 27 per cent in valuation above April 1940 permits, and construction contracts actually awarded for all types of work showed a rise of 51 per cent over contracts awarded in the corresponding month last year.

Although parts of the Fifth district need rain very badly, prospects for agriculture both as to production and cash receipts are good at present. Grains came through the winter in fair condition, spring weather was favorable for setting fruit buds and for farm work, and prices for farm products appear to be definitely on the up grade. High government loans provided for on cotton and tobacco will help substantially the district's two leading cash crops, and prices on most other crops are rising as demand for them expands. It should be remembered, however, that it is too early in the season to do more than estimate roughly on probable crop yields.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	April 1941	March 1941	April 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,628,471,000	\$1,674,663,000	\$1,338,001,000	- 3	+ 22
Sales, 79 department stores, 5th district.....	\$ 16,075,814	\$ 13,995,665	\$ 11,917,225	+ 15	+ 35
Sales, 39 furniture stores, 5th district.....	\$ 1,476,705	\$ 1,119,994	\$ 1,194,961	+ 32	+ 24
Sales, 212 wholesale firms, 5th district.....	\$ 14,910,000	\$ 14,602,000	\$ 11,496,000	+ 2	+ 30
Registrations, new autos, 5th district.....	34,958	30,742	26,726	+ 14	+ 31
Number of business failures, 5th district.....	42	35	48	+ 20	- 13
Liabilities in failures, 5th district.....	\$ 281,000	\$ 547,000	\$ 348,000	+ 49	- 19
Value of building permits, 29 cities.....	\$ 13,105,339	\$ 12,128,896	\$ 10,311,986	+ 8	+ 27
Value of contracts awarded, 5th district.....	\$ 47,873,000	\$ 57,017,000	\$ 31,625,000	- 16	+ 51
Cotton consumption, 5th district (Bales).....	413,856	385,352	309,622	+ 7	+ 34
Cotton price, cents per lb., end of month.....	11.41	10.89	10.60	+ 5	+ 8
Print cloths, 39 in., 80x80s, end of month.....	9.25	9.25	6.875	0	+ 35
Rayon yarn shipments, U. S. (Pounds).....	38,700,000	35,400,000	31,100,000	+ 9	+ 24
Rayon yarn stocks, U. S. (Pounds).....	7,300,000	10,200,000	11,700,000	- 28	- 38
Bituminous coal mined, U. S. (Tons).....	6,266,000	48,250,000	32,790,000	- 87	- 81

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

Fifth District			
ITEMS	000 omitted		
	May 15 1941	Apr. 15 1941	May 15 1940
Discounts held	\$ 60	\$ 210	\$ 190
Foreign loans on gold	0	0	43
Industrial advances	844	848	907
Government securities	121,486	121,486	126,155
Total earning assets	122,390	122,544	127,295
Circulation of Fed. Res. notes	299,519	298,853	217,259
Members' reserve deposits	435,693	400,802	302,841
Cash reserves	683,999	650,872	440,400
Reserve ratio	84.88	85.03	77.98

SELECTED ITEMS—41 REPORTING MEMBER BANKS

Fifth District			
ITEMS	000 omitted		
	May 14 1941	Apr. 9 1941	May 15 1940
Loans to business and agriculture	\$148,900	\$146,500	\$122,200
All other loans	161,709	159,392	147,148
Investments in securities	408,353	428,461	422,485
Reserve bal. with F. R. banks	302,684	270,921	198,225
Cash in vaults	26,895	27,444	20,502
Demand deposits	686,514	654,971	556,380
Time deposits	207,496	207,504	202,146
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

10 Baltimore Banks			
	Apr. 30	Mar. 31	Apr. 30
	1941	1941	1940
Total deposits	\$225,433,881	\$225,009,656	\$224,288,123

DEBITS TO INDIVIDUAL ACCOUNTS

Fifth District					
Dist. of Col.	000 omitted			% of Change	
	Apr. 1941	Mar. 1941	Apr. 1940	Month	Year
Washington	\$ 335,672	\$ 342,396	\$ 289,325	- 2	+16
Maryland					
Baltimore	476,472	481,724	388,646	- 1	+23
Cumberland	9,486	8,694	8,402	+ 9	+13
Hagerstown	11,245	11,074	9,313	+ 2	+21
North Carolina					
Asheville	16,036	15,798	12,581	+ 2	+27
Charlotte	92,486	99,621	64,816	- 7	+43
Durham	30,553	32,350	26,453	- 6	+15
Greensboro	25,009	24,986	21,352	+ 0	+17
Raleigh	51,709	57,714	42,300	-10	+22
Wilmington	16,667	15,465	11,375	+ 8	+47
Winston-Salem ..	42,136	48,231	37,979	-13	+11
South Carolina:					
Charleston	26,721	26,077	19,799	+ 2	+35
Columbia	38,503	41,821	27,947	- 8	+38
Greenville	25,327	24,834	19,610	+ 2	+29
Spartanburg	17,134	17,852	11,381	- 4	+51
Virginia					
Danville	8,827	8,938	8,045	- 1	+10
Lynchburg	16,513	16,759	15,645	- 1	+ 6
Newport News ..	15,738	16,556	11,733	- 5	+34
Norfolk	71,205	72,632	53,653	- 2	+33
Portsmouth	6,679	6,494	4,653	+ 3	+44
Richmond	173,290	184,219	147,832	- 6	+17
Roanoke	34,121	33,511	28,765	+ 2	+19
West Virginia					
Charleston	55,583	56,502	48,598	- 2	+14
Huntington	19,814	19,559	17,303	+ 1	+15
Parkersburg	11,545	10,866	10,495	+ 6	+10
District Totals ..	\$1,628,471	\$1,674,663	\$1,338,001	- 3	+22

0 indicates a change of less than 1/2 of 1%.

COMMERCIAL FAILURES

Dun & Bradstreet reports commercial failures in the Fifth district and the United States for several recent periods as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
April 1941	42	1,149	\$ 281,000	\$ 13,827,000
March 1941	35	1,211	547,000	13,444,000
April 1940	48	1,291	348,000	16,247,000
4 Months, 1941	170	4,613	2,100,000	52,642,000
4 Months, 1940	196	4,767	2,011,000	56,679,000

EMPLOYMENT

There was a decline in total employment in the Fifth district in April, due chiefly to idleness of bituminous coal miners in West Virginia, Virginia and Maryland. Further, construction work on certain army cantonments in the district was virtually completed last month, and several thousand workers were laid off. However, coal miners returned to work on April 30 and May 1, and many of the cantonment construction workers have caught on in private construction, industrial work or in agriculture. Industrial work continued to expand, and skilled men were added to working forces as rapidly as they could be found. Some scarcity of farm hands is reported, and there are insufficient trained mechanics to meet the needs of shipyards, airplane plants, and other industries which have substantially expanded operations. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from March to April:

STATES	Percentage change from Mar. 1941 to Apr. 1941	
	In number on payroll	In amount of payroll
Maryland	+ 5.1	+ 3.1
Dist. of Columbia	+ 5.6	+ 4.4
Virginia	- 1.7	- 3.2
West Virginia	-40.5	-43.5
North Carolina	+ 1.9	+ 5.0
South Carolina	+ 2.0	+ 5.0
District Average	- 4.8	- 9.5

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles set a new monthly record in April in the Fifth district, according to figures gathered by R. L. Polk & Company, of Detroit. Individual state records were reported for Maryland, District of Columbia, North Carolina and South Carolina. Virginia showed the only decline in registrations from April 1940, but this was due chiefly to the largest April sales on record in Virginia last year. Increased consumer purchasing power accounts for the larger part of the rise in new car registrations this year, but in addition sales are being stimulated by expectations of higher prices and sharply increased taxes on 1942 models. Most dealers believe that many sales are being borrowed from next year's business. Used cars taken in exchange on new car sales have accumulated on all dealers' lots, but a substantial business is being done in the used car field and present stocks are not burdensome.

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	Apr.	Apr.	%	4 Months	4 Months	%
	1941	1940	Change	1941	1940	Change
Maryland	7,485	5,112	+ 46	22,906	16,781	+36
Dist. of Col. ...	4,102	2,692	+ 52	12,413	9,126	+36
Virginia	6,392	7,264	- 12	25,086	18,102	+39
West Virginia ..	4,354	3,335	+ 31	11,628	9,664	+20
No. Carolina ...	8,448	5,667	+ 49	26,034	18,022	+44
So. Carolina ...	4,177	2,656	+ 57	14,534	10,261	+42
Fifth District .	34,958	26,726	+ 31	112,601	81,956	+37

CONSTRUCTION

Construction work provided for in permits issued in April 1941 in 29 Fifth district cities totaled \$13,105,339, an increase of 8 per cent above \$12,128,896 for permits issued in March this year and 27 per cent above \$10,311,986 in April last year. Total permits in the 29 cities in the first 4 months amounted to \$45,752,085 this year and \$34,215,345 last year. Baltimore led in April with permits totaling \$4,934,556, followed by Washington with \$4,349,240, Charlotte with \$433,015, Richmond with \$385,296, and Charleston, W. Va., with \$352,090. Washington permits do not include Federal Government work.

Contracts actually awarded for all types of construction in the Fifth district in April totaling \$47,873,000 were below March contracts amounting to \$57,017,000, but were 51 per cent above \$31,625,000 for April 1940. The bulk of construction at present is connected with defense work, and a decrease in that type of work accounted for the decline from the March figure. Residential work accounted for 45 per cent of the April 1941 total, including a number of housing projects to provide additional quarters near defense industries.

Figures by states for March 1941, which were not available when the April 30 *Review* went to press, were reported by *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACT AWARDS

STATES	Mar. 1941	Mar. 1940	% Change
Maryland	\$22,244,000	\$11,905,000	+ 87
Dist. of Col.	10,481,000	4,007,000	+162
Virginia	7,621,000	7,057,000	+ 8
West Virginia	2,584,000	2,020,000	+ 28
North Carolina	7,427,000	4,216,000	+ 76
South Carolina	6,660,000	2,337,000	+185
Fifth District	\$57,017,000	\$31,542,000	+ 81

COAL PRODUCTION

The output of bituminous coal mines in the Fifth district was nominal in April, all mines being officially closed by a labor dispute until the last day of the month. Since May 1, however, production has been at a very high rate, and some progress has been made toward rebuilding stocks which were depleted in April. Total production in the United States this calendar year to May 10 of 156,967,000 tons is 5 per cent less than output of 165,065,000 tons to the same date last year, the decrease being entirely due to the April shut-down. Although shipments of coal drawn from reserve stocks through Hampton Roads ports held up moderately in April, between January 1 and May 10 loadings totaled only 7,617,291 tons against 9,084,396 tons in the corresponding period last year, a decline of 16 per cent this year. Shipments through Hampton Roads ports, while at a relatively high level, have not kept pace with production of coal this year. In the Fifth district, coal mined in April 1941, March 1941 and April 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGION	Apr. 1941	Mar. 1941	Apr. 1940
West Virginia	0	12,741,000	9,720,000
Virginia	0	1,566,000	1,156,000
Maryland	0	172,000	137,000
5th District	0	14,479,000	11,013,000
United States	6,266,000	48,250,000	32,790,000
% in District	0.0	30.0	34.0

COTTON TEXTILES

Cotton cloth and yarn mills operated at the highest rate on record in April, but did not materially reduce the large backlog of forward orders on hand. Some mills are sold up to December, especially those producing ducks, twills, drills, and other fabrics entering directly into the defense program. The market for textiles was less active than in March, but was sufficiently strong to sustain price gains made earlier. Cotton consumption in both the Fifth district and the United States set new monthly records in April, and activity continued at the same level in the first half of May. Consumption of cotton by states in the Fifth district in April 1941, March 1941 and April 1940, is shown below:

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales.			
	No. Carolina	So. Carolina	Virginia	District
April 1941	223,032	171,865	18,959	413,856
March 1941	210,198	158,442	16,712	385,352
April 1940	166,746	128,493	14,383	309,622
4 Months, 1941	839,999	638,549	68,138	1,546,686
4 Months, 1940	695,109	531,817	54,396	1,281,322

RAYON YARN PRODUCTION

Shipments of rayon filament yarn to domestic consumers, according to *Rayon Organon*, totaled 38,700,000 pounds in April, a record for a single month, and 24 per cent above shipments of 31,100,000 pounds in April 1940. Last month's deliveries exceeded production by nearly 3,000,000 pounds, and reserve stocks of yarn consequently dropped from 10,200,000 pounds on March 31 to 7,300,000 pounds on April 30. Total rayon yarn consumption in the first 4 months of 1941 amounted to 140,700,000 pounds, an increase of 15 per cent over 122,500,000 pounds consumed in the corresponding period last year. The National Rayon Weavers Association and the National Federation of Textiles report the inventory of rayon filament yarn in the hands of broad weavers on April 30 totaled 27,300,000 pounds as compared with 25,400,000 pounds on March 31 this year and 21,200,000 pounds on April 30 last year. Based on the high rate of rayon consumption by weavers and the tight rayon yarn situation, this four weeks' supply of yarn is considered moderate.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets declined slightly during most of April to 10.99 cents per pound on the 25th, but then turned upward and advanced to 12.67 cents by May 16, making a gain of \$8.40 per bale in three weeks. Several influences played their parts in stimulating the rise, among them being the bill passed by Congress making loans of 85 per cent of parity mandatory, the rising tendency in the general level of commodity prices, and the continued strong demand for cotton textile products. The May 16 price was the highest average for middling grade cotton on the 10 Southern markets since July 1937, and compares with an average of 9.58 cents on May 17, 1940. Spot cotton is now approximately \$15 a bale higher than last fall when the 1940 crop was picked.

MONTHLY REVIEW

COTTON CONSUMPTION AND ON HAND—BALES

	Apr. 1941	Apr. 1940	Aug. 1 to Apr. 30 This Year	Aug. 1 to Apr. 30 Last Year
Fifth district states:				
Cotton consumed	413,856	309,622	3,197,430	2,847,797
Cotton growing states:				
Cotton consumed	775,956	532,588	5,959,811	5,068,081
Cotton held April 30 in				
Consuming establishments ..	1,556,431	1,199,884		
Storage & compresses	12,000,443	10,663,006		
United States:				
Cotton consumed	920,142	623,098	6,995,238	5,953,999
Cotton held April 30 in				
Consuming establishments ..	1,933,507	1,470,527		
Storage & compresses	12,374,839	10,732,290		
Exports of cotton, U. S.	74,009	344,609	904,001	5,694,962
Spindles active, U. S.	22,787,396	22,288,832		

TOBACCO MANUFACTURING

Production of tobacco products continued to increase in April over March, and also exceeded April 1940 output in every branch of the industry. Percentage increases for April 1941 over production in March 1941 and April 1940, respectively, were 2 and 7 for cigarettes, 14 and 15 for cigars, 3 and 2 for smoking and chewing tobacco, and 8 and 3 for snuff. Production figures released by the Bureau of Internal Revenue are as follows:

	Apr. 1941	Mar. 1941	Apr. 1940
Smoking & chewing tobacco, pounds	25,619,906	24,993,372	25,082,562
Cigarettes, number	15,853,661,710	15,528,629,200	14,819,507,680
Cigars, number	490,584,765	430,326,200	425,140,424
Snuff, pounds	3,507,505	3,260,069	3,398,017

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in April 1941 in comparison with April 1940 figures:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+37	(+16)	+10	+74
Baltimore (10)	+33	(+20)	+7	+99
Washington (7)	+35	(+21)	+9	+92
Other Cities (12)	+29	(+14)	+5	+66
Fifth District (79)*	+35	(+20)	+8	+90

Same stores by states, including stores reporting sales only:

Maryland (13)	+33	(+19)	..	..
Virginia (16)	+42	(+22)	..	..
West Virginia (15)	+37	(+15)	..	..
North Carolina (16)	+26	(+16)	..	..
South Carolina (12)	+42	(+19)	..	..

* Includes stores reporting sales only.

Note: Second figure in parentheses under Sales compares combined sales in 4 months of 1941 with sales in first 4 months of 1940.

RETAIL FURNITURE SALES

% Change in Sales, April and 4 Months 1941 Compared with April 1940 and 4 Months 1940

STATES	Compared with Apr. 1940	Compared with 4 Months 1940
Maryland, 8 stores	+18	+20
Dist. of Col., 7 stores	+31	+35
Virginia, 13 stores	+29	+27
North Carolina, 5 stores	+6	+15
South Carolina, 6 stores	+52	+40
District, 39 stores	+24	+27
Individual Cities:		
Baltimore, 8 stores	-18	+20
Richmond, 5 stores	+19	+11
Washington, 7 stores	+31	+35

WHOLESALE TRADE, 212 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio Apr. collections to accounts outstanding Apr. 1
	Apr. 1940	Mar. 1941	Apr. 30 1940	Mar. 31 1941	
Auto supplies (10)	+40	+23	..	..	65
Shoes (4)	+57	-16	-8	-12	65
Drugs & sundries (11) ..	+16	-3	..	..	85
Dry Goods (8)	+25	-2	+12	+12	47
Electrical goods (21) ...	+71	+11	+57	+11	82
Groceries (61)	+6	+1	+13	+1	94
Hardware (14)	+39	+19	+10	-2	53
Indus. supplies (10) ...	+42	-15	+26	+7	20
Paper & products (9) ..	+12	+1	-1	-6	67
Tobacco & products (11) ..	+22	+14	+8	+6	92
Miscellaneous (53)	+24	+3	+20	+3	68
District Average (212) ..	+30	+2	+17	+2	73

Source: Bureau of the Census.

(Compiled May 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1941

Summary of May Business Conditions

TRADER and industry continued to rise in May and early June in the Fifth Federal Reserve district, and all figures were materially higher than those for 1940. The volume of business is based primarily on the defense program, which is reaching into practically every trade and industry either through direct Government orders or in the effects of increased purchasing power of consumers as a result of added employment, longer hours of work, and higher payrolls.

The industries working on Government defense orders in large volume are shipyards, airplane plants, steel mills, cotton textile mills, lumber mills and branches of the munitions industry, together with a host of smaller plants making innumerable items required by the Army or Navy. Further, the Government is financing, either directly or indirectly, a great deal of housing and other construction in the district. The wages paid in all these activities are affecting distribution of all kinds of consumer goods, as reflected in department store sales, furniture sales, automobile sales, and speculative building of homes for sale to people in the lower and medium income groups.

In distribution to consumers, retail trade in May in department stores rose 22 per cent above sales in May 1940, and retail furniture sales were 34 per cent higher last month than a year ago. Sales of new passenger automobiles, which had set a record for a single month

in April, advanced further in May to a new high, and sales of used cars were also exceptionally brisk. A large number of modest homes in the four to five thousand dollar class are being built and sold on long time payments in or near Fifth district cities, especially those in which defense work is being done.

Industrially the district is operating at or near capacity, and additional facilities are under construction at a number of points. Many textile mills are sold up through this year, and shipyards and airplane plants have orders assuring full time activities for several years. Bituminous coal mines, after the April shut-down, produced 24 per cent more coal in May 1941 than in May last year, and rayon yarn shipments to domestic consumers set a new record in May for a single month. Building permits issued in Fifth district cities last month were 16 per cent above May 1940 permits in valuation, and construction contracts awarded rose 154 per cent over contracts last year.

Agricultural prospects in the Fifth district struck the only unfavorable note last month. Lack of rain reduced estimates of probable yield for many crops, and delayed planting of others. Pastures throughout the district are in extremely poor condition, and many farmers had to feed stock in May. However, rains fell in nearly all sections of the district in June, and it is too early in the season to judge the extent of the damage done by the drought in April and May.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	May 1941	April 1941	May 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,717,276,000	\$1,628,471,000	\$1,361,494,000	+ 5	+ 26
Sales, 79 department stores, 5th district.....	\$ 16,590,561	\$ 16,075,814	\$ 13,601,512	+ 3	+ 22
Sales, 41 furniture stores, 5th district.....	\$ 1,630,641	\$ 1,501,474	\$ 1,212,407	+ 9	+ 34
Sales, 190 wholesale firms, 5th district.....	\$ 13,420,000	\$ 12,688,000	\$ 10,323,000	+ 6	+ 30
Registrations, new autos, 5th district.....	38,966	34,958	23,623	+ 65	+ 44
Number of business failures, 5th district.....	37	42	51	- 12	- 27
Liabilities in failures, 5th district.....	\$ 281,000	\$ 281,000	\$ 604,000	0	- 53
Value of building permits, 29 cities.....	\$ 14,579,982	\$ 13,105,339	\$ 12,565,219	+ 11	+ 16
Value of contracts awarded, 5th district.....	\$ 100,005,000	\$ 48,098,000	\$ 39,339,000	+108	+154
Cotton consumption, 5th district (Bales).....	413,387	413,856	314,276	- 0	+ 32
Cotton price, cents per lb., end of month.....	12.89	11.41	10.11	+ 13	+ 27
Print cloths, 39 in., 80x80s, end of month.....	10.50	9.25	6.375	+ 14	+ 65
Rayon yarn shipments, U. S. (Pounds).....	39,900,000	38,700,000	32,200,000	+ 3	+ 24
Rayon yarn stocks, U. S. (Pounds).....	5,900,000	7,400,000	12,500,000	- 20	- 53
Bituminous coal mined, U. S. (Tons).....	43,400,000	5,975,000	34,896,000	+626	+ 24

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	June 15 1941	000 omitted May 15 1941	June 15 1940
Discounts held	\$ 108	\$ 60	\$ 110
Industrial advances	852	844	896
Government securities	121,486	121,486	126,217
Total earning assets	122,446	122,390	127,223
Circulation of Fed. Res. notes	309,206	299,519	224,457
Members' reserve deposits	394,524	435,693	298,881
Cash reserves	678,548	683,999	432,154
Reserve ratio	84.04	84.88	77.62

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	June 11 1941	May 14 1941	June 12 1940
Loans to business & agriculture	\$148,400	\$148,900	\$121,200
All other loans	161,278	161,709	149,448
Investments in securities	458,814	408,353	429,072
Reserve bal. with F. R. bank	269,162	302,684	200,885
Cash in vaults	27,929	26,893	23,241
Demand deposits	696,815	686,514	569,955
Time deposits	207,584	207,496	201,662
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
10 Baltimore Banks

	May 31 1941	Apr. 30 1941	May 31 1940
Total deposits	\$224,836,673	\$225,433,883	\$223,616,485

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

Dist. of Col.	000 omitted			% of Change	
	May 1941	Apr. 1941	May 1940	Month	Year
Washington	\$ 358,663	\$ 335,672	\$ 292,486	+ 7	+ 23
Maryland					
Baltimore	493,412	476,472	390,437	+ 4	+ 26
Cumberland	9,352	9,486	8,625	- 1	+ 8
Hagerstown	11,056	11,245	8,946	- 2	+ 24
North Carolina					
Asheville	16,774	16,036	12,711	+ 5	+ 32
Charlotte	96,343	92,486	63,876	+ 4	+ 51
Durham	33,975	30,553	29,277	+ 11	+ 16
Greensboro	27,309	25,009	20,847	+ 9	+ 31
Raleigh	51,214	51,709	39,966	- 1	+ 28
Wilmington	17,425	16,667	11,231	+ 5	+ 55
Winston-Salem ..	47,254	42,136	40,563	+ 12	+ 16
South Carolina					
Charleston	30,494	26,721	20,972	+ 14	+ 45
Columbia	42,753	38,503	34,175	+ 11	+ 25
Greenville	28,629	25,327	20,381	+ 13	+ 40
Spartanburg	16,859	17,134	11,444	- 2	+ 47
Virginia					
Danville	9,838	8,827	8,044	+ 11	+ 22
Lynchburg	16,959	16,513	14,438	+ 3	+ 17
Newport News ..	16,466	15,738	12,204	+ 5	+ 35
Norfolk	75,720	71,205	52,924	+ 6	+ 43
Portsmouth	6,833	6,679	4,665	+ 2	+ 46
Richmond	181,474	173,290	154,112	+ 5	+ 18
Roanoke	36,044	34,121	28,933	+ 6	+ 25
West Virginia					
Charleston	60,093	55,583	52,062	+ 8	+ 15
Huntington	19,732	19,814	17,696	- 0	+ 12
Parkersburg	12,605	11,545	10,479	+ 9	+ 20
District Totals ..	\$1,717,276	\$1,628,471	\$1,361,494	+ 5	+ 26

COMMERCIAL FAILURES DECLINE

Business failures last month in the Fifth district were lower than in May 1940 in both number and liabilities involved, according to figures compiled by *Dun & Bradstreet*. Statistics for several periods were as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1941	37	1,119	\$ 281,000	\$10,065,000
April 1941	42	1,149	281,000	13,827,000
May 1940	51	1,238	604,000	13,068,000
5 Months 1941	207	5,732	2,381,000	62,707,000
5 Months, 1940	247	6,005	2,615,000	69,747,000

EMPLOYMENT CONTINUES HIGH

Employment in the Fifth Reserve district has been at a high level for several months, and changes from month to month were relatively small. The industries of the district are as a rule operating at plant capacity, and plants which might add an additional shift are unable to do so because skilled workers are not available. Unemployment at present is chiefly confined to the unskilled and to white collar workers. In May the bituminous coal mines in West Virginia and Virginia returned to work after a month's idleness, but this was the only important change from April to May in the number of workers gainfully employed in the Fifth district. Labor disputes have been few in the district, and all were unimportant except the dispute in bituminous coal fields during April. A recent increase in the basic hourly wage rate set by the Government for textile workers will raise incomes of thousands of the lower paid men and women in that industry, and a number of other industries have also established higher wage scales. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from April to May:

STATES	Percentage change from April 1941 to May 1941	
	In number on payroll	In amount of payroll
Maryland	+ 2.8	+ 7.3
Dist. of Columbia	+ 0.6	+ 0.8
Virginia	+ 4.8	+ 11.6
West Virginia	+ 54.9	+ 81.0
North Carolina	+ 0.4	+ 4.2
South Carolina	- 0.3	+ 1.1
District Average	+ 7.3	+ 18.4

AUTOMOBILE SALES AT PEAK

Sales of new passenger automobiles continue at or near record levels, stimulated by generally increased purchasing power and a belief that 1942 models will be substantially higher. It is also possible that output of next year's models may have to be so reduced as to make future deliveries uncertain. Used cars have accumulated on dealers' lots as a result of the new car sales, but business in used cars has also been exceptionally good and the stocks built up are not burdensome. Dealers' lots hold many late model cars in excellent condition, and when new cars advance in price or become scarce these high grade used cars will sell readily. Tire dealers have been pushing new tires recently, and report that many automobile owners are equipping their cars all around with new tires at present prices in anticipation of higher prices and restrictions in rubber supplies available for passenger car tires.

The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	May 1941	May 1940	% Change	5 Months 1941	5 Months 1940	% Change
Maryland	7,475	5,048	+ 48	30,881	21,829	+ 39
Dist. of Col.	4,237	2,982	+ 42	16,650	12,108	+ 38
Virginia	9,337	4,996	+ 87	34,423	23,098	+ 49
West Virginia ..	4,524	3,255	+ 39	16,152	12,919	+ 25
No. Carolina ...	8,708	4,727	+ 84	34,742	22,749	+ 53
So. Carolina ...	4,685	2,615	+ 79	19,219	12,876	+ 49
District	38,966	23,623	+ 65	151,567	105,579	+ 44

BUILDING PERMITS AND CONTRACTS RISE

Permits issued in 29th Fifth district cities in May 1941 totaling \$14,579,982 were 11 per cent above permits totaling \$13,105,339 in April this year and 16 per cent above \$12,565,219 in May last year. Washington led in valuation last month with \$7,199,205, followed by Baltimore with \$2,394,234, Charlotte with \$736,310, Richmond with \$688,822, and Roanoke with \$373,859. However, only 10 of the 29 reporting cities showed higher figures for May 1941 than for May 1940.

Contracts awarded for construction work are a much better indicator of the volume of construction in the district than building permits, especially at this time when a large amount of emergency work is being done with Government funds. Most of these projects are outside the corporate limits of the larger cities, and therefore do not show in building permits. Swelled by defense contracts, awards made in May 1941 totaled \$100,005,000 in the Fifth district, increases of 108 and 154 per cent, respectively, over contracts totaling \$48,098,000 in April 1941 and \$39,339,000 in May 1940. Figures on construction contracts awarded have been compiled on a monthly basis since 1921, and last month's figure was the second highest in the Fifth district during that period of 20 years, the December 1940 figure of \$101,104,000 holding the record.

Figures on awards by states for April 1941, which were not available when the May 31 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	April 1941	April 1940	% Change
Maryland	\$10,391,000	\$ 7,924,000	+ 31
Dist. of Col.	3,895,000	3,744,000	+ 4
Virginia	14,598,000	8,167,000	+ 79
West Virginia ..	3,169,000	2,647,000	+ 20
North Carolina ..	9,125,000	7,350,000	+ 24
South Carolina ..	6,695,000	1,793,000	+ 273
Fifth District	\$47,873,000*	\$31,625,000	+ 51

*This figure varies slightly from the revised figure on Page 1.

COAL PRODUCTION ABOVE SEASONAL LEVEL

Settlement of the labor dispute in bituminous coal fields at the end of April enabled the mines to reopen in May, and production during that month totaled 43,400,000 net tons, an increase of 24 per cent over 34,896,000 tons mined in May last year. The high tonnage figure last month was partly due to activity on the part of industrial coal consumers this year, but also to the necessity of rebuilding reserve stocks which were depleted during the April shut-down. But in spite of the low output in April, total production of 196,745,000 net tons of bituminous coal to June 7 this calendar year exceeds 195,863,000 tons mined to the same date in 1940. Hampton Roads ports loaded 9,296,715 tons between January 1 and

June 7, 1941, a decrease of 13 per cent under loadings of 10,664,327 tons in the corresponding period last year. In the Fifth district, bituminous coal mined in May 1941, April 1941 and May 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	May 1941	Apr. 1941	May 1940
West Virginia	13,575,000	345,000	11,060,000
Virginia	1,592,000	230,000	1,296,000
Maryland	138,000	14,000	102,000
5th District	15,304,000	589,000	12,458,000
United States	43,400,000	5,975,000	34,896,000
% in District	35.3	9.9	35.7

COTTON TEXTILE OPERATIONS AT CAPACITY

The *Journal of Commerce* states that trading in cotton gray goods markets was extremely brisk during the first half of May, but tapered off when shortages began to appear and buyers encountered increasing difficulty in their attempts to obtain supplies for quick and nearby delivery. Print cloth sales were well in excess of production and the end of the month saw mills with enough unfilled orders to sustain the present high rate of operations for the balance of the year. Heavy goods such as ducks, drills, twills and osnaburgs continued active, and there was talk of imposing priorities to assure a freer flow of materials for defense purposes. Sharp price gains were reported in practically all divisions of the industry, and in most lines quotations varied according to desired delivery dates, the higher prices applying to spot and nearby deliveries. Mill margins, the difference between the price of a pound of cotton and its approximate cloth equivalent, averaged 20.8 cents in May 1941 against 19.8 cents in April and 11.4 cents in May 1940. The 10-year (1930-39) average margin for May was 11.6 cents.

COTTON CONSUMPTION—FIFTH DISTRICT
In bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
May 1941	223,743	169,452	20,192	413,387
April 1941	223,032	171,865	18,959	413,856
May 1940	165,312	135,329	13,635	314,276
5 Months, 1941	1,063,742	808,001	88,330	1,960,073
5 Months, 1940	860,421	667,146	68,031	1,595,598

RAYON YARN SHIPMENTS SET NEW RECORD

Shipments of rayon filament yarn to domestic consumers in May totaled 39,900,000 pounds, setting a new monthly record and exceeding production by 1,500,000 pounds, reducing reserve stocks of yarn from 7,400,000 pounds on April 30 to 5,900,000 pounds on May 31, according to *Rayon Organon*. In May 1940 shipments totaled 32,200,000 pounds, and reserve stocks on May 31, 1940, amounted to 12,500,000 pounds. In the first five months of this year shipments of 180,600,000 pounds of yarn to domestic consumers exceeded five months shipments of 154,700,000 pounds in 1940 by 17 per cent. The inventory of rayon filament yarn held by broad weavers at the end of May 1941 totaled 28,400,000 pounds, compared with 27,300,000 pounds on April 30, 1941, and 21,600,000 pounds on May 31, 1940.

COTTON PRICES HIGHEST SINCE 1937

Spot cotton prices on 10 Southern markets advanced substantially between the beginning of May and the middle of June, reflecting the influence of legislation requiring loans of 85 per cent of parity for the 1941-42 season, the strong domestic mill demand, and the general advance in commodity prices. The average price of middling grade 15/16-inch staple cotton on the Southern markets was 11.41 cents per pound on May 2, from which the price rose steadily to 13.69 cents on June 13, a gain of \$11.40 per bale. On June 14, 1940, the average price was 10.68 cents. Price rises in April and May caused withdrawals from Government loan stocks, and through June 7 about 2,032,000 bales, or almost two-thirds of the total pledged on Government loans from the 1940-41 crop, had been withdrawn. Total loan stocks are now considerably less than 9,000,000 bales, including some 6,000,000 bales owned by the Commodity Credit Corporation.

COTTON CONSUMPTION AND ON HAND—BALES

	May 1941	May 1940	Aug. 1 to May 31 This Year Last Year	
Fifth district states:				
Cotton consumed	413,387	314,276	3,610,817	3,162,073
Cotton on hand May 31 in				
Consuming establishments ..	869,659	566,146	.....	.....
Storage & compresses	1,028,639	784,861	.....	.....
Cotton growing states:				
Cotton consumed	785,913	554,258	6,745,724	5,622,339
Cotton on hand May 31 in				
Consuming establishments ..	1,536,640	1,049,885	.....	.....
Storage & compresses	10,972,929	10,027,199	.....	.....
United States:				
Cotton consumed	918,902	641,636	7,914,140	6,595,635
Cotton on hand May 31 in				
Consuming establishments ..	1,927,939	1,314,792	.....	.....
Storage & compresses	11,358,417	10,091,517	.....	.....
Exports of cotton	71,539	226,469	975,540	5,921,431
Spindles active, U. S.	22,980,286	22,213,378	.....	.....

TOBACCO MANUFACTURING INCREASES

Production of all tobacco products increased in May over April except cigars, and May figures were higher in all lines except smoking and chewing tobacco than those for May 1940. Production figures released by the Bureau of Internal Revenue are as follows:

	May, 1941	April, 1941	May, 1940
Smoking & Chewing tobacco, pounds	25,621,949	25,619,906	26,457,385
Cigarettes, number	17,853,111,310	15,853,661,710	16,274,867,793
Cigars, number	475,067,340	490,584,765	469,313,069
Snuff, pounds	3,609,796	3,507,505	3,466,676

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in May, 1941, in comparison with May, 1940 figures:			
	Sales	Stocks	Orders	Receivables
Richmond (5)	+16 (+16)	+16	+114	+ 5
Baltimore (10)	+20 (+20)	+ 8	+188	+15
Washington (7)	+22 (+21)	+12	+144	+14
Other Cities (12)	+17 (+15)	+11	+134	+10
Fifth District (79)*	+22 (+20)	+11	+148	+13
Same stores by states, including stores reporting sales only:				
Maryland (13)	+21 (+20)	..	...	..
Virginia (16)	+23 (+22)	..	...	..
West Virginia (15)	+22 (+17)	..	...	..
North Carolina (16)	+24 (+18)	..	...	..
South Carolina (12)	+27 (+21)	..	...	..

*Includes stores reporting sales only.

Note: Second figure, in parentheses, under Sales compares combined sales in 5 months of 1941 with sales in first 5 months of 1940.

RETAIL FURNITURE SALES

STATES	% Changes in Sales, May and 5 Months of 1941 Compared with	
	May 1940	5 Months 1940
Maryland, 9 stores	+21	+21
Dist. of Col., 7 stores	+44	+37
Virginia, 13 stores	+29	+28
North Carolina, 5 stores	+49	+22
South Carolina, 7 stores	+50	+40
District, 41 stores	+34	+29
Individual Cities:		
Baltimore, 9 stores	+21	+21
Richmond, 5 stores	+18	+13
Washington, 7 stores	+44	+37

WHOLESALE TRADE, 190 FIRMS

LINES	Net Sales May 1941 compared with		Stocks May 31, 1941 compared with		Ratio May collections to accounts outstanding May 1
	May 1940	Apr. 1941	May 31 1940	Apr. 30 1941	
Auto supplies (8)	+66	- 3	+15	- 4	72
Shoes (4)	+55	-14	+ 3	+ 3	60
Drugs & Sundries (11) ..	+24	+ 2	+33	+ 2	96
Dry goods (8)	+19	+ 5	+22	+ 5	56
Electrical goods (6)	+41	-17	+34	-11	75
Hardware (14)	+51	+15	+ 7	- 3	51
Groceries (57)	+10	+ 9	+14	- 1	96
Industrial supplies (9) ..	+72	+10	+24	+ 1	83
Paper & products (8) ..	+30	+26	+ 9	+ 2	77
Tobacco & products (8) ..	+24	+ 4	+20	- 4	88
Miscellaneous (57)	+32	+15	+26	+ 1	71
District Average (190) ..	+30	+ 6	+16	+ 0	70

Source: Bureau of the Census.

(Compiled June 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1941

Summary of June Business Conditions

SOME seasonal recession in business occurs in June in most years, but on account of forward orders in industry and higher consumer purchasing power resulting chiefly from the defense program the recessions were less than usual this year. In comparison with business a year ago, activity in June continued far higher in all lines of trade and industry.

Department store sales in 79 Fifth district stores in June were 15 per cent above June 1940 sales, although the 1941 month contained one less business day, and retail sales in 41 furniture stores last month were 31 per cent above sales in June last year. Registrations of new passenger automobiles also ran far ahead of last year's June registrations. Wholesale trade in 195 firms in many lines and debits to individual accounts in 25 cities, both reflecting consumer purchasing power indirectly, rose 45 per cent and 32 per cent, respectively, in June 1941 in comparison with June 1940.

Construction work provided for in permits issued and contracts awarded in June 1941 was in very large volume. Permits in 29 Fifth district cities last month rose 27 per cent in valuation over June 1940 permits, and construction contracts awarded in the district increased 217 per

cent. In the textile field, cotton consumption by Fifth district mills in June exceeded June 1940 consumption by 45 per cent, and shipments of rayon yarn to domestic consumers rose 24 per cent in the same period. Bituminous coal production in the United States last month was 33 per cent above June 1940 production. Business failures declined in both number and liabilities from June 1940 figures. All of this increased activity raised employment levels to the highest point over a period of years, and reduced relief rolls substantially.

Agricultural prospects are fair to good in the Fifth district. The weather early in the season was very dry in most of the district, and early crops such as hay, Irish potatoes and truck suffered severely, but general rains fell in June and the first half of July, and if weather is favorable the balance of the season most of the backwardness in corn, tobacco and cotton, the three leading crops, can be made up. With higher Government payments to farmers in prospect, and advancing price tendencies evident for many farm products and live stock, cash returns from farming should be relatively good in the fall, and farmers should be in position to continue in the market for consumer goods. Available estimates of production in the Fifth district for 1941 appear on page 4.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	June 1941	May 1941	June 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,807,218,000	\$1,717,276,000	\$1,367,716,000	+ 5	+ 32
Sales, 79 department stores, 5th district.....	\$ 14,464,943	\$ 16,590,561	\$ 12,590,200	- 13	+ 15
Sales, 41 furniture stores, 5th district.....	\$ 1,498,545	\$ 1,630,641	\$ 1,143,807	- 8	+ 31
Sales, 195 wholesale firms, 5th district.....	\$ 14,423,000	\$ 14,364,000	\$ 9,962,000	+ 0	+ 45
Registrations, new autos, 5th district.....	35,804	38,966	24,135	- 8	+ 48
Number of business failures, 5th district.....	27	37	47	- 27	- 43
Liabilities in failures, 5th district.....	\$ 152,000	\$ 281,000	\$ 801,000	- 46	- 81
Value of building permits, 29 cities.....	\$ 13,533,100	\$ 14,579,982	\$ 10,664,464	- 7	+ 27
Value of contracts awarded, 5th district.....	\$ 92,503,000	\$ 100,005,000	\$ 29,161,000	- 8	+217
Cotton consumption, 5th district (Bales).....	391,979	413,387	271,127	- 5	+ 45
Cotton price, cents per lb., end of month.....	14.82	12.89	10.64	+ 15	+ 39
Print cloths, 39 in., 80x80s, end of month.....	11.25	10.50	6.50	+ 7	+ 73
Rayon yarn shipments, U. S. (Pounds).....	38,800,000	40,200,000	31,400,000	- 3	+ 24
Rayon yarn stocks, U. S. (Pounds).....	4,300,000	5,800,000	12,800,000	- 26	- 66
Bituminous coal mined, U. S. (Tons).....	43,090,000	43,400,000	32,400,000	- 1	+ 33

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	000 omitted		
	July 15 1941	June 15 1941	July 15 1940
Discounts held	\$ 0	\$ 108	\$ 158
Industrial advances	818	852	871
Government securities	119,663	121,486	122,624
Total earning assets	\$120,481	\$122,446	\$123,653
Circulation of Fed. Res. notes	321,434	309,206	230,463
Member's reserve deposits	414,644	394,524	319,933
Cash reserves	713,046	678,548	481,759
Reserve ratio	85.60	84.04	80.13

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	000 omitted		
	July 9 1941	June 11 1941	July 10 1940
Loans to business & agriculture	\$144,502	\$148,400	\$121,200
All other loans	167,030	161,278	149,917
Investments in securities	453,976	458,814	407,515
Reserve bal. with F. R. bank	288,614	269,162	218,375
Cash in vaults	27,877	27,929	23,103
Demand deposits	703,305	696,815	574,902
Time deposits	208,558	207,584	202,182
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

	10 Baltimore Banks		
	June 30 1941	May 31 1941	June 30 1940
Total deposits	\$224,593,340	\$224,836,673	\$223,515,446

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month Year	
	000 omitted				
	June 1941	May 1941	June 1939		
Dist. of Col.					
Washington	\$ 359,738	\$ 358,663	\$ 297,719	+ 0	+21
Maryland					
Baltimore	559,072	493,412	389,042	+13	+44
Cumberland	11,035	9,352	9,253	+18	+19
Hagerstown	11,821	11,056	9,802	+ 7	+21
North Carolina					
Asheville	17,169	16,774	12,901	+ 2	+33
Charlotte	96,732	96,343	64,637	+ 0	+50
Durham	37,862	33,975	31,607	+11	+20
Greensboro	26,877	27,309	21,113	- 2	+27
Raleigh	60,094	51,214	47,932	+17	+25
Wilmington	19,369	17,425	11,419	+11	+70
Winston-Salem	48,788	47,254	42,824	+ 3	+14
South Carolina					
Charleston	30,603	30,494	21,642	+ 0	+41
Columbia	39,748	42,753	27,673	- 7	+44
Greenville	26,890	28,629	17,946	- 6.	+50
Spartanburg	14,654	16,859	10,386	-13	+41
Virginia					
Danville	10,093	9,838	8,289	+ 3	+22
Lynchburg	17,493	16,959	14,598	+ 3	+20
Newport News	15,364	16,466	12,338	- 7	+25
Norfolk	78,862	75,720	53,127	- 2	+39
Portsmouth	6,848	6,833	4,815	+ 0	+42
Richmond	193,695	181,474	149,636	+ 7	+29
Roanoke	34,966	36,044	28,608	- 3	+22
West Virginia					
Charleston	62,293	60,093	51,572	+ 4	+21
Huntington	20,465	19,732	18,136	+ 4	+13
Parkersburg	11,692	12,605	10,701	- 7	+ 9
District Totals ..	\$1,807,218	\$1,717,276	\$1,367,716	+ 5	+32

COMMERCIAL FAILURES

Business failures in the Fifth district in June 1941 were fewer in number and lower in aggregate liabilities involved than in either May 1941 or June 1940, according to figures reported by *Dun & Bradstreet*. Statistics for several periods were as follows:

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
June 1941.....	27	970	\$ 152,000	\$ 9,449,000
May 1941.....	37	1,119	281,000	10,065,000
June 1940.....	47	1,114	801,000	13,734,000
6 Months, 1941.....	234	6,702	2,533,000	72,156,000
6 Months, 1940.....	294	7,119	3,416,000	83,481,000

EMPLOYMENT

There were no outstanding developments in employment in June and the first half of July in the Fifth Reserve district. Skilled industrial workers and trained mechanics of practically all types are fully employed, and there is relatively little unemployment among unskilled laborers. There continues to be a surplus of clerical help, however, partly due to students desiring vacation work. Seasonal lay-offs have been few this summer, and shut-downs to overhaul machinery are being made as short as possible. The following figures, compiled for the most part by the Bureau of Labor Statistics, reflect the trends of employment and payrolls in the Fifth district from May to June:

STATES	Percentage change from May 1941 to June 1941	
	in number on payroll	in amount of payroll
Maryland	+ 3.0	+ 5.6
Dist. of Columbia	- 1.0	+ 0.8
Virginia	+ 1.5	+ 3.8
West Virginia	+ 1.6	+ 1.2
North Carolina	+ 1.1	+ 0.5
South Carolina	+ 0.9	+ 0.9
District Average	+ 1.5	+ 2.4

SALES OF NEW AUTOMOBILES

Sales of new automobiles in the Fifth district dropped substantially in June from sales in May, but continued far ahead of June 1940 sales. Last month's decrease was partly seasonal and partly due to inability of dealers to secure all models in sufficient quantity. Aggregate sales in the first six months of 1941 were larger than in any other corresponding period on record. Higher purchasing power as a result of increased employment in defense work, anticipation of higher prices for 1942 models, and fear of inability to secure prompt deliveries in the fall or next spring, all stimulated new car buying in recent months. The demand for better cars overflowed into the used car market, and many people who do not buy new cars traded their old ones in on later model used cars. Dealers have been able to obtain enough cars to meet their needs until quite recently, but shortages are beginning to develop in some models, and occasional dealers, chiefly in middle and higher priced cars, report advanced sales sufficient to take all the new cars they expect to obtain the balance of this model years.

The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	June		% Change	6 Months		% Change
	1941	1940		1941	1940	
Maryland	6,767	5,015	+ 35	37,148	26,844	+38
Dist. of Col.	3,612	2,996	+ 21	20,262	15,104	+34
Virginia	8,954	5,507	+ 63	43,377	28,605	+52
West Virginia ..	5,615	4,391	+ 28	21,767	17,310	+26
No. Carolina ...	7,121	3,907	+ 82	41,863	26,656	+57
So. Carolina ...	3,735	2,319	+ 61	22,954	15,195	+51
District	35,804	24,135	+ 48	187,371	129,714	+44

CONSTRUCTION PERMITS AND CONTRACTS

Construction work provided for in permits issued and contracts awarded in June in the Fifth district continued at a very high level. Building permits issued in 29 cities last month totaled \$13,533,100 in estimated valuation, an increase of 27 per cent above \$10,664,464 in permits in

June 1940. Permits in the first half of 1941 totaling \$73,789,147 exceeded those issued in the first half of 1940, valued at \$57,002,309, by 29 per cent. In June 1941 Washington led in permits with \$4,982,670, Baltimore was second with \$2,388,186, Charleston, S. C., third with \$1,076,090, Richmond fourth with \$712,044, and Norfolk fifth with \$588,585. Washington permits include no Government work, for which city permits are not required.

Contracts awarded for construction work in the district in June 1941 totaling \$92,503,000 were the third highest in valuation on record for a single month, and exceeded contracts totaling \$29,161,000 in June 1940 by 217 per cent. In the first half of 1941, contracts awarded in the district totaling \$373,513,000 not only exceeded awards in any other half year, but also exceeded awards for the entire year in 13 of the past 20 years. Much of the construction work for which contracts were awarded in the past year was a part of the defense program, but non-defense work has also been at a relatively high level in recent months.

Figures on contract awards by states for May 1941, which were not available when the June 30 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

STATES	CONSTRUCTION CONTRACTS AWARDED		
	May 1941	May 1940	% Change
Maryland	\$ 15,974,000	\$ 9,746,000	+ 64
Dist. of Col.	4,934,000	10,374,000	- 52
Virginia	13,151,000	7,262,000	+ 81
West Virginia	4,669,000	3,681,000	+ 27
North Carolina	42,686,000	5,785,000	+ 638
South Carolina	18,591,000	2,491,000	+ 646
Fifth District	\$100,005,000	\$39,339,000	+154

COAL PRODUCTION

To meet expanding needs of industries, and in an effort to rebuild reserves which were depleted during the April shut-down of bituminous mines, soft coal mines increased daily production further in June, although total tonnage for the month was slightly less than in the longer month of May. Production of 43,090,000 net tons in the United States in June exceeded June 1940 production of 32,400,000 tons by 33 per cent, and brought tonnage for the first half of this year to 226,226,000 tons against 219,583,000 tons mined in the first half of 1940, an increase of 3 per cent this year in spite of the fact that production in April 1941 was merely nominal. Coal loaded at Hampton Roads ports from January 1 to July 12 totaled 11,455,794 tons this year against 12,645,284 tons in 1940 when there was no strike in coal fields. In the Fifth district, bituminous coal mined in June 1941, May 1941 and June 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	June 1941	May 1941	June 1940
West Virginia	12,965,000	13,429,000	9,961,000
Virginia	1,635,000	1,660,000	1,110,000
Maryland	151,000	135,000	91,000
5th District	14,751,000	15,224,000	11,162,000
United States	43,090,000	43,400,000	32,400,000
% in District	34.2	35.1	34.5

COTTON TEXTILES

In the first half of June print cloths and sheetings were very active and sales by manufacturers totaled about eight weeks' production, and twills, drills, osnaburgs and ducks

also sold freely. Army buying continued large and the Government invited bids for the first time in line with the provisions of the Lend-lease Bill. However, the imposition of price ceilings by the OPACS on print cloths, carded broadcloths, tobacco cloths, combed broadcloths, sheetings and osnaburgs caused a cessation of selling or buying toward the end of the month, and quoted prices were nominal on goods affected by the ceiling prices. With mills sold up from five to six months in many instances, the *Journal of Commerce* states that mills are faced with the necessity of paying rebates on contracts probably amounting to about 700,000,000 yards. The ceiling prices set were substantially lower than market quotations, but some adjustments of the differences were made shortly after the middle of July, ceiling prices being raised to bring them more nearly in line with advanced costs of production. Mill margins, the difference between the price of a pound of cotton and its approximate cloth equivalent, averaged 21.84 cents in June 1941 against 20.85 cents in May and 10.68 cents in June 1940. The 10-year (1930-39) average margin for June was 11.82 cents.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
June 1941.....	215,790	156,943	19,246	391,979
May 1941.....	223,743	169,452	20,192	413,387
June 1940.....	144,439	116,248	10,440	271,127
6 Months, 1941.....	1,279,532	964,944	107,576	2,352,052
6 Months, 1940.....	1,004,860	783,394	78,471	1,866,725

RAYON YARN PRODUCTION

Shipments of rayon filament yarn to domestic consumers totaled 38,600,000 pounds in June 1941, a slightly lower figure than the record of 40,200,000 pounds shipped in the longer month of May but 23 per cent above 31,400,000 pounds shipped in June last year. For the third consecutive month shipments exceeded production, and reserve stocks of yarn dropped from 5,800,000 pounds to 4,300,000 pounds during June. *Rayon Organon* states that shipments totaled 219,500,000 pounds in the first half of 1941, an increase of 18 per cent above shipments of 186,100,000 pounds in the corresponding period last year. On June 16, one large rayon producer changed selling terms from 2% thirty days, net 31, to net 30 days, and the change was generally followed in the market. The elimination of the cash discount increased rayon prices slightly, of course, but the increase was nominal in comparison with recent upward trends of cotton, wool and silk. In contrast with these rising prices, nylon yarns were reduced on June 16 by amounts ranging from 10 cents to 30 cents per pound, according to deniers.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets, which had been advancing steadily since the middle of May, dropped sharply in the first week of July as a result of the ceilings set for certain textiles by the OPACS, but the decline was temporary and on July 18 the average for middling cotton on the 10 markets was 15.48 cents, the highest price reached since April 11, 1930. On July 19, 1940, the average price was 10.31 cents, the current price showing an advance of \$25.85 per bale within the year.

On July 8, the Department of Agriculture reported the 1941 cotton acreage at 23,519,000 acres, 94.6 per cent of the area in cultivation on July 1 last year, and the smallest acreage in almost half a century. In the Fifth district, Virginia's 35,000 acres are 105 per cent of last year's acreage, but South Carolina's planting of 1,243,000 acres is only 98 per cent and North Carolina's planting of 807,000 acres is only 96 per cent of 1940 acreage. No official data on the condition of this year's crop will be available until August.

COTTON CONSUMPTION AND ON HAND—BALES

	June 1941	June 1940	Aug. 1 to June 30 This Year	June Last Year
Fifth district states:				
Cotton consumed	391,979	271,127	4,002,796	3,433,200
Cotton growing states:				
Cotton consumed	742,792	489,191	7,488,516	6,111,530
Cotton on hand June 30 in				
Consuming establishments ..	1,522,775	903,285	.....	.....
Storage & compresses	10,171,354	9,516,166	.....	.....
United States:				
Cotton consumed	875,137	565,416	8,789,277	7,161,051
Cotton on hand June 30 in				
Consuming establishments ..	1,918,335	1,160,912	.....	.....
Storage & compresses	10,570,235	9,576,683	.....	.....
Exports of cotton	75,236	133,530	1,050,776	6,054,961
Spindles active, U. S.	22,991,546	21,954,616	.....	.....

TOBACCO MANUFACTURING

Production figures on tobacco products manufactured in the United States in June 1941, released by the Bureau of Internal Revenue, compare as follows with figures for May 1941 and June 1940:

	June 1941	May 1941	June 1940
Smoking & chewing tobacco, pounds	24,729,260	25,621,949	24,763,334
Cigarettes, number	18,493,764,920	17,858,111,310	17,565,041,013
Cigars, number	478,802,003	475,067,340	435,029,473
Snuff, pounds	2,930,255	3,609,796	2,896,537

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in June 1941 in comparison with June 1940 figures:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 8 (+15)	+22	+ 78	+11
Baltimore (10)	+14 (+19)	+16	+136	+12
Washington (7)	+15 (+20)	+15	+119	+13
Other Cities (12)	+17 (+15)	+12	+131	+10
Fifth District (79)*	+15 (+19)	+16	+116	+12
Same stores by States:				
Maryland (13)	+14 (+18)	..	..	..
Virginia (16)	+16 (+21)	..	..	..
West Virginia (15)	+16 (+16)	..	..	..
North Carolina (16)	+14 (+17)	..	..	..
South Carolina (12)	+23 (+21)	..	..	..

* Includes stores reporting sales only.

Note: Second figure, in parentheses, under Sales compares combined sales in 6 months of 1941 with sales in first 6 months of 1940.

RETAIL FURNITURE SALES

STATES	% Changes in Sales, June and 6 Months of 1941 Compared with	
	June 1940	6 Months 1940
Maryland (9)	+27	+22
Dist. of Col. (7)	+45	+33
Virginia (13)	+26	+28
North Carolina (5)	+27	+23
South Carolina (7)	+20	+36
District (41)	+31	+29
Individual Cities:		
Baltimore (9)	+27	+22
Richmond (5)	+ 2	+10
Washington (7)	+45	+38

WHOLESALE TRADE, 195 FIRMS

LINES	Net Sales June 1941 compared with		Stocks June 30, 1941 compared with		Ratio June collections to accounts outstanding June 1
	June 1940	May 1941	June 30 1940	May 31 1941	
Automotive supplies (9) ..	+ 67	+ 2	+15	- 4	77
Shoes (4)	+104	-17	+13	+17	61
Drugs & sundries (12) ..	+ 27	- 4	+26	+ 3	113
Dry goods (8)	+ 54	+ 4	+41	+ 8	44
Electrical goods (10) ...	+109	+22	+48	- 5	73
Groceries (63)	+ 13	- 2	+15	+ 0	94
Hardware (13)	+ 40	-12	+11	+ 6	50
Industrial supplies (9) ..	+ 57	+ 6	+23	- 2	75
Paper & products (9) ..	+ 38	- 5	+11	+ 4	78
Tobacco & products (8) ..	+ 11	-10	+ 9	- 3	86
Miscellaneous (50)	+ 50	+ 2	+30	+ 1	72
District Average (195) ..	+ 45	+ 0	+24	+ 3	72

Source: Bureau of the Census.

CROP FORECASTS

The following figures, issued by the Department of Agriculture, show forecasts of production based on July 1 conditions, compared with yields in 1940 and in the 10-year period 1930-39, and percentage changes in acreage this year over or under 1940 acreage:

	% Change Acreage	Yield 1941 (Bushels)	Yield 1940	Yield 1930-1939
Wheat				
Maryland	- 2	7,220,000	7,566,000	8,342,000
Virginia	- 3	7,155,000	8,463,000	8,643,000
West Virginia	- 6	1,768,000	2,016,000	2,154,000
North Carolina	+ 8	6,830,000	6,132,000	4,807,000
South Carolina	+ 8	2,900,000	2,688,000	1,364,000
District Av.	+ 1	25,873,000	26,865,000	25,310,000
Oats				
Maryland	+11	1,209,000	1,120,000	1,325,000
Virginia	+25	1,942,000	1,932,000	2,116,000
West Virginia	+ 4	1,491,000	1,462,000	1,931,000
North Carolina	+ 5	6,110,000	5,952,000	4,460,000
South Carolina	+ 5	11,700,000	10,890,000	9,238,000
District	+ 7	22,452,000	21,356,000	19,070,000
Corn				
Maryland	- 8	16,135,000	17,535,000	16,173,000
Virginia	- 4	32,389,000	36,490,000	32,418,000
West Virginia	- 7	12,182,000	12,852,000	12,610,000
North Carolina	- 2	46,215,000	44,733,000	43,507,000
South Carolina	- 2	23,814,000	24,304,000	22,831,000
District	- 3	130,735,000	135,914,000	127,539,000
Hay (Tons)				
Maryland	+ 1	470,000	550,000	467,000
Virginia	+ 0	874,000	1,252,000	924,000
West Virginia	+ 2	701,000	833,000	642,000
North Carolina	+ 1	870,000	975,000	744,000
South Carolina	+ 8	550,000	539,000	398,000
District	+ 2	3,465,000	4,149,000	3,175,000
Irish Potatoes (Bushels)				
Maryland	- 3	2,586,000	2,898,000	2,997,000
Virginia	+ 1	6,237,000	10,412,000	10,661,000
West Virginia	0	3,300,000	3,630,000	2,844,000
North Carolina	+ 1	6,642,000	8,720,000	8,182,000
South Carolina	+ 7	2,670,000	3,192,000	2,475,000
District	+ 1	21,435,000	28,852,000	27,159,000
Sweet Potatoes (Bushels)				
Maryland	+11	1,700,000	1,485,000	1,071,000
Virginia	+ 3	3,680,000	3,875,000	4,061,000
North Carolina	+ 8	8,400,000	7,104,000	8,354,000
South Carolina	+ 3	5,525,000	5,040,000	5,401,000
District	+ 6	19,305,000	17,504,000	18,887,000
Tobacco (Pounds)				
Maryland	+ 3	33,235,000	31,920,000	26,901,000
Virginia	- 2	90,950,000	100,509,000	99,881,000
West Virginia	-10	2,170,000	2,790,000	2,985,000
North Carolina	+ 1	504,350,000	526,505,000	529,356,000
South Carolina	+ 5	80,750,000	82,215,000	85,656,000
District	+ 1	711,485,000	743,939,000	744,759,000
Peaches (Bushels)				
Maryland .....	..	440,000	470,000	348,000
Virginia .....	..	1,993,000	1,392,000	902,000
West Virginia .....	..	490,000	446,000	267,000
North Carolina .....	..	2,484,000	1,344,000	1,920,000
South Carolina .....	..	3,120,000	2,158,000	1,236,000
District .....	..	8,527,000	5,810,000	4,673,000

(Compiled July 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

August 31, 1941

Summary of July Business Conditions

SEASONAL recessions in trade and industry in July in the Fifth Federal Reserve district were much less noticeable than in most years, and in a few instances actual increases in volume occurred. In comparison with business a year ago, last month showed marked improvement in nearly every line.

Distribution of goods to consumers usually is in substantially smaller amount in July than in June, but this year decreases were relatively small. Department store sales in 79 stores declined 15 per cent from June to July, but in the latter month were 29 per cent higher than July 1940 sales. Furniture stores sold slightly more in July than in the preceding month, and exceeded sales in July 1940 by 47 per cent. Wholesale trade as reflected in 201 firms rose 5 per cent last month over June trade, and was 43 per cent above July 1940 business. New passenger automobiles continued in great demand, and sales in July were 36 per cent ahead of July sales last year. Fear of inability to obtain articles later has helped to stimulate retail buying in recent weeks, especially of durable goods such as automobiles, radios, stoves, refrigerators, and other household appliances. The rush to buy silk hosiery early in August was an exaggerated example of what has been quietly occurring in many other lines.

In industry, no outstanding development occurred in July in the Fifth district. Textile mills continued capacity operations, and consumed 46 per cent more cotton than in the corresponding month last year, and rayon yarn mills

for the fourth consecutive month shipped more yarn than they could make and were compelled to draw further on already small reserve stocks. Bituminous coal mined in July exceeded July 1940 production by 21 per cent, and, contrary to seasonal trend, also exceeded June output. Shipyards, airplane plants, and all other industries engaged on defense work continued at capacity levels last month.

Construction provided for in building permits and contracts awarded was in smaller volume than in June, but continued far above normal volume. Some trouble is beginning to develop in construction, however, on account of priorities, and it appears likely that non-defense building will have to be curtailed appreciably in the near future.

Agricultural prospects for most Fifth district crops improved during July, and about half of the crops promise increased yields over those for 1940. However, the leading cash crops, tobacco and cotton, show materially reduced yields this year, and Irish potatoes and peanuts also show declines. Fruit prospects, on the other hand, are much better than a year ago, with both apples and peaches exceeding both 1940 and 10-year average yields. Grains turned out well, and larger crops of wheat, oats and corn are forecast for 1941 than for 1940. The price outlook for farm products is quite favorable, both because of a stronger consumer demand and higher Government payments to farmers in the form of loans on crops and soil conservation payments.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	July 1941	June 1941	July 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,779,790,000	\$1,807,218,000	\$1,408,226,000	— 2	+ 26
Sales, 79 department stores, 5th district.....	\$ 12,339,671	\$ 14,464,943	\$ 9,534,538	— 15	+ 29
Sales, 41 furniture stores, 5th district.....	\$ 1,519,543	\$ 1,498,545	\$ 1,034,843	+ 1	+ 47
Sales, 201 wholesale firms, 5th district.....	\$ 15,796,000	\$ 15,054,000	\$ 11,011,000	+ 5	+ 43
Registrations, new autos, 5th district.....	33,740	35,804	24,724	+ 6	+ 36
Number of business failures, 5th district.....	16	27	51	— 41	— 69
Liabilities in failures, 5th district.....	\$ 198,000	\$ 152,000	\$ 756,000	+ 30	— 74
Value of building permits, 29 cities.....	\$ 11,584,377	\$ 13,533,100	\$ 14,056,879	— 14	— 18
Value of contracts awarded, 5th district.....	\$ 64,333,000	\$ 92,503,000	\$ 57,234,000	— 30	+ 12
Cotton consumption, 5th district (Bales).....	418,620	391,979	285,912	+ 7	+ 46
Cotton price, cents per lb., end of month.....	15.94	14.82	10.23	+ 8	+ 56
Print cloths, 39 in., 80x80s, end of month.....	10.75*	11.25	6.50	— 4	+ 65
Rayon yarn shipments, U. S. (Pounds).....	39,400,000	38,300,000	32,100,000	+ 3	+ 23
Rayon yarn stocks, U. S. (Pounds).....	3,600,000	4,600,000	11,100,000	— 22	— 68
Bituminous coal mined, U. S. (Tons).....	43,300,000	42,774,000	35,890,000	+ 1	+ 21

* Ceiling price set by OPACS.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Aug. 15 1941	July 15 1941	Aug. 15 1940
	000 omitted		
Discounts held	\$ 175	\$ 0	\$ 140
Industrial advances	788	818	790
Government securities	119,663	119,663	122,470
Total earning assets	\$120,626	\$120,481	\$123,400
Circulation of Fed. Res. notes	334,910	321,434	231,824
Members' reserve deposits	417,214	414,644	304,162
Cash reserves	718,165	713,046	493,514
Reserve ratio	85.18	85.60	80.35

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Aug. 13 1941	July 9 1941	Aug. 14 1940
	000 omitted		
Loans to business & agriculture	\$149,700	\$144,502	\$120,600
All other loans	168,808	167,030	154,062
Investments in securities	475,612	453,076	442,623
Reserve bal. with F. R. bank	290,896	288,614	195,192
Cash in vaults	27,467	27,877	23,084
Demand deposits	722,107	703,305	577,754
Time deposits	209,543	208,558	202,774
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

	9 Baltimore Banks		
	July 31 1941	June 30 1941	July 31 1940
Total deposits	\$223,993,945	\$224,593,340	\$222,693,076

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month Year
	July 1941	June 1941	July 1940	
	000 omitted			
Dist. of Col.				
Washington	\$ 351,981	\$ 359,738	\$ 299,105	- 2 +18
Maryland				
Baltimore	536,045	559,072	415,299	- 4 +29
Cumberland	11,348	11,035	9,608	+ 3 +18
Hagerstown	12,238	11,821	10,190	+ 4 +20
North Carolina				
Asheville	17,926	17,169	13,284	+ 4 +35
Charlotte	90,057	96,732	63,979	- 7 +41
Durham	33,625	37,862	30,647	-11 +10
Greensboro	24,327	26,877	19,776	- 9 +23
Raleigh	61,704	60,094	50,205	+ 3 +23
Wilmington	19,198	19,369	11,992	- 1 +60
Winston-Salem ..	48,765	48,783	40,162	- 0 +21
South Carolina				
Charleston	29,721	30,603	20,046	- 3 +48
Columbia	38,303	39,743	30,529	- 4 +25
Greenville	27,082	26,890	19,301	+ 1 +40
Spartanburg	15,470	14,654	9,793	+ 6 +58
Virginia				
Danville	10,088	10,093	6,948	- 0 +45
Lynchburg	18,405	17,493	15,426	+ 5 +19
Newport News ..	14,327	15,364	13,640	- 3 + 9
Norfolk	78,287	73,862	58,013	+ 6 +35
Portsmouth	7,039	6,848	4,906	+ 3 +43
Richmond	196,369	193,695	155,127	+ 1 +27
Roanoke	34,243	34,966	28,051	- 2 +22
West Virginia				
Charleston	67,059	62,293	54,179	+ 8 +24
Huntington	21,959	20,465	17,422	+ 7 +26
Parkersburg	13,724	11,692	10,598	+17 +29
District Totals ..	\$1,779,790	\$1,807,218	\$1,408,226	- 2 +26

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
July 1941.....	16	908	\$ 198,000	\$ 13,422,000
June 1941.....	27	970	152,000	9,449,000
July 1940.....	51	1,175	756,000	16,213,000
7 Months, 1941.....	250	7,610	2,731,000	85,578,000
7 Months, 1940.....	345	8,294	4,172,000	99,694,000

Source: Dun & Bradstreet

EMPLOYMENT

Employment in the Fifth district continued at a very high level in July and early August, but a considerable amount of unemployment is expected to occur in the near future as a result of non-defense industries having to restrict or stop operations because of shortages of raw materials. Unless substitutes for silk can be found, many workers in silk hosiery mills may be laid off, and workers in cotton textile converting and printing mills may be affected as mills continue to concentrate on production of textiles suitable for defense uses. Priorities on iron and steel will affect both skilled and unskilled workers, many of whom cannot follow the jobs to defense areas. On the other hand, many defense projects and industries handling defense orders need additional workers but cannot house any more people near the jobs. On the whole there is work for practically all able bodied people, but not all labor is mobile and workers with families and property which tie them to a restricted area may not be able to obtain work when priorities get fully under way. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from June to July:

STATES	Percentage change from June 1941 to July 1941	
	In number on payroll	In amount of payroll
Maryland	+ 1.2	+ 1.5
Dist. of Columbia	+ 0.6	+ 2.2
Virginia	+ 1.9	+ 0.4
West Virginia	+ 1.1	- 4.8
North Carolina	+ 0.8	+ 2.0
South Carolina	+ 0.7	+ 4.9
District Average	+ 1.1	+ 0.3

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles in July declined moderately from sales in June, but continued far ahead of 1940 sales in the corresponding month. Dealers' stocks are lower than in most years when manufacturers stop production preparatory to a shift over to new models, and some dealers cannot supply all body types. Used cars have shared in high sales, and stocks on used car lots are only sufficient to meet current needs. Gasoline restrictions are expected to have some effect on the new and used car markets, but with substantial cuts in the new car supply in prospect when 1942 models appear, a moderate decrease in demand for cars would not be entirely unwelcome.

The following registration figures for new passenger cars were furnished by *R. L. Polk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	July 1941	July 1940	% Change	7 Months 1941	7 Months 1940	% Change
	Maryland	5,979	4,909	+ 22	43,127	31,753	+36
Dist. of Col.	3,407	2,695	+ 26	23,669	17,799	+33
Virginia	9,627	5,985	+ 61	53,004	34,590	+53
West Virginia ..	4,306	3,177	+ 36	26,073	20,487	+27
No. Carolina ...	6,927	5,415	+ 28	48,790	32,071	+52
So. Carolina ...	3,494	2,543	+ 37	26,448	17,738	+49
District	33,740	24,724	+ 36	221,111	154,438	+43

BUILDING PERMITS AND CONSTRUCTION CONTRACTS

Activity in construction fields continues at a very high level, although there was a decrease in work provided for in July permits and contracts in comparison with the June volume. Building permits issued in 29 Fifth district cities in July totaled \$11,584,377, in comparison with \$13,533,-

100 in June 1941 and \$14,056,879 in July 1940. Washington led in July valuations with permits totaling \$4,334,150, Baltimore was second with \$2,948,502, Norfolk third with \$625,805, Richmond fourth with \$341,886, and Charleston, S. C., fifth with \$252,275. Permits in the 29 cities in the first seven months of 1941 totaling \$85,373,524 exceeded 1940 valuation of \$71,059,188 in the corresponding period.

Contracts actually awarded for construction work in the Fifth district in July 1941 totaled \$64,333,000, including rural as well as urban projects. This amount contrasts with \$92,503,000 in June 1941 awards, and with \$57,234,000 in July 1940. Many contracts awarded during the past year were for defense work, but figures on privately financed work were also relatively high.

Figures on contract awards by states for June 1941, which were not available when the July 31 *Review* went to press, were reported by the F. W. Dodge Corporation as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	June 1941	June 1940	% Change
Maryland	\$29,018,000	\$ 9,606,000	+202
Dist. of Col.	12,068,000	3,804,000	+265
Virginia	19,950,000	6,419,000	+211
West Virginia	3,751,000	3,751,000	0
North Carolina	22,185,000	4,172,000	+432
South Carolina	5,531,000	1,909,000	+190
Fifth District	\$92,503,000	\$29,161,000	+217

BITUMINOUS COAL MINING

Bituminous coal production in July was substantially above seasonal level, due to demand from industry and a continuation of replenishment of reserves which were depleted during the April shut-down. Output in July of 43,300,000 net tons exceeded June production of 42,774,000 tons, and was 21 per cent above 35,890,000 tons mined in July 1941. Total production in the seven elapsed months of 1941 reached 268,702,000 net tons, an increase of 5 per cent over 255,473,000 tons in the corresponding period last year, in spite of the fact that production of coal in April 1941 was merely nominal. Shipments of coal through Hampton Roads this year to August 9 totaled 13,186,519 tons, compared with 14,160,904 tons shipped to the same date in 1940. Most of the decrease was in foreign cargo and foreign bunker coal. In the Fifth district production of coal in July 1941, June 1941, and July 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	July 1941	June 1941	July 1940
West Virginia	12,517,000	13,035,000	11,074,000
Virginia	1,675,000	1,642,000	1,265,000
Maryland	148,000	155,000	98,000
5th District	14,340,000	14,832,000	12,437,000
United States	43,300,000	42,774,000	35,890,000
% in district	33	35	35

COTTON TEXTILES

The cotton cloth market in July was sluggish, with very little trading as the market awaited a revision of ceiling prices originally imposed in June. Most mills are sold up months ahead, and therefore trade expanded little even after new ceiling prices were announced. Defense orders continued heavy in July and at the end of the month there was talk of priorities, with allotment of production and reduction of goods available for civilian usage. Print cloths, carded broadcloths, combed broadcloths, narrow sheetings, osnaburgs and tobacco cloths were under ceilings for the entire month of July, and prices of other

goods were unchanged as mills and merchants virtually withdrew quotations pending the imposition of ceilings. Higher cotton prices in July reduced mill margins to about 19.00 cents for 17 constructions, compared with 21.84 cents in June and 11.00 cents in July 1940.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
July 1941	215,790	156,943	19,246	391,979
June 1941	223,743	169,452	20,192	413,387
July 1940	144,439	116,248	10,440	271,127
7 Months, 1941	1,279,532	964,944	107,576	2,352,052
7 Months, 1940	1,004,860	783,394	78,471	1,866,725

RAYON YARN PRODUCTION

Shipments of rayon yarn to domestic consumers in the United States totaled 39,400,000 pounds in July, compared with 38,300,000 pounds in June and 32,100,000 pounds in July 1940, according to *Rayon Organon* for August. In the first 7 months of 1941 shipments totaled 258,600,000 pounds, an increase of 18 per cent over shipments of 218,300,000 pounds in the 1940 like period. Shipments last month exceeded production for the fourth consecutive month, and reserve stocks of yarn in the hands of producers declined from 4,600,000 pounds on June 30 to 3,600,000 pounds on July 31. The freezing of raw silk stocks for defense usage is substantially increasing the demand for rayon yarn, and on August 2 the OPACS ordered an emergency allocation program for August and September under which all rayon yarn producers must set aside 10 per cent of their daily output and 10 per cent of their stocks on hand for a Government pool, from which allocations will be made to manufacturers of hosiery and other products heretofore largely or wholly made of silk. The order also provides that 70 per cent of the pooled yarns will be made available to hosiery mills and the remaining 30 per cent to other manufacturers of silk products. Inventories of rayon filament yarn held by broad weavers at the end of July 1941 totaling 28,300,000 pounds show a decline from 29,500,000 pounds held on June 30 this year, but are moderately higher than inventories totaling 24,800,000 pounds held on July 31, 1940.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose steadily during July but dropped moderately in the first half of August. The average price paid for 15/16 inch middling cotton rose from 14.40 cents on July 3 to 16.72 cents on July 25, but then dropped back to 15.74 cents on August 15. A year earlier, August 16, 1940, the average basic price on the same markets was 9.93 cents, an increase of about \$29 a bale in the year.

The first forecast on production of cotton was made on August 8 by the Department of Agriculture, and indicated a yield of 10,817,000 equivalent 500 pound bales against 12,566,000 bales in 1940 and a ten-year average of 13,246,000 bales. The 1941 crop as forecast is the smallest since 1935 and 14 per cent below the 1940 crop. In the Fifth district, all states show lower yields than a year ago, Virginia decreasing 16 per cent, North Carolina 33 per cent, and South Carolina 56 per cent, the last named state indicating the smallest crop since 1878. A part of the 1941 reduction in prospective yield is due to acreage reduction, but unfavorable weather and weevil damage account for most of it. Yield figures for Fifth district states are shown on page 4.

Details of the 1941 Government cotton loan program were released early in August. Rates range from 14.40 cents in New Mexico to 15.29 cents in the Carolina mill sections for middling 15/16 inch, net weight basis. The rates are much higher than those in force in 1940, and are equal to about 85 per cent of the so-called parity price.

COTTON CONSUMPTION AND ON HAND—BALES				
	July 1941	July 1940	Year Ended July 31 This Year	Year Ended July 31 Last Year
Fifth district states:				
Cotton consumed	418,620	285,912	4,421,416	3,719,112
Cotton growing states:				
Cotton consumed	791,824	535,002	8,289,340	6,646,532
Cotton on hand July 31 in				
Consuming establishments ..	1,471,018	742,178	.....	.....
Storage & compresses	9,300,041	9,044,387	.....	.....
United States:				
Cotton consumed	928,943	622,723	9,718,220	7,783,774
Cotton on hand July 31 in				
Consuming establishments ..	1,874,187	972,353	.....	.....
Storage & compresses	9,704,095	9,121,817	.....	.....
Exports of cotton	32,718	136,751	1,083,505	6,191,712
Spindles active, U. S.	23,027,818	21,919,000	.....	.....

TOBACCO MANUFACTURING

Bureau of Internal Revenue receipts for July show production of tobacco products as follows:

	July 1941	June 1941	July 1940
Smoking & chewing tobacco, pounds	25,246,366	24,729,260	26,241,167
Cigarettes, number	18,404,257,790	18,498,764,920	15,912,640,803
Cigars, number	487,033,145	478,802,003	460,522,504
Snuff, pounds	3,583,223	2,930,255	3,091,422

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in July 1941 in comparison with July 1940 figures:

	Sales		Stocks		Orders		Receivables	
Richmond (5)	+22	(+16)	+26	+97	+15			
Baltimore (10)	+27	(+20)	+24	+98	+12			
Washington (7)	+33	(+21)	+15	+113	+18			
Other Cities (12)	+24	(+16)	+21	+126	+12			
Fifth District (79)*	+29	(+20)	+20	+106	+15			
Same stores by States:								
Maryland (13)	+27	(+20)	..	..	..
Virginia (16)	+29	(+22)	..	..	..
West Virginia (15)	+25	(+18)	..	..	..
North Carolina (16)	+24	(+18)	..	..	..
South Carolina (12)	+37	(+23)	..	..	..

* Includes stores reporting sales only. Note: Second figure under Sales, in parentheses, compares combined sales in 7 months of 1941 with sales in first 7 months of 1940.

RETAIL FURNITURE SALES

STATES	% Changes in Sales, July and 7 Months of 1941 Compared with			
	July 1940		7 Months 1940	
Maryland (9)	+51	+26	+57	+41
Dist. of Col. (7)	+28	+28	+38	+25
Virginia (13)	+38	+25	+50	+38
North Carolina (5)	+47	+32		
South Carolina (7)				
District (41)				
Individual Cities:				
Baltimore (9)	+51	+26	+19	+12
Richmond (5)	+57	+41		
Washington (7)				

WHOLESALE TRADE, 201 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio July collections to accounts outstanding July 1
	July 1941	July 1940	July 31, 1941	July 31, 1940	
Automotive supplies (9)	+43	-20	+15	+3	71
Shoes (5)	+63	+25	-0	+7	54
Drugs & sundries (10)	+36	+10	+35	-4	104
Dry goods (8)	+69	+8	+26	+8	47
Electrical goods (19)	+54	-11	+73	+10	79
Groceries (56)	+19	+9	+12	+1	96
Hardware (15)	+55	+6	+3	-0	49
Industrial supplies (10)	+77	+8	+11	-2	87
Paper & products (9)	+41	+11	+12	+5	74
Tobacco & products (10)	+35	+12	+27	0	87
Miscellaneous (50)	+42	+7	+40	+1	70
District Average (201)	+43	+5	+25	+4	73

Source: Bureau of the Census.

CROP FORECASTS

The following figures, issued by the Department of Agriculture, show forecasts of production based on August 1 conditions, compared with yields in 1940 and in the 10-years 1930-1939:

	Cotton (Bales)			
	% Change Acreage	Yield 1941	Yield 1940	Yield 1930-1939
Virginia	+6	21,000	25,000	33,000
North Carolina	-4	497,000	739,000	629,000
South Carolina	-2	428,000	966,000	824,000
Fifth District	-3	946,000	1,730,000	1,486,000
Wheat (Bushels)				
Maryland	-2	7,980,000	7,566,000	8,342,000
Virginia	-3	7,950,000	8,463,000	8,643,000
West Virginia	-6	2,030,000	2,016,000	2,154,000
North Carolina	+8	6,594,000	6,132,000	4,807,000
South Carolina	+8	2,900,000	2,688,000	1,364,000
Fifth District	+1	27,454,000	26,865,000	25,310,000
Oats (Bushels)				
Maryland	+11	1,209,000	1,120,000	1,325,000
Virginia	+25	2,415,000	1,932,000	2,116,000
West Virginia	+4	1,562,000	1,462,000	1,931,000
North Carolina	+5	6,500,000	5,952,000	4,460,000
South Carolina	+5	11,700,000	10,890,000	9,238,000
Fifth District	+7	23,386,000	21,356,000	19,070,000
Corn (Bushels)				
Maryland	-8	16,596,000	17,535,000	16,173,000
Virginia	-4	34,372,000	36,490,000	32,418,000
West Virginia	-7	12,404,000	12,852,000	12,610,000
North Carolina	-2	49,770,000	44,733,000	43,507,000
South Carolina	-2	22,964,000	24,304,000	22,831,000
Fifth District	-3	136,106,000	135,914,000	127,539,000
Hay (Tons)				
Maryland	+1	491,000	550,000	467,000
Virginia	0	962,000	1,252,000	924,000
West Virginia	+2	775,000	833,000	642,000
North Carolina	+1	1,044,000	975,000	744,000
South Carolina	+8	590,000	539,000	398,000
Fifth District	+2	3,862,000	4,149,000	3,175,000
Tobacco (Pounds)				
Maryland	+3	32,258,000	31,920,000	26,901,000
Virginia	-2	87,739,000	100,509,000	99,861,000
West Virginia	-10	2,310,000	2,790,000	2,985,000
North Carolina	+1	479,035,000	526,505,000	529,356,000
South Carolina	+5	74,375,000	82,215,000	85,656,000
Fifth District	+1	675,717,000	743,939,000	744,759,000
Irish Potatoes (Bushels)				
Maryland	-3	2,586,000	2,898,000	2,997,000
Virginia	+1	6,776,000	10,412,000	10,661,000
West Virginia	0	3,300,000	3,630,000	2,844,000
North Carolina	+1	6,642,000	8,720,000	8,182,000
South Carolina	+7	2,730,000	3,192,000	2,475,000
Fifth District	+1	22,034,000	28,852,000	27,159,000
Sweet Potatoes (Bushels)				
Maryland	+11	1,700,000	1,485,000	1,071,000
Virginia	+3	3,840,000	3,875,000	4,061,000
North Carolina	+8	8,240,000	7,104,000	8,354,000
South Carolina	+3	4,875,000	5,040,000	5,401,000
Fifth District	+6	18,655,000	17,504,000	18,887,000
Peanuts (Pounds)				
Virginia	-6	165,000,000	216,000,000	149,865,000
North Carolina	-5	284,760,000	371,000,000	249,288,000
South Carolina	-30	14,070,000	23,250,000	9,041,000
Fifth District	-7	463,830,000	610,250,000	408,194,000
Apples, Commercial (Bushels)				
Maryland .....	..	2,250,000	2,077,000	1,996,000
Virginia .....	..	12,390,000	10,660,000	10,366,000
West Virginia .....	..	5,102,000	4,868,000	4,796,000
North Carolina .....	..	1,400,000	962,000	966,000
Fifth District .....	..	21,142,000	18,567,000	18,124,000
Peaches (Bushels)				
Maryland .....	..	478,000	470,000	348,000
Virginia .....	..	2,116,000	1,392,000	902,000
West Virginia .....	..	468,000	446,000	267,000
North Carolina .....	..	2,820,000	1,344,000	1,920,000
South Carolina .....	..	3,549,000	2,158,000	1,236,000
Fifth District .....	..	9,431,000	5,810,000	4,673,000

(Compiled August 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

September 30, 1941

Summary of August Business Conditions

ALTHOUGH the expansion in business caused by the preparedness program had gotten well under way in August last year, all indicators show a continuation during August 1941 of greatly increased activity over the corresponding month last year. In banking, circulation of Federal Reserve notes of the Richmond bank rose from \$242,825,000 on September 15, 1940, to \$360,870,000 on September 15, 1941, member bank reserve deposits advanced from \$323,639,000 to \$458,036,000, and the Reserve bank's cash reserves rose from \$520,860,000 to \$767,512,000. On September 15, 1941, total resources of the Federal Reserve Bank of Richmond stood at \$1,010,323,000, reaching the billion dollar mark for the first time. Forty-one regularly reporting member banks showed a rise in loans to business and agriculture from \$125,800,000 on September 11, 1940, to \$155,587,000 on September 10, 1941, and other loans rose from \$155,166,000 to \$170,596,000 between the same dates. Demand deposits in the 41 banks rose from \$590,725,000 to \$726,655,000 between mid-September last year and this. Debits to individual accounts, reflecting checks passing through the banks in 25 Fifth district cities, were 33 per cent higher in August than a year earlier.

Distribution of goods to consumers continued at record levels during recent weeks. Sales last month in 79 department and general merchandise stores were 34 per

cent above August 1940 sales, and retail furniture stores reported an average increase of 42 per cent. Wholesale trade in 195 firms in many lines gained 36 per cent in August in comparison with August 1940 sales, and new automobile registrations in the Fifth district last month were at or near recent record levels.

Industrial activity in August showed no recession, but on the contrary probably expanded further in such lines as shipbuilding and aircraft construction. Cotton textile mills, rayon yarn mills, and coal mines continued to work at capacity, and construction work provided for in permits issued and contracts awarded was above the high level of August last year. Tobacco manufacturing was in substantially larger volume in August 1941 than in August 1940.

Auction tobacco markets opened in the Carolinas and part of Virginia in August and the first half of September, and opening prices were about 45 per cent above opening prices last year. Cotton prices also rose last month, and were about 70 per cent above 1940 prices. The 1941 tobacco crop in the Fifth district is estimated to be 13 per cent less than the 1940 crop, and cotton yield is 45 per cent lower than last year. Corn, hay, Irish potatoes and peanuts also showed reduced yields this year, while wheat, oats, sweet potatoes, apples and peaches increased over 1940 yields.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	August 1941	July 1941	August 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,738,193,000	\$1,779,790,000	\$1,307,118,000	- 2	+ 33
Sales, 79 department stores, 5th district.....	\$ 15,699,692	\$ 12,339,671	\$ 11,754,625	+ 27	+ 34
Sales, 41 furniture stores, 5th district.....	\$ 2,204,783	\$ 1,519,543	\$ 1,548,889	+ 45	+ 42
Sales, 195 wholesale firms, 5th district.....	\$ 16,331,000	\$ 14,720,000	\$ 11,983,000	+ 11	+ 36
Registrations, new autos, 5th district.....	21,412	33,740	17,242	- 37	+ 24
Tobacco sold in 5th district (Pounds).....	113,426,399	.....	52,687,557	.....	+115
Average price of tobacco, per 100 lbs.....	\$ 26.66	.....	\$ 18.36	.....	+ 45
Growers' receipts from tobacco, 5th district.....	\$ 30,243,063	.....	\$ 9,671,969	.....	+213
Number of business failures, 5th district.....	32	16	42	+100	- 24
Liabilities in failures, 5th district.....	\$ 377,000	\$ 198,000	\$ 713,000	+ 90	- 47
Value of building permits, 29 cities.....	\$ 12,511,101	\$ 11,584,377	\$ 9,885,738	+ 8	+ 27
Value of contracts awarded, 5th district.....	\$ 145,492,000	\$ 64,333,000	\$ 47,363,000	+126	+207
Cotton consumption, 5th district (Bales).....	393,671	418,620	298,696	- 6	+ 32
Cotton price, cents per lb., end of month.....	16.54	15.94	9.62	+ 4	+ 72
Print cloths, 39 in., 80x80s, end of month.....	10.75*	10.75*	6.50	0	+ 65
Rayon yarn shipments, U. S. (Pounds).....	37,300,000	39,400,000	34,000,000	- 5	+ 10
Rayon yarn stocks, U. S. (Pounds).....	4,100,000	3,600,000	9,900,000	+ 14	- 59
Bituminous coal mined, U. S. (Tons).....	45,650,000	43,300,000	39,010,000	+ 5	+ 17

* Ceiling price established by OPACS.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Sept. 15 1941	000 omitted Aug. 15 1941	Sept. 15 1940
Discounts held	\$ 38	\$ 175	\$ 250
Foreign loans on gold	9	0	13
Industrial advances	811	788	849
Government securities	119,663	119,663	121,994
Total earning assets	120,521	120,626	123,106
Circulation of Fed. Res. notes	360,870	334,910	242,825
Members' reserve deposits	458,036	417,214	323,639
Cash reserves	767,512	718,165	520,860
Reserve ratio	85.78	85.18	81.51

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Sept. 10 1941	000 omitted Aug. 13 1941	Sept. 11 1940
Loans to business & agriculture	\$155,587	\$149,700	\$125,800
All other loans	170,596	168,808	155,166
Investments in securities	505,380	475,612	435,123
Reserve bal. with F. R. bank	303,481	290,896	213,120
Cash in vaults	28,845	27,467	24,374
Demand deposits	726,655	722,107	590,725
Time deposits	210,660	209,543	202,935
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

	9 Baltimore Banks		
	Aug. 31, 1941	July 31, 1941	Aug. 31, 1940
Total deposits	\$223,974,988	\$223,993,945	\$222,488,398

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month Year
	Aug. 1941	000 omitted July 1941	Aug. 1940	
Dist. of Col.				
Washington	\$ 347,499	\$ 351,981	\$ 268,453	- 1 +29
Maryland				
Baltimore	499,706	536,045	365,968	- 7 +37
Cumberland	10,351	11,348	9,042	- 9 +14
Hagerstown	11,833	12,238	9,092	- 3 +30
North Carolina				
Asheville	18,026	17,926	14,752	+ 1 +22
Charlotte	89,911	90,057	60,299	- 0 +49
Durham	53,725	33,625	38,815	+60 +38
Greensboro	26,259	24,327	19,448	+ 8 +35
Raleigh	49,568	61,704	37,033	-20 +34
Wilmington	19,222	19,198	11,561	+ 0 +66
Winston-Salem ..	49,170	48,765	41,891	+ 1 +17
South Carolina				
Charleston	28,067	29,721	19,112	- 6 +47
Columbia	36,448	38,303	28,420	- 5 +28
Greenville	27,496	27,082	18,935	+ 2 +45
Spartanburg	15,527	15,470	11,114	+ 0 +40
Virginia				
Danville	9,818	10,088	7,311	- 3 +34
Lynchburg	16,761	18,405	13,065	- 9 +28
Newport News ..	14,214	14,827	13,931	- 4 + 2
Norfolk	74,798	78,287	50,357	- 4 +49
Portsmouth	6,937	7,039	5,839	- 1 +19
Richmond	202,956	196,369	155,626	+ 3 +30
Roanoke	34,925	34,243	28,729	+ 2 +22
West Virginia				
Charleston	61,188	67,059	50,415	- 9 +21
Huntington	21,351	21,959	17,684	- 3 +21
Parkersburg	12,437	13,724	10,226	- 9 +22
District Totals...	\$1,738,193	\$1,779,790	\$1,307,118	- 2 +33

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
August 1941.....	32	954	\$ 377,000	\$ 11,134,000
July 1941.....	16	908	198,000	13,422,000
August 1940.....	42	1,128	713,000	12,977,000
8 months, 1941.....	282	8,564	3,108,000	96,712,000
8 months, 1940.....	387	9,422	4,885,000	112,691,000

Source: Dun & Bradstreet

EMPLOYMENT

There were no substantial changes in employment in the Fifth district in August and early September. Skilled labor may be said to be practically fully employed, and there is relatively little idleness in unskilled ranks. Many workers in agricultural sections have gone into construction or industry, and farm labor for harvesting is hard to obtain at wages farmers can afford to pay. Demands for machinists and workers in allied lines continue to exceed the supply of available men. Although some unemployment is expected to result from restrictions in the manufacture of civilian goods, none of consequence has yet been noted. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from July to August:

STATES	Percentage change from July 1941 to Aug. 1941	
	in number on payroll	in amount of payroll
Maryland	+ 3.3	+ 1.5
Dist. of Col.	+ 0.4	- 0.5
Virginia	+ 2.0	+ 2.4
West Virginia ..	+ 2.0	+ 5.6
North Carolina ..	+ 1.3	+ 1.4
South Carolina ..	+ 0.5	+ 2.1
District Average ..	+ 1.8	+ 2.6

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles tapered off in August in anticipation of the introduction of new models in September, but in most of the Fifth district continued much above the level of sales in the corresponding month last year. Dealers cleaned out their stocks of 1941 models in August and early September, and also reduced the number of used cars on their lots. Used car stocks are only sufficient to meet current needs, and with restrictions on production of new cars in force there may not be enough cars to meet the demand later in the fall and winter. However, price advances and a considerable volume of forward buying done in recent months will probably reduce the demand for both new and high grade used cars during the 1942 model year.

The following registration figures for new passenger cars were furnished by *R. L. Folk & Co.*, of Detroit:

REGISTRATION OF NEW PASSENGER CARS—NUMBER

STATES	% Change			8 Months		% Change
	Aug. 1941	Aug. 1940	Change	1941	1940	
Maryland	3,912	2,971	+ 32	47,039	34,724	+35
Dist. of Col. ...	2,119	1,580	+ 34	25,788	19,379	+33
Virginia	6,870	4,568	+ 50	59,874	39,158	+53
West Virginia ..	1,525	2,069	- 26	27,598	22,556	+22
No. Carolina ...	4,354	4,064	+ 7	53,144	36,135	+47
So. Carolina ...	2,632	1,990	+ 32	29,080	19,728	+47
District	21,412	17,242	+ 24	242,523	171,680	+41

BUILDING PERMITS AND CONSTRUCTION CONTRACTS

A continuation of construction activity at a very high level is indicated by building permits issued and contracts awarded in the Fifth district in August. Permits issued in 29 cities last month totaled \$12,511,101, an increase of 8 per cent over \$11,584,377 in July this year and 27 per cent above \$9,885,738 in August last year. Washington with permits totaling \$4,891,990 (exclusive of all Government work) led last month, Baltimore was second with \$3,182,046, Norfolk third with \$944,245, Richmond

fourth with \$468,536, and Spartanburg fifth with \$330,021.

The aggregate value of August contract awards for construction in the Fifth district was \$145,492,000, setting a new monthly record and exceeding \$47,363,000 in awards in August 1940 by 207 per cent. National figures for August 1941 showed an increase of 83 per cent over award figures for August last year. Figures on contract awards by states for July 1941, which were not available when the August 31 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	July 1941	July 1940	% Change
Maryland	\$16,132,000	\$ 7,951,000	+103
Dist. of Col.	7,802,000	6,197,000	+ 26
Virginia	15,462,000	31,728,000	- 51
West Virginia	14,995,000	1,575,000	+852
North Carolina	6,845,000	5,882,000	+ 16
South Carolina	3,097,000	3,901,000	- 21
Fifth District	\$64,333,000	\$57,234,000	+ 12

BITUMINOUS COAL MINING

Bituminous coal mines in the United States produced 45,650,000 tons in August 1941, an increase of 5 per cent over 43,300,000 tons mined in July this year and a rise of 17 per cent over 39,010,000 tons in August last year. On a basis of daily output, however, August fell 5 per cent below July, but was 22 per cent above August 1940. Total production this calendar year to September 1 of 314,352,000 tons exceeded output of 294,483,000 tons in the corresponding period last year by 7 per cent. Shipments of coal through Hampton Roads ports to September 6 totaled 14,952,322 tons this year, a decline from 15,621,320 tons to the same date last year. The decline was chiefly due to lower figures on foreign cargo and bunker loadings. In the Fifth district production of coal in August 1941, July 1941 and August 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Aug. 1941	July 1941	Aug. 1940
West Virginia	13,294,000	12,517,000	11,471,000
Virginia	1,748,000	1,675,000	1,310,000
Maryland	156,000	148,000	114,000
5th District	15,198,000	14,340,000	12,895,000
United States	45,650,000	43,300,000	39,010,000
% in District	33	33	33

COTTON TEXTILES

Primary textile markets were relatively inactive in August, mills hesitating to accept additional orders in the face of advancing costs of production and ceiling prices for their products. In addition, practically all mills are sold up months ahead. Wholesale markets for finished cotton goods were quite active most of the month. The price ceiling schedule on cotton gray goods was extended to cover combed lawns, dimities, voiles, and high grade combed broadcloths, in addition to the previous list of print cloths, carded broadcloths, combed broadcloths, narrow sheetings, osnaburgs and tobacco cloths. Mill margins for 17 constructions of medium and coarse cloths widened during August to 20.53 cents, compared with 19.06 cents for July and 11.23 cents for August 1940.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
August 1941.....	211,537	163,146	18,988	393,671
July 1941.....	227,576	171,846	19,698	418,620
August 1940.....	159,631	127,934	11,131	298,696
8 Months, 1941.....	1,718,645	1,299,436	146,262	3,164,343
8 Months, 1940.....	1,322,519	1,032,157	96,657	2,451,333

RAYON YARN PRODUCTION

Rayon filament yarn shipments to domestic consumers totaled 37,300,000 pounds in August, according to *Rayon Organon*, a decline from 39,400,000 pounds shipped in July but an advance over 34,000,000 pounds in August 1940. Stocks of yarn increased slightly last month, rising from 3,600,000 pounds on July 31 to 4,100,000 pounds on August 31. On August 31, 1940, stocks of yarn totaled 9,900,000 pounds. On August 23, the OPACS issued mandatory ceiling prices for 52 constructions of rayon gray goods, effective August 25. The ceilings fixed average prices about 10 per cent below recent market quotations. No ceilings were set for finished rayon goods, but the OPACS made it clear that price actions in the finished goods markets will be observed closely. The inventory of rayon yarn held by broad weavers at the end of August 1941 totaled 24,900,000 pounds, compared with 28,300,000 pounds a month and 24,100,000 pounds a year earlier.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets rose \$10 a bale during the past month, advancing from an average of 15.74 cents per pound for middling 15/16 inch cotton on August 15 to 17.74 cents on September 12, the latest date for which an official average is available. The rise was stimulated by a scarcity of free cotton outside loan stocks, a small volume of hedge selling, and lateness of the new crop. On September 13, 1940, the average base price on the 10 Southern markets was 9.42 cents.

The second forecast of the 1941 cotton crop, issued on September 8 by the Department of Agriculture, lowered the estimate from 10,817,000 equivalent 500-pound bales as of August 1 to 10,710,000 bales on September 1, a decrease of 107,000 bales, or 1 per cent. In the Fifth district, prospective yields increased 19,000 bales in North Carolina and 1,000 bales in Virginia, but decreased 17,000 bales in South Carolina. Production figures in Fifth district states are on page 4.

COTTON CONSUMPTION AND ON HAND—BALES

	Aug. 1941	Aug. 1940
Fifth district states:		
Cotton consumed	393,671	298,696
Cotton growing states:		
Cotton consumed	740,270	561,134
Cotton on hand August 31 in		
Consuming establishments.....	1,322,995	538,869
Storage & compresses.....	8,901,770	9,020,372
United States:		
Cotton consumed	874,113	650,888
Cotton on hand August 31 in		
Consuming establishments.....	1,697,056	738,051
Storage & compresses	9,296,898	9,131,474
Exports of cotton	34,967	65,425
Spindles active in month.....	23,029,066	22,084,474

AUCTION TOBACCO MARKETING

Auction tobacco markets opened in the Border belt on August 12, and 14 markets in the North Carolina New Bright belt opened on August 26. Prices in August were much higher than prices a year ago, and sales were larger, the latter increase being due to earlier openings of markets this year. The 1941 tobacco crop in the Fifth district is estimated to be 12.5 per cent below the 1940 crop, but if the August price proves indicative of the seasonal average, receipts from this year's crop should be larger than 1940 receipts. Sales in August, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Lbs.		Price per Hundred	
	August 1941	August 1940	1941	1940
South Carolina ...	38,984,015	25,346,105	\$26.24	\$17.78
North Carolina ...	74,442,384	27,341,452	26.88	18.89
Total	113,426,399	52,687,557	\$26.66	\$18.36

TOBACCO MANUFACTURING

Bureau of Internal Revenue receipts for August show production of tobacco products as follows in the United States:

	August 1941	July 1941	August 1940
Smoking & chewing tobacco, pounds	24,489,824	25,246,366	25,931,262
Cigarettes, number	17,776,522,190	18,404,257,790	15,839,874,477
Cigars, number	491,027,685	487,033,145	487,641,197
Snuff, pounds	2,971,991	3,588,223	2,917,649

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in August 1941 in comparison with Aug. 1940 figures:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+20 (+16)	+32	+91	+17
Baltimore (10)	+36 (+22)	+31	+119	+19
Washington (7)	+32 (+23)	+29	+98	+20
Other Cities (12)	+32 (+18)	+27	+136	+18
Fifth District (79)*	+34 (+22)	+30	+106	+19
Same stores by States:				
Maryland (13)	+36 (+22)	..	..	..
Virginia (16)	+28 (+23)	..	..	..
West Virginia (15)	+42 (+21)	..	..	..
North Carolina (16)	+27 (+19)	..	..	..
South Carolina (12)	+54 (+27)	..	..	..

* Includes stores reporting sales only.

Note: Second figure under Sales, in parentheses, compares combined sales in 8 months of 1941 with sales in first 8 months of 1940.

RETAIL FURNITURE SALES

% Changes in Sales, August and 8 Months of 1941 Compared with August 1940 8 Months 1940

STATES	Aug. 1941	July 1941	Aug. 31, 1941	July 31, 1941	Aug. 1
Maryland (9)	+40	+28	+40	+40	+40
Dist. of Col. (7)	+38	+40	+30	+28	+28
Virginia (13)	+30	+28	+75	+30	+30
North Carolina (5)	+75	+43	+74	+43	+33
South Carolina (7)	+74	+43	+42	+33	+33
District (41)	+42	+33			
Individual Cities:					
Baltimore (9)	+40	+28	+21	+14	+14
Richmond (5)	+21	+14	+38	+40	+40
Washington (7)	+38	+40			

WHOLESALE TRADE, 195 FIRMS

LINES	Net Sales August 1941 compared with		Stocks Aug. 31, 1941 compared with		Ratio Aug. collections to accounts outstanding August 1
	Aug. 1940	July 1941	Aug. 31, 1940	July 31, 1941	
Automotive supplies (9)	+67	+34	+25	+5	77
Shoes (4)	+6	+37	+5	+4	40
Drugs & sundries (13)	+26	+1	+32	+6	91
Dry goods (8)	+62	+66	+19	-8	49
Electrical goods (15)	+64	-1	+83	+12	74
Groceries (58)	+20	0	+20	+3	100
Hardware (15)	+52	+10	+1	-1	45
Industrial supplies (8)	+53	+4	+16	+10	90
Paper & products (9)	+56	+9	+3	-3	69
Tobacco & products (9)	+31	+6	+19	0	92
Miscellaneous (47)	+42	+8	+38	+7	27
District Average (195)	+36	+11	+25	+3	70

Source: Bureau of the Census.

CROP FORECASTS

Throughout the Fifth district the weather in August was too dry for crop needs, and many crops deteriorated during the month. The following figures show forecasts of production made by the Department of Agriculture on the basis of September 1 condition. Yield figures marked (+) were raised between August 1 and September 1, and those marked (-) were lowered.

	Cotton (Bales)		
	% Change Acreage	Yield 1941	Yield 1940
Virginia	+6	22,000+	25,000
North Carolina	-4	516,000+	739,000
South Carolina	-2	411,000-	966,000
Fifth District	-3	949,000+	1,730,000

	Corn (Bushels)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	-8	16,596,000	17,535,000
Virginia	-4	32,889,000-	36,490,000
West Virginia	-7	12,404,000	12,852,000
North Carolina	-2	47,400,000-	44,733,000
South Carolina	-2	22,964,000	24,304,000
Fifth District	-3	131,753,000-	135,914,000

	Oats (Bushels)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	+11	1,248,000+	1,120,000
Virginia	+25	2,415,000	1,932,000
West Virginia	+4	1,562,000	1,462,000
North Carolina	+5	6,500,000	5,952,000
South Carolina	+5	11,700,000	10,890,000
Fifth District	+7	23,425,000+	21,356,000

	Hay (Tons)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	+1	478,000-	550,000
Virginia	0	984,000+	1,252,000
West Virginia	+2	812,000+	833,000
North Carolina	+1	998,000-	975,000
South Carolina	+8	613,000+	539,000
Fifth District	+2	3,885,000+	4,149,000

	Tobacco (Pounds)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	+3	31,280,000-	31,920,000
Virginia	-2	85,097,000-	100,509,000
West Virginia	-10	2,240,000-	2,790,000
North Carolina	+1	461,580,000-	526,505,000
South Carolina	+5	70,550,000-	82,215,000
Fifth District	+1	650,747,000-	743,939,000

	Irish Potatoes (Bushels)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	-3	2,489,000-	2,898,000
Virginia	+1	6,776,000	10,412,000
West Virginia	0	3,630,000+	3,630,000
North Carolina	+1	6,723,000+	8,720,000
South Carolina	+7	2,730,000	3,192,000
Fifth District	+1	22,348,000+	28,852,000

	Sweet Potatoes (Bushels)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	+11	1,500,000-	1,485,000
Virginia	+3	3,680,000-	3,875,000
North Carolina	+8	7,840,000-	7,104,000
South Carolina	+3	5,200,000+	5,040,000
Fifth District	+6	18,220,000-	17,504,000

	Peanuts (Pounds)		
	% Change Acreage	Yield 1941	Yield 1940
Virginia	-6	157,500,000-	216,000,000
North Carolina	-5	284,760,000	371,000,000
South Carolina	-30	13,650,000-	23,250,000
Fifth District	-7	455,910,000-	610,250,000

	Apples, Commercial (Bushels)		
	% Change Acreage	Yield 1941	Yield 1940
Maryland	2,250,000	2,077,000
Virginia	11,859,000-	10,660,000
West Virginia	5,102,000	4,868,000
North Carolina	1,400,000	962,000
Fifth District	20,611,000-	18,567,000

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1941

Summary of September Business Conditions

THE aggregate volume of business and industry in the Fifth Federal Reserve district in September and early October expanded further, chiefly due to seasonal influences. In banking, Federal Reserve notes in actual circulation increased sharply as the demand for currency increased with the opening of additional tobacco markets and the beginning of the cotton marketing season. Member bank reserve deposits and investments in securities rose last month, and loans to business and industry at reporting member banks advanced. The Federal Reserve Bank of Richmond increased its holdings of Government securities through a redistribution of System holdings among the twelve Reserve banks.

Distribution of consumer goods showed the usual seasonal increase in September except in furniture and automobiles. Department store sales rose 11 per cent from August to September, and in the latter month were 19 per cent above September 1940 sales. There was a substantial wave of buying of taxed items at the end of September, especially in furs, jewelry, cosmetics, and certain light and heavy electrical household appliances. Furniture sales showed a normal decrease from August sales, in which month furniture stores run special sales, but September business was 9 per cent above that of September last year. Wholesale trade in September in the Fifth district exceeded August 1941 trade by 10 per cent and September 1940 trade by 49 per cent. Auto-

mobile sales dropped sharply from August sales and did not pick up seasonally after the introduction of new models, partly because of increased prices for 1942 cars and partly because of a temporarily saturated market, many buyers having anticipated their needs for new cars by purchasing 1941 models before new taxes took effect, according to some dealers' reports.

Industrially the district worked at virtual capacity levels in September. Cotton textile mills, many of them working on defense orders, consumed more cotton than in any previous September, and tobacco manufacturers set a new all time monthly record in the production of cigarettes. Bituminous coal mined in September was 18 per cent above the September 1940 tonnage. Shipyards, airplane factories, rayon yarn mills, chemical industries and lumber mills continued operations at or near record levels and construction while somewhat handicapped by priorities, showed no signs of recession.

The long drought prevented planting of fall crops and germination of seeds, and caused deterioration of late maturing crops, but on the other hand was favorable for cotton picking. Tobacco prices advanced further on auction markets, and assured tobacco growers of larger cash returns for a smaller crop in 1941 than they obtained from the 1940 crop. Cotton prices in September were also far above 1940 prices, but the 1941 yield of cotton in the Fifth district is 45 per cent less than last year's crop.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	September 1941	August 1941	September 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$1,824,609,000	\$1,738,193,000	\$1,309,689,000	+ 5	+ 39
Sales, 79 department stores, 5th district.....	\$ 17,355,089	\$ 15,699,692	\$ 14,535,036	+ 11	+ 19
Sales, 40 furniture stores, 5th district.....	\$ 1,601,960	\$ 2,165,273	\$ 1,464,228	- 26	+ 9
Sales, 207 wholesale firms, 5th district.....	\$ 19,771,000	\$ 17,904,000	\$ 13,244,000	+ 10	+ 49
Registrations, new autos, 5th district.....	9,408	21,412	10,463	- 56	- 10
Tobacco sold in 5th district (Pounds).....	235,402,972	113,426,399	224,219,844	+108	+ 5
Average price of tobacco, per 100 lbs.....	\$ 29.18	\$ 26.66	\$ 15.87	+ 9	+ 84
Growers' receipts from tobacco, 5th district.....	\$ 68,679,635	\$ 30,243,063	\$ 35,582,505	+127	+ 93
Number of business failures, 5th district.....	25	32	37	- 22	- 32
Liabilities in failures, 5th district.....	\$ 367,000	\$ 377,000	\$ 348,000	- 3	+ 5
Value of building permits, 29 cities.....	\$ 13,876,928	\$ 12,511,101	\$ 12,163,781	+ 11	+ 14
Value of contracts awarded, 5th district.....	\$ 77,738,000	\$ 146,093,000	\$ 34,192,000	- 47	+127
Cotton consumption, 5th district (Bales).....	408,449	393,671	302,833	+ 4	+ 35
Cotton price, cents per lb., end of month.....	16.99	16.54	9.42	+ 3	+ 80
Print cloths, 39 in., 80x80s, end of month.....	10.75*	10.75*	7.00	0	+ 54
Rayon yarn shipments, U. S. (Pounds).....	37,000,000	37,300,000	30,900,000	- 1	+ 20
Rayon yarn stocks, U. S. (Pounds).....	4,900,000	4,200,000	8,300,000	+ 17	- 65
Bituminous coal mined, U. S. (Tons).....	45,464,000	45,650,000	38,650,000	- 0	+ 18

* Ceiling price established by OPACS.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS
Fifth District

ITEMS	000 omitted		
	Oct. 15 1941	Sept. 15 1941	Oct. 15 1940
Discounts held	\$ 0	\$ 38	\$ 40
Foreign loans on gold	0	9	22
Industrial advances	793	811	821
Government securities	134,996	119,663	123,938
Total earning assets	\$135,789	\$120,521	\$124,821
Circulation of Fed. Res. notes	390,164	360,870	256,825
Members' reserve deposits	483,451	458,036	340,160
Cash reserves	809,474	767,512	541,669
Reserve ratio	85.11	85.78	82.08

SELECTED ITEMS—41 REPORTING MEMBER BANKS
Fifth District

ITEMS	000 omitted		
	Oct. 15 1941	Sept. 10 1941	Oct. 16 1940
Loans to business & agriculture.....	\$161,296	\$155,587	\$131,961
All other loans	172,429	170,596	155,905
Investments in securities	518,040	505,380	455,402
Reserve bal. with F. R. bank	325,689	303,481	225,268
Cash in vaults	26,593	28,845	21,758
Demand deposits	778,491	726,655	615,758
Time deposits	211,656	210,660	203,763
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS
9 Baltimore Banks

	Sept. 30, 1941	Aug. 31, 1941	Sept. 30 1940
Total deposits	\$224,490,776	\$223,974,988	\$222,792,230

DEBITS TO INDIVIDUAL ACCOUNTS
Fifth District

CITIES	000 omitted			% of Change	
	Sept. 1941	Aug. 1941	Sept. 1940	Month	Year
Dist. of Col.					
Washington	\$ 359,671	\$ 347,499	\$ 263,524	+ 4	+36
Maryland					
Baltimore	491,249	499,706	358,270	- 2	+37
Cumberland	10,643	10,351	7,967	+ 3	+34
Hagerstown	12,164	11,833	9,044	+ 3	+34
North Carolina					
Asheville	18,753	18,026	13,624	+ 4	+38
Charlotte	94,055	89,911	63,278	+ 5	+49
Durham	66,612	53,725	42,771	+24	+56
Greensboro	25,906	26,259	19,406	- 1	+33
Raleigh	52,942	49,568	38,464	+ 7	+38
Wilmington	21,280	19,222	12,213	+11	+74
Winston-Salem ..	59,313	49,170	41,430	+21	+43
South Carolina					
Charleston	28,110	28,067	18,487	+ 0	+52
Columbia	38,835	36,448	28,092	+ 7	+38
Greenville	30,003	27,496	19,348	+ 9	+65
Spartanburg	16,460	15,527	10,255	+ 6	+61
Virginia					
Danville	17,026	9,818	10,361	+73	+64
Lynchburg	18,404	16,761	14,599	+10	+26
Newport News ..	13,492	14,214	13,515	- 5	- 0
Norfolk	73,899	74,798	53,521	- 1	+38
Portsmouth	6,647	6,937	4,766	- 4	+39
Richmond	236,403	202,956	164,069	+16	+44
Roanoke	34,601	34,925	23,184	- 1	+23
West Virginia					
Charleston	63,892	61,188	46,947	+ 4	+36
Huntington	21,594	21,351	17,236	+ 1	+25
Parkersburg	12,655	12,437	10,318	+ 2	+23
District Totals ..	\$1,824,609	\$1,738,193	\$1,309,689	+ 5	+39

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1941.....	25	735	\$ 367,000	\$ 9,393,000
August 1941.....	32	954	377,000	11,134,000
September 1940.....	37	976	348,000	11,397,000
9 Months, 1941.....	307	9,299	3,475,000	106,105,000
9 Months, 1940.....	424	10,398	5,233,000	124,088,000

Source: Dun & Bradstreet

EMPLOYMENT

The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from August to September 1941:

STATES	Percentage change from	
	Aug. 1941 in number on payroll	Sept. 1941 in amount of payroll
Maryland	+1.6	+4.1
Dist. of Col.	+1.1	+3.4
Virginia	+1.4	+3.4
West Virginia	+1.1	-1.5
North Carolina	+0.1	+2.1
South Carolina	+1.0	+2.2
District Average	+1.3	+2.1

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles declined sharply in September from August, and were below sales in September 1940, the first decline from the corresponding month of the preceding year since September last year. Sales last month were the lowest for any month since October 1938. At the opening of September dealers had incomplete stocks of 1941 model cars, and when 1942 models appeared the usual seasonal advance in sales failed to materialize. Some dealers report that so many buyers anticipated their needs for new cars that the 1942 models attracted relatively little attention and increased prices met stiff resistance from the public. With restricted output of cars ordered by the Government, higher prices for cars due to increased taxes and costs of manufacture, and a temporarily saturated market, the prospects for new car sales in the 1942 model year are not bright, and new car salesmen in many instances are trying to secure other work. Stocks of good used cars are quite low on many dealer lots, but the demand for used cars also has declined.

The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

REGISTRATIONS OF NEW PASSENGER CARS—NUMBER

STATES	Sept. 1941	Sept. 1940	% Change	9 Months		% Change
				1941	1940	
Maryland	1,572	1,945	- 19	48,611	36,669	+33
Dist. of Col.	753	1,146	- 34	26,541	20,525	+29
Virginia	2,994	2,611	+ 15	62,868	41,769	+51
West Virginia ..	1,013	1,232	- 18	28,611	23,788	+20
No. Carolina ...	1,972	2,447	- 19	55,116	38,582	+43
So. Carolina	1,104	1,082	+ 2	30,184	20,810	+45
District	9,408	10,463	- 10	251,931	182,143	+38

CONSTRUCTION

Building permits issued in 29 Fifth district cities in September 1941 totaling \$13,876,928 showed increases of 11 per cent over \$12,511,101 in August this year and 14 per cent over \$12,163,781 in September last year. Baltimore led in September 1941 permit valuation with \$5,080,902, Washington was second with \$3,942,950, Richmond third with \$1,450,925, Norfolk fourth with \$528,650, and Charlotte fifth with \$325,352.

The aggregate value of September contract awards for construction in the Fifth district is not yet available, but will exceed the September 1940 figure by a substantial margin. Figures on contract awards in August 1941, which set a Fifth district record but were not available

by states when the September 30 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Aug. 1941	Aug. 1940	% Change
Maryland	\$ 20,034,000	\$ 10,103,000	+ 98
Dist. of Col.	10,209,000	3,114,000	+228
Virginia	44,615,000	11,695,000	+281
West Virginia	6,611,000	2,392,000	+176
North Carolina	47,585,000	15,733,000	+202
South Carolina	16,438,000	4,326,000	+280
Fifth District	\$145,492,000	\$ 47,363,000	+207

BITUMINOUS COAL MINING

Production of bituminous coal continued at a very high level in September and output of 45,464,000 net tons exceeded September 1940 output of 38,650,000 tons by 18 per cent. On a daily basis production of 1,819,000 tons in September 1941 exceeded August output of 1,756,000 tons by 4 per cent. Total production this calendar year to October 11 of 382,737,000 tons exceeded output of 348,205,000 tons in the corresponding period last year by 10 per cent. Shipments of coal through Hampton Roads ports to October 11 totaled 17,118,386 tons, a decline of 3 per cent from 17,676,862 tons to the same date last year. In the Fifth district production of coal in September 1941, August 1941 and September 1940, was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Sept. 1941	Aug. 1941	Sept. 1940
West Virginia	12,851,000	13,492,000	11,471,000
Virginia	1,687,000	1,675,000	1,310,000
Maryland	169,000	156,000	114,000
5th District	14,707,000	15,323,000	12,855,000
United States	45,464,000	46,026,000	39,010,000
% in District	32	33	33

COTTON TEXTILES

Cotton textile mills were very active in September and cotton consumption of 875,682 bales in the United States was the highest figure on record for that month of the year. Mills worked chiefly on forward orders, new business being small because both buyers and manufacturers preferred to await an expected readjustment of ceiling prices to bring them more nearly into agreement with raw cotton. In secondary markets, sales of finished cotton goods were large in September. Mill margins for 17 constructions of medium and coarse cloths averaged 19.93 cents for the first four weeks in September against 20.53 cents in August 1941 and 12.26 cents in September 1940.

COTTON CONSUMPTION—FIFTH DISTRICT

In bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
September 1941.....	224,429	164,228	19,792	408,449
August 1941.....	211,537	163,146	18,988	393,671
September 1940.....	164,788	124,872	13,173	302,833
9 Months, 1941.....	1,943,074	1,463,664	166,054	3,572,792
9 Months, 1940.....	1,487,307	1,157,029	109,830	2,754,166

RAYON YARN PRODUCTION

Rayon Organon reports shipments of rayon filament yarn to domestic consumers totaling 37,000,000 pounds in September 1941, a slight decline from 37,300,000 pounds shipped in the longer month of August but a substantial increase over shipments of 30,900,000 pounds in September 1940. In the first 9 months of 1941 ship-

ments of 333,000,000 pounds of yarn exceeded by 18 per cent shipments of 283,200,000 pounds in the same period last year. Stocks of yarn held in reserve by manufacturers rose from 4,200,000 pounds on August 31, 1941, to 4,900,000 pounds on September 30, nearly all of the slight increase being attributable to the pool yarn set aside for Government allocation to former users of silk. After remaining generally stable since September 1939, rayon yarn prices were revised in September and early October, viscose yarns advancing 1 to 5 cents per pound, acetate yarns 3 to 5 cents, and cuprammonium yarns 2 to 5 cents. These increases are moderate not only as regards the absolute amount of the increases but also as regards the relationship of rayon price increases to those that have occurred in other textile fibers. For example *Rayon Organon* states that September 1941 rayon yarn prices were 18% below average prices in 1932, while during the same period cotton prices rose 171%, wool prices 135%, and silk prices rose 97%. The inventory of rayon yarn held by broad weavers at the end of September 1941 totaled 23,400,000 pounds as compared with 24,900,000 pounds at the end of August and 24,000,000 pounds on September 30, 1940. These inventory figures have declined steadily each month from a high of 29,500,000 pounds held on June 30, 1941.

COTTON STATISTICS

After advancing steadily from the middle of August to 17.74 cents per pound on September 12, spot cotton prices for middling grade, 15/16 inch staple, on 10 Southern spot markets turned downward, and by October 17 had declined to 16.16 cents per pound. The decline was due in part to an increase in prospective yield of the 1941 crop, and in part to the refusal of Congress to pass legislation freezing Government owned cotton for the duration of the emergency. On October 18, 1940 the average cotton price on the 10 Southern markets was 9.33 cents.

The third forecast on the 1941 cotton crop, issued on October 8 by the Department of Agriculture, raised the estimate from 10,710,000 bales as of September 1 to 11,061,000 bales on October 1, an increase of 351,000 bales, or 3 per cent. In the Fifth district, prospective yields increased 14,000 bales in North Carolina and 1,000 bales in Virginia, but decreased 11,000 bales in South Carolina. Production figures in Fifth district states are on page 4.

COTTON CONSUMPTION AND ON HAND—BALES

	Sept. 1941	Sept. 1940	Aug. 1 to Sept. 30 This Year	Sept. 30 Last Year
Fifth district states:				
Cotton consumed	408,449	302,833	802,120	601,529
Cotton growing states:				
Cotton consumed	744,693	548,879	1,484,963	1,110,013
Cotton on hand Sept. 30 in				
Consuming establishments ..	1,285,746	607,194	.....	.....
Storage & compresses	11,128,940	10,631,450	.....	.....
United States:				
Cotton consumed	875,682	638,235	1,749,795	1,289,123
Cotton on hand Sept. 30 in				
Consuming establishments ..	1,636,521	784,116	.....	.....
Storage & compresses	11,523,702	10,747,398	.....	.....
Exports of cotton	189,215	90,555	267,731	155,980
Spindles active	22,963,944	22,281,476	.....	.....

AUCTION TOBACCO MARKETING

Additional tobacco markets in North Carolina and flue-cured markets in Virginia opened in September, and sales in the Fifth district exceeded September 1940 sales by nearly 5 per cent. Prices this year are much higher than last year, the September average exceeding the September 1940 average by 84 per cent. The 1941 crop is expected to turn out 13 per cent below the 1940 yield, but even with this reduction the aggregate receipts received for this year's crop should exceed 1940 receipts by 40 per cent or more. Sales in September, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	September 1941	September 1940	1941	1940
So. Carolina	18,740,881	41,193,905	\$23.09	\$13.08
No. Carolina	197,172,013	175,372,553	29.41	16.32
Virginia	19,490,078	7,653,386	32.66	20.59
District Total	235,402,972	224,219,844	\$29.18	\$15.87
Season through ...	348,829,371	276,907,401	28.36	16.34

TOBACCO MANUFACTURING

Cigarette production in September set a new monthly record, and other tobacco products were turned out in large volume. Bureau of Internal Revenue receipts for September indicate production of tobacco products as follows in the United States:

	Sept. 1941	Aug. 1941	Sept. 1940
Smoking & chewing tobacco, pounds	26,561,000	24,489,824	25,879,985
Cigarettes, number	18,760,571,160	17,776,522,190	14,889,814,717
Cigars, number	506,070,675	491,027,685	475,725,260
Snuff, pounds	3,194,316	2,971,991	2,848,874

RETAIL AND WHOLESALE TRADE

Department Store Trade

Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in Sept. 1941 in comparison with Sept. 1940 figures:

	Sales	Stocks	Orders	Receivables
Richmond (5)	+20	(+17)	+36	+62
Baltimore (10)	+20	(+22)	+34	+82
Washington (7)	+17	(+22)	+31	+85
Other Cities (12)	+23	(+19)	+26	+113
Fifth District (79)*	+19	(+22)	+32	+81
Same stores by States:				
Maryland (13)	+20	(+22)	..	..
Virginia (16)	+22	(+23)	..	..
West Virginia (15)	+18	(+20)	..	..
North Carolina (16)	+17	(+19)	..	..
South Carolina (12)	+35	(+28)	..	..

* Includes stores reporting sales only.

Note:—Second figure under Sales, in parentheses, compares combined sales in 9 months of 1941 with sales in first 9 months of 1940.

RETAIL FURNITURE SALES

STATES	% Change in Sales, Sept. and 9 Months of 1941	
	Compared with Sept. 1940	Compared with 9 Months 1940
Maryland (9)	+15	+27
Dist. of Col. (7)	+21	+37
Virginia (13)	-3	+24
North Carolina (5)	-22	+24
South Carolina (6)	+0	+40
District (40)	+9	+30
Individual Cities:		
Baltimore (9)	+15	+27
Richmond (5)	-19	+9
Washington (7)	+21	+37

WHOLESALE TRADE, 207 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio Sept. collections to accounts outstanding Sept. 1
	Sept. 1940	Aug. 1941	Sept. 30 1940	Aug. 31 1941	
Automotive supplies (10)	+65	+7	+10	+5	77
Shoes (5)	+63	+12	+8	-21	46
Drugs & sundries (15) .	+37	+13	+26	+9	90
Dry goods (8)	+33	+4	+24	-5	44
Electrical goods (18) ..	+100	+28	+51	-9	73
Groceries (64)	+29	+8	+25	+5	103
Hardware (14)	+35	+4	+9	-0	52
Industrial supplies (8) .	+75	-2	+17	-11	108
Paper & products (10) .	+48	+4	+19	+2	72
Tobacco & products (7) .	+35	-3	+13	+1	91
Miscellaneous (48)	+52	+10	+44	+2	76
Dist. Average (207) ..	+49	+10	+26	-3	72

Source: Bureau of the Census.

CROP FORECASTS

The drought throughout the Fifth district continued through September and the first half of October, and late crops for the most part deteriorated further. The planting of fall crops has been delayed by hard ground, coupled with insufficient moisture to sprout seeds, and pasture grasses died so much earlier than usual that farmers were forced to begin feeding stock ahead of the normal date. The following figures show forecasts of production made by the Department of Agriculture on the basis of October 1 condition. Yield figures marked (+) were raised between September 1 and October 1, and those marked (-) were lowered.

Cotton (Bales)

	% Change Acreage	Yield 1941	Yield 1940	Yield 1930-1939
Virginia	+6	23,000+	25,000	33,000
North Carolina	-4	530,000+	739,000	629,000
South Carolina	-2	400,000-	966,000	824,000
Fifth District	-3	953,000+	1,730,000	1,486,000

Corn (Bushels)

Maryland	-8	16,596,000	17,535,000	16,173,000
Virginia	-4	33,050,000+	36,490,000	32,418,000
West Virginia	-7	12,626,000+	12,852,000	12,610,000
North Carolina	-2	47,400,000	44,733,000	43,507,000
South Carolina	-2	22,964,000	24,304,000	22,831,000
Fifth District	-3	132,636,000+	135,914,000	127,539,000

Hay (Tons)

Maryland	+1	465,000-	550,000	467,000
Virginia	0	995,000+	1,252,000	924,000
West Virginia	+2	812,000	833,000	642,000
North Carolina	+1	1,021,000+	975,000	744,000
South Carolina	+8	621,000+	539,000	398,000
Fifth District	+2	3,914,000+	4,149,000	3,175,000

Tobacco (Pounds)

Maryland	+3	29,325,000-	31,920,000	25,901,000
Virginia	-2	84,933,000-	100,509,000	99,861,000
West Virginia	-10	2,240,000	2,790,000	2,985,000
North Carolina	+1	464,560,000+	526,505,000	529,356,000
South Carolina	+5	64,600,000-	82,215,000	85,656,000
Fifth District	+1	645,658,000-	743,939,000	744,759,000

Irish Potatoes (Bushels)

Maryland	-3	2,294,000-	2,898,000	2,997,000
Virginia	+1	6,776,000	10,412,000	10,661,000
West Virginia	0	3,630,000	3,630,000	2,844,000
North Carolina	+1	6,885,000+	8,720,000	8,182,000
South Carolina	+7	2,730,000	3,192,000	2,475,000
Fifth District	+1	22,315,000-	28,852,000	27,159,000

Sweet Potatoes (Bushels)

Maryland	+11	1,400,000-	1,485,000	1,071,000
Virginia	+3	3,264,000-	3,875,000	4,061,000
North Carolina	+8	7,200,000-	7,104,000	8,354,000
South Carolina	+3	4,745,000-	5,040,000	5,401,000
Fifth District	+6	16,609,000-	17,504,000	18,837,000

Peanuts (Pounds)

Virginia	-6	153,750,000-	216,000,000	149,865,000
North Carolina	-5	269,640,000-	371,000,000	249,288,000
South Carolina	-30	13,650,000	23,250,000	9,041,000
Fifth District	-7	437,040,000-	610,250,000	408,194,000

Apples, Commercial (Bushels)

Maryland .....	..	2,160,000-	2,077,000	1,996,000
Virginia .....	..	11,682,000-	10,660,000	10,366,000
West Virginia .....	..	4,867,000-	4,868,000	4,796,000
North Carolina .....	..	1,435,000+	962,000	966,000
Fifth District .....	..	20,144,000-	18,567,000	18,124,000

(Compiled October 21, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1941

Summary of October Business Conditions

IN spite of some difficulties in obtaining priorities for certain construction and industrial materials, the volume of trade and industry in the Fifth Reserve district in October and the first part of November was about up to seasonal level, and on the whole far exceeded October 1940 volume.

At the Federal Reserve Bank of Richmond, Federal Reserve notes in actual circulation continued to rise seasonally between October 15 and November 15, and on the latter date stood 51 per cent above outstanding circulation on November 15 last year. Member bank reserve deposits also increased last month, and at mid-November were 37 per cent higher than a year ago. Holdings of Government securities rose 14 per cent and the Bank's cash reserves increased 48 per cent during the year. Reporting member banks in leading cities showed relatively few changes in their statements during the past month, but between November 13, 1940 and November 12, 1941, their loans to business and agriculture rose 18 per cent, while all other loans rose 7 per cent, investments in securities rose 25 per cent, reserve balances at the Reserve bank rose 35 per cent, demand deposits rose 25 per cent, and time deposits rose 3 per cent. Debits to individual accounts in 25 cities, reflecting checking transactions, rose 16 per cent in October over September 1941 and 35 per cent over October 1940.

Distribution of consumer goods continued in larger volume than a year ago except in automobiles. Department store sales in 79 stores in the district showed a 9 per cent rise in October above sales in September, and exceeded October 1940 sales by 13 per cent, while retail furniture sales in 40 stores exceeded September 1941 and October 1940 sales by 4 and 10 per cent, respectively. Sales by 174 wholesalers and jobbers declined 5 per cent from September to October, but in the latter month were 33 per cent above sales in October last year. Sales of new passenger automobiles in October, while showing some seasonal increase over September, fell much below October 1940 sales, ascribed by dealers to increased prices and taxes on 1942 models, to some restrictions in selling terms, and to a large amount of forward buying of 1941 models in anticipation of higher prices and taxes.

Industrial activity continued at recent high levels or increased further in October. Construction work provided for by permits issued and contracts awarded was about at the high level of recent months, although some contemplated projects were postponed because of inability to secure certain needed materials, notably steel. Rayon yarn shipments in the United States to domestic consumers set an all time monthly record in October, and cotton consumption in both the United States and the Fifth dis-

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

	October 1941	September 1941	October 1940	% Change	
				Month	Year
Debits to individual accounts (25 cities).....	\$2,116,760,000	\$1,824,609,000	\$1,572,148,000	+ 16	+ 35
Sales, 79 department stores, 5th district.....	\$ 18,951,340	\$ 17,355,089	\$ 16,714,381	+ 9	+ 13
Sales, 40 furniture stores, 5th district.....	\$ 1,666,438	\$ 1,601,960	\$ 1,517,927	+ 4	+ 10
Sales, 174 wholesale firms, 5th district.....	\$ 14,824,000	\$ 15,655,000	\$ 11,167,000	- 5	+ 33
Registrations, new autos, 5th district.....	13,988	9,408	22,610	+ 49	- 38
Tobacco sold in 5th district (Pounds).....	160,587,968	235,402,972	240,367,011	- 32	- 33
Average price of tobacco, per 100 lbs.....	\$ 33.48	\$ 29.18	\$ 19.23	+ 15	+ 74
Growers' receipts from tobacco, 5th district.....	\$ 53,763,718	\$ 68,679,635	\$ 46,219,415	- 22	+ 16
Number of business failures, 5th district.....	28	25	40	+ 12	- 30
Liabilities in failures, 5th district.....	\$ 180,000	\$ 367,000	\$ 498,000	- 51	- 64
Value of building permits, 29 cities.....	\$ 11,494,803	\$ 13,876,928	\$ 11,758,551	- 17	- 2
Value of contracts awarded, 5th district.....	\$ 83,065,000	\$ 77,738,000	\$ 51,758,000	+ 7	+ 60
Cotton consumption, 5th district (Bales).....	442,728	408,449	354,688	+ 8	+ 25
Cotton price, cents per lb., end of month.....	16.21	16.99	9.36	- 5	+ 73
Print cloths, 39 in., 80x80s, end of month.....	10.75*	10.75*	7.13	0	+ 51
Rayon yarn shipments, U. S. (Pounds).....	41,700,000	37,000,000	36,700,000	+ 13	+ 14
Rayon yarn stocks, U. S. (Pounds).....	5,300,000	4,900,000	6,900,000	+ 8	- 23
Bituminous coal mined, U. S. (Tons).....	49,800,000	46,880,000	38,700,000	+ 6	+ 29

* Ceiling prices established by OPACS.

tract reached new high figures. Tobacco manufacturing in October was in large volume, and cigarette production set a new monthly record of 19,632,466,010 cigarettes, of which 84 per cent, or 16,572,086,000 cigarettes, were made in the Fifth Reserve district. Bituminous coal production of 49,800,00 net tons in the United States in October 1941 exceeded October 1940 production by 29 per cent. Of last month's tonnage, approximately 13,590,000 tons, or 27 per cent, were mined in the Fifth district.

In agriculture the Fifth district suffered severely this year from too much rain in South Carolina in the first half

of the season and from drought throughout the entire district in the latter half of the season. But in spite of these adverse conditions, crops with the exception of cotton in South Carolina turned out fair in most instances, and in view of present agricultural product prices the farmers of the district are on the whole economically better off this fall than a year ago. Even in cotton an advance this year of about 70 per cent in price should nearly compensate for a decline of 45 per cent in yield, and in tobacco a yield decrease of 13 per cent is much more than made up by a price increase of about 80 per cent.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Nov. 15 1941	Oct. 15 1941	Nov. 15 1940
Discounts held	\$ 0	\$ 0	\$ 80
Foreign loans on gold	0	0	35
Industrial advances	779	793	815
Government securities	134,996	134,996	118,321
Total earning assets	\$135,775	\$135,789	\$119,251
Circulation of Fed. Res. notes	399,321	390,164	264,697
Members' reserve deposits	489,000	483,451	356,891
Cash reserves	832,765	809,474	563,022
Reserve ratio	84.96	85.11	82.88

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Nov. 12 1941	Oct. 15 1941	Nov. 13 1940
Loans to business & agriculture	\$161,107	\$161,296	\$136,700
All other loans	170,473	172,494	159,420
Investments in securities	551,926	518,040	441,804
Reserve bal. with F. R. bank	321,854	325,689	238,240
Cash in vaults	30,764	26,593	26,180
Demand deposits	785,068	778,491	626,102
Time deposits	211,780	211,656	204,792
Money borrowed	0	0	100

MUTUAL SAVINGS BANK DEPOSITS

	9 Baltimore Banks		
	Oct. 31, 1941	Sept. 30, 1941	Oct. 31, 1940
Total deposits	\$225,557,877	\$224,490,776	\$223,668,715

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change Month	Year
	Oct. 1941	Sept. 1941	Oct. 1940		
Dist. of Col.					
Washington	\$ 412,871	\$ 359,671	\$ 307,184	+15	+34
Maryland					
Baltimore	614,763	491,249	431,213	+25	+43
Cumberland	11,374	10,643	8,614	+7	+32
Hagerstown	13,661	12,164	10,379	+12	+32
North Carolina					
Asheville	20,835	18,753	16,182	+11	+29
Charlotte	107,293	94,055	76,729	+14	+40
Durham	75,534	66,612	54,030	+13	+40
Greensboro	28,916	25,906	22,597	+12	+28
Raleigh	60,821	52,942	51,103	+15	+19
Wilmington	22,351	21,280	13,735	+5	+63
Winston-Salem	66,553	59,313	51,050	+12	+30
South Carolina					
Charleston	31,608	28,110	23,809	+12	+33
Columbia	41,103	38,835	34,854	+6	+18
Greenville	35,584	30,003	24,460	+19	+45
Spartanburg	19,407	16,460	14,902	+18	+30
Virginia					
Danville	29,888	17,026	17,833	+76	+68
Lynchburg	18,884	18,404	15,525	+3	+22
Newport News	14,736	13,492	15,535	+9	-5
Norfolk	85,815	73,899	62,387	+16	+38
Portsmouth	8,013	6,647	5,640	+21	+42
Richmond	249,109	236,403	197,573	+5	+26
Roanoke	37,692	34,601	30,684	+9	+23
West Virginia					
Charleston	70,114	63,892	55,116	+10	+27
Huntington	25,551	21,594	19,460	+18	+31
Parkersburg	14,284	12,655	11,554	+13	+24
District Totals	\$2,116,760	\$1,824,609	\$1,572,148	+16	+35

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
October 1941	28	809	\$ 180,000	7,333,000
September 1941	25	735	367,000	9,393,000
October 1940	40	1,111	498,000	12,715,000
10 Months, 1941	335	10,108	3,655,000	113,488,000
10 Months, 1940	464	11,509	5,731,000	136,803,000

Source: Dun & Bradstreet

EMPLOYMENT

The demand for workers continues unabated in Fifth district industries, and employers in distributive lines who add help for the holiday season are wondering where additional workers can be obtained. No noticeable decline in work has yet occurred as a result of priority allocations of materials needed in defense projects. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from September to October 1941:

STATES	Percentage change from Sept. 1941 to Oct. 1941	
	in number on payroll	in amount of payroll
Maryland	+0.7	+5.0
Dist. of Col.	+1.1	+2.8
Virginia	+1.0	+2.6
West Virginia	-0.2	+3.5
North Carolina	+0.3	+5.2
South Carolina	+0.8	+5.6
District Average	+0.6	+4.2

AUTOMOBILE REGISTRATIONS

Sales of new passenger automobiles in the Fifth district in October were substantially below seasonal level, although some increase was shown over September sales. In comparison with sales in October 1940, however, sales last month dropped 38 per cent. Unofficial reports from trade papers and dealers indicate that stocks of new cars are accumulating in dealers' hands, but in view of further restrictions on new car manufacturing expected later in the current model year the moderate excess of receipts of new cars over sales is not regarded as a disadvantage. Used car sales, while slower than in the summer, are somewhat more active than new car sales, and stocks of used cars are unusually low for this time of year.

The following registration figures for new passenger cars were furnished by R. L. Polk & Co., of Detroit:

STATES	REGISTRATIONS OF NEW PASSENGER CARS—NUMBER					
	Oct. 1941	Oct. 1940	% Change	10 Months 1941	10 Months 1940	% Change
Maryland	2,636	4,454	-41	51,247	41,123	+25
Dist. of Col.	1,250	3,109	-60	27,791	23,634	+18
Virginia	3,557	4,358	-18	66,425	46,127	+44
West Virginia	1,334	2,427	-45	29,945	26,215	+14
No. Carolina	3,566	5,479	-35	58,682	44,061	+33
So. Carolina	1,645	2,783	-41	31,829	23,593	+35
District	13,988	22,610	-38	265,919	204,753	+30

CONSTRUCTION

The value of building permits issued in October 1941 in 29 Fifth district cities totaled \$11,494,803, compared with \$13,876,928 in September this year and \$11,758,551 in October last year. Baltimore reported the highest October 1941 figure, \$3,738,534, and Washington was second with \$3,034,610. Federal Government work is not included in the Washington figure. Durham ranked third last month with \$1,020,305, Richmond was fourth with \$701,288, and Norfolk was fifth with \$298,542.

Contract award figures for October totaled \$83,065,000 in the Fifth district, a higher figure than either \$77,738,000 for September 1941 or \$51,758,000 for October 1940. The high award figures in recent months are chiefly due to defense projects and publicly financed housing. Figures on contract awards in September 1941, which were not available on a state basis when the October 31, 1941 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Sept. 1941	Sept. 1940	% Change
Maryland	\$ 15,797,000	\$ 7,453,000	+112
Dist. of Col.	6,755,000	5,381,000	+ 26
Virginia	32,596,000	7,664,000	+325
West Virginia	2,171,000	4,330,000	- 50
North Carolina	11,119,000	7,129,000	+ 56
South Carolina	9,300,000	2,235,000	+316
District	\$ 77,738,000	\$ 34,192,000	+127

BITUMINOUS COAL MINING

Bituminous coal mining in the United States increased from September to October by 6 per cent, but declined on a daily output basis by 2 per cent. In comparison with October 1940, last months' tonnage rose by 29 per cent. In October 1941 output of 49,800,000 net tons compared with 46,880,000 tons mined in the shorter month of September 1941 and 38,700,000 tons in October 1940. On a daily basis October tonnage of 1,844,000 tons compared with 1,875,000 tons in September and 1,433,000 tons in October last year. Total production this calendar year to October 31 of 411,608,000 tons was 11 per cent above 371,833,000 tons mined to the corresponding date in 1940. Shipments of coal through Hampton Roads ports totaled 18,969,495 tons to November 8, a decrease of 2 per cent from shipments of 19,272,677 tons to the same date last year, the decline occurring chiefly in foreign cargo and foreign bunker loadings. In the Fifth district, production of bituminous coal in October 1941, September 1941 and October 1940 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Oct. 1941	Sept. 1941	Oct. 1940
West Virginia	11,915,000	13,487,000	10,280,000
Virginia	1,534,000	1,712,000	1,270,000
Maryland	141,000	168,000	120,000
5th District	13,590,000	15,367,000	11,670,000
United States	49,800,000	46,880,000	38,700,000
% in District	27	33	30

COTTON TEXTILES

During the first half of October the market for cotton textiles was unsettled, neither buyers nor sellers being anxious to make commitments until ceilings on a sliding scale were established by the OPACS. This was done shortly after the middle of the month, and future prices for textiles were related to average spot cotton prices on ten

Southern markets. A number of additional constructions were also brought under ceilings. Textile mills operated at the highest level on record in October, and set a new record in cotton consumption. Mills are working on backlogs of orders previously obtained, many of them for fabrics entering into defense. Finished textiles are scarce and all lots offered for sale are quickly taken. Trade papers report some recent sales for export at prices above ceiling quotations, indicating that there are some textiles in reserve which owners do not care to sell for ceiling prices.

In the Fifth district specifically, cotton consumption in October was the highest for any month on record, this being the fourth month this calendar year in which a new record was established.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In bales			
	No. Carolina	So. Carolina	Virginia	District
October 1941.....	244,667	177,431	20,630	442,728
September 1941.....	224,429	164,228	19,792	408,449
October 1940.....	196,823	143,374	14,491	354,688
10 Months, 1941.....	2,187,741	1,641,095	186,684	4,015,520
10 Months, 1940.....	1,684,130	1,300,403	124,321	3,108,854

RAYON YARN PRODUCTION

Rayon yarn shipments in the United States to domestic consumers set a record of 41,700,000 pounds in October, 13 per cent above September 1941 shipments of 37,000,000 pounds and 14 per cent above October 1940 shipments of 36,700,000 pounds. Production last month exceeded shipments for the fourth successive month, and reserve stocks consequently rose from 4,900,000 pounds on September 30 to 5,300,000 pounds on October 31. *Rayon Organon* says that shipments of yarn in the 10 elapsed months of 1941 totaled 374,700,000 pounds, an increase of 17 per cent over shipments of 319,900,000 pounds in the first 10 months of 1940. Part of the recent increase in poundage was due to an increase in the average denier of yarn spun in viscose and cuprammonium plants, offset to some extent by a reduction in average denier of acetate yarn. Rayon yarn price scales have recently been agreed upon by manufacturers and the Office of Price Administration, and the latter announced that the imposition of rayon price ceilings would not be necessary, at least for the present. The inventory of filament yarn held by broad weavers at the end of October totaled 21,800,000 pounds, a smaller figure than either 23,400,000 pounds held on September 30 this year or 24,300,000 pounds held on October 31 last year.

COTTON STATISTICS

In this *Review* last month the average price for 15/16 inch staple middling grade cotton on October 17, 1941 on 10 Southern markets was quoted as 16.16 cents per pound. After that date prices registered some advance, and by November 14 had risen to 16.39 cents. On November 15, 1940 the average price on the same markets was 9.75 cents. Demand for the better grades of cotton has been strong, but the price differentials between the higher and lower grades have encouraged some mills to turn to the medium grades. General satisfaction on the part of cotton growers with prices this year is evidenced by the report that to November 8 the Commodity Credit Corporation had made loans on only 553,836 bales of the 1941 crop against loans made on 1,650,000 bales of the 1940 crop to the corresponding date last year.

The fourth forecast on the 1941 cotton crop, issued on November 8 by the Department of Agriculture, lowered the estimate from 11,061,000 bales as of October 1 to 11,020,000 bales on November 1, a decrease of 41,000 bales. In the Fifth district, however, prospective yields increased 25,000 bales in North Carolina and 3,000 bales in Virginia, while the South Carolina estimate remained unchanged.

COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1941	Oct. 1940	Aug. 1 to Oct. 31 This Year Last Year	
Fifth district states:				
Cotton consumed	442,728	354,688	1,244,848	956,217
Cotton growing states:				
Cotton consumed	805,975	652,843	2,290,938	1,762,856
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,648,371	1,172,276	.....	.....
Storage & compresses	12,955,370	13,700,798	.....	.....
United States:				
Cotton consumed	953,600	770,832	2,703,395	2,059,955
Cotton on hand Oct. 31 in				
Consuming establishments ..	1,993,293	1,355,460	.....	.....
Storage & compresses	13,342,123	13,836,566	.....	.....
Exports of cotton	161,668	194,700	429,399	350,680
Spindles active	23,043,310	22,470,784	.....	.....

AUCTION TOBACCO MARKETING

Auction tobacco prices continued high on Fifth district markets in October, and sales in South Carolina were completed for the season. Total sales in the district last month were much less than sales in October 1940, but this was chiefly due to earlier market openings this year, a larger part of the 1941 crop having been sold in September. Sales in October and for the season through October, all of flue-cured type tobacco, were as follows:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	October 1941	October 1940	1941	1940
South Carolina	225,640	8,263,570	\$19.38	\$11.99
North Carolina	120,187,382	190,599,446	33.51	19.42
Virginia	40,174,946	41,503,995	33.45	20.23
District Total	160,587,968	240,367,011	\$33.48	\$19.23
Season through	515,956,051	517,274,412	31.88	17.63

TOBACCO MANUFACTURING

Tobacco manufacturers operated at capacity during October, and cigarette production set a new record for the second consecutive month. Bureau of Internal Revenue receipts for October indicate production of tobacco products as follows in the United States:

	Oct. 1941	Sept. 1941	Oct. 1940
Smoking & chewing tobacco, pounds	28,485,698	26,561,000	31,150,014
Cigarettes, number	19,632,466,010	18,760,571,160	16,448,241,230
Cigars, number	621,989,890	506,070,675	583,508,410
Snuff, pounds	3,693,671	3,194,816	3,567,501

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in Oct. 1941 in comparison with Oct. 1940 figures:			
	Sales	Stocks	Orders	Receivables
Richmond (5)	+ 4 (+15)	+42	+30	+12
Baltimore (10)	+17 (+21)	+33	+83	+11
Washington (7)	+12 (+20)	+38	+44	+11
Other Cities (12)	+12 (+18)	+28	+75	+12
Fifth District (79)*	+13 (+21)	+36	+53	+11
Same stores by states:				
Maryland (13)	+17 (+21)	..	..	..
Virginia (16)	+ 8 (+21)	..	..	..
West Virginia (15)	+15 (+19)	..	..	..
North Carolina (16)	+10 (+18)	..	..	..
South Carolina (12)	+18 (+26)	..	..	..

* Includes stores reporting sales only.

Note: Second figure under Sales, in parentheses, compares combined sales in 10 months of 1941 with sales in the first 10 months of 1940.

RETAIL FURNITURE SALES

STATES	% Change in Sales, Oct. and 10 Months of 1941 Compared with	
	Oct. 1940	10 months 1940
Maryland (9)	+ 7	+24
Dist. of Col. (7)	+22	+35
Virginia (13)	+ 9	+22
North Carolina (5)	-13	+19
South Carolina (6)	+ 6	+36
District (40)	+10	+27
Individual Cities:		
Baltimore (9)	+ 7	+25
Richmond (5)	- 0	+ 8
Washington (7)	+22	+35

WHOLESALE TRADE, 174 FIRMS

LINES	Net Sales October 1941 compared with		Stocks Oct. 31, 1941 compared with		Ratio Oct. collections to accounts outstanding Oct. 1
	Oct. 1940	Sept. 1941	Oct. 31 1940	Sept. 30 1941	
Automotive supplies (9) ..	+33	- 1	..	..	75
Shoes (4)	+48	-17	+ 8	-14	63
Drugs & sundries (5) ..	+38	+ 3	..	..	79
Dry goods (8)	+30	- 7	+36	+ 7	47
Electrical goods (9)	+52	-23	+33	- 4	63
Groceries (57)	+16	- 1	+27	+ 5	109
Hardware (13)	+33	+ 5	+ 0	- 4	61
Industrial supplies (9) ..	+29	- 5	- 2	- 2	81
Paper & products (8)	+53	+ 5	+24	+ 1	82
Tobacco & products (8) ..	+25	+ 2	..	..	89
Miscellaneous (44)	+37	+ 7	+43	+ 7	78
District Average (174) ..	+33	- 5	+22	- 0	71

Source: Bureau of the Census.

AGRICULTURE

In spite of continued drought throughout the Fifth district in October, forecasts of agricultural production as of November 1 raised district estimates in cotton, corn, tobacco, Irish potatoes, sweet potatoes and peanuts, but lowered the commercial apple figure. Final yields this year will be larger than the 10-year averages in wheat, corn, oats, hay, peanuts and apples, but lower yields will be shown in cotton, tobacco, Irish potatoes and sweet potatoes. Prices for cotton and tobacco this year are much above 10-year averages, and the farmers will receive more money for those crops than their average receipts in the past ten years.

(Compiled November 22, 1941)

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERALRESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1941

Summary of November Business Conditions

DISLOCATIONS resulting from the defense program are beginning to develop in the business structure, and many far reaching changes for the future are now clearly discernable, but thus far only a few lines have been seriously affected. Perhaps the automobile industry and affiliated lines like tires have been most influenced, followed by other lines on which extra taxes have been laid; instalment terms have been stiffened, and scarcities have developed because of needs of materials for defense uses. Higher per unit costs of automobiles under restricted output plus a rise in taxes on cars necessitated higher prices for 1942 models, and buyers, anticipating the rise, bought 1941 models to such an extent that the market for 1942 cars has been very dull. The recent announcement of restrictions on tire sales apparently dealt tire dealers a severe blow, and in time will adversely affect thousands of concerns in every state, such as auto maintenance shops, filling stations, battery dealers, tourist camps and homes, pleasure resorts depending upon motor car transportation, and even State Highway work largely financed by gasoline taxes. The only bright feature of the inability to buy tires is the saving on car operation many people will make, providing needed funds with which to meet higher prices for commodities and to pay much higher taxes.

November's distribution of goods to consumers bulked large in dollars, but if price changes during the past year

are taken into account it becomes evident that the physical volume of trade was perhaps not up to seasonal level in comparison with months earlier in the year. Department store sales in the Fifth district in November were 16 per cent above sales in November 1940, but a large part of the increase was probably due to higher prices this year. The same may be said of furniture sales, which were 13 per cent higher last month than a year ago, and wholesale trade in many lines, which rose an average of 28 per cent. Automobile sales in November were 41 per cent below November 1940 sales.

Construction work continues in very large volume, but new work provided for in November building permits was much less than in other recent months or in November last year. Construction for private use in the near future will probably be relatively small, materials being shifted under priorities to defense work in some form.

Industries in the Fifth district continued to operate at virtual capacity last month. Cotton consumption in Virginia and the Carolinas exceeded November 1940 consumption by 18 per cent, rayon yarn shipments in the United States were up 11 per cent, tobacco manufacturing ran well ahead of activity a year ago, and bituminous coal output gained 7 per cent. Shipyards and aircraft plants continued on full time, and many scattered industries worked multiple shifts on various phases of defense work.

BUSINESS STATISTICS—FIFTH FEDERAL RESERVE DISTRICT

				% Change	
	November 1941	October 1941	November 1940	Month	Year
Debits to individual accounts (25 cities).....	\$1,855,206,000	\$2,116,760,000	\$1,528,845,000	— 12	+ 21
Sales, 79 department stores, 5th district.....	\$ 19,410,971	18,951,340	16,687,763	+ 2	+ 16
Sales, 40 furniture stores, 5th district.....	\$ 1,659,691	\$ 1,687,002	\$ 1,464,597	— 2	+ 13
Sales, 198 wholesale firms, 5th district.....	\$ 15,304,000	\$ 17,378,000	\$ 11,930,000	— 12	+ 28
Registrations, new autos, 5th district.....	13,886	13,988	23,479	— 1	— 41
Tobacco sold in 5th district (Pounds).....	41,078,143	160,587,968	101,029,683	— 74	— 59
Average price of tobacco, per 100 lbs.....	\$ 26.38	\$ 33.48	\$ 14.43	— 21	+ 83
Growers' receipts from tobacco, 5th district.....	\$ 10,835,573	\$ 53,763,718	\$ 14,579,482	— 80	— 26
Number of business failures, 5th district.....	17	28	31	— 39	— 45
Liabilities in failures, 5th district.....	\$ 136,000	\$ 180,000	\$ 769,000	— 24	— 82
Value of building permits, 29 cities.....	\$ 5,782,399	\$ 11,494,803	\$ 13,066,751	— 50	— 56
Value of contracts awarded, 5th district.....	\$ 57,519,000	\$ 83,065,000	\$ 45,703,000	— 31	+ 26
Cotton consumption, 5th district (Bales).....	401,289	442,728	340,711	— 9	+ 18
Cotton price, cents per lb., end of month.....	16.57	16.21	9.74	+ 2	+ 70
Print cloths, 39 in., 80x80s, end of month.....	10.875*	10.75*	7.375	+ 1	+ 47
Rayon yarn shipments, U. S. (Pounds).....	38,600,000	41,700,000	34,800,000	— 7	+ 11
Rayon yarn stocks, U. S. (Pounds).....	4,500,000	5,400,000	6,700,000	— 17	— 33
Bituminous coal mined, U. S. (Tons).....	42,865,000	50,615,000	40,012,000	— 15	+ 7

* Ceiling price, established by OPACS.

BANKING STATISTICS

RESERVE BANK STATEMENT ITEMS

ITEMS	Fifth District		
	Dec. 15 1941	Nov. 15 1941	Dec. 15 1940
Discounts held	\$ 0	\$ 0	\$ 47
Foreign loans on gold.....	0	0	41
Industrial advances	770	779	783
Government securities	137,163	134,996	115,900
Total earning assets.....	\$137,933	\$135,775	\$116,771
Circulation of Fed. Res. notes.....	418,403	399,321	278,382
Members' reserve deposits.....	462,763	489,000	354,012
Cash reserves	817,411	832,765	570,688
Reserve ratio	85.08	84.96	83.49

SELECTED ITEMS—41 REPORTING MEMBER BANKS

ITEMS	Fifth District		
	Dec. 10 1941	Nov. 12 1941	Dec. 11 1940
Loans to business & agriculture.....	\$161,683	\$161,107	\$137,400
All other loans	175,148	170,473	161,473
Investments in securities.....	566,184	551,926	432,527
Reserve bal. with F. R. bank.....	320,007	321,854	242,985
Cash in vaults.....	30,337	30,764	27,828
Demand deposits	779,618	785,068	637,972
Time deposits	204,519	211,780	199,907
Money borrowed	0	0	0

MUTUAL SAVINGS BANK DEPOSITS

	9 Baltimore Banks		
	Nov. 30, 1941	Oct. 31, 1941	Nov. 30, 1940
Total deposits	\$225,322,207	\$225,557,877	\$223,087,460

DEBITS TO INDIVIDUAL ACCOUNTS

CITIES	Fifth District			% of Change	
	Nov. 1941	Oct. 1941	Nov. 1940	Month	Year
Dist. of Col.					
Washington ..	\$ 363,843	\$ 412,871	\$ 304,470	-12	+20
Maryland					
Baltimore	523,652	614,763	429,178	-15	+22
Cumberland	9,774	11,374	8,739	-14	+12
Hagerstown	12,590	13,661	9,678	- 8	+30
North Carolina					
Asheville	18,168	20,835	14,955	-13	+21
Charlotte	97,086	107,293	86,845	-10	+12
Durham	45,956	75,534	38,342	-39	+20
Greensboro	26,653	28,916	23,001	- 8	+16
Raleigh	60,888	60,821	48,235	+ 0	+26
Wilmington	21,116	22,351	11,843	- 6	+78
Winston-Salem ..	57,959	66,553	48,359	-13	+20
South Carolina					
Charleston	29,135	31,605	21,482	- 8	+36
Columbia	46,324	41,103	37,278	+13	+24
Greenville	30,590	35,584	24,722	-14	+24
Spartanburg	17,539	19,407	13,102	-10	+34
Virginia					
Danville	17,756	29,888	15,409	-41	+15
Lynchburg	19,048	18,884	16,336	+ 1	+17
Newport News ..	14,216	14,736	13,023	- 4	+ 9
Norfolk	81,190	85,815	64,884	- 5	+25
Portsmouth	7,604	8,013	5,939	- 5	+23
Richmond	215,534	249,109	175,920	-13	+23
Roanoke	36,289	37,692	32,962	- 4	+10
West Virginia					
Charleston	65,829	70,114	54,195	- 6	+21
Huntington	23,045	25,551	18,710	-10	+23
Parkersburg	13,422	14,284	11,233	- 6	+19
District Totals ...	\$1,855,206	\$2,116,760	\$1,528,845	-12	+21

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
November 1941.....	17	842	\$ 136,000	\$ 9,197,000
October 1941.....	28	809	180,000	7,333,000
November 1940.....	31	1,024	769,000	16,572,000
11 months, 1941.....	352	10,950	3,701,000	122,635,000
11 months, 1940.....	495	12,533	6,500,000	153,375,000

Source: Dun & Bradstreet

EMPLOYMENT

According to the reports of the Virginia Unemployment Compensation Commission, unemployment in Virginia increased somewhat in November, chiefly due to completion or reduction of work on several large construction projects. Industrial workers, however, continued fully employed, and induction of men into the armed forces opened many jobs for older persons. Increased industrial activity also made it necessary for plants to take on additional office workers, and consequently more jobs became available for white collar workers. Retail establishments added the customary extra help for the holiday season. The demand for workers has not become sufficiently urgent to develop a seller's market, but it is easier to get a job now than at any other time in many years except for certain specialists like automobile salesmen. The following figures, compiled for the most part by the Bureau of Labor Statistics, show the trends of employment and payrolls in the Fifth district from October to November:

STATES	Percentage change from Oct. 1941 to Nov. 1941	
	in number on payroll	in amount of payroll
Maryland	+1.0	+1.3
Dist. of Columbia	+0.7	+0.7
Virginia	+0.4	+1.6
West Virginia	0.0	+0.9
North Carolina	-0.5	-1.5
South Carolina	+0.1	+0.5
District Average	+0.3	+0.6

AUTOMOBILE REGISTRATIONS

REGISTRATIONS OF NEW PASSENGER CARS—NUMBER

	1941	1940	Change %	1941	1940	Change %
	Nov.	Nov.		11 Months	11 Months	
Maryland	2,621	5,120	- 49	53,868	46,243	+16
Dist. of Col.	1,157	2,914	- 60	28,948	26,548	+ 9
Virginia	3,548	5,152	- 31	69,973	51,279	+36
West Virginia ..	1,742	2,495	- 30	31,687	28,710	+10
No. Carolina ..	2,902	4,356	- 33	61,584	48,417	+27
So. Carolina ...	1,916	3,442	- 44	33,745	27,035	+25
District	13,886	23,479	- 41	279,805	228,232	+23

Buying of new passenger automobiles has slumped very severely since the introduction of 1942 models in the fall, due to several causes, chief of which was a wave of anticipatory buying in the 1941 model year. As the defense program expanded during the past year it became evident that automobile production in 1942 would be drastically reduced, and that additional taxes would be laid on new cars. The buying public therefore anticipated their car needs, and a great many people who normally would have run their old cars a year or two longer decided to trade in on new cars in the 1941 model year. Since the 1942 models appeared, at appreciably higher prices, the public has shown little interest, and even with sharply restricted factory output, retail dealers have been unable to sell all the cars shipped to them. This works a hardship on financially weak dealers, but the dealers who can finance the accumulation of cars will be in a favorable position next spring when factory output is cut still further and perhaps even entirely suspended. Inability to secure new tires will cause a great many cars to be left in garages and will restrict operations of many others. This will severely reduce maintenance work by automobile shops, upon which dealers depended to supplement income from reduced car sales. The automobile

manufacturer is shifting to defense work, but the retail dealers in cars and tires and the auto repair shops cannot readily find substitutes. The registration figures for new passenger cars shown on page 2 were furnished by *R. L. Polk & Co.*, of Detroit.

CONSTRUCTION

Construction in the Fifth district provided for by building permits issued in 29 cities during November 1941 declined from the October volume and was in fact the lowest for any month since January 1940. Fear of inability to obtain building materials is retarding new projects to a considerable degree. Permit valuations in the 29 Fifth district cities last month totaled \$5,782,399, compared with \$11,494,803 in October this year and \$13,066,751 in November last year. Total permits issued in the eleven months of 1941 amounting to \$129,038,755 exceed the total of \$117,937,009 issued in the corresponding period in 1940. In November 1941, Washington led in permits issued with \$1,691,670, followed by Baltimore with \$1,460,424, Norfolk with \$463,206, Charleston, S. C. with \$418,675, Charlotte with \$189,222, Spartanburg with \$174,227 and Charleston, W. Va. with \$174,196.

Contracts awarded for construction in the Fifth district in November 1941 totaled \$57,519,000, a decrease from \$83,065,000 in October this year but an increase of 26 per cent over \$45,703,000 in November 1940. Figures on contracts awarded in October 1941, which were not available on a state basis when the November 30, 1941 *Review* went to press, were reported by the *F. W. Dodge Corporation* as follows:

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1941	Oct. 1940	% Change
Maryland	\$ 17,141,000	\$ 13,368,000	+ 28
Dist. of Col.	4,803,000	7,738,000	- 38
Virginia	48,658,000	15,699,000	+210
West Virginia	2,113,000	1,938,000	+ 9
North Carolina	4,900,000	10,832,000	- 55
South Carolina	5,450,000	2,185,000	+149
District	\$ 83,065,000	\$ 51,758,000	+ 60

BITUMINOUS COAL MINING

The output of bituminous coal mines declined in November from October, but exceeded the rate of production in November last year. November tonnage of 42,865,000 tons compared with production of 50,615,000 tons in the longer month of October and 40,012,000 tons in November 1940, while daily production last month of 1,816,000 tons compared with daily output of 1,844,000 tons in the preceding month this year and 1,667,000 tons in the corresponding month last year. November output was reduced to an appreciable degree by strikes lasting a week in all captive and a few commercial mines. Total coal produced in 1941 to November 30 amounted to 454,473,000 tons, and exceeded 411,845,000 tons mined in the first 11 months of 1940 by 10 per cent. On the contrary, shipments of coal through Hampton Roads ports this calendar year to December 6 totaling 20,569,635 tons show a decline of 2 per cent from shipments of 20,888,887 tons to the same date in 1940.

In the Fifth district, production of bituminous coal in November 1941, October 1941 and November 1940 was as follows:

SOFT COAL PRODUCTION IN TONS

REGIONS	Nov. 1941	Oct. 1941	Nov. 1940
West Virginia	11,998,000	14,614,000	10,871,000
Virginia	1,610,000	1,845,000	1,195,000
Maryland	132,000	166,000	127,000
5th District	13,740,000	16,625,000	11,693,000
United States	42,865,000	50,615,000	40,012,000
% in District	32	33	29

COTTON TEXTILES

The *Journal of Commerce*, in its monthly survey of the cotton textile goods market, points out that November was the first full month of trading under the sliding scale ceiling schedules for coarse yarn gray cloths, under which prices for textiles fluctuate with the average base price of cotton on 10 Southern spot markets. Business in textiles during November was spotty as a consequence of the action of the cotton market, most of the selling being done during two periods of three and four days when prices moved up to higher levels. For the month as a whole, the volume of business done appeared to have been somewhat below production. Print cloths sold well during the two brief periods previously mentioned, but otherwise the supply offered was slack. At the end of November large quantities of cloth were wanted by some of the larger customers, but mills were interested in selling only about twelve weeks ahead. Power difficulties, shortages of machine parts, and some labor inefficiency on third shifts constrained mills from making long term commitments.

In the Fifth district, cotton consumption in November was seasonally less than in October, but exceeded November 1940 consumption by 18 per cent.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
November 1941.....	216,694	165,790	18,805	401,289
October 1941.....	244,667	177,431	20,630	442,728
November 1940.....	188,761	137,538	14,412	340,711
11 Months, 1941.....	2,404,435	1,806,885	205,489	4,416,809
11 Months, 1940.....	1,872,891	1,437,941	138,733	3,449,565

RAYON YARN PRODUCTION

Rayon Organon reports shipments of rayon filament yarn to domestic consumers totaling 38,600,000 pounds in November in comparison with shipments of 41,700,000 pounds in October and 34,800,000 pounds in November 1940. The decline in yarn shipments from October to November was due partly to fewer working days in the later month and partly to a lowering of the average denier spun by the industry. Total shipments of yarn in the first eleven months of 1941 of 413,300,000 pounds exceeded shipments of 354,700,000 pounds in the corresponding period last year by 17 per cent. Inventories of yarn held by producers on November 30, 1941, totaled 4,500,000 pounds, a reduction from 5,400,000 pounds held a month earlier and also less than 6,700,000 pounds held in reserve on November 30, 1940. The 1941 inventory figures include the reserved rayon yarn held in the Government pool under Order M-37-a. Rayon filament yarn held by broad weavers at the end of November 1941 totaled 21,900,000 pounds, compared with 21,800,000 pounds on October 31, 1941, and 26,000,000 pounds on November 30, 1940. In its annual survey of rayon capacity, *Rayon Organon* says that the operating capacity of the filament yarn industry as of November this year is about 450,000,000 pounds annually, but that by July

1942 an operating capacity of 470,000,000 pounds is anticipated, with a further rise to 475,000,000 pounds by March 1943. Present capacity of staple fiber production is rated at 150,000,000 pounds annually, with no additions contemplated during the next eighteen months.

COTTON STATISTICS

Spot cotton prices on 10 Southern markets worked upward throughout November and the first week in December, but declined slightly in the second week. The average price for 15/16 inch staple middling cotton on October 31 was 16.21 cents per pound, from which the Friday average rose each week to 17.38 cents on December 5, a gain during the five weeks of \$5.85 per bale, but by December 12 the price had receded to 17.22 cents. Stimulated by the favorable price situation, farmers have been putting less cotton into Government loans than in the two preceding years, and the Commodity Credit Corporation reports loans to December 6 on only 1,356,000 bales of the 1941 crop against approximately 2,300,000 bales on which loans had been made to the same date last year.

On December 8 the Department of Agriculture, in its final forecast on the 1941 cotton crop, estimated the yield at 10,976,000 bales, compared with 12,566,000 bales ginned in 1940 and a ten-year average (1930-39) of 13,246,000 bales. In the Fifth district specifically, Virginia grew 28,000 bales, an increase of 12 per cent over the 1940 yield of 25,000 bales, but North Carolina grew only 556,000 bales against 739,000 bales last year, a decline of 25 per cent, and South Carolina with a crop of only 405,000 bales against 966,000 bales in 1940 registered a drop of 58 per cent. South Carolina's 1941 cotton crop was the smallest since 1878, and the yield per acre was the lowest since 1922.

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1941	Nov. 1940	Aug. 1 to Nov. 30 This Year	Aug. 1 to Nov. 30 Last Year
Fifth district states:				
Cotton consumed	412,289	340,711	1,657,137	1,296,928
Cotton growing states:				
Cotton consumed	726,584	635,934	3,017,522	2,398,790
Cotton on hand Nov. 30 in				
Consuming establishments ..	1,868,931	1,453,157	.....	.....
Storage & compresses	13,595,328	14,561,536	.....	.....
United States:				
Cotton consumed	849,733	741,170	3,553,128	2,801,125
Cotton on hand Nov. 30 in				
Consuming establishments ..	2,249,638	1,684,018	.....	.....
Storage & compresses	13,964,018	14,726,496	.....	.....
Spindles active	23,069,146	22,635,622	.....	.....

Note: Figures on exports of cotton have been suspended by the Department of Commerce in the interest of National defense.

AUCTION TOBACCO MARKETING

Tobacco was sold much earlier in the Fifth district this year than in 1940, and November auction sales were less than half November 1940 sales. Average prices, however, were nearly double last year's prices, and receipts from the 1941 tobacco crop will be greatly in excess of receipts for last year's larger crop. Prior to December 1, sales this year of 558,684,155 pounds of tobacco for \$165,841,787 contrasts with sales in the same period last year of 618,304,095 pounds for \$106,270,180, an increase of 56 per cent in receipts for 10 per cent less tobacco. All sales before December 1 were of flue-cured, or bright, tobacco, but early in December the fire-cured, or dark, tobacco markets opened in Virginia with initial prices nearly double those in 1940, and well above the Govern-

ment peg of \$10.90 per hundred pounds. Sales of tobacco in November and for the season through November were as follows in the Fifth district:

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	November 1941	November 1940	1941	1940
No. Carolina	24,583,715	73,525,536	\$26.39	\$14.42
Virginia	16,494,423	27,504,147	26.36	14.46
District Total	41,078,143	101,029,683	\$26.38	\$14.43
Season Through	558,684,155*	618,304,095*	29.68*	17.19*

* Includes South Carolina sales prior to Nov. 1.

TOBACCO MANUFACTURING

Bureau of Internal Revenue receipts for November indicate production of tobacco products as follows in the United States:

	Nov. 1941	Oct. 1941	Nov. 1940
Smoking & chewing tobacco, pounds	24,345,905	28,485,698	25,730,910
Cigarettes, number	17,140,649,845	19,632,466,010	14,347,327,020
Cigars, number	542,905,735	621,989,890	507,348,580
Snuff, pounds	3,030,490	3,693,671	2,865,513

RETAIL AND WHOLESALE TRADE

DEPARTMENT STORE TRADE

	Percentage increase or decrease in sales, stocks, outstanding orders and outstanding receivables in Nov. 1941 in comparison with Nov. 1940 figures:			
	Sales	Stocks	Orders	Receivables
Richmond (5)	+10 (+14)	+33	+19	+13
Baltimore (10)	+15 (+20)	+28	+60	+8
Washington (7)	+17 (+20)	+31	+67	+12
Other Cities (12)	+16 (+18)	+27	+83	+11
Fifth District (79)*	+16 (+20)	+30	+55	+11
Same stores by States:				
Maryland (13)	+15 (+20)	..	..	..
North Carolina (16)	+14 (+17)	..	..	..
South Carolina (12)	+27 (+27)	..	..	..
Virginia (16)	+18 (+20)	..	..	..
West Virginia (15)	+10 (+18)	..	..	..

* Includes stores reporting sales only.

Note:—Second figure under Sales, in parentheses, compares combined sales in 11 months of 1941 with the sales in the first 11 months of 1940.

RETAIL FURNITURE SALES

STATES	% Change in Sales, Nov. and 11 Months of 1941 Compared with	
	Nov. 1940	11 Months 1940
Maryland (9)	+5	+22
Dist. of Col. (7)	+33	+35
Virginia (13)	+11	+21
North Carolina (5)	+0	+17
South Carolina (6)	+6	+32
District (40)	+13	+26
Individual Cities:		
Baltimore (9)	+5	+22
Richmond (5)	-8	+6
Washington (7)	+33	+35

WHOLESALE TRADE, 198 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio Nov. collections to accounts outstanding Nov. 1
	Nov. 1940	Oct. 1941	Nov. 30 1940	Oct. 31 1941	
Automotive supplies (8)	+26	-2	....	....	73
Shoes (4)	+44	-25	+29	+14	53
Drugs & sundries (14) ..	+29	-11	....	....	..
Dry Goods (3)	+19	-17	+50	-1	45
Electrical goods (12) ..	+39	-8	+35	+2	57
Groceries (57)	+15	-11	+18	-1	102
Hardware (15)	+32	-13	+7	+1	56
Industrial supplies (12) ..	+34	-8	+1	+7	39
Paper & products (9) ..	+40	-11	+7	-2	71
Tobacco & products (8) ..	+21	-0	+6	-4	84
Miscellaneous (51)	+28	-11	+31	-1	75
Dist. Average (198) ..	+28	-12	+24	+2	67

FIFTH DISTRICT CROPS

In the January 31, 1942 issue of the *Monthly Review* we shall publish a table showing final crop yields for the several states in the Fifth Federal Reserve district, in comparison with corresponding figures for certain earlier periods.

(Compiled December 22, 1941)

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AMOUNT OF DEFENSE AND NON-DEFENSE LOANS, BOTH NEW AND RENEWALS, BY BUSINESS AND SIZE OF BORROWER
LOANS MADE BY 266 MEMBER BANKS IN THE FIFTH FEDERAL RESERVE DISTRICT
BETWEEN APRIL 16 AND MAY 15, 1942.

(In thousands of dollars)

BUSINESS OF BORROWER	All loans & renewals					Defense					Non-Defense					Both Defense & Non-Defense				
	Total loans and renew- als	ASSETS OF BORROWER				Total de- fense	ASSETS OF BORROWER				Total non- de- fense	ASSETS OF BORROWER				Total Both	ASSETS OF BORROWER			
		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,- 000,- 000	Over \$5,- 000,- 000		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000,- 000		Under \$50- 000	\$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000,- 000		Under \$50,000 to \$500,000	\$500,000 to \$5,000,- 000	Over \$5,- 000,- 000	
Wholesale and retail trade.....	32,451	6,650	17,739	7,347	715	4,415	504	2,050	1,761	100	27,729	6,110	15,638	5,416	565	251	19	12	170	50
Sales finance & personal loan companies.....	2,990	226	696	1,218	850	27	0	4	23	0	2,955	223	687	1,195	850	7	2	5	0	0
Services: Hotels, restaurants, amusements, etc.	3,394	1,057	1,218	514	605	760	14	90	51	605	2,634	1,043	1,128	463	0	0	0	0	0	0
Metal mining, refining and smelting.....	477	73	339	65	0	176	50	126	0	0	294	21	208	65	0	7	2	5	0	0
Metal products of all types.....	1,938	291	997	292	358	1,547	198	702	292	355	364	93	268	0	3	27	0	27	0	0
Petroleum and petroleum products.....	1,213	213	488	347	165	245	4	101	0	140	868	209	387	247	25	100	0	0	100	0
Chemicals, drugs, rubber and products.....	1,312	207	382	623	100	221	75	108	38	0	1,091	132	274	585	100	0	0	0	0	0
Textiles, apparel, leather and products.....	7,367	349	2,519	3,898	601	1,700	27	653	829	191	5,022	310	1,844	2,468	400	645	12	22	601	10
Food, liquor and tobacco.....	4,619	269	1,550	1,425	1,375	324	23	166	35	100	4,273	240	1,368	1,390	1,275	11	5	6	0	0
All other Manufacturing and mining.....	8,478	613	4,015	3,450	400	1,689	145	1,097	297	150	6,561	448	2,806	3,057	250	228	20	112	96	0
Public utilities.....	2,039	435	419	761	424	552	36	85	416	15	1,480	396	330	345	409	0	0	0	0	0
Building and construction.....	26,920	2,280	12,362	11,898	380	20,770	769	9,310	10,311	380	6,007	1,496	2,924	1,587	0	114	15	99	0	0
All other.....	10,249	2,851	5,238	1,482	678	807	142	240	325	100	9,416	2,704	4,977	1,157	578	21	0	21	0	0
Total amount of loans, new & renewals.....	103,447*	15,514	47,962	33,320	6,651	33,233	1,987	14,732	14,378	2,136	68,694	13,425	32,839	17,975	4,455	1,411	75	309	967	60
Actual number of loans, new & renewals.....	9,538*	4,593	4,039	810	96	1,344	339	708	250	47	8,095	4,219	3,298	531	47	75	21	23	29	2
Total amount of new loans.....	46,302*	5,601	21,919	15,785	2,978	20,288	1,481	10,423	7,113	1,271	25,192	4,077	11,282	8,186	1,647	803	43	214	486	60
Actual number of new loans.....	3,572*	1,447	1,640	419	66	876	245	441	149	41	2,661	1,192	1,185	261	23	33	10	12	9	2

*These figures contain a small number of loans which were not classified as to whether they were made for defense or non-defense purposes.

Compiled by
Research & Statistics Department
Federal Reserve Bank of Richmond

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RESERVE
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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 28, 1943

Business in January, 1943

ALTHOUGH employment, pay rolls, and farm income in the Fifth District continue to show substantial gains over a year ago, sales of department stores are not keeping pace. In January sales of department stores were approximately the same as those of January 1942, whereas the December pay rolls in manufacturing industries had increased 31 per cent since January, 1942, and those of non-manufacturing industries had increased 14 per cent in that period. However, in the week of February 13, after shoe rationing had been announced, another wave of scare buying was in evidence and sales of weekly reporting stores increased 68 per cent over the same week of 1942.

Department store stocks in January were 14 per cent above a year ago and at their highest January level in recent years. January, 1943, stocks of 29 department stores were 3.0 times larger than January sales which compares with a figure of 2.7 in January, 1942. January stocks, however, are usually near the year's lowest level, and this year in particular there is serious question as to whether they can be augmented during the summer and fall as is customary.

January wholesale trade of 221 firms in this District was 3 per cent higher than a year ago with substantial increases in shoes, dry goods, and tobacco products offsetting losses in sales of automobile and industrial supplies. As has been characteristic for some months, most lines of wholesale business continue to show large percentage reduction in inventories from last year.

Turnover of man power in the cotton textile industry in this District has been substantial, due chiefly to the draft

of men for the armed forces and losses of personnel to better paying war industries. Much of the industry's current working force is green and will require considerable time to gain necessary seasoning, while absenteeism adds to the complications. Third shift operations, which were at a peak in the Spring of 1942, have steadily tapered off, and at present some mills are finding it difficult to operate two shifts. After taking these factors into consideration, it is perhaps too much to expect any material expansion in this District's output of cotton textile products in 1943, though it is conceded that some improvement would obtain with less absenteeism. Average daily cotton consumption in the mills of this District during January was 1 per cent higher than a year ago, but lower than in all other months of 1942 excepting December, with the trend downward since April 1942.



The Fifth District index of bituminous coal production, seasonally adjusted, made its all time high in April 1942 and has fallen regularly since. The slope of the curve, however, is leveling off, and gives indication of stabilizing. Adoption of a 6-day week would turn the curve upward again.

Progress in the District's shipyards as reflected by ship deliveries continues to rise and is the backbone of the District's spectacular employment increase. In addition to the two navy yards, about whose remarkable progress no current information is revealed, are the merchant shipyards which in January delivered 14 Liberty ships, 2 tankers, and 8 special-type craft.

BUSINESS INDICATORS 1935-39=100

Seasonally Adjusted

	Jan. 1943	Dec. 1942	Nov. 1942	Jan. 1942	% Change Jan. 43 from Dec. 42	Jan. 43 from Jan. 42
Bank Debits	162	183	184	153	- 11	+ 6
Bituminous Coal Production.....	136	137	139	133	- 1	+ 2
Building Contracts Awarded.....	196	367	437	241	- 47	- 19
Building Permits Issued.....	124	49	43	123	+153	+ 1
Cotton Consumption	155	154	161	153	+ 1	+ 1
Department Store Sales.....	199	164	193	182	+ 21	+ 9
Life Insurance Sales.....	90	81	84	182	+ 11	- 51
Wholesale Trade—5 Lines.....	171	157	154	152	+ 9	+ 13

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March 31, 1943

Business in February, 1943

THE manpower problem is at present of greatest concern in Fifth District industries, as it probably is throughout the United States. Agriculturally this District is probably in a somewhat poorer position as regards manpower since a larger proportion of the farm effort applied here is done with hand labor as contrasted with the relatively larger portion of machine labor for the country as a whole. Reports are current from many quarters of the District that the dearth of farm labor is likely to cause a considerable amount of land to lie fallow, but the U. S. Department of Agriculture's acreage estimates indicate the contrary.

Indications are that further immigrations of workers will be needed during 1943 in such areas as Baltimore, Maryland, Hampton Roads, Virginia, and several of the port cities of the Carolinas. In the Hampton Roads area of Virginia the War Manpower Commission estimates an increase in employment of 62,000 workers, of which 38,000 would have to be brought into the area from outside. Quantitative estimates are lacking as to the number of workers required in Baltimore but it is the general impression that the number will be large. Industries indirectly engaged in the war effort, and those not engaged in it, seem likely to have to settle their manpower problems by lengthening the work week and by the further use of women.

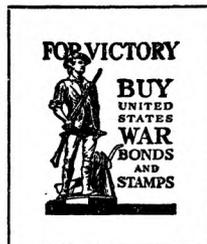
Women workers are moving into industries of this District in which it has not been customary for them to work, and the trend seems to be toward an acceleration of this move. The Bassett Furniture Industries, of Bassett, Virginia, is employing women in two of its five plants and

the company has announced that 500 additional women will be employed at a future date. Women were also put to work operating cranes at the Bethlehem-Fairfield Shipyard in Baltimore, and the Virginia Electric and Power Company has stated that women street car and bus drivers will soon appear.

Average daily department store sales after seasonal correction rose 20 per cent between January and February and in the latter month stood 43 per cent ahead of the same month last year. The clothing rationing scare around the middle of February found its greatest reflection in Maryland as this state's seasonally adjusted sales for February were 44 per cent higher than January and 52 per cent above February 1942.

It is interesting to note the changes that have occurred in department stores' cash sales in relation to charge sales payable in 30 days and to those on instalment. Twenty-three identical stores of the District in February 1943 show 54 per cent of their sales for cash whereas a year ago these stores' cash sales were only 41 per cent of the total. Charge sales payable in 30 days accounted for 39 per cent of the total in February this year against 47 per cent a year ago while instalment sales accounted for only 7 per cent this February against 12 per cent last February. The decline in the importance of instalment sales is no doubt due to a dearth of the things ordinarily sold on instalment, while the increase in cash sales over 30 day credit sales attests the plethora of pocket cash.

Of the five lines of wholesale trade carried on a season-



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100

Seasonally adjusted

	Feb. 1943	Jan. 1943	Dec. 1942	Feb. 1942	% Change Jan. 43	Feb. 43 from Feb. 42
Bank Debits	184	171r	183	164	+ 8	+ 12
Bituminous Coal Production.....	154	137	137	134	+ 12	+ 15
Building Contracts Awarded.....	292	196	367	395	+ 49	- 26
Building Permits Issued.....	27	124	49	113	- 78	- 76
Cotton Consumption*.....	164	155	154	163	+ 6	+ 1
Department Store Sales.....	236	197r	164	165	+ 20	+ 43
Electric Power Production.....	195	190	199	175	+ 3	+ 11
Life Insurance Sales.....	101	90	81	124	+ 12	- 19
Wholesale Trade—5 lines.....	185	171	157	151	+ 8	+ 23

*Not seasonally adjusted. r—Revised.

ally adjusted basis February sales of hardware firms recorded the most substantial gain from January, having amounted to 28 per cent. Hardware sales at wholesale however were 13 per cent smaller in February than a year ago. Wholesale shoe sales failed by 13 per cent to maintain seasonal levels in February and stood 5 per cent below a year ago. This was no doubt a reflection of shoe rationing which came early in the month. Although seasonally adjusted sales of wholesale dry goods fell 10 per cent from January to February, in the latter month they were still 51 per cent ahead of last year.

Some improvement occurred in the consumption of cotton by the mills of this District during February. Average daily consumption rose 6 per cent from January, but was only one per cent ahead of last year. Were the District's cotton mills to continue throughout the current year one or two per cent ahead of last year, it should be considered a good record.

Bituminous coal production in the District usually rises by more than seasonal proportions in a year when a new wage contract is pending. A new wage contract is in process of negotiation this year and it finds the February output 5 per cent higher than in January and 14 per cent above February 1942. These figures on an average daily basis show February 1943 to be 10 per cent above January and 13 per cent above February 1942.

Fifth District cigarette production which has been accounting for between 82 per cent and 87 per cent of the United States total in the past 12 months—was 7 per cent larger than a year ago, compared with a January increase over that month last year of 5 per cent. These figures are those on which tax is paid and do not take into account the manufacture of large numbers which are sent to our armed forces overseas. For purposes of morale, both for soldier and civilian and for use by overseas soldiers for "horse trading" purposes ample supplies of tobacco for cigarette manufacture are recognized as essential and it is believed in some quarters that flue cured and burley tobacco acreage allotments may be raised as a consequence.

Demand deposits of 41 Reporting Member Banks in the Fifth District rose 5 per cent between February 17 and March 17 and on this latter date were 30 per cent higher than a year earlier. Total security holdings of these banks increased 3 per cent during the month ended March 17 and on this date were 82 per cent higher than a year ago. Bill holdings of these banks which have multiplied 20 fold during the past year accounted for the bulk of the increase in security holdings during the month ended March 17. Loans which have been declining for sometime declined one per cent further in the month preceding March 17 and at this time they were 24 per cent below last year.

Livestock in the Fifth District

The Fifth Federal Reserve District, although not considered predominantly a livestock section, has kept pace with the United States as a whole in livestock production. The trend has been somewhat accelerated in the last two years because of the war effort, but in general there has been a gradual increase in the number of livestock produced for the last five or six years. Only in the production of sheep and lambs, which has been declining steadily in this District for the past several years, has the trend been contrary to that of the United States as a whole.

Income from the sale of livestock has been rising rapidly in this District. Although its share in total cash farm income (excluding government payments) dropped slightly from 17% in 1941 to 15% in 1942, nevertheless estimated income from the sale of livestock aggregated approximately \$155 million in 1942, more than one-third higher than the Department of Agriculture's figure of \$114 million in 1941 and over 75% greater than the 1939 estimate of \$88 million. Most of this rise can be attributed to the increase in income from the sale of hogs which advanced more than twice as rapidly as the income from the sale of any other class of livestock. The sale of cattle and calves increased from 31% from 1941 to 1942 and was responsible for 33% of total livestock income in the Fifth District compared with 28% derived from hogs. The income from the sale of hogs rose 68% during the year.

Income from the sale of commercial broilers, formerly excluded from Department of Agriculture estimates of livestock income, is third in importance in this District, contributing \$27 million or 18% of the total in 1942. Table 1 shows the estimated income derived from the sale of the various classes of livestock in the Fifth District in

1939, 1941, and 1942, together with the percentage increase between prewar 1939 and 1942:

Class of Livestock	1939	1941	1942*	Percentage Increase 1942/1939
Cattle and calves.....	31.4	39.2	51.4	63.7
Hogs	23.0	26.2	44.1	91.7
Sheep and lambs.....	4.5	4.7	5.7	32.6
Commercial broilers ..	12.1	22.8	27.4	126.4
Chickens	12.4	15.0	18.8	50.8
Turkeys	4.8	5.9	7.8	62.5
TOTAL	87.9	113.9	155.2	76.6

*Estimated.

Livestock income in Virginia exceeded by far that of any other state in this District in 1942, with a total of \$55 million, or a little over one-third of the Fifth District

Class of Livestock	Md.	Va.	W. Va.	N. C.	S. C.	Fifth District
Cattle and calves.....	7.2	18.8	13.1	7.6	4.7	51.4
Hogs	6.3	14.1	3.2	14.1	6.4	44.1
Sheep and lambs.....	0.4	2.5	2.6	0.2	†	5.7
Commercial broilers ..	8.8	10.6	3.0	3.6	1.4	27.4
Chickens	4.4	5.7	1.9	5.1	1.7	18.8
Turkeys	1.9	3.5	1.0	0.8	0.6	7.8
TOTAL	29.0	55.2	24.8	31.4	14.8	155.2

† Less than \$500,000.
‡ Figures in Table 2 are estimates made by Federal Reserve Bank of Richmond.

aggregate. North Carolina, Maryland and West Virginia each contributed from one-fifth to one-sixth of the Dis-

MONTHLY REVIEW

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1943

Business in March, 1943

CLIMATIC conditions during most of April were unfavorable for farm work throughout the District, with progress delayed from two to three weeks. Frosts and freezes in the forepart of the month damaged peaches and strawberries severely, and to a lesser extent carried their toll to apples and early truck crops. Adverse April weather and the presence of blue mold threatens a serious shortage of tobacco plants in North Carolina, the country's most important producing state.

The daily rate of bituminous coal production in the Fifth District during March rose 2.5 per cent above the February level and stood 12.9 per cent above March, 1942. Actual March production of 17,058,000 tons was 17.2 per cent above that month in 1942, but one more day was worked in March this year than a year ago. The Southern Coal operators on April 15 rejected a proposal offered by the Government that miners be guaranteed a six-day work week over a period of fifty-two weeks a year, replying that so long as present conditions prevail no guarantee would be needed to assure such amount of work.

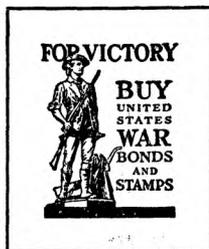
Trade activity moderated considerably in March from that prevailing in February. March sales of department stores in the District on an average daily seasonally adjusted basis declined 23 per cent from the February level, but remained 10 per cent higher than a year ago. The average daily March sales were 0.3 per cent above last year as contrasted with a 4 per cent increase in actual sales. This was due to an extra business day this year. The advent of an early Easter in 1942 caused a greater seasonal

correction on the average daily sales in that month than in March, 1943, and as a consequence the seasonally adjusted sales in March show an increase of 10 per cent from last year compared with an increase of 4 per cent in actual sales. Wholesale trade in five lines of business on an adjusted basis in March fell 6 per cent from February but remained 20 per cent higher than a year earlier.

Cotton textile activity made further slight improvement in March with average daily consumption in the District's mills 1 per cent higher than in February and 2 per cent higher than in March, 1942. In an attempt to alleviate the man-power shortage, the Riverside and Dan River Mills are experimenting with half-shifts. The company has appealed to the people of Danville and vicinity to come and work in the mills for a half-shift of four hours after completion of their regular daily work.

The value of building contract awards in March was slightly higher than in February, but this was considerably less than seasonal and the adjusted index declined 24 per cent to a level which was 54 per cent lower than last year. In the residential construction field about the only building of consequence came in Baltimore, Washington, and Portsmouth, Virginia.

Ordinarily at this time of the year business and agricultural loans of weekly reporting banks in this District would be rising, but in the period between March 17 and April 14 these loans declined \$5,253,000, to continue a trend that has been in evidence for many months. During the above period security holdings of these banks rose \$21,260,000, due to increases in Treasury bonds and bills.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100
Seasonally adjusted

	Mar. 1943	Feb. 1943	Jan. 1943	Mar. 1942	% Change Feb. 43	Mar. 43 from Mar. 42
Bank Debits	186	184	171r	168	+ 1	+ 11
Bituminous Coal Production.....	166	154	137	147	+ 8	+ 13
Building Contracts Awarded.....	223	292	196	481	- 24	- 54
Building Permits Issued.....	58	27	124	102	+115	- 43
Cotton Consumption*.....	166	164	155	162	+ 1	+ 2
Department Store Sales.....	181	234r	197	165	- 23	+ 10
Electric Power Production.....	189	195	190	159	- 3	+ 19
Life Insurance Sales.....	109	101	90	96	+ 8	+ 14
Wholesale Trade	174	185	171	145	- 6	+ 20

r—revised.

*Not seasonally adjusted.

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FIFTH
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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

May 31, 1943

Business in April 1943

BOLL WEEVIL survival in eleven Southern states this year is about one-third larger than last year and almost as great as in 1939. The weevil effect on the cotton this year can be minimized if hot dry weather prevails in growing areas during July. It would be more in the line of probability, however, to expect some degree of the contrary to prevail.

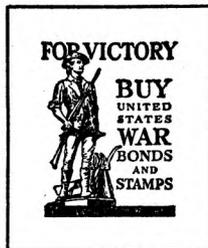
The effect of potential boll weevil infestation on the new cotton supply becomes significant when taken together with the Senate Agriculture Committee's approval on May 18 of a bill to fix a floor of 23½ cents a pound on Government held cotton while preventing any ceilings below 25 cents a pound. Should the boll weevils be effective in causing an important reduction in the new supply such a law would make it reasonably certain that cotton prices would rise substantially, and that ceilings would have to be upped on goods and yarns.

Although it is not evident as yet that any material turnover of farm real estate has occurred, the pressure of the present highest level of farm product prices since early in 1921 has been accompanied by a rise of 11 per cent in farm real estate values on March 1, 1943 over a year ago for the State of Virginia. Although Virginia farm real estate values on March 1, 1943 were 31 per cent below the peak of 1920 they were, nevertheless, 49 per cent higher than in 1933.

Tobacco growers, dealers and warehousemen from Virginia and the Carolinas on May 18 adopted a flexible plan for prolonging the tobacco marketing season, and left the way open for the proclamation of a marketing holiday

during the entire month of September if an emergency in the manpower situation arises such that harvest of essential food crops might be interfered with. Under the plan the markets in the South Carolina Belt will open one week earlier than usual and the New, Middle and Old Belts will open two weeks earlier, while all markets are to remain open longer than usual. Some fears are expressed as regards the new tobacco crop in several sections of North Carolina owing to shortages of plants for transplanting.

Unadjusted sales of Fifth District department stores in April 1943 were 23 per cent higher than in April 1942 but after taking into account the later date of Easter this year the comparable change from a year ago is 16 per cent increase. Seasonally adjusted sales in April were at about the same level as in March. The largest percentage increases in the actual sales figures between April this year and last year came in Winston-Salem, N. C., Greenville, S. C., and Charleston, S. C., with lesser increases in Richmond and Lynchburg and in the group of Other



Cities. These changes in the main seem to indicate that those cities serving agricultural areas did best during the month in question.

During April the District cotton consumption declined 7 per cent from March and was 4 per cent below April 1942. Further conversions of facilities seem to be chiefly responsible for the April showing.

For the first month in many years, there was not a single commercial failure in the Fifth Reserve District during April 1943. Inability to secure merchandise caused a number of liquidations, but all were voluntary.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100

Seasonally adjusted

	Apr. 1943	Mar. 1943	Feb. 1943	Apr. 1942	% Change Mar. 43	Apr. 43 from Apr. 42
Bank Debits	205	186	184	162	+10	+27
Bituminous Coal Production	182	166	154	181	+10	+ 1
Building Contracts Awarded	129	223	292	316	-42	-59
Building Permits Issued	19	58	27	123	-67	-85
Cotton Consumption*	161	166	164	167	- 3	- 4
Department Store Sales	181	180	234 ^r	156	+ 1	+16
Life Insurance Sales	118	109	101	85	+ 8	+39
Wholesale Trade—5 lines	175	174	185	142	+ 1	+23

r—revised.

*Not seasonally adjusted.

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

June 30, 1943

Business in May 1943

THE first indications of inadequate man power for seasonal industries cropped up in this district in the early part of June. Eastern Shore Virginia farmers, confronted with insufficient labor, began digging their potatoes two weeks earlier than they normally would have done. Furthermore, digging will probably be stretched out over a longer period than normal if labor supply remains short. In Baltimore, an urgent call was broadcast for 15,000 volunteers to work in local canneries in order to keep food from spoiling. These cases may be isolated instances of inadequate preparation to cope with the problem, but it is more probable that they represent basic man-power deficiencies that will crop up in place after place to plague the harvesting of crops.

The crop condition at the turn of June, though on the whole somewhat belated, was making rapid progress in catching up. Labor requirements for several of the seasonal truck crops will be smaller than last year, for the crops are smaller. Members of the flue-cured tobacco industry advisory committee meeting in Washington, D. C., on June 9 saw no basis for anticipating a flue-cured crop above 800 million pounds. This volume of production would be 24 million pounds smaller than last year and, according to the committee, from 100 to 150 million pounds short of replacement requirements.

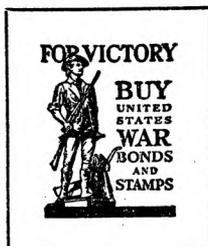
Employment information indicates that the working force is still rising in Baltimore, Maryland, Hampton Roads, Virginia, Wilmington, North Carolina, and Charleston, South Carolina, but that Washington, D. C., is probably around its maximum level. The above mentioned cities, excluding Wilmington, North Carolina, and

including Elkton, Maryland, are listed by the War Manpower Commission as areas of acute labor shortage, but housing facilities for immigrating workers is now at a point considered "practically adequate."

Construction contract awards in Fifth District states, as reported by the F. W. Dodge Company, in the first four months of this year were 44 per cent smaller than in the same period of 1942, which compares with a decline from a year ago of 38 per cent in the first three months of the year. Construction in North Carolina in this period recorded an increase of 97 per cent, but all other states show substantial losses, the largest of which, 79 per cent, came in the District of Columbia, and reflects substantial completion of the war housing program. Virginia, which accounted for 42 per cent of the district's construction in the first four months of this year, shows a decline from last year of 45 per cent. The remaining states show construction reduced between 43 and 59 per cent.

Cotton textile activity in the district as reflected by cotton consumption was slower in May than in either April or May, 1942. Actual consumption in May as well as the daily rate declined respectively 4 and 5 per cent from April and from a year ago. The principal cause of the decline appears to be lower productivity resulting from inexperienced labor, though changes in constructions arising from WPB directives no doubt have had some influence.

Bituminous coal output in May was 5 per cent smaller than in that month last year, due to a strike lasting several days. In the first five months of the year, however, the District's outturn of coal exceeded that of last year by 5 per cent. If it can be assumed that work will be maintained regularly for the remainder of the year a new high record is in prospect for this District.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100
Seasonally adjusted

	May 1943	Apr. 1943	Mar. 1943	May 1942	% Change Apr. 43	May 1943 from May 42
Bank Debits	185	205	186	175	- 10	+ 6
Bituminous Coal Production.....	136	146r	153r	146	- 7	- 7
Building Contracts Awarded.....	103	129	223	257	- 20	-60
Building Permits Issued.....	39	19	58	68	+105	-43
Cotton Consumption*	154	161	166	162	- 4	- 5
Department Store Sales.....	181	181	180	147	0	+23
Electric Power Production.....	200	191	189	183	+ 5	+ 9
Life Insurance Sales.....	114	118	109	86	- 3	+33
Wholesale Trade—5 lines.....	168	175	174	138	- 4	+22

*Not seasonally adjusted.

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

July 31, 1943

Business in June 1943

FIFTH District business indicators were in the main moderately higher in June than in May, after adjustments for seasonal variation. Although the production of electric power, which made a new high record in May, shows evidence of continued over-all expansion in business, it is apparent that two of the District's largest industries, coal and cotton textiles, will not be able to rise much, if any, above high levels established within the past twelve months.

Trade in the District continued in June at a high level, but here, too, some branches appear to be flattening off. This is particularly true of wholesale trade and sales of furniture stores. Although department store inventories are still well above the pre-war level, measured in terms of value, they are falling rapidly and must sooner or later cause a leveling off or a decline in department store sales. There is some reason to believe that on a quantity basis the leveling off process in sales has already occurred.

Farm income in the District continues to rise in substantial amounts. During May farmers of this region received 53 per cent more cash income than in that month last year, with crops up 51 per cent and livestock and products up 54 per cent. The farm labor situation remains tight, but with cooperation among farmers, with longer hours, and with the help of townspeople, and service men in some locations, it appears that the harvest will be for the most part successfully dispatched.

Demand deposits, excluding interbank, of the 41 reporting banks were about one per cent higher on July 14

than a month earlier, but they were 43 per cent higher than a year ago, and 120 per cent higher than on July 17, 1940. These deposits will rise substantially further as banks are called on to finance a good part of the war expenditure or receive the funds disbursed in that effort. Loan outlets have not been forthcoming to employ the larger deposits, nor are they likely to develop while the war continues. Loans of the reporting banks on July 14 were 2 per cent lower than a month earlier and 22 per cent below a year ago.

The problem confronting banks in converting the funds arising from swollen deposits into earning assets is of particular interest at this time. Higher operating costs and taxes would seem to make it desirable for banks to be fully invested, yet the problem of fully investing in government securities must take into account the permanency or transiency of a bank's deposits. Deposits, which could be expected to be withdrawn at the close of the war or shortly thereafter, would require a bank to have sufficient short maturing obligations to cover probable deposit withdrawals. On the other hand, where deposits can be expected to remain with a bank more or less permanently, a bank may safely invest more fully in longer maturing obligations. The need of banks for income, and the need of the Treasury for funds, would indicate the necessity of banks' appraising the ownership of their deposits with the view of ascertaining which deposits might be expected to stay and which might be withdrawn after the close of the war.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT Average daily 1935-1939=100 Seasonally adjusted

	June 1943	May 1943	Apr. 1943	June 1942	% Change May 43	June 1943 from June 42
Bank Debits	187	185	205	167	+ 1	+12
Bituminous Coal Production.....	110	136	146r	143	-19	-23
Building Contracts Awarded.....	127	103	129	551	+23	-77
Building Permits Issued.....	53	39	19	102	+36	-48
Cotton Consumption*.....	161	154	161	164	+ 5	- 2
Department Store Sales.....	185	182	181	144	+ 2	+28
Electric Power Production.....	209	200	191	182	+ 5	+15
Life Insurance Sales.....	116	114	118	83	+ 2	+40
Wholesale Trade—5 Lines.....	177	168	175	144	+ 5	+23

r—Revised. *Not seasonally adjusted.

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

August 31, 1943

Business in July 1943

FEED crop prospects are reported to be improving notably in the United States, but such is not the case in a good part of the Fifth District. Late summer drought in Maryland, Virginia, West Virginia, and in a part of North Carolina has already resulted in irreparable feed crop damage. Serious inroads have been made in soybean prospects while Maryland's tobacco crop will likely be the smallest in years.

This development will likely cause a substantial liquidation of Maryland and Virginia commercial broilers and hogs; and also require a substantial importation of feedstuff to maintain the flow of milk. Incomplete arrangements are reported to be under way for a subsidization of feed for sale to dairymen and for poultry raisers for laying hens. Such arrangements, however, are not likely to bring feed into the area in abundance, but they may be able to tide the northern part of the District over the winter.

The drought had not had any adverse effect on the flue-cured tobacco crop as late as the 20th of August, but the feeling that a higher ceiling price might be forthcoming has caused many growers to hold their tobacco off the markets which are now open in the Border Belt. Through August 20 sales in this belt amounted to only 55 million pounds compared with sales of 78 million pounds in that period last year. This withholding of tobacco will require labor, later on in the season, that could be used to good purpose in the harvesting of other crops.

Shutdowns in the cotton textile industry in July, and

other production difficulties, caused a somewhat larger decline in cotton spinning operations than had been anticipated. Active spindle hours of the mills in this District in July were 5.3 per cent smaller than in June and 10.4 per cent lower than in July, 1942. This District, however, held up much better than the remainder of the United States, for active spindle hours outside the District declined 10.4 per cent from June to July and in the latter month stood 17.9 per cent below July 1942.

The District's coal miners were back in full production in July. In that month output was 11 per cent above last year and the cumulated production for the seven months was 2 per cent ahead of last year. Some of the mines are being returned to their owners, and it is as yet uncertain whether labor will continue uninterrupted production under private operation. If the miners do continue to work, the increase in their work-week from 42 to 48 hours, announced on August 18, should bring forth a new high production record for this District by a substantial margin. Operators say the price of coal must be raised 25 cents a ton to compensate for the added cost of the 48-hour week.

Greenville, South Carolina, appears to be the most prosperous spot in this District, if changes in department store sales can be considered as a criterion. In July, sales of three department stores in Greenville rose 63 per cent over that month last year to top any city in the District by a wide margin. Other cities showing substantially better than average gains were Clarksburg, West Virginia; Lynchburg, Virginia; and Winston-Salem, North Caro-



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100
Seasonally adjusted

	July 1943	June 1943	May 1943	July 1942	% Change July 1943 from	
					June 43	July 42
Bank Debits	191	187	185	177	+ 2	+ 8
Bituminous Coal Production.....	153	110	136	146	+39	+ 5
Building Contracts Awarded.....	139	127	103	348	+ 9	-60
Building Permits Issued.....	52	53	39	54	- 2	- 4
Cotton Consumption*	138	161	154	162	-14	-15
Department Store Sales.....	205	184r	182r	170	+11	+21
Electric Power Production.....	213	209	200	189	+ 2	+13
Life Insurance Sales.....	136	116	114	90	+17	+51
Wholesale Trade—5 Lines.....	175	177	168	152	- 1	+15

* Not seasonally adjusted.

lina. None of these cities could be called a war-production center, but, rather, in character they are more closely identified with agriculture. For the District as a whole,

77 stores showed an increase of 15 per cent in July sales over those last year, which is in line with the aggregate change for the seven months of the year.

Electric Power

The production of electric power in the states which are contained largely in the Fifth Federal Reserve District has approximated the growth of electricity production in the United States from 1922 through 1942. The District's electric power output rose somewhat more rapidly than that of the United States between 1922 and 1929, but was more seriously set back by the great depression and also in the recession of 1938. Since 1938, however, this District has increased its electricity output at an annual rate of 16.1 per cent compared with an annual rate of increase for the United States of 12.5 per cent.

Throughout the period from 1929 to 1942 the Fifth District's electricity production ranged between 9.1 per cent and 10.3 per cent of the total United States output. These proportions are considerably larger than the District's share of most factors in which it is a part but they are approximately the same proportion as the District's share of the country's population.

A Measure of Business

We do not have a satisfactory measure of the physical volume of production for the Fifth Federal Reserve District for want of data. Based on the relationship between United States figures of electric power production and the index of industrial production, it would appear that electric power output could serve such a purpose only in a rough way, if at all.

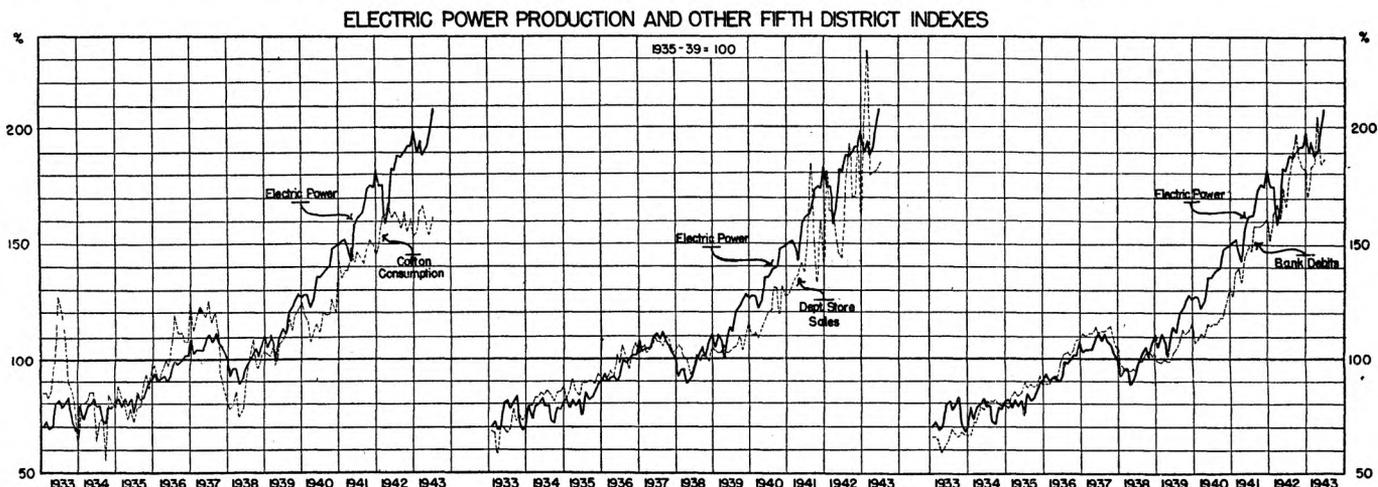
Since the Great Depression the trends of United States electric power production and industrial production have been broadly the same, which would indicate that the period of conversion of other forms of power to electricity had been largely completed and that changes in electric power production would move in a general way along with industrial production since so large a part of the electricity used is for industrial purposes.

Marked changes in the growth in the per capita use of electricity for residential and rural purposes and expansion

in the outlets of the latter, together with technological improvements in the production process, would alter, of course, the use of electric power as a measure of industrial activity, but it seems probable that the changes in residential usage would maintain a close relationship to the number of jobs which the business of an area could support. However, around 69 per cent of the kilowatt hours of electricity sold by eleven companies—which account for 77 per cent of all the current generated in the Fifth District—was to industrial and commercial establishments and around 11 per cent to residential and rural users in 1941.

Reference to the accompanying chart will show the close relationships between the seasonally adjusted index numbers of electric power production in this District with the District indexes of cotton consumption, department store sales, and bank debits. However, the similar trends shown by these three indexes and that of electric power production are scarcely sufficient to justify the idea that the latter index may have become a reasonably good indicator of the general level of industrial production in the District.

The current business indications given by electric power production show that June had reached a level never before attained in this District, and further indicated a trend which was still rising despite the leveling off in cotton consumption, coal production, and construction. No doubt the chief impetus to increased electrical energy output from the beginning of 1942 on has come from the District's aircraft factories and shipyards as well as other war industries of lesser importance. The total expansion in electricity usage by the many military installations in the District is an unknown factor, which in aggregate amount would probably not bulk large enough to distort the electricity production figures from indicating industrial production trends in a general way.



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DISTRICT

Federal Reserve Bank, Richmond, Va.

September 30, 1943

Business in August 1943

THE level of business in the Fifth District during August was probably not much changed from that of July. Cotton mill activity as measured by daily average consumption improved somewhat following shut-downs of July, but was 6 per cent under last year, and 9 per cent below the June 1943 level. The August daily output of bituminous coal declined one per cent from July, but exceeded last year's level by 8 per cent. Seasonally adjusted sales of department stores held at the July level but gained 6 per cent over last year. June employment levels were lower in most states than in the earlier months of the year, but an upward tendency was exhibited in West Virginia and Maryland. Current indications point to a level of employment at the present time no better than in June, and perhaps not as good.

Based on the deliveries of merchant tonnage, it is apparent that shipyards were still expanding their output in August. This expansion, however, appears to be due to a better development of the "know how" and the attendant increase in product per man hour, for such evidence as is available does not indicate any expansion in aggregate employment in the District's yards over the past few months. In fact, the annual report of the Newport News Shipbuilding and Drydock Company says that employees at both Newport News and Wilmington yards reached their peaks in the early part of 1943 and had since declined, as a result of inability to replace employees entering the armed services.

The manpower problem in this District is a critical one, particularly as it affects some of the principal industries

such as textiles and lumber. While many of the textile mills have as many employees, and some more, than last year, they have lost many of their skilled workers to other industries or the armed services. This has resulted in lower productivity and higher costs, which have rendered ceiling prices a real impediment to production. Lumber industries cannot find workers to cut logs at permissible wages, and pleas are being made to farmers to increase their cut of pulpwood.

If tobacco prices in the Old Belt perform in a manner similar to prices in the Border, New Bright, and Middle Belts, the season's average will not reach the OPA ceiling level of \$41 a hundred this year as the latter belts' average prices through September 17 have been respectively \$38.82, \$36.75, and \$34.65. The outstanding feature of the flue-cured tobacco markets this year has been a marked increase over last year in the prices of lower grades of leaf and little or no increase in the better grades. With the flue-cured crop short of requirements this year such price performance would seem to suggest that ceiling prices on finished tobacco products were acting as an effective overall ceiling on leaf tobacco.

Commercial, industrial, and agricultural loans of 41 weekly reporting banks increased 13 million between August 18 and September 15, which was nearly three times larger than the average seasonal increase experienced in a similar period in recent years. Effect of the Third War Loan was reflected in the loans to brokers and dealers in the week ended September 15, when these loans increased 6 million, as well as on other loans on securities,



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100
Seasonally adjusted

	August 1943	July 1943	June 1943	August 1942	% Change	
					July 43	Aug. 42
Bank Debits	207	191	187	191	+ 8	+ 8
Bituminous Coal Production.....	151	153	110	140	- 1	+ 8
Building Contracts Awarded.....	122	139	127	306	-12	-60
Building Permits Issued.....	81	52	53	125	+56	-35
Cotton Consumption*.....	147	138	161	157	+ 7	- 6
Department Store Sales.....	206	205	184r	194	0	+ 6
Electric Power Production.....	215	213	209	188	+ 1	+14
Life Insurance Sales.....	131	136	116	86	- 4	+52
Wholesale Trade—5 Lines.....	166	175	177	147	- 5	+13

*Not Seasonally adjusted

Revised

which rose 5 million in the same week. All other loans, where were at their lowest point of the year on September 8, increased 6 million during the following week and stood within 2 million of the year's best level.

The increase of 176 million between August 18 and

September 15 in total demand deposits was due in large part to the increase of 126 million in U. S. government deposits and an increase of 25 million in deposits of banks, both of which latter increases were no doubt a result of the war loan financing, which had amounted to 182 million by September 15.

Cotton Textile Situation

The primary factors currently affecting the cotton textile industry in the Fifth District may be related to the demand-supply situation in the textile field generally. The industry has been attempting to maintain or even increase production in 1943 to meet the undetermined demands of the military, lend-lease, and rehabilitation of reconquered areas, and at the same time to meet essential civilian demands and to maximize the remainder of civilian supply. This attempt has, in turn, involved very real problems in terms of manpower, machinery, price ceilings and contract renegotiations. While much of the pertinent data is not available, some of the current information is cited below.

DEMAND

The 1943 demand situation in the cotton textile industry has been subject to change daily, making it difficult to formulate a clear picture of actual demand. In the first place, military demand is not determinable. In 1941, military consumption amounted to approximately 20 per cent of the 1941 yardage; in 1942 "while no accurate summary of military consumption has yet been made available—a fair guess would allocate about a third of the 1942 yardage to direct and indirect use of the armed services."¹ Latest estimates for 1943 indicate thirty to thirty-five per cent of total production going directly to the armed forces. On the basis of a total production of cotton goods of 12 billion square yards, this would amount to between 3.6 and 4.2 billion yards. However, military demand is now a constantly changing variable—with consequent cancellations of contracts and cutbacks taking place. Recent examples are the War Department's announcement of a 50 per cent reduction in scheduled deliveries for three types of cotton fabrics, and previous announcements of contract cancellations for cotton duck and other items. Thus, on the one hand there are cancellations and cutbacks, while on the other hand the Army is pressing for increased production in certain lines. In order to assist the industry to evaluate demand, there is an apparent need for a clear-cut estimate of military needs, particularly in view of present developments. An approach to this estimate may result from the current inventory taking of military procurement agencies as to supplies on hand.

Like the military demand, the demand for cotton goods for lend-lease is not readily determined. Trade estimates have varied from 500 million to 1 billion square yards. In addition, the demand for "war aid" to relieve reconquered areas cannot be estimated, since it is based on unpredictable military events. It is impossible to even estimate the amount of cotton textiles that will be required for rehabilitation in areas such as Greece, France, and the Balkans, if relieved of German domination. In

Italy the determining factor appears to be the status of the mills in Northern Italy; in the short run Italy's textile needs will add to export demand. In the first six months of 1943, WPB indicates that all textile exports totalled 295 million yards or 4½ per cent of total production over the six month period.

With indefinite military, lend-lease, and "war aid" demands, the civilian supply situation is obviously difficult to appraise. Recent developments indicate that for the remainder of the war period civilian supply will be much larger than anticipated, although there will probably not be any substantial increase in the near future.

SUPPLY

In the face of the war-time demand situation, the War Production Board requested a further increase of ten per cent in the production of cotton goods in 1943; this increase to be superimposed upon an actual ten per cent increase in production in 1942 over 1941. Production in 1942 amounted to 12,418,160,000 square yards, related to a consumption figure of 11,439,000 bales. Trade data and WPB figures on production in 1943 have been consistently at variance; the former indicating considerably lower production than indicated in WPB reports, possibly because the data are based upon samples. Latest WPB figures for the first six months of 1943 indicate increases in production over last year of cotton yarn but a decline in output of cotton fabrics.

COTTON TEXTILE PRODUCTION

	1943		
	Jan.-June	Jan.-June	% Change
	1943	1942	1943/1942
	(millions)	(millions)	
Carded sale yarn (pounds).....	398.8	393.0	+1.5
Combed sale yarn (pounds).....	148.4	144.0	+3.1
Carded fabrics (linear yards)...	4911.8	4980.0	-1.4
Combed fabrics (linear yards)...	699.3	735.8	-5.0

Source: War Production Board

The above figures however may be misleading, as the decline beginning in the second quarter is partly offset in the six month aggregate. Cotton consumption figures, which normally give a clear indication of the rate of production, appear to indicate a drop in production both in the Fifth District and in the United States total during the first eight months of 1943.

COTTON CONSUMPTION FIFTH DISTRICT AND UNITED STATES

	(Thousands of bales)		
	Jan.-Aug.	Jan.-Aug.	%
	1943	1942	Change
United States	7,229	7,652	-5.2
Fifth District	3,484	3,606	-3.4
North Carolina	1,882	1,940	-3.0
South Carolina	1,433	1,489	-3.8
Virginia	169	178	-5.1

However, the above is not an accurate measure of the

¹Association of Cotton Textile Merchants of New York, "Ten Years of Cotton Textiles, 1933-1943"—March, 1943.

MONTHLY REVIEW

of Financial and Business Conditions

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

October 31, 1943

Business in September 1943

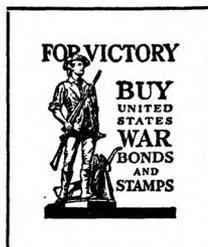
THE crop harvesting season is at its peak in the Fifth District, and in one fashion or another labor has been found to take care of the crops. Climatic conditions have favored the harvest, and the progress of picking cotton is somewhat better than a year ago in North Carolina and equal to a year ago in South Carolina. Although harvesting difficulties have been experienced in tobacco, it is being marketed faster than manufacturing companies can handle it, and a marketing holiday seems to be in the offing.

The labor situation has grown more stringent with the passing of time. Spartanburg, South Carolina, was added to the acute shortage list of areas on October 1, on which date the Fifth District had nine, or one-eighth of all acute labor shortage areas in the United States. Four additional Fifth District cities are anticipating labor shortages within six months, while eighteen cities are expected to have only a slight labor surplus at the end of six months.

Employment trends in non-agricultural industries continue to move downward in Virginia and North Carolina, but they have remained without much change for several months in the District of Columbia, West Virginia, and South Carolina. Only in Maryland is there still an upward tendency in the level of employment, and since March, 1943, this tendency has been very slight. Since the demand for workers continues large in this District, it is apparent that the downward trend in employment is due to a reduction in the available labor force of the District as a result of selective service, migration, or a return to the farms.

The two industries in the District which employ the

largest number of workers are the cotton textile industry and the bituminous coal industry. Production in the bituminous coal industry has oscillated irregularly around a flat trend since the middle of 1941, with September 1942, average daily output around the upper levels reached in the past two years. Cotton textile production, as measured by average daily cotton consumption, rose steadily to a peak in April, 1942, and except for the months of February and March, 1943, has since shown a sagging tendency. Mill shutdowns in July resulted in a sharp drop to a level of 17 per cent below the April, 1942, peak, but recovery was effected in both August and September, with the latter month only 8 per cent below the same peak. Electric power production, on the other hand, which reflects activity in the shipyards, aircraft factories, and other war production establishments, was the highest of all time in August, though the increases in the past two months have become smaller.



Department store sales in September, although down 5 per cent from August on a seasonally adjusted basis, are at a level which has only been exceeded in four other months, all of which were in 1943. Wholesale trade in five lines, however, has trended generally downward since February, with hardware and shoes in September at levels below a year earlier, and with dry-goods only one per cent above last year. Although September department store inventories (seasonally adjusted) were only 6 per cent below a year ago and 20 per cent below their peak of July 1942, the declines in evidence of wholesale dry-goods and shoe sales seem likely to have an adverse effect on department store sales or to reduce inventories still further.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average daily 1935-1939=100
Seasonally adjusted

	Sept. 1943	Aug. 1943	July 1943	Sept. 1942	% Change Aug. 43	Sept. '43 from Sept. 1942
Bank Debits	239	207	191	198	+ 15	+ 21
Bituminous Coal Production.....	150	152r	148r	150	- 1	0
Building Contracts Awarded.....	134	122	139	326r	+ 10	- 59
Building Permits Issued.....	36	81	52	120	- 56	- 70
Cotton Consumption*	154	147	138	164	+ 5	- 6
Department Store Sales.....	196	206r	205	170	- 5	+ 15
Life Insurance Sales.....	138	131	136	99	+ 5	+ 39
Wholesale Trade—5 Lines.....	159	166	175	143	- 4	+ 11

*Not seasonally Adjusted
r—Revised

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1943

Business in October 1943

CASH farm income in the Fifth District in the first eight months of the year was 34 per cent ahead of last year, but during September this year cash income declined 9 per cent below last year and reduced the nine-months' total gain to 20 per cent above last year. Cotton and tobacco weigh heavily in the District's cash income figures at this time of year as well as in the remaining months of the year. The indications are that these crops will be valued for the year at about the same level as last year. It can, therefore, be expected that smaller year-to-year income increases will result for the remaining months of the year.

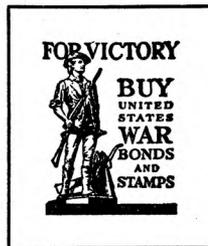
Active spindle hours in the District's cotton mills declined 3.3 per cent between September and October, whereas cotton consumption declined 5.2 per cent. Relative to October, 1942, active spindle hours in October this year were down 9.5 per cent, with cotton consumption 10.3 per cent lower. These divergences in spindle hours and cotton consumption could be the result of a number of things. They could indicate the production of lighter-weight goods, depreciation of machinery, inexperienced labor, or a combination of all three.

The average daily output of bituminous coal in this District fell 5 per cent from September to October, but the ten-months' total was still 2 per cent ahead of last year. This decline during the month of October was caused by a shutdown of the mines near the end of the month as a result of labor contract trouble. The Bituminous Coal Institute believes, however, that demands

for coal can be met, despite the loss of production caused by strikes, if there are no more strikes; if miners be kept on the job full time; if further drafting of miners is halted; and if ample replacement of machinery is available. Time only will tell whether the "ifs" will become operative or a shortage of coal ensue.

Wholesale trade in each of five lines of business (seasonally adjusted) improved from 4 to 11 per cent between September and October, but the level of the five lines in the latter month still gave indications of no better than a flat trend. The October Department Store Sales Index, on the other hand, declined 7 per cent from September on a seasonally adjusted basis. This sales index in October, however, was still 8 per cent above a year ago. Gains in sales are being made in part out of inventories, and while these inventories are still high in relation to normal years, they were 6 per cent below a year ago at the turn of October.

Labor turnover in the shipyards and other essential industries continues to be the chief impediment to increased war production in the District. It was necessary for a shipyard located in the Baltimore area to hire 11,000 new employees over a period of ten months to show a net gain in personnel of 500; while another large employer in the same area had to hire 5,806 to show a net gain of 538. A similar situation prevails in the Hampton Roads area where employment at the Navy Yard and at the Newport News Shipbuilding and Drydock Company cannot seem to



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-1939=100 Seasonally adjusted

	October 1943	September 1943	August 1943	October 1942	% Change Sept. 1943	Oct. 1943 from October 1942
Bank Debits	197	239	207	187	- 18	+ 5
Bituminous Coal Production.....	142	150r	152	140	- 5	+ 1
Building Contracts Awarded.....	163	134	122	358	+ 22	- 54
Building Permits Issued.....	64	36	81	42	+ 78	+ 52
Cotton Consumption*.....	146	154	147	156	- 5	- 6
Department Store Sales.....	183	196	206	170	- 7	+ 8
Department Store Inventories.....	165	177r	190	173	- 7	- 5
Life Insurance Sales.....	120	138	131	93	- 13	+ 29
Wholesale Trade—5 Lines.....	176	159	166	151	+ 11	+ 17

be raised to desired levels. The local supply of man power in both areas has long since been absorbed and any addition to the labor force which must come from outside the area is a factor in itself which works for

labor turnover. Of course, it may be quite possible that full employment inherently increases the mobility of labor.

The Current Situation In Furniture Manufacture*

Approximately 22 per cent of the Nation's wooden household furniture is made by factories located in the Fifth Federal Reserve District; they employ about 35,000 workers and produce \$132,000,000 (wholesale price) annually. More than half of the production in the Fifth District is made in North Carolina. About 42 per cent of the bedroom and dining-room furniture produced in the United States, or a little less than half of the Nation's total production, is made by factories in the Fifth District. In other words, while the Fifth District produces slightly more than one-fifth of all wooden household furniture, it produces nearly half of the bedroom and dining-room furniture. North Carolina is the first state in the production of all wooden household furniture, and produced in the last census year 12 per cent, or nearly one-eighth, of the total for the United States; while Virginia, which occupies fifth place in the Nation and second place in the South, produced 7.1 per cent of the total wooden household furniture. In the production of bedroom and dining-room furniture, North Carolina leads and Virginia is second—these two states accounting for about 40 per cent of the total for the United States.

The Southern furniture industry was established on an all-wood basis for the good and sufficient reason that around it were virgin forests of native American woods that were readily accessible, i. e., they were accessible when loggers and lumbermen were more plentiful. This factor worked in favor of the Southern industry until the stringency arose in man power and materials. Gumwood lends itself to a wide range of finishes and is used more than any other variety for making furniture. It is available in timber stands in abundance in the vicinity of each furniture factory of this District. Poplar, maple, oak, and walnut timber also exist in plentiful supply.

The major handicap in materials at the present time is the shortage of lumber, which has been brought about by the large demands for this item by the Government, for the Army and Navy, Maritime Commission, and Lend-Lease. This unusual demand for lumber by these agencies is not likely to decrease, but rather indications are that the demand will increase for the duration of the war. Many items formerly made of steel are now being made of wood, such as office equipment, filing cabinets, hat and coat racks, storage cabinets, etc. The estimated use of all lumber in 1943 is thirty-six billion feet. The production of all lumber is estimated to be thirty-two billion feet. This deficit of four billion feet is being met by use from inventories and imports. Thus, the stock pile has become dangerously low. Boxes and crates alone will require fourteen billion feet, or slightly less than one-half of the total production. Much of this is needed for shipping military and Lend-Lease goods. The growing shortage of lumber, for the reasons stated

above, presents a real threat to the continued full-time operation of the furniture factories, but the increase of from 20 to 30 per cent in lumber prices permitted by the OPA will loosen the lumber stringency somewhat, it is believed.

The furniture industry in the Fifth Federal Reserve District is located in small cities; High Point, North Carolina, a city of 40,000, being the largest. Under normal conditions the labor supply is ample. Employer and employee are likely as not next-door neighbors, and labor relations generally present management with few problems. Wages range from 40 cents an hour for unskilled labor to \$1.15 an hour for skilled labor, and with working conditions amicable, a high labor efficiency prevails under ordinary conditions. The armed services, however, have taken their toll of furniture workers and, since the industry is classed as nonessential, a number of those subject to selective service have transferred to essential industries. Together, these withdrawals of workers from furniture manufacture have been difficult to replace, skill for skill, and the operating efficiency has been impaired. This has found reflection in the pay rolls which in the first eight months of 1943 amounted to 25.4 per cent of the value of production against 23.5 per cent in the same months of 1942. Although the bulk of the remaining employees are still engaged in the industry, a few highly skilled employees such as machinists, pipe fitters, and electricians have found better pay elsewhere, and their loss has been irreplaceable.

The furniture capital of the Fifth District, or of the South for that matter, is High Point, North Carolina. This is the home of the Southern Furniture Manufacturers' Association, and one of the Nation's principal wholesale furniture markets. There are seventy-three furniture factories in that area. Other principal North Carolina furniture manufacturing areas not far distant from High Point are Lenoir, Drexel, Thomasville, Mount Airy, Lexington, and Winston-Salem. In Virginia, the chief furniture manufacturing centers are Bassett, Martinsville, Galax, Marion, and Waynesboro. More than half of the factories in this area employ fewer than fifty workers, while the larger factories average about 125 workers. The larger firms in the District, each capitalized at more than a million dollars, are The Drexel Furniture Company of Drexel, North Carolina; Thomasville Chair Company, Thomasville, North Carolina; Bassett Furniture Industries, Bassett, Virginia; Virginia Lincoln Company, Marion, Virginia; and the Basic Furniture Company of Waynesboro, Virginia.

*This article was prepared in collaboration with Charles L. Creech, Sr., a Director of the Charlotte Branch of the Federal Reserve Bank of Richmond, Chairman of the Board of the B. F. Huntley Furniture Co., and General Manager of the Unique Furniture Co., Winston-Salem, N. C.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

December 31, 1943

Business in November 1943

A REVISED index of department store sales for the Fifth District appears in the Review this month, and this index for the month of November shows a seasonally adjusted level of sales 13 per cent above October and 15 per cent ahead of a year ago. The November sales level has been exceeded only during February 1943 when a clothing rationing rumor caused a wave of scare buying. This revised sales index, since February 1943, had moved irregularly around a flat trend which seemed to indicate that the sales level had reached its wartime peak. There were no rationing scares, however, in November and the performance of the index in that month must open the question as to whether the District's sales level is topping out or continuing to expand. Of course, the November sales level may represent early Christmas buying that will find reflection in a reduced level of sales in December.

Wholesale trade in the District still gives every indication of having reached its peak and the same conclusion appears to be drawable for the total amount of expenditures as reflected by bank debits. November coal production was again adversely affected by work stoppages with the average daily output in November 13 per cent below October and 16 per cent under November 1942. Moderate improvement was recorded in the average daily consumption of cotton during the month of November from the previous month, but continued to stand at 5 per cent below last year. Active spindle hours of the District's mills in November, however, were only about 1 per cent below a year ago, but

they were 11 per cent below the peak month, which was March of this year.

The District's textile mills will apparently be confronted with a further increase in their cost of production in the near future. The delegates of the United Textile Workers have authorized a strike vote in the mills of North and South Carolina on, as yet, an unnamed date. The workers are seeking a 15 cents an hour increase with additional increases of 5 cents for the second shift and 10 cents for the third shift.



Despite the impending shortage of flue-cured tobacco, the District's cigarette production in November set a new high record. The November daily average index adjusted for seasonal variation increased 7 per cent from October and was 18 per cent above a year ago. The crop indications point to a moderately lower level of Virginia fire cured and sun cured tobacco, but larger crops of burley this year than last year. The early sales in these markets, however, brought prices substantially above those last year, through marketings prior to the Christmas holidays have been small.

Construction in the Fifth District has reached a relatively low level since the Federal Government began tapering off on war projects. Building permits issued in 29 Fifth District cities through November 1943 declined 44 per cent in valuation from figures for the like period in 1942, and construction contracts awarded in the first 11 months of 1943 were 56 per cent below January-November 1942 awards.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-1939=100
Seasonally Adjusted

	November 1943	October 1943	September 1943	November 1942	% Change Nov. 1943 from	
					Oct. 1943	Nov. 1942
Bank Debits	197	197	239	184	0	+ 7
Bituminous Coal Production.....	124	142	150	148	-13	-16
Building Contracts Awarded.....	207	163	134	442	+27	-53
Building Permits Issued.....	50	64	36	43	-22	+16
Cigarette Production	194	182	174	165	+ 7	+18
Cotton Consumption*	153	146	154	161	+ 5	- 5
Department Store Inventories.....	155	165	177	161	- 6	- 4
Department Store Sales.....	215	191	193	187	+13	+15
Life Insurance Sales.....	120	120	138	84	0	+43
Wholesale Trade—5 Lines.....	174	176	159	154	- 1	+13

*NOT Seasonally Adjusted.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

January 31, 1944

Business in December 1943

SUCH data as are in hand for December seem to confirm past observations that the trend of business in the Fifth Federal Reserve District has reached its peak and on balance is holding at that level. Average daily bituminous coal production in December recovered from the effects of the work stoppage in November and stood at a level which compares favorably with the best months of the past two years. For the year 1943 coal production in the District of 179,723,000 tons exceeded that for the year 1942 by 1,175,000 tons.

December average daily cotton consumption, on the other hand, declined 4 per cent from the November level and was 5 per cent smaller than in December 1942. Consumption of cotton by the mills of the District in 1943 was 5,175,066 bales, which was 293,515 bales, or 5.4 per cent, less than in 1942, with practically all of the decline occurring in the last half year.

Cigarette production in the Fifth District experienced a rising trend throughout the year 1943 with the December seasonally adjusted index within one point of the year's best level and 16 per cent higher than in December 1942.

The business of manufacturing furniture became increasingly difficult as the year progressed with the shortage of both labor and materials intensified in the later months. Production, which held about even in the first half of the year, declined in the latter part with December output near the year's lowest level.

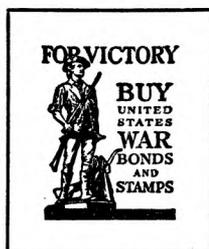
Construction activity for the most part trended downward during 1943 with the index of contract awards in

December 59 per cent under a year ago. Total employment in the District's manufacturing industries established its highest level in the early part of 1943 and thereafter was under steady attrition. However, the overall production from the District's manufacturing plants appears to have risen on balance into the third quarter of the year, despite some reduction in the outturn of the important textile industry. Merchant shipbuilding reached its peak in the last half of 1943 and has flattened off at that level, while figures published by the Newport News Shipbuilding and Dry Dock Company would seem to indicate a similar trend.

In the distribution field, department store sales in 1943 exceeded those of 1942 in all months, with the peak on a seasonally adjusted basis shown in November. Although December sales did not rise from November levels by the normal seasonal amount, they were the largest December sales of record for this District and 8 per cent above December 1942.

Wholesale sales of five prominent lines maintained more or less of a flat level throughout 1943 with the seasonally adjusted December index one per cent lower than November, but 10 per cent above December 1942. Department store inventories declined somewhat during 1943, but by a surprisingly small amount. Thus the record level of sales was not appreciably at the expense of inventories, but was effected by the store's ability to obtain a larger quantity of goods or higher-priced merchandise.

Loans of the forty-one weekly reporting banks at the



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-1939=100
Seasonally Adjusted

	Dec. 1943	Nov. 1943	Oct. 1943	Dec. 1942	% Change Nov. 1943	Dec. 1943 from Dec. 1942
Bank Debits	191	197	197	183	- 3	+ 4
Bituminous Coal Production*.....	147	124	140	132	+19	+11
Building Contracts Awarded.....	150	207	163	369	--28	--59
Building Permits Issued.....	50	50	64	49	0	+ 2
Cigarette Production	193	194	182	166	-- 1	+16
Cotton Consumption*	147	153	146	154	-- 4	-- 5
Department Store Inventories.....	159 ^e	155	165	164	+ 3	-- 3
Department Store Sales.....	187	215	191	173	--13	+ 8
Electric Power Production.....	219	217	212	199	+ 1	+10
Life Insurance Sales.....	112	120	120	81	-- 7	+38
Wholesale Trade—5 Lines.....	173	174	176	157	- 1	+10

*Not Seasonally Adjusted.

close of 1943 stood at identically the same level as at the end of 1942 after having declined \$48 million, or 17 per cent, during the summer. Commercial and industrial loans rose somewhat more than seasonally from the summer to the fall, and have since maintained most of the seasonal gain. They were, however, at the year end \$6 million, or 4 per cent, below a year earlier. Loans on real estate held at a flat level throughout the year, while other loans for purchasing or carrying securities increased \$13 million, or 118 per cent, from December 30, 1942, to

December 29, 1943. During the Second War Loan Drive these loans rose from \$11 to \$19 million, and later returned to the \$11-million level, but in the Third War Loan Drive they rose from \$11 million to \$50 million, and by the year end they had declined to \$24 million. Total investments of the forty-one banks amounted to \$984 million at the end of 1942. They reached a total of \$1,393 million early in November and declined steadily to \$1,305 million at the end of 1943, at which level they were \$321 million, or 33 per cent, above the end of 1942.

Tendencies In Tenant Farming

The national policy throughout the history of this country has been to encourage and facilitate farm ownership by those who operate the farms. From the beginning of the country's independent existence up to 1891 the Federal Government sold good land to farmers for \$.50 cents, \$1.00, and \$1.25 an acre. The Preemption Act in 1841 recognized the vested right of squatters who had established farms on the public domain and proclaimed their right of possession. In 1862 the Homestead Act enabled persons to acquire land for farming purposes without cost. Beginning with 1933 various Government activities to aid low-income farm families was later consolidated into the Farm Security Administration. The Bankhead-Jones Act became law in 1937 and this act established a system of tenant-purchase loans with the administration of this act given to the Farm Security Administration.

With the Government policy throughout its history designed to foster the ownership of farms by farm operators, it might be supposed that ours is a land where operator ownership would be next to universal. The facts, however, do not bear out any such supposition. For the United States as a whole, the number of farms operated rose at a rapid rate from the middle of the nineteenth century to the turn of the twentieth century. The number continued to increase for the next two decades, but the rate of increase slowed down progressively and there was an actual decline between 1920 and 1930. The number of tenants operating farms, however, increased much more rapidly than the number of farms between 1880 and 1935. In 1880, for example, only 25.6 per cent of all United States farms were operated by tenants, whereas in 1930 tenants were operating 42.4 per cent of the Nation's farms, which was the highest proportion ever attained. In 1935 tenants were operating 42.1 per cent of all farms, but by 1940, with farm prices and incomes rising and land prices relatively low, their proportion had diminished considerably to 38.7 per cent.

The question naturally arises: Where is tenant farming prevalent and what are its causes? There are four areas of the country where tenant farming is most heavily con-

centrated, both in actual numbers and in percentage of the total farms operated. These areas by census classifications are the West North Central, South Atlantic, East South Central, and West South Central. These areas cover the western part of the Corn Belt and all of the Southern States. Each of the areas have farm tenancy in excess of 40 per cent of all operated farms. The four areas account for 67 per cent of all the Nation's farms and 81 per cent of all tenants.

It should be noted that the greatest proportions of farm tenancy are in the cash crop areas, where cotton, tobacco, wheat, and corn are the chief sources of cash returns. It is not quite clear why this should be the case, but these products in the main are those that experience the widest income variations between depression and prosperity, and consequently land owners must have a safe margin of financial strength to hold their land during unprofitable seasons. It is very difficult for tenants to rise to the owner class in any type of farming in which the element of risk is marked; in fact, this uncertainty of financial return from farming over any given period of time is probably one of the chief obstacles to the elimination of tenancy. Wide variability in the returns from farming which retards the operator from being an owner also creates absentee ownership whether of the direct speculative type or of the mortgage company type. This outside force prevents the land from being priced at a level in keeping with its ability to maintain service on debts acquired at higher prices which also fosters farm tenancy.

Such evidence as is available strongly indicates that farm tenancy has been one of the important factors contributing to a depletion of soil fertility and to the erosion and abandonment of much good acreage. It is not here suggested, however, that farm tenancy is any more devastating to the soil than lack of knowledge of the proper farm technique on the part of an owner, but the two probably are close companions in their adverse contribution. Land purchased for the purpose of selling at a higher price by an absentee owner is not usually rented on other than a year-to-year basis. Tenants have no incentive under the yearly arrangement (usually verbal) to improve the land or even to maintain its condition, for in so doing its sale price is enhanced, or its rental basis raised. It seems probable, also, that many of those tenants who do graduate into ownership do so at times when land prices are highest and later they revert to the tenant class when reduced prices of farm products make it too difficult to meet debt service. Farm land rented for cash is also subject to serious soil depleting practices, if used in the growth of the above mentioned cash crops, as cash renters are not as a rule interested in paying rent for soil building crops. Furthermore, if a farm rented for cash carries a mort-

CONCENTRATION OF TENANT FARMING

April 1, 1940

	All Farm Operation		Tenants		% of Farms Operated by Tenants
	Number	% of U. S.	Number	% of U. S.	
New England	135,190	2.2	10,009	.4	7.4
Middle Atlantic	348,100	5.7	50,675	2.1	14.6
East North Central...	1,008,095	16.5	280,342	11.9	27.9
West North Central..	1,090,574	17.9	462,400	19.6	42.4
South Atlantic	1,019,451	16.7	429,799	18.2	42.4
East South Central..	1,023,349	16.8	512,602	21.7	50.1
West South Central..	964,370	15.8	506,892	21.5	52.6
Mountain	233,497	3.8	57,414	2.4	24.6
Pacific	276,173	4.6	51,138	2.2	18.5
United States ...	6,096,799	100.0	2,361,271	100.0	38.7
Fifth District ..	732,111	12.0	281,340	11.9	38.4

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



Federal Reserve Bank, Richmond, Va.

February 29, 1944

Business in January 1944

THE level of production in the District during January appears to have held about even with December. Coal production and cotton consumption indexes in January were not materially at variance with those of December. Average daily cigarette production for domestic use, however, declined 18 per cent between December and January, after adjustment for seasonal variation, and was 1 per cent lower than in January 1943. This decline was probably due in part to the epidemic of influenza and to an increased tempo in overseas shipments. January trade activity, both wholesale and retail, moved strongly upward from December levels after correction for seasonal variation. The January wholesale trade level of five lines of activity was the second best established so far in the District, while the rise in the department store sales index brought January to a level which had only been exceeded by February and November of 1943. The indexes of electric power and bank debits still give indications of flattening off.

Merchant shipbuilding in January declined markedly from December levels in the Fifth District, which was due in part to a conversion of some of the facilities of the District's largest yard from the production of Liberty ships to the faster Victory ships. If the District's aircraft plants and naval shipyards operated in line with those industries in the Nation, there was an increase of 5 per cent in aircraft production between November and

December, and a decline of 2 per cent in naval ship construction in the same period.

Employment in manufacturing industries of the District in December 1943 was 4,300 workers smaller than in November, with only Virginia showing an increase in this period. Between December 1942 and December 1943 the District's employment in manufacturing industries declined 9,200 workers, with Maryland and West Virginia showing increases of 16,600 workers and the remaining states showing losses of 25,800 workers. Manufacturing employment levels since mid-summer have shown a tendency to stabilize in all states except Maryland and West Virginia. In the former a downward tendency is in evidence and in the latter a rising tendency.

Cash income from farm marketings in the states of this District in December rose 36 per cent over that month a year ago, with the twelve months of 1943 recording a gain of 18 per cent over 1942. Tobacco acreage allotments were increased 20 per cent for this year, though in some quarters it is doubted whether the permitted increase will be planted because of the dearth of farm labor. Tendencies in farm prices are such that with a production level in 1944 equal to that of 1943 there should be some further increase in cash farm income. The supply of farm labor this year seems likely to be about the same as last year, but with expanded production goals, it will probably be shorter in relation to demand than it was in 1943.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100
Seasonally Adjusted

	Jan. 1944	Dec. 1943	Nov. 1943	Jan. 1943	% Chg. Dec. '43	Jan. 1944 from Jan. '43
Bank Debits	197	191	197	171	+ 3	+ 15
Bituminous Coal Production*.....	148	147	124	136	+ 1	+ 9
Building Contracts Awarded.....	150	151r	207	196	- 1	- 23
Building Permits Issued.....	21	50	50	124	- 58	- 83
Cigarette Production	158	193	194	160	- 18	- 1
Cotton Consumption*.....	148	147	153	155	+ 1	- 5
Department Store Sales.....	208	187	215	186	+ 11	+ 12
Department Store Stocks.....	179	166	155	169	+ 8	+ 6
Electric Power Production.....	204	219	217	190	- 7	+ 7
Life Insurance Sales.....	121	112	120	90	+ 8	+ 34
Wholesale Trade—Five Lines.....	183	173	174	171	+ 6	+ 7

*Not seasonally adjusted.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

March 31, 1944

Business in February 1944

THERE was small improvement in the levels of most of the District's business indicators between January and February, but this is scarcely a sufficient basis for a statement of the probable trend. Seasonally adjusted indexes of department store sales and bank debits, however, are still in an apparent rising trend, with their rates of rise crowning over in a much slower manner than had seemed apparent in much of the year 1943. The bituminous coal production index in February, 1944, was exceeded in only one month of 1943. This index gives evidence that if the manpower supply stabilizes the year's production can be as good and possibly a little better than last year.

Cigarettes withdrawn from Fifth District warehouses for domestic consumption receded somewhat further in February from the already reduced level of January. February output was apparently affected for one or two days at the end of the month by a work stoppage at one factory in Durham, N. C. The March cigarette output will also be affected by this work stoppage, which lasted through March 17. The annual report of one of the large tobacco companies says that restrictive influences in the cigarette production outlook arise from lack of available manpower rather than tobacco shortages.

Though moderate improvement from January was

shown in the February index of cotton consumption, the trend is still downward. Wage increases up to 7½ cents an hour have been permitted by the War Labor Board for a number of the District's textile mills, but in some cases increased wages will not become effective unless price ceilings are raised. It is generally reported in the press that a 48-hour week is under consideration for the cotton textile industry by the War Production Board in view of persistent decline in production. Insofar as an actual shortage of workers is a factor in the reduced production, adoption of a 48-hour week would improve the situation. If unbalance in equipment or unprofitable selling prices is of any importance in having lowered cotton textile output, a 48-hour week might not compensate for such losses.



Cut-backs in the production of trainer aircraft seem likely to reduce employment in at least one of the District's plants, while the Morganton, N. C., plant of the National Carbon Company has started a plan for the gradual cessation of operations, the cessation to be complete by July, when the entire plant will be shut down.

The reduction in U-boat warfare has found its reflection in the District's shipyard repair work. As a result of the lowered level of repair work, many workers have left such areas as Baltimore and

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100
Seasonally Adjusted

	Feb. 1944	Jan. 1944	Dec. 1943	Feb. 1943	% Change	
					Feb. 1944 from Jan. 44	Feb. 43
Bank Debits	212	197	191	184	+ 8	+15
Bituminous Coal Production*.....	152	148	147	150	+ 3	+ 1
Building Contracts Awarded.....	122	150	151	292	-19	-58
Building Permits Issued.....	23	21	50	27	+10	-15
Cigarette Production	153	158	193	165	- 3	- 7
Cotton Consumption*	151	148	147	164	+ 2	- 8
Department Store Sales.....	210	208	187	231	+ 1	- 9
Department Store Stocks.....	176	179	166	149	- 2	+18
Life Insurance Sales.....	128	121	112	101	+ 6	+27
Wholesale Trade—Five Lines.....	181	184	173	185	- 2	- 2

*Not seasonally adjusted

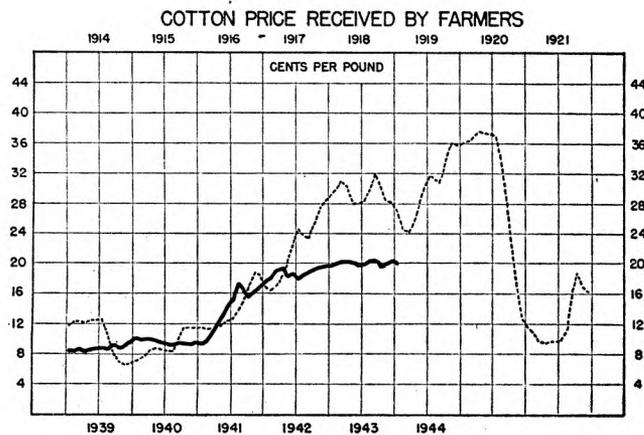
Hampton Roads and returned to their homes, when they could have been used in other yards of the areas. From two to three thousand additional workers are needed at the Norfolk Navy Yard, but despite the efforts of fifteen recruiting crews, the number on the Yard's payroll continues to drop. Deliveries of merchant ships from the District's yards in February improved notably from the January level. In February, 1944, twenty-three vessels were delivered to the Maritime Commission, compared with seventeen vessels in January.

Low temperatures on two occasions in March are not believed to have caused any important damage to fruit crops such as occurred last year. The change in the farm labor Selective Service exemption status is expected to be reflected in a smaller planted acreage of some crops and the abandonment of larger

than normal acreage before harvest. Yet, intentions point to a flue cured tobacco acreage increase of 17 per cent from last year. March rainfall seems to have damaged the potato crop considerably and has delayed preparations for spring planting. Blue mold has been observed in some tobacco beds, but in no greater extent than usually occurs.

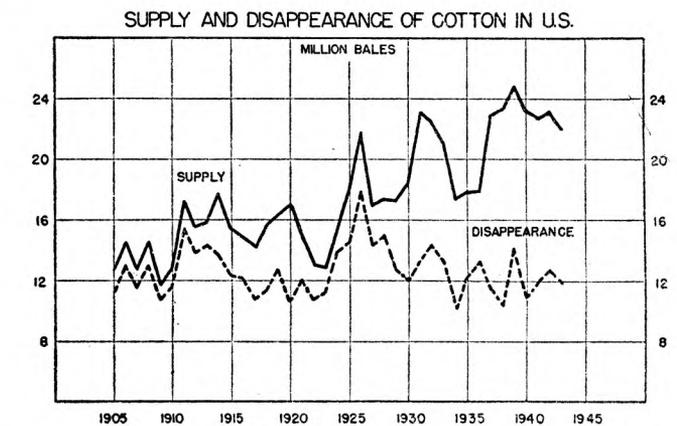
The National Association of Tobacco Distributors has gone on record favoring the establishment of a "floor" as well as a ceiling on leaf tobacco. Tobacco growers' organizations are overwhelmingly in favor of preserving the quota system, which faces suspension because of a dearth in supply. Thus it would appear that there is considerable support for continuation of a large measure of control in the growth and marketing of tobacco.

Cotton Prices in the World Wars



At the outbreak of World War I, in August, 1914, raw cotton at the farm was selling for 10.6 cents a pound and by November of that year it had fallen to 6.6 cents. In the two previous years cotton prices had ranged between 11 cents and 13 cents a pound, but the disappearance of domestically produced cotton in those two previous years also had been some half million bales larger than in the first of the war years. In fact the cotton year of 1914-15 saw the largest disappearance of domestically produced cotton that was to occur for the ensuing decade. This was because the loss in exports in the war years more than offset the gain in domestic consumption. Furthermore, it was fully 5 years following the termination of the first World War before material recovery had occurred in cotton exports.

The carryover of cotton in years prior to the 1914-15 season had generally run between $1\frac{1}{4}$ and $1\frac{3}{4}$ million bales, but as of July 31, 1915, one year after war had been in progress, the carryover amounted to 3.9 million bales, which resulted largely because of an increase in the crop that year. In the next two years the cotton carryover declined $1\frac{1}{4}$ million bales. Production and disappearance had both trended downward during these two years, but the fall in the carryover resulted from production falling more than disappearance. Cotton prices in the two crop years



1915 and 1916 rose 16.2 cents a pound, or 52 per cent of the overall rise of 30.9 cents from the low point of 6.6 cents in November, 1914, to the high point of 37.5 cents in April, 1920.

Although the carryover of cotton during the season of 1917 increased nearly a million bales, as a result of a greater decline in cotton disappearance than in the supply, prices continued to rise and by March, 1918, had increased 24.4 cents a pound, a rise equal to 79 per cent of the overall war and post-war rise of 30.9 cents. The success of the allied armies in breaking the Hindenburg Line in the spring of 1918 stayed the cotton price rise through the summer of that year and the anticipation of a successful conclusion of the war resulted in a setback in cotton prices that lasted through March, 1919. From this point until April, 1920, cotton prices at the farm rose 13.3 cents to the peak monthly level of 37.5 cents in April, 1920. The deflation that occurred in cotton prices between July, 1920, and April, 1921, brought them back to within 2.8 cents of the lowest level prevailing in 1914.

As has been characteristic of raw materials prices, the price of cotton rose and fell much more violently in this period under review than did the prices of all farm products. Cotton prices, as was previously pointed out, rose 468 per cent between November 15,

MONTHLY REVIEW

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1944

Business in March 1944

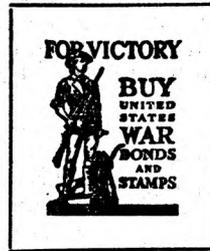
THE level of business in the Fifth District during March was not greatly different from that of February on a seasonally adjusted basis. The index of cotton consumption improved moderately, while the bituminous coal production index receded somewhat. The bank debits index, which gives some idea of the trend of total expenditures in the District, declined 5 per cent from February to March but held at a level 9 per cent above a year ago.

Cigarette output in the District in March was about the same level as in January, but one per cent less than in March last year. The March seasonally adjusted index of cigarette output was above both January and February but was below the levels of all months in 1943 except January, February and May. Although sales of department stores in the District during March were 21 per cent higher than a year ago, the seasonally adjusted index after taking account of the earlier date of Easter was one per cent above the February level and 15 per cent above last year. March wholesale trade indexes of four lines combined, held near the best levels they have ever attained despite the fact that sales of dry goods and hardware were respectively 22 and 20 per cent below last year.

Merchant shipbuilding delivered in March numbered 20 vessels which was three less than was delivered in February and eight less than in March 1943. Lower deliveries

in March this year than last year are probably due mostly to the larger number of man-hours required in constructing the Victory Ship now under construction at the North Carolina Shipbuilding Company and partly at the Bethlehem Fairfield Yard, than the Liberty Ship which was being built at these yards last year.

The light freeze of April 4th damaged the peach crop of the District to some extent, but it is believed that even



so a substantially better yield will ensue than last year. So far the apple crop has been little affected. Together the prospective outturn of these crops is expected to notably augment the income in the areas where they are grown provided sufficient labor can be mustered at harvest time. Persistent and copious rains all over the District during March and April have seriously retarded farm progress. Many fields are still unplowed, and with less labor available the intended plantings shown elsewhere in the Monthly Review, may fall short of accomplishment.

The cotton textile industry has been ordered to go on a 48-hour week on May 14th by the War Manpower Commission. This directive had the support of the mills as well as the representatives of labor. Cross currents of opinion exist as to whether much can be accomplished in the way of increasing output, but mill management leans to the notion that they will be given a better priority status in the existing labor supply.

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BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT Average Daily 1935-39=100 Seasonally Adjusted

	Mar. 1944	Feb. 1944	Jan. 1944	Mar. 1943	% Change Mar. 1944 from	
					Feb. 44	Mar. 43
Bank Debits	202	212	197	186	- 5	+ 9
Bituminous Coal Production*	145	152	148	154	- 5	- 6
Building Contracts Awarded	100	122	150	223	-18	-55
Building Permits Issued	21	23	21	58	- 9	-64
Cigarette Production	167	153	158	169	+ 9	- 1
Cotton Consumption*	155	151	148	166	+ 3	- 7
Department Store Sales	211	209r	208	184	+ 1	+15
Department Store Stocks	172	176	179	151	- 2	+14
Life Insurance Sales	131	128	121	109	+ 2	+20
Wholesale Trade—Five Lines	180	181	184	174	- 1	+ 3

*Not seasonally adjusted

MONTHLY REVIEW

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RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

May 31, 1944

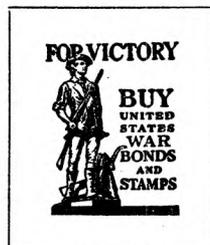
Business in April 1944

THE farm production outlook as far as climatic factors are concerned is excellent. It is true that the season is from a week to two weeks late, and that much tobacco will be reset before corn is planted, a reversal of the normal process, but from a growth standpoint the season is excellent. As far as can be ascertained, however, it appears the intended acreage will be planted even though in many instances the growers cannot now see how they will be able to harvest the crops. Farm labor is shorter in this District this year than it was last year, with further inductions into the armed forces highly probable. It is likely that some arrangement can be worked out to utilize prisoners of war as well as volunteers from cities and towns during the harvest season.

Under the assumption that in one manner or another the great bulk of the crops would be harvested, the current indications point to a further increase in the cash farm income of the District arising from prospective increases in the volume of production and higher prices. Price increases so far are running ahead of last year from 6 per cent in South Carolina to 42 per cent in Maryland.

A ceiling price of 52 cents a pound (season's average basis) was originally set for Maryland tobacco, but shortly after the auction markets opened on May 9th growers refused to sell at prevailing prices and the ceiling was then fixed at a flat figure of 62 cents with no overall

season average requirement. This will act essentially as a ceiling on the top grades and leave the remainder of the grades in a free market. The OPA says that the change in the ceiling price was not for the purpose of increasing prices, but was the result of a new system of price control. Since no ceiling has been so far placed on flue-cured tobacco for the current season, it will be interesting to see whether a similar ceiling arrangement to that placed on Maryland tobacco will prevail in flue-cured markets.



As regards the operating rate of the District's manufacturing, mining and service industries, incomplete evidence suggests that, in the main, they are holding a fairly even keel at or near capacity levels, or on levels not far short of the capacity that unseasoned workers can maintain. The development of a sufficient number of trained workers in the District's shipyards is securing an output not far below the yards' best levels despite the fact that considerably fewer workers are employed at the present time than a year ago.

The cotton textile industry is in the most critical condition of any of the District's industries. The 48-hour week became effective on the 15th day of May, with most mill men contending that no increase in production could be expected as a result. It is still too soon to be able to tell whether improvement in production is being effected, for no reports have been forthcoming as to whether work-

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT Average Daily 1935-39=100 Seasonally Adjusted

	Apr. 1944	Mar. 1944	Feb. 1944	Apr. 1943	% Change Apr. 1944 from	
					Mar. 44	Apr. 43
Bank Debits	192	202	212	205	- 5	- 6
Bituminous Coal Production*.....	149	145	152	146	+ 3	+ 2
Building Contracts Awarded.....	143	100	122	129	+43	+11
Building Permits Issued.....	23	21	23	19	+10	+21
Cigarette Production	168	167	153	167	+ 1	+ 1
Cotton Consumption*	143	155	151	161	- 8	-11
Department Store Sales	198	212r	209	186	- 7	+ 6
Department Store Stocks	170	172	176	146	- 1	+16
Electric Power Production	199	199	208	191	0	+ 4
Life Insurance Sales	118	131	128	118	-10	0
Wholesale Trade—Five Lines	178	180	181	175	- 1	+ 2

*Not seasonally adjusted

ing forces are achieving a 48-hour week. Production continued to recede in April when average daily cotton consumption declined 8 per cent from March and stood 11 per cent below a year ago and 17 per cent below the peak made in April 1942.

It is of interest to note that some Southern textile mills

have placed undated orders for new machinery. Thus the much discussed competition of synthetics has not operated as a deterrent to the placement of equipment orders. However, a large part of the machinery in the industry is more than 20 years old, and the pace at which these machines have been operated in the past three years has accelerated the rate of depreciation.

Ownership of Deposits

Demand deposits of individuals, partnerships and corporations are estimated for all member banks in the Fifth Federal Reserve District at \$2,144 million on February 29, 1944, and this is an increase of \$83 million, or 4.0 per cent, over the estimated level at which these deposits stood on July 31, 1943.

At the end of July 1943 business organizations with balances in excess of \$3,000 in the smaller banks and \$10,000 in the larger banks owned 50.5 per cent of the estimated \$2,061 million of demand deposits of individuals, partnerships and corporations of Fifth District member banks, whereas on February 29, 1944 business organizations' proportion dropped to 47.8 per cent of the estimated \$2,144 million of such deposits on that date. Thus between the end of July 1943 and the end of February 1944, business organizations maintaining deposits in Fifth District banks experienced a net decline in demand deposits of individuals, partnerships and corporations of \$16 million. However this reduction in business deposits was confined to manufacturing and mining concerns and financial businesses. All other business organizations owned a slightly higher percentage of the total deposits of individuals, etc., on February 29, 1944 than on July 31, 1943, and the estimated deposits of these firms rose \$54 million in this period.

In this period, July 31, 1943 to February 29, 1944, the Third and Fourth War Loans were floated, and in these Loans investors other than individuals and mutual savings banks, representing largely business organizations, purchased \$891 million of government securities. Thus the withdrawal of deposits to make payment for these securities was largely offset by a return flow of funds as payment on war contracts and through ordinary business transactions.

There was no change in the proportion of the deposits owned by non-profit associations on the two dates: 4.0 per cent of the total demand deposits of individuals, partnerships and corporations in accounts of more than \$3,000 for small banks and \$10,000 for larger banks being indicated for both dates. Personal deposits in accounts over \$3,000 and \$10,000 including those of farmers, however, accounted for 10.1 per cent of the total demand deposits of individuals, partnerships and corporations on February 29, 1944, whereas these deposits accounted for 8.9 per cent on July 31, 1943. Owing to the estimated increase of \$83 million in total deposits of individuals, partnerships and corporations from July 1943 to February 1944, the constant proportion of ownership by non-profit associations resulted in an estimated increase of \$4 million in this period. Larger total deposits and a higher percentage owned by persons including farmers caused these deposits to rise an estimated \$32 million.

There was also some drift of deposits into the unclassified accounts below the minimums of \$3,000 for smaller banks and below \$10,000 for the larger banks. These unclassified accounts, which include an indeterminate proportion of business deposits, but probably dominated by personal ownership, constituted 38.1 per cent of the total demand deposits of individuals, partnerships and corporations on February 29, 1944, compared with 36.6 per cent on July 31, 1943. These deposits, unclassified as to ownership, rose an estimated \$63 million between July 31, 1943 and February 29, 1944, whereas all the classified deposits, in accounts having more than \$3,000 for some banks and \$10,000 for others, rose an estimated \$20 million.

It is true that these shifts in deposit ownership are a continuous process, and that changes in evidence between the two dates under review will be of significance only if they are the beginning of a trend that may continue for some time. Future surveys will tell whether such is the case. It would be extremely significant if the shift in ownership from business organizations to individuals shown in this survey was the beginning of a trend in that direction, for it could mean more liquid funds in the hands of those most likely to stimulate a consumer goods price inflation shortly after the termination of war. Furthermore, if such a shift in ownership were to continue many business organizations might be forced to sell investments, possibly to banks, or to seek new capital for reconversion.

The facts are not clear as to why the shift occurred in deposits away from manufacturing and financial business firms, mainly to individuals and other business firms. It could be that there was a heavier purchasing of government securities relative to deposits built up by manufacturing and financial business organizations before the 3rd War Loan Drive than in the case of individuals and other business firms and that those deposits were drawn down in greater proportion. Unfortunately the data are given in a manner that does not permit clarification. The shift may be due to an out movement of funds from the District, despite the increase of deposits in this period, which would probably affect manufacturing and financial business accounts more than individual accounts, or small business accounts. Between July 31, 1943 and February 29, 1944 this District's out movement of funds amounted to around \$90 million. The gain in personal deposits and the loss in business deposits between the deposit ownership survey dates could indicate a relatively larger increase in individual incomes over expenditures than in the case of manufacturing and financial corporations. If it is assumed that the peak of efficiency had been passed in manufacturing, this explanation would be logically sup-

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FIFTH
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RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

June 30, 1944

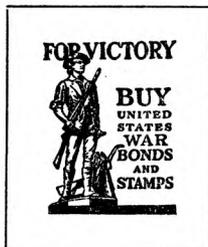
Business in May 1944

ALTHOUGH crop conditions in general at the turn of June were indicated to be better than normal, drought has prevailed in the month of June in most areas of the District. As a consequence, labor requirements have been reduced for harvesting early crops. The bean crop on the Eastern Shore of Maryland is a virtual failure and several thousand migrant workers on hand to harvest the crop have been mostly idle. The potato crops in Virginia and North Carolina are substantially smaller than last year and apparently such labor as is available will suffice for harvest. Tomato prospects on the Eastern Shore are the poorest in recent years. Small grains have not been affected by the June drought and the production of these, indicated to be considerably larger than last year, is a welcome addition to the scant feed supply. The dry weather is forcing maturity of tobacco and, unless rains come soon, this will intensify the labor shortage by shortening the harvest period. Until the drought definitely affects the feed crops, tobacco and cotton, however, the farm income outlook will not be seriously impaired.

Farm land values in the District are still rising, despite widespread warning from governmental and banking sources that a danger point is approaching and that the earning power of farm lands for many years following the war and reconstruction periods cannot be expected to hold at present levels. Urban real estate values are also rising in some areas in the District. These are principally areas in which population has increased and appear in part to be a result of tenants purchasing prop-

erty to avoid dispossession in the event of sale of the property to some other person.

The manpower situation in the District is still tight, and while expansions are needed in the cotton textile industry and probably in some of the shipyards the bulk of the requirements are for replacements. Cut-backs in military procurement have not reduced the demand for labor in this District, yet the employment level has declined a fairly sharp rate since the turn of the current year.



If the Priority Referral system for controlling the turnover of labor, which goes into effect on July 1, can maintain the level of employment in the District in the remainder of the year, the level of production will probably be maintained at or near current volume.

Business in the District improved slightly in May as compared with April. Average daily coal production rose 2 per cent in the month and was 9 per cent ahead of last year. Average daily cotton consumption in May was 1 per cent higher than in April but 7 per cent below last year. It is still too early to determine whether the 48-hour work week which became operative for the textile industry on May 14 has been of assistance in holding the production level. Average daily department store sales in May were 6 per cent larger than sales in April, after adjustment for seasonal variation, and 16 per cent ahead of sales in May last year. Reports are current that some departments of stores would have substantially larger sales at present if goods were available for sale. Men's clothing departments are said to be almost void of summer stock, with little or no prospect of replenishment.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

	Average Daily 1935-39=100				% Change	
	May 1944	April 1944	Mar. 1944	May 1943	May 1944 from Apr. 44	May 43
Bank Debits.....	197	193r	202	185	+ 2	+ 6
Bituminous Coal Production*.....	152	149	145	139	+ 2	+ 9
Building Contracts Awarded.....	81	143	100	103	-43	-21
Building Permits Issued.....	33	23	21	39	+43	-15
Cigarette Production.....	161	168	167	146	- 4	+10
Cotton Consumption*.....	144	143	155	154	+ 1	- 7
Department Store Sales.....	211	199r	212	182	+ 6	+16
Department Store Stocks.....	174p	170	172	154	+ 2	+13
Life Insurance Sales.....	131	118	131	114	+11	+15
Retail Furniture Sales.....	135p	128p	123	142	+ 5	- 5
Wholesale Trade—Five Lines.....	180	178	180	168	+ 1	+ 7

* Not seasonally adjusted

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
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RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

July 31, 1944

THE Fifth District suffered a drought from early in May to mid-July, and crops show serious effects from the lack of moisture. While the rains came too late to overcome all damage, crops have remarkable recuperative power, and probably final yields for the 1944 season will not be reduced too substantially.

Some early and intermediate truck crops have been reduced by 50 per cent or more and while these are not important contributors to the District's overall farm income, they are important in selected areas. The drought affected the flue-cured tobacco crop in a spotty fashion. Several areas reported the crop to be in excellent condition early in July, but in the main the indications pointed to lower production than last year. The July 1 crop report indicates an expected increase of 6.5 per cent over last year in total flue-cured tobacco production of the country but the Old, Middle and Eastern North Carolina belts on this date showed moderately smaller production prospects than a year ago. The cotton crop is a dry weather crop and probably was not seriously affected by the lack of rain. In fact, the hot, dry weather checked boll weevil development.

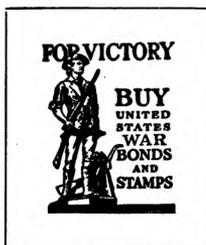
The critical aspect of the drought is the potential reduction in much needed feedstuffs and the resultant effect on the livestock industry. Pastures are dried up over most of the District, and the hay crop has been materially lowered. Since July was half over before the drought was broken, it must be presumed to have had adverse effects on the important corn crop. The short supply of feed was already having its effect on the hog raising business with the spring pig crop down 10 per cent from last year. With feed prospects continuing to deteriorate

in this region, the indicated reduction of 30 per cent in the Fall pig crop may fall short of the probable decline. While the district and the South East area as a whole have lacked rain, areas west of the Mississippi have had good weather conditions and the overall National production prospects have improved since June 1.

More than half of the increase in the farm income of the District between 1942 and 1943 was contributed by livestock and livestock products, and while an inordinate liquidation of livestock inventories this summer and fall as a result of feed shortages could further increase 1944 incomes over those of 1943, this process would seriously impair the farm income outlook in 1945. Such reduction as may occur in flue-cured tobacco production will probably be offset in part by higher prices, some of which may result from a higher ceiling and some from a higher price for lower grades of tobacco.

More workers could be used in numerous industries of this District, but the supply is not available and employment levels continue their downward trend. Shipyards in the South Atlantic area needed a minimum of 8,000 workers in July, and with scheduled ship production for the remainder of the year at a level commensurate with that in the early months of the year it is obvious that the numbers employed will have to be maintained or production will fall. Seasonal workers to harvest and pack food crops will be needed soon to the extent of 30,000 in Maryland and 14,000 in Virginia, tempered only by damage to canning crops from drought. The cotton textile industry could use a substantial number of workers as could the bituminous coal mining industry. It ap-

(Continued on page 8)



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100 Seasonally Adjusted

	Seasonally Adjusted				% Change	
	June 1944	May 1944	April 1944	June 1943	June 1944 from May 44	June 43
Bank Debits	233	197	193	187	+18	+25
Bituminous Coal Production*.....	148	152	149	103	- 3	+44
Building Contracts Awarded	96	81	143	127	+19	-24
Building Permits Issued	52	33	23	53	+58	- 2
Cigarette Production	153	161	168	149	- 5	+ 3
Cotton Consumption*.....	143	144	143	161	- 1	-11
Department Store Sales	203	211	199	197	- 4	+ 3
Department Store Stocks	186p	174	170	169	+ 7	+10
Life Insurance Sales	133	131	118	116	+ 2	+15
Retail Furniture Sales	144p	136p	128p	133	+ 6	+ 8
Wholesale Trade—Five Lines	180p	180	178	177	0	+ 2

* Not seasonally adjusted

1944. Refrigerator and other major household appliance sales were 19 in 1943 and only 5 in 1944, all of these articles having virtually disappeared from the market. Radio sales have of course fallen almost to the vanishing point, being reported at 26 in 1943 and 8 in 1944. Sales of sporting goods were 87 in 1943 and 79 in 1944, the absence of so many young men having curtailed all sports, and sporting goods of many kinds being scarce. Cameras and Films have gone to war, and only a trickle of either reaches the civilian population. Sales therefore declined from 100 in 1942 to 46 in 1943 and to 35 in 1944.

Earlier in this paper we showed that inventories declined in 1943 from 1942, but recovered part of the loss

in 1944. Stocks in the twenty stores for which departmental data are available were 78 in 1943 and 88 in 1944, with 1942 stocks rated at 100. The changes in individual departments varied widely from the entire store average, depending in some cases upon ability of the buyers to find substitutes for items entirely withdrawn from civilian use or substantially restricted in distribution. The table on page 7 shows in index number form how departmental stocks on May 31, 1943 and May 31, 1944, compared with stocks on hand on May 31, 1942. The 1942 stocks are rated at 100.

Note: It should be kept in mind that 1942 stocks, generally speaking, were at an all-time high in selling value, and 1944 stocks, although lower in value than those of 1942, are higher in value than stocks in any other year.

(Continued from page 1)

appears, however, that few of these needs can be filled, and as a consequence the overall level of production will probably continue to inch downward.

All Fifth District states and the District of Columbia had exceeded the goals set in the Fifth War Loan by July 10. Maryland and North Carolina passed their respective goals on June 28; Virginia on July 3; Dis-

trict of Columbia on July 5; West Virginia on July 7; and South Carolina on July 10. No state, however, had reached its quota for War Savings Bonds, Series E, by July 12. Total War Loan sales in the Fifth District to July 12 amounted to \$1,093 million compared with final sales for the Fourth War Loan of \$881 million, \$972 million for the Third; and \$597 million for the Second.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100—Seasonally Adjusted

	May 1944	Apr. 1944	Mar. 1944	May 1943	% Change	
					May 1944 from Apr. 44	May 43
Bank Debts	197	193r	202	185	+ 2	+ 6
Bituminous Coal Production*	152	149	145	139	+ 2	+ 9
Building Contracts Awarded	81	143	100	103	-43	-21
Bulding Permits Issued	33	23	21	39	+43	-15
Cigarette Production	161	168	167	146	- 4	+10
Cotton Consumption*	144	143	155	154	+ 1	- 7
Department Store Sales	211	199r	212	182	+ 6	+16
Department Store Stocks	174	170	172	154	+ 2	+13
Electric Power Production	212	199	199	200	+ 7	+ 6
Employment—Mfg. Industries*	139p	142p	144p	150	- 2	- 7
Furniture Orders	170p	188	168	258	-10	-34
Furniture Shipments	173p	149	157	163	+16	+ 6
Furniture Unfilled Orders	598p	734	526	820	-19	-27
Life Insurance Sales	131	118	131	114	+11	+15
Retail Furniture Sales	136p	128p	123	142	+ 6	- 4
Wholesale Trade—Five Lines	180	178	180	168	+ 1	+ 7
Wholesale Trade—Drugs	210	210	204	193	0	+ 9
Wholesale Trade—Dry Goods	175	170	155	192	+ 3	- 9
Wholesale Trade—Groceries	190	187	190	169	+ 2	+12
Wholesale Trade—Hardware	104	110	118	128	- 5	-19

* Not seasonally adjusted.

MONTHLY REVIEW

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	July 12 1944	Change in 6-14-44	Amt. From 7-14-43
Total Gold Reserves	\$1,079,085	+ 8,918	— 79,535
Other Reserves	16,619	+ 3,068	— 20,738
Total Reserves	1,095,704	+11,986	—100,273
Bills Discounted	1,375	— 1,580	— 1,750
Industrial Advances	188	0	— 220
Gov't. Securities, Total	760,844	+ 6,128	+ 447,546
Bonds	96,208	+ 1,577	— 993
Notes	77,973	+ 254	+ 29,076
Certificates	223,000	+ 8,464	+ 151,338
Bills	363,663	— 4,167	— 268,125
Total Bills & Securities	762,407	+ 4,548	+ 445,576
Uncollected Items	128,910	—21,581	+ 3,726
Other Assets	18,691	+ 2,994	+ 6,206
Total Assets	2,005,712	— 2,053	+ 355,235
Fed. Res. Notes in Cir.	1,233,814	+10,869	+ 321,425
Deposits, Total	640,689	+ 5,582	+ 34,251
Members' Reserves	547,626	+ 4,324	+ 27,865
U. S. Treas. Gen. Acc.	30,784	+11,314	— 6,389
Foreign	58,326	— 1,110	+ 17,430
Other Deposits	3,953	— 8,946	— 4,655
Deferred Availability Items	110,446	—18,546	— 2,137
Other Liabilities	270	— 203	+ 131
Capital Accounts	20,493	+ 245	+ 1,565
Total Liabilities	2,005,712	— 2,053	+ 355,235

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	July 12 1944	Change in 6-14-44	Amt. From 7-14-43
Total Loans	\$ 349,034	+ 91,549	+111,660
Bus. & Agric. Loans	113,182	+ 885	+ 2,752
Real Estate Loans	50,765	+ 1,998	— 563
All Other Loans	185,087	+ 90,436	+109,471
Total Security Holdings	1,479,728	+172,236	+222,272
U. S. Treas. Bills	115,109	+ 48,252	— 40,855
U. S. Treas. Certificates	317,533	+ 71,490	+ 98,851
U. S. Treas. Notes	253,825	+ 15,882	+ 89,081
U. S. Gov. Bonds	721,300	+ 36,360	+113,813
Obligations Gov. Guaranteed	16,276	+ 1,649	— 33,813
Other Bonds, Stocks & Sec.	55,685	— 1,397	— 4,805
Cash Items in Process of Col.	97,971	+ 7,266	+ 581
Due from Banks	193,167*	+ 36,207	+ 16,240
Currency & Coin	37,336	+ 116	+ 1,371
Reserve with F. R. Bank	291,110	+ 8,482	— 2,349
Other Assets	62,440	+ 914	— 95
Total Assets	\$2,510,786	+300,178	+349,680
Total Demand Deposits	\$2,057,043	+310,631	+310,364
Deposits of Individuals	1,055,680	—108,784	+ 25,746
Deposits of U. S. Gov.	540,928	+ 409,160	+329,757
Deposits of State & Local Gov.	74,137	+ 5,365	— 26,363
Deposits of Banks	364,695	+ 15,898	— 19,733
Certified & Officers' Checks	21,603	— 278	+ 1,007
Total Time Deposits	267,482	— 531	+ 34,101
Deposits of Individuals	253,884	+ 1,555	+ 35,930
Other Time Deposits	13,598	— 2,086	— 1,829
Liabilities for Borrowed Money	0	0	— 3,000
All Other Liabilities	71,254	— 9,966	+ 1,364
Capital Accounts	115,007	+ 44	+ 6,851
Total Liabilities	\$2,510,608	+300,178	+348,680

* Net figures, reciprocal balances being eliminated.

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	June 30, 1944	May 31, 1944	June 30, 1943
Total Deposits	\$275,742,108	\$273,220,852	\$244,088,572

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	N. Carolina	S. Carolina	Virginia	District
June 1944	218,589	164,128	17,690	400,407
May 1944	225,210	172,488	20,198	417,891
June 1943	246,159	183,871	20,545	450,575
6 Months 1944	1,338,731	1,018,553	116,282	2,473,566
6 Months 1943	1,447,412	1,096,190	129,816	2,673,418

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

Dist. of Columbia	June 1944	% change from June 1943	6 Mos. 1944	% chg. from 6 Mos. '43
Washington	\$ 549,715	+13	\$ 2,941,175	+ 9
Maryland				
Baltimore	910,492	+23	4,626,883	+14
Cumberland	15,241	+20	76,661	+19
Frederick	13,466	+23	71,856	+19
Hagerstown	18,147	+19	104,213	+20
North Carolina				
Asheville	28,083	+29	140,106	+16
Charlotte	175,185	+51	757,469	+13
Durham	73,594	+25	356,901	+18
Greensboro	41,021	+21	210,575	+13
Kinston	6,681	+17	38,557	+15
Raleigh	77,818	+65	339,819	+12
Wilmington	40,838	+ 7	223,431	+ 4
Wilson	15,676	+69	51,597	+18
Winston-Salem	66,539	+ 1	369,938	— 1
South Carolina				
Charleston	43,293	+10	240,451	+ 4
Columbia	49,557	+ 2	291,497	— 3
Greenville	39,681	+10	223,173	+ 1
Spartanburg	23,235	+19	125,775	+ 5
Virginia				
Charlottesville	15,961	+31	86,402	+29
Danville	16,393	+33	82,993	+11
Lynchburg	24,015	+21	127,293	+13
Newport News	27,921	+13	160,961	+16
Norfolk	134,781	+ 7	735,112	+ 4
Portsmouth	17,049	+ 9	95,150	+ 4
Richmond	386,889	+38	1,909,462	+17
Roanoke	49,590	+36	246,269	+15
West Virginia				
Bluefield	26,599	+31	139,747	+21
Charleston	98,219	+26	497,453	+12
Clarksburg	16,401	+23	89,725	+19
Huntington	31,978	+17	176,732	+12
Parkersburg	17,268	+14	95,317	+13
District Totals	\$3,051,326	+24	\$15,632,693	+12

COMMERCIAL FAILURES

	Number of Failures District	U. S.	Total Liabilities District	U. S.
June 1944	2	110	\$ 12,000	\$ 1,854,000
May 1944	2	148	11,000	2,697,000
June 1943	6	265	354,000	6,076,000
6 Months 1944	10	737	330,000	14,351,000
6 Months 1943	30	2,198	723,000	29,109,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES

	June 1944	June 1943	Aug. 1 to 1944	June 30 1943
Fifth District States:				
Cotton consumed	400,407	450,575	4,576,321	4,903,854
Cotton Growing States:				
Cotton consumed	706,149	797,138	8,092,829	8,899,787
Cotton on hand June 30 in consuming establishments	1,680,840	1,856,881		
Storage & compresses	8,675,247	8,299,316		
United States:				
Cotton consumed	805,735	918,433	9,217,903	10,260,214
Cotton on hand June 30 in consuming establishments	1,984,910	2,219,286		
Storage & compresses	8,855,931	8,550,318		
Spindles active, U. S.	22,373,494	22,769,238		

RAYON YARN DATA

	June 1944	May 1944	June 1943
Rayon Yarn Shipments, Lbs.	44,400,000	45,400,000	39,600,000
Staple Fiber Shipments, Lbs.	14,400,000	14,600,000	13,300,000
Rayon Yarn Stocks, Lbs.	7,900,000	8,100,000	6,500,000
Staple Fiber Stocks, Lbs.	2,300,000	2,500,000	2,900,000

Source: Rayon Organon.

BUILDING PERMIT FIGURES

Fifth Federal Reserve District

June 1944

	Total Valuation	
	June 1944	June 1943
Maryland		
Baltimore	\$ 768,558	\$ 954,570
Cumberland	14,325	4,810
Frederick	6,035	985
Hagerstown	41,450	9,291
Salisbury	20,274	3,390
Virginia		
Danville	\$ 5,994	\$ 29,020
Lynchburg	7,844	8,805
Norfolk	237,440	117,720
Petersburg	500	100
Portsmouth	62,105	17,035
Richmond	538,799	110,902
Roanoke	25,511	28,460
West Virginia		
Charleston	\$ 65,274	\$ 18,790
Clarksburg	3,841	2,057
Huntington	14,330	6,300
North Carolina		
Asheville	\$ 15,248	\$ 5,679
Charlotte	95,704	14,711
Durham	4,880	138,977
Greensboro	15,245	8,280
High Point	41,189	25,712
Raleigh	45,825	68,135
Rocky Mount	64,350	525
Salisbury	2,032	1,325
Winston-Salem	136,096	21,375
South Carolina		
Charleston	\$ 58,352	\$ 167,944
Columbia	13,455	4,792
Greenville	250	545
Spartanburg	11,458	32,235
District of Columbia		
Washington	\$ 1,959,034	\$ 2,551,023
District Totals	\$ 4,275,398	\$ 4,348,493
6 Months	\$13,511,560	\$22,957,087

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1944	% chg. from		5 Mos. 1944	% chg. from	
		May 1943	1944		5 Mos. 1943	1944
Maryland	\$ 3,053,000	-64		\$ 34,228,000	-25	
Dist. of Columbia	1,922,000	+79		11,525,000	-15	
Virginia	10,144,000	+7		55,671,000	-41	
West Virginia	2,280,000	+69		8,422,000	-21	
North Carolina	3,300,000	-10		25,226,000	-39	
South Carolina	932,000	-73		12,147,000	-46	
Fifth District	\$21,631,000	-21		\$147,219,000	-35	

Source: F. W. Dodge Corp.

TOBACCO MANUFACTURING

	June 1944	% change from		6 Mos. 1944	% chg. from	
		June 1943	1943		6 Mos. 1943	1944
Smoking and chewing tobacco (Thousands of lbs.) ..	19,724	-2		112,818	-10	
Cigarettes (Thousands)	21,165,978	+1		118,505,132	0	
Cigars (Thousands)	384,171	-15		2,321,731	-13	
Snuff (Thousands of lbs.) ..	3,626	+15		21,818	-2	

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	June 1944	June 1943	% change		6 Mos. 1944	6 Mos. 1943	% change	
			1944	1943			6 Mos. 1944	6 Mos. 1943
West Virginia ..	14,055	9,706	+45		84,184	76,848	+10	
Virginia	1,666	1,200	+39		10,156	9,607	+6	
Maryland	169	127	+33		1,021	929	+10	
5th District ..	15,890	11,033	+44		95,361	87,384	+9	
United States ..	53,305	34,385	+55		319,520	284,071	+12	
% in District ..	29.8	32.1			29.8	30.8		

RETAIL FURNITURE SALES

Percentage Changes in June and 6 Months 1944 Compared with June 1943 and 6 Months 1943

STATES	June 1943	6 Months 1943
Maryland (5)*	+2	0
Dist. of Columbia (5)*	+18	+4
Virginia (24)*	+9	+2
West Virginia (11)*	+10	-1
North Carolina (22)*	+15	+7
South Carolina (13)*	+3	-11
Fifth District (80)*	+10	+1
INDIVIDUAL CITIES		
Baltimore, Md. (5)*	+2	0
Washington, D. C. ((5))*	+18	+4
Lynchburg, Va. (3)*	+14	+5
Richmond, Va. (7)*	-2	+2
Charleston, W. Va. (4)*	-4	-13
Charlotte, N. C. (5)*	0	+3
Winston-Salem, N. C. (3)* ..	+14	+12
Columbia, S. C. (4)*	+16	-2

* Number of Stores.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in June 1944 sales, compared with sales in June 1943:				
+6	+1	+1	+7	+2
Change in 6 mos.' sales in 1944, compared with 6 mos.' sales in 1943:				
+14	+5	+1	+16	+6
Change in stocks on June 30, 1944, from stocks on June 30, 1943:				
+7	+8	+8	+25	+9
Change in outstand'g orders June 30, 1944, from orders on June 30, 1943:				
-9	-9	-19	+5	-14
Change in total receivables on June 30, '44, compared with June 30, '43:				
+5	+6	+3	+3	+4
Percentage of current receivables as of June 1, 1944, collected in June:				
53(51)	58(57)	52(59)	54(57)	55(57)
Percentage of instalment receivables as of June 1, 1944, collected in June:				
23(24)	29(30)	24(24)	25(24)	26(25)

Note: 1943 collection percentages in parentheses.

Maryland	Dist. of Col.	Virginia	West Va.	N. Caro.	S. Caro.
Percentage change in June 1944 sales from June 1943 sales, by States:					
+1	+1	+6	+6	+5	+2
Percentage chg. in 6 mos.' sales in 1944, compared with 6 mos.' in 1943:					
+5	+1	+14	+10	+12	+10

WHOLESALE TRADE, 259 FIRMS

LINES	Net Sales June 1944 compared with		Stock June 30, 1944 compared with		Ratio June collections to acctg. June 1
	June 1943	May 1944	June 30 1943	May 31 1944	
Auto supplies (15)*	+5	+4	+2	+1	100
Drugs & sundries (12)*	+8	+2	+5	-5	118
Dry goods (7)*	-4	-21	+5	+3	72
Electrical goods (12)*	-10	+11	-30	-4	51
Groceries (80)*	+9	+1	+21	-4	153
Hardware (11)*	-8	-15	+17	+1	94
Paper & products (10)* ..	-2	-2	-7	+1	102
Industrial supplies (8)* ..	+16	-3	+6	-1	106
Tobacco & products (11)* ..	0	-7	+3	-10	153
Miscellaneous (93)*	+6	0	-8	-7	98
District Average (259)* ..	+4	-2	+1	-4	98

Source: Department of Commerce.

* Number of reporting firms.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL

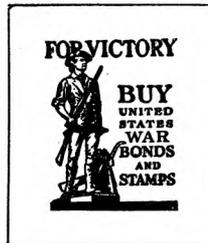


RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

August 31, 1944

TOTAL employment in non-agricultural establishments in the Fifth District was 30,000 smaller in May 1944 than in January 1944, but employment in manufacturing industries more than accounted for the loss. Between January and May of the current year employment in manufacturing establishments fell 51,000, while employment in other non-agricultural establishments rose 21,000. The decline in total employment probably represents a reduction in the labor force through continued withdrawals of manpower for selective service, and to the return of service men's wives and others to their homes. While some of the increase in non-agricultural employment other than manufacturing may have been accounted for by increases at governmental installations, it is more probable that shifts to permanent employment were a more dominant factor. This has occurred in spite of continuing needs for a larger number of workers in the District's shipyards and textile industries.



War contract cutbacks are becoming noticeable, though as yet these have not affected employment levels to any considerable extent, but their effects will be noted in some localities. So far any workers released as a result of contract cutbacks or terminations can readily be absorbed in other areas throughout the District. A number of communities in the District are becoming conscious of the problem of contract termination and reconversion, as well as the postwar employment problems. A considerable amount of effort is being expended on these problems in a number of areas, while the city of Anderson, S. C., and Augusta County, Va., are in process of surveying their areas regarding the postwar business and employment outlook.

Despite the fact that the production of merchant ships in the District's yards has been in a gradual downward trend for about a year, the Maritime Commission has not relaxed its efforts to secure a larger output. No contracts have been terminated; in fact, some new ones have been made. There is no intention on the part of the Maritime Commission to terminate contracts prior to the defeat of Germany, but at the present rate of war progress the time when ship contracts will be terminated may not be too distant.

Aside from the cotton textile and tobacco manufacturing industries and the wholesale trades, such indicators of business activity as have been compiled in this bank all show a continuing upward trend. It is true that current indexes of bituminous coal output have not shown any appreciable increase; nevertheless, the trend is still moderately upward. Department store sales indexes which appeared several times to be flattening out have shown evidence in recent months to be substantially in the same trend that has prevailed for the past two or three years. Cigarette production in the District appears to have stabilized at a level about halfway between that of 1942 and 1943. Cotton consumption has been in a declining trend since early in 1942. The July indexes show an unusually sharp drop from June, but this apparently is the result of vacation schedules. Lumber production, which is hardest hit by manpower shortage, is running in the neighborhood of 30 per cent smaller than a year ago.

Rains which came to a great part of the District in July and August have changed the agricultural outlook considerably, but their chief beneficial effect showed mainly

(Continued on page 11)

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

	Average Daily 1935-39=100			Seasonally Adjusted		% Change	
	July 1944	June 1944	May 1944	July 1943	July 1944 from June '44	July '43	
Bank Debits	210	233	197	191	-10	+10	
Bituminous Coal Production*	144	148	152	148	-3	-3	
Building Contracts Awarded	102	96	81	139	+6	-27	
Building Permits Issued	39	52	33	52	-25	-25	
Cigarette Production	159	153	161	174	+4	-9	
Cotton Consumption*	127	143	144	138	-11	-8	
Department Store Sales	213	203	211	200	+5	+7	
Department Store Stocks	190	186	174	183	+2	+4	
Life Insurance Sales	137	133	131	136	+3	+1	
Retail Furniture Sales	132	144	136	137	-8	-4	
Wholesale Trade—Five Lines	170	180	180	175	-6	-3	

* Not seasonally adjusted.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial production and employment declined slightly further in July. Wholesale commodity prices generally continued to show little change, while the cost of living increased somewhat.

INDUSTRIAL PRODUCTION

Output at factories and mines continued to decline slightly in July and the Board's seasonally adjusted index was 233 per cent of the 1935-39 average as compared with 235 in June. The decrease in industrial production largely reflected small declines in a number of industries due to continued minor readjustments in the munitions program and to manpower shortages.

Output of steel and of nonferrous metals declined further in July to levels respectively 8 per cent and 20 per cent below the high levels of last autumn. A small decrease in activity in transportation equipment industries reflected partly the indirect effects of manpower shortages in foundries and continued readjustments in the shipbuilding and aircraft industries. In August a cutback in aircraft production was announced which was expected to result in the immediate release of 20,000 aircraft workers and the gradual release of 100,000 more during the balance of this year.

Production of manufactured dairy products and meats, after allowance for seasonal change, was maintained in July while output of other food products declined slightly. Cotton consumption showed little change from the rate of the last two months. Activity in the rubber products industry continued to decline slightly in July and supplies of heavy truck and bus tires available for civilians during the third quarter were substantially below estimated needs. Output of chemicals likewise continued to decline slightly.

Crude petroleum output and metal mining were maintained in large volume during July. Coal production dropped 5 per cent from the level of the preceding month, but for the year through August 12 was approximately 8 per cent above the corresponding period of last year, reflecting uninterrupted operations, longer working hours, and a great expansion of strip mining.

So far this year the value of construction contracts awarded, as reported by the F. W. Dodge Corporation for 37 states, has fluctuated around 160 million dollars a month—the lowest level since early 1935.

DISTRIBUTION

Department store sales declined considerably less than is usual in July, and have continued in August at a higher level than a year ago.

Freight carloadings continued to rise in July and were maintained at a high level during the first two weeks in August. There were considerable increases in shipments of grain, forest products, and miscellaneous freight, offset partly by a small decrease in coal shipments.

AGRICULTURE

Dry weather during July in the east central area has reduced somewhat national prospects for corn, hay, and potatoes. Aggregate crop production, however, is likely to exceed last year by 5 per cent, reflecting chiefly a record wheat crop 35 per cent larger than last year.

Total production of all feed grains is estimated at 112 million tons compared with 115 million tons produced in 1943. While hay production, except in the drought areas, has been large, it will provide a smaller supply per animal unit than has been available in any of the last 6 years.

Crop prospects for most fruits and vegetables, except potatoes, are better than last year. Tobacco production is indicated as being above average and cotton yields may be good as dry weather has held the boll weevil in check.

BANK CREDIT

In the five weeks following the close of the Fifth War Loan Drive, loans by banks for purchasing and carrying U. S. Government securities declined sharply; calls on war loan deposits and subsequent Treasury expenditures increased adjusted demand deposits and consequently required reserves; the rapid outflow of currency into circulation was renewed; and excess reserves declined.

In the five weeks from July 12 through August 16 loans to brokers and dealers for purchasing and carrying Government securities declined 500 million dollars to about the pre-drive level. Loans to others for purchasing and carrying Government securities declined about the same amount, but are still considerably larger than before the drive. Commercial loans continued to show little change.

Treasury war-loan balances at all depositories declined in the five-week period by 2.7 billion dollars. At weekly reporting banks, Government deposits fell by 2.2 billion during the same period and adjusted demand deposits increased by 1.4 billions. Time deposits continued the steady increase that has been in progress for more than a year.

Following a slackened rate of outflow during the war loan drive, currency renewed its rapid outflow and in the next few weeks increased at a rate of about 500 million dollars a month. The resulting drain on bank reserves and the increase in required reserves were met in part by purchases of Government securities by the Reserve Banks and in part by a decline in excess reserves.

Weekly average excess reserves of all member banks declined about 300 million dollars from their peak during the war loan drive and amounted close to 1.1 billion dollars in mid-August. The rate of decline was about the same at reserve city and at country banks.

(Continued from page 1)

in tobacco. Flue-cured tobacco production, which was indicated at 736 million pounds on July 1st, improved 19 per cent during the month of July, and from the condition indicated on August 1st, an outturn of 881 million pounds was anticipated. Tobacco prices on the Border Belt are holding close to ceiling levels and if this season's average prices can hold at these levels in the other belts, a crop of 881 million pounds would be valued at around \$380 million, or about \$90 million more than last year's crop. The difference in the crop estimates between July 1 and August 1 would indicate that the July rains were worth about \$40 million to the flue-cured tobacco growers of this District.

The nation's cotton crop is estimated to be smaller this year than last year. Cotton production in the Fifth District, however, is indicated to be 12 per cent above last year. Cotton prices will run somewhat higher than a year ago and a somewhat larger return from the crop will be experienced. Although late corn, hay, and pastures have improved from the beneficial rainfall, these crops are indicated to be smaller than last year, and it appears that supplementary supplies from other areas will not be forthcoming. This is expected to result in a smaller production of meat animals and perhaps of dairy products.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

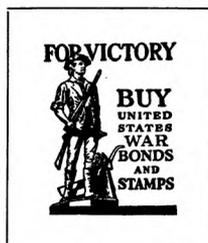
Federal Reserve Bank, Richmond 13, Va.

September 30, 1944

FULL employment has been at hand in the Fifth Federal Reserve District for more than a year, but the labor force is not as large now as it was a year ago and it is undergoing steady attrition. The U. S. Employment Service reports large numbers of job placements each month but these are largely replacements, for the total employment level gradually moves downward each month. While we do not have much data on production, the declining level of employment is bound to have had a similar effect on the outturn of goods. A number of figures that are available substantiate this statement, though the output of the District's bituminous coal mines has held at high levels and has shown no indication but that the trend is still slightly upward.

Ship production, which bulks large among the District's war industries, is in a declining trend and while little is known as to the output of aircraft in the District, some cutbacks have been effected on a national scale. The cotton textile industry output in August recovered from the July level when some mills were closed, but the improvement brought the output back only to the level that had prevailed in the second quarter of the year.

The volume of construction in the District in recent months has narrowed the losses from a year ago, but the eight months accumulated figures are 31 per cent below last year. The index of tax paid withdrawals of cigarettes on a seasonally adjusted basis rose 4 per cent from July to August, but this index has not broken out of the apparent flat trend in evidence since the turn of this year.



In the trade field, sales of department stores in August held at July levels, but this does not give any indication that the upward trend has been stayed. Wholesale sales on the other hand declined moderately further in August after adjustment for seasonal variation, while sales of furniture at retail in the same month appears to have returned to a sagging trend after having risen notably in both June and July.

Total investments of weekly reporting member banks reached their highest level this year on July 26, when holdings were \$1,519 million. These investments have since fallen \$22 million to \$1,497 million on September 14th. Bills, certificates and notes declined \$34 million in this period which loss was partly offset by an increase of \$12 million in bonds. Total investments on September 14th were \$215 million higher than a year earlier. Total loans of the weekly reporting banks reached their highest point this year on July 5th when they stood at \$351 million. By September 14th total loans had fallen \$53 million to \$298 million, largely as a result of liquidation of loans for purchasing or carrying securities made to others than brokers and dealers. Demand deposits of individuals, partnerships and corporations by September 14th had recovered practically all their loss sustained between June 14th and August 19th or during the Fifth War Loan. Commercial, industrial and agricultural loans made their low point this year on July 26th. They had risen somewhat more than usual by September 14th.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100 Seasonally Adjusted

	Aug. 1944	July 1944	June 1944	Aug. 1943	% Change	
					Aug. 1944 from July '44	Aug. '43
Bank Debits	212	210	233	207	+ 1	+ 2
Bituminous Coal Production*	150	144	149	152	+ 4	- 1
Building Contracts Awarded	112	102	96	122	+10	- 8
Building Permits Issued	43	39	52	81	+10	-47
Cigarette Production	166	159	153	184	+ 4	-10
Cotton Consumption*	145	127	143	147	+14	- 1
Department Store Sales	213	214	203	187	0	+14
Department Store Stocks	198	190	186	190	+ 4	+ 4
Retail Furniture Sales	116p	132	144	117	-12	- 1
Life Insurance Sales	145	137	133	131	+ 6	+11
Wholesale Trade—Five Lines	168	170	180	166	- 1	+ 1

* Not seasonally adjusted

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

October 31, 1944

MUCH the same trends in evidence for the past several months are confirmed by such indexes of Fifth District business activity as are available for September. Bituminous coal output in September, however, was somewhat below the line of growth, but this may be more a reflection of minor shutdown in connection with the recognition of the foremen's union that a fundamental turn in production. The wholesale trade index of the District continued the sharp downward trend that has prevailed since June, giving the indication that this business has passed its peak. Cigarettes were produced in somewhat less volume in September than in August, but the trend indications still seem to be about flat. Cotton consumption for September shows a continuance of the downward trend that has prevailed since early in 1942.

The farm income outlook, however, continues to be good, despite a reaction in some prices received. In the first 8 months of the year cash receipts from farm marketings were 5 per cent ahead of a year ago, and these receipts include very little from the important crops of cotton and tobacco which together will bring the growers of this District about \$140 million more than last year.

Navy yards and other shipyards working on naval contracts will not let down on their production efforts until the war with Japan is ended, according to the Navy Department. This will give some 70 or 80 thousand workers in this District jobs for perhaps a year longer than might otherwise be anticipated. These shipyards along with those building merchant ships have accounted for a

large part of the gain in Fifth District employment during the war period. With their continued operation until the termination of the Japanese war, it is reasonable to anticipate that the total income of the people of the District would not soon take a sharp dip. Those factors which usually approximate the changes in the total income of the people in the District indicate that in 1944 these incomes will be at least 10 per cent higher than in 1943.

A straw in the wind that may have favorable short run consequences on the District's agriculture in the post-war period is the plan of the Commodity Credit Corporation to subsidize sales of surplus cotton abroad at competitive world prices. Longer run consequences of this program, however, are not so clearly defined, both with respect to the maintenance of the foreign market and to the internal competitive position of cotton with synthetics, jute and paper.

Total loans and investments of the weekly reporting member banks have continued to decline since the end of Fifth War Loan. On October 11, total loans and investments of these banks totaled \$1,786,000,000, a decline of \$9,000,000 from September 13 and a decline of \$52,000,000 since July 26. Total loans and investments on October 11, however, were \$132,000,000 higher than on October 13, 1943. Demand deposits of individuals, partnerships and corporations of these banks, which were at their year's high of \$1,164,000,000 on June 14, declined \$137,000,000 to \$1,027,000,000 on July 19. By September 13, however, these deposits rose to within

Continued on page 10



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1933-39 = 100 Seasonally Adjusted

	Sept. 1944	Aug. 1944	July 1944	Sept. 1943	% Change Sept. 1944 from Aug. '44 Sept. '44	
Bank Debits	222	212	210	239	+ 5	- 7
Bituminous Coal Production*	143	151	144	150	- 5	- 5
Building Contracts Awarded	121	112	102	134	+ 8	-10
Building Permits Issued	40	43	39	36	- 7	+11
Cigarette Production	153	166	159	174	- 8	-12
Cotton Consumption*	141	145	127	154	- 3	- 8
Department Store Sales	214	213	214	193	0	+11
Department Store Stocks	181	198	190	177	- 9	+ 2
Retail Furniture Sales	151	116r	132	135	+30	+12
Life Insurance Sales	138	145	137	138	- 5	0
Wholesale Trade—Five Lines	156	168	170	159	- 7	- 2

* Not seasonally adjusted.

sisting mainly of aircraft and shipbuilding, paid out in wages and salaries almost 28 per cent of all income payments in the State in 1943. In the Fifth District as a whole, wages and salaries in Government accounted for almost 25 per cent of all income payments, wages and salaries in war manufactures for 11 per cent. It will certainly not be necessary to provide an equal amount of peace-time income in order to maintain a high level of employment. As has already been pointed out, these figures exaggerate the amount of income and employment we shall have to provide to make up for the cutbacks in war production and military personnel. But the problem will still be a very large one.

In the Fifth District, it will be particularly important to raise the level of industrialization. An increase in manufacturing employment would have the effect of both raising income and of providing markets for expanded output. It would also diminish reliance upon agriculture as a source of income, which has been expanded during the war beyond its probable peace-time level. And an expansion of manufacturing in the Fifth District is not likely to be at the expense of other sections of the country: it would constitute an outlet for investment and, by raising income and consumption, would be a better market for the national product.

Continued from page 1

\$3,000,000 of the year's high, but on October 11 they had receded to \$1,152,000,000 or \$12,000,000 below the June

14 high. Time deposits have continued to move up steadily throughout the year.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100 Seasonally Adjusted

	Aug. 1944	July 1944	June 1944	Aug. 1943	% Change	
					Aug. 1944 from July '44	Aug. '44 from Aug. '43
Bank Debits	212	210	233	207	+ 1	+ 2
Bituminous Coal Production*	151	144	149	152	+ 5	- 1
Building Contracts Awarded	112	102	96	122	+10	- 8
Building Permits Issued	43	39	52	81	+10	-47
Cigarette Production	166	159	153	184	+ 4	-10
Cotton Consumption*	145	127	143	147	+14	- 1
Department Store Sales	213	214	203	187	- 0	+14
Department Store Stocks	198	190	186	190	+ 4	+ 4
Electric Power Production	220	214	219	216	+ 3	+ 2
Employment—Mfg. Industries*	138	138	139	152	0	- 9
Furniture Orders	123	87 _r	287	140	+41	-12
Furniture Shipments	129	123	193	120	+ 5	+ 8
Furniture Unfilled Orders	343	345	561	355	- 1	- 3
Retail Furniture Sales	116 _p	132	144	117	-12	- 1
Life Insurance Sales	145	131	133	131	+ 6	+11
Wholesale Trade—Five Lines	168	170	180	166	- 1	+ 1
Wholesale Trade—Drugs	228	225	225	214	+ 1	+ 7
Wholesale Trade—Dry Goods	118	165	160	141	-28	-16
Wholesale Trade—Groceries	180	177	191	170	+ 2	+ 6
Wholesale Trade—Hardware	93	100	100	123	- 7	-24

* Not seasonally adjusted.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	Oct. 18 1944	Change in Amt. from 9-13-44	10-13-43
Total Gold Reserves	\$ 946,753	-177,557	-223,849
Other Reserves	12,629	— 568	— 8,669
Total Reserves	959,382	-178,125	-232,518
Bills Discounted	850	— 1,805	— 5,575
Industrial Advances	154	— 14	— 138
Gov't Securities, Total	1,062,617	+267,621	+615,013
Bonds	54,075	— 29,419	— 76,937
Notes	46,767	— 24,164	— 12,268
Certificates	159,778	— 65,629	+ 41,763
Bills	801,997	+386,833	+662,455
Total Bills and Securities	1,063,621	+272,802	+609,300
Uncollected Items	159,727	— 4,037	+ 39,066
Other Assets	12,217	— 1,499	— 7,651
Total Assets	2,194,947	+ 82,141	+408,197
Fed. Res. Notes in Cir.	\$1,393,019	+ 72,214	+361,008
Deposits, Total	654,960	+ 28,969	+ 22,264
Members' Reserves	583,341	+ 24,960	+ 39,598
U. S. Treas. Gen. Acct.	20,607	+ 12,577	— 12,718
Foreign	47,750	— 7,388	— 1,384
Other Deposits	3,262	— 1,180	— 3,232
Deferred Availability Items	124,991	— 19,544	+ 22,353
Other Liabilities	585	+ 213	+ 246
Capital Accounts	21,392	+ 289	+ 2,326
Total Liabilities	2,194,947	+ 82,141	+408,197

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	Oct. 18 1944	Change in Amt. from 9-13-44	10-13-43
Total Loans	\$ 301,074	+ 2,500	— 11,866
Bus. and Agric. Loans	134,925	+13,249	— 2,229
Real Estate Loans	48,905	— 1,929	— 885
All Other Loans	117,244	— 8,820	— 8,752
Total Security Holdings	1,474,310	—23,123	+133,518
U. S. Treas. Bills	84,595	—22,348	— 93,595
U. S. Treas. Certificates	329,397	+ 9,455	+ 89,103
U. S. Treas. Notes	247,826	— 6,469	+ 81,245
U. S. Gov. Bonds	742,960	— 2,144	+ 88,384
Obligations Gov. Guaranteed	15,929	— 2	— 29,273
Other Bonds, Stocks and Sec.	53,603	+ 1,615	— 2,343
Cash Items in Process of Col.	102,021	—14,125	+ 6,668
Due from Banks	155,514*	—10,610	— 20,274
Currency and Coin	37,827	+ 800	— 454
Reserve with F. R. Bank	301,597	+11,850	+ 2,884
Other Assets	65,713	— 1,017	+ 3,727
Total Assets	2,438,056	—33,725	+114,203
Total Demand Deposits	\$1,949,320	—48,126	+ 44,873
Deposits of Individuals	1,164,403	+ 2,913	+159,681
Deposits of U. S. Gov.	252,908	—94,082	—138,928
Deposits of State & Local Gov.	78,324	— 454	+ 2,767
Deposits of Banks	429,951	+37,260	+ 16,091
Certified & Officers' Checks	23,734	+ 6,237	+ 5,262
Total Time Deposits	288,753	+ 8,230	+ 47,931
Deposits of Individuals	275,031	+ 8,214	+ 50,873
Other Time Deposits	13,722	+ 16	— 2,942
Liabilities for Borrowed Money	0	0	— 6,000
All Other Liabilities	82,252	+ 4,215	+ 19,704
Capital Accounts	117,731	+ 1,956	+ 7,695
Total Liabilities	2,438,056	—33,725	+114,203

* Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS

9 Baltimore Banks

	Sept. 30, 1944	August 31, 1944	Sept. 30, 1943
Total Deposits	\$285,299,323	\$282,429,254	\$251,879,043

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
September 1944	208,975	166,467	18,291	393,733
August 1944	225,976	176,375	19,133	421,484
September 1943	231,479	179,556	18,842	429,877
9 Months 1944	1,964,586	1,508,528	170,173	3,643,287
9 Months 1943	2,115,064	1,612,898	187,972	3,915,934

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

Dist. of Columbia	Sept. 1944	% chg. from Sept. 1943	9 Mos. 1944	% chg. from 9 Mos. 1943
Washington	\$ 466,968	— 9	\$ 4,354,062	+ 6
Maryland				
Baltimore	720,181	—12	6,849,092	+ 9
Cumberland	13,993	+ 2	117,988	+13
Frederick	12,465	— 4	108,499	+15
Hagerstown	17,732	+ 1	153,546	+12
North Carolina				
Asheville	25,167	— 2	214,595	+15
Charlotte	147,519	+14	1,138,156	+11
Durham	97,572	+ 6	620,081	+16
Greensboro	35,244	—21	308,128	+ 7
Kinston	24,159	— 6	79,829	+ 6
Raleigh	44,889	—25	486,067	+ 4
Wilmington	38,918	— 7	336,460	+ 1
Wilson	31,767	— 2	99,836	+ 1
Winston-Salem	69,591	—20	572,991	— 4
South Carolina				
Charleston	37,903	—11	351,105	+ 1
Columbia	48,169	—11	443,949	— 0
Greenville	40,662	— 7	332,967	— 1
Spartanburg	22,761	— 1	193,071	+ 8
Virginia				
Charlottesville	16,726	+26	135,691	+29
Danville	19,964	—10	133,939	+ 8
Lynchburg	22,102	— 4	189,151	+ 8
Newport News	30,098	—32	235,901	+ 2
Norfolk	116,559	—13	1,081,337	— 0
Portsmouth	15,024	— 5	142,067	+ 3
Richmond	373,700	— 6	2,905,865	+11
Roanoke	44,731	+ 4	369,701	+12
West Virginia				
Bluefield	25,110	+13	211,638	+19
Charleston	75,814	—12	738,790	+ 9
Clarksburg	16,181	+13	136,871	+17
Huntington	32,363	+15	274,863	+15
Parkersburg	16,634	+ 5	145,042	+12
District Totals	\$2,700,066	— 8	\$23,461,278	+ 8

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
September 1944	0	75	\$ 0	\$ 4,065,000
August 1944	1	77	57,000	1,054,000
September 1943	5	124	22,000	1,488,000
9 Months 1944	12	980	\$752,000	\$23,029,000
9 Months 1943	43	2,752	990,000	37,097,000

Source: Dun & Bradstreet

COTTON CONSUMPTION AND ON HAND—BALES

	Sept. 1944	Sept. 1943	Aug. 1 to 1944	Sept. 30 1943
Fifth District States:				
Cotton consumed	393,733	429,877	815,217	842,286
Cotton Growing States:				
Cotton consumed	703,152	759,954	1,445,536	1,497,113
Cotton on hand Sept. 30 in Consuming establishments	1,472,739	1,649,031		
Storage and Compresses	9,609,307	10,220,630		
United States:				
Cotton consumed	793,086	872,155	1,634,576	1,715,342
Cotton on hand Sept. 30 in Consuming establishments	1,713,963	1,931,489		
Storage and Compresses	9,776,490	10,433,070		
Spindles, Active, U. S.	22,279,574	22,630,432		

RAYON YARN DATA

	Sept. 1944	Aug. 1944	Sept. 1943
Rayon Yarn Shipments, Lbs.	44,700,000	44,300,000	40,200,000
Staple Fiber Shipments, Lbs.	14,200,000	14,400,000	14,000,000
Rayon Yarn Stocks, Lbs.	6,400,000	6,900,000	7,800,000
Staple Fiber Stocks, Lbs.	3,100,000	3,200,000	2,800,000

Source: Rayon Organon.

BUILDING PERMIT FIGURES
Fifth Federal Reserve District

	Total Valuation	
	September 1944	September 1943
Maryland		
Baltimore	\$ 840,084	\$ 723,894
Cumberland	5,290	2,670
Frederick	6,833	3,700
Hagerstown	5,265	20,497
Salisbury	15,047	3,370
Virginia		
Danville	\$ 9,590	\$ 8,466
Lynchburg	10,551	6,921
Norfolk	55,420	85,990
Petersburg	700	250
Portsmouth	22,025	2,975
Richmond	180,979	445,172
Roanoke	16,016	13,351
West Virginia		
Charleston	\$ 47,717	\$ 33,957
Clarksburg	3,845	2,155
Huntington	30,295	11,285
North Carolina		
Asheville	\$ 34,956	\$ 17,127
Charlotte	115,634	9,448
Durham	52,265	1,660
Greensboro	18,375	16,120
High Point	23,063	41,955
Raleigh	69,307	3,577
Rocky Mount	1,952	1,125
Salisbury	9,315	2,320
Winston-Salem	196,148	21,005
South Carolina		
Charleston	\$ 37,709	\$ 23,160
Columbia	12,285	4,736
Greenville	1,822	4,450
Spartanburg	11,389	11,010
District of Columbia		
Washington	\$ 1,179,908	\$ 1,190,529
District Totals	\$ 3,013,785	\$ 2,712,875
9 Months	\$22,513,925	\$35,456,930

CONSTRUCTION CONTRACTS AWARDED

STATES	Aug. 1944	% chg. from Aug. 1943	8 Mos. 1944	% chg. from 8 Mos. 1943
	Maryland	\$13,394,000	+178	\$ 65,447,000
Dist. of Columbia ..	1,636,000	- 52	18,303,000	-18
Virginia	8,339,000	- 24	81,224,000	-35
West Virginia	660,000	- 56	13,859,000	- 3
North Carolina	1,252,000	- 75	32,415,000	-51
South Carolina	1,672,000	- 52	17,279,000	-53
Fifth District	\$26,953,000	- 8	\$228,527,000	-31

Source: F. W. Dodge Corp.

TOBACCO MANUFACTURING

	Sept. 1944	% chg. from Sept. '43	9 Mos. 1944	% chg. from 9 Mos. '43
Smoking & chewing tobacco (Thousands of lbs.)	22,078	- 2	175,323	- 8
Cigarettes (Thousands) ..	20,021,314	-11	181,108,865	- 3
Cigars (Thousands)	391,492	- 8	3,142,245	-11
Snuff (Thousands of lbs.) ..	3,257	- 2	30,957	- 5

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Sept. 1944	Sept. 1943	% Change	9 Mos. 1944	9 Mos. 1943	% Change
West Virginia	13,236	14,050	-6	125,212	119,614	+5
Virginia	1,582	1,700	-7	14,705	14,862	-1
Maryland	150	158	-5	1,505	1,425	+6
5th District	14,968	15,908	-6	141,422	135,901	+4
United States	50,010	52,214	-4	471,110	444,823	+6
% in District	29.9	30.5		30.0	30.6	

RETAIL FURNITURE SALES

STATES	Percentage Changes in Sept. and 9 Mos. 1944 Compared with September 1943	
	September 1943	Compared with 9 Months 1943
Maryland (5)*	- 2	-2
Dist. of Columbia (5)* ..	- 4	-4
Virginia (24)*	+ 8	+2
West Virginia (11)*	- 6	+3
North Carolina (21)*	+12	+8
South Carolina (14)*	+ 9	-3
Fifth District (80)*	+ 3	0
INDIVIDUAL CITIES		
Baltimore, Md. (5)*	- 2	-2
Washington, D. C. (5)* ..	- 4	-4
Lynchburg, Va. (3)*	+27	+7
Richmond, Va. (7)*	+ 3	+4
Charleston, W. Va. (3)* ..	-15	-7
Charlotte, N. C. (5)*	+18	+5
Columbia, S. C. (4)*	+21	0

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Septe. 1944 sales, compared with sales in Sept. '43:				
+16	+ 9	+ 9	+17	+11
Change in 9 mos.' sales in 1944, compared with 9 mos.' sales in 1943:				
+14	+ 6	+ 3	+16	+ 7
Change in stocks on Sept. 30, 1944, from stocks on Sept. 30, 1943:				
+ 1	+ 4	0	+13	+ 3
Change in outstand'g orders Sept. 30, 1944, from orders on Sept. 30, '43:				
+ 4	- 1	+ 3	0	+ 2
Change in total receivables on Sept. 30, '44, compared with Sept. 30, '43:				
+10	+ 9	+ 5	+ 9	+ 8
Percentage of current receivables as of Sept. 1, 1944, collected in Sept.:				
58	56	57	58	57
Percentage of instalment receivables as of Sept. 1, '44, collected in Sept.:				
37	33	27	33	29
Maryland Dist. of Col. Virginia W. Va. No. Caro. So. Caro.				
Percentage change in Sept. 1944 sales from Sept. 1943 sales, by States:				
+ 9	+ 9	+18	+22	+25
Percent'ge chg. in 9 mos.' sales in '44, compared with 9 mos. sales in '43:				
+ 5	+ 3	+15	+14	+13

WHOLESALE TRADE, 254 FIRMS

LINES	Net Sales compared with		Stock Sept. 30, 1944 compared with		Ratio Sept. collections to accounts outstand'g Sept. 1
	Sept. 1943	Aug. 1944	Sept. 1943	Aug. 1944	
Auto supplies (14)*	+22	+1	- 2	- 1	103
Drugs & sundries (10)* ..	+ 0	+5			132
Dry Goods (8)*	- 4	+1	+ 6	-11	80
Electrical goods (16)* ..	+17	+4	+ 1	+ 8	86
Groceries (77)*	- 1	-3	+ 8	+ 1	156
Hardware (16)*	+10	-4	+17	- 0	96
Industrial supplies (8)* ..	+19	-1	+ 5	+ 1	112
Paper & products (8)*	-11	-4	-25	- 6	94
Tobacco & products (10)* ..	- 5	-4	-16	- 5	153
Miscellaneous (87)*	+ 2	+7	+ 0	- 5	99
District Average (254)* ..	+ 2	+2	+ 3	- 2	107

Source: Department of Commerce.
* Number of reporting firms.

AUCTION TOBACCO MARKETING

STATES	Producers' Tobacco Sales, Sept. 1944	Sept. 1943	Price per hundred 1944	1943
South Carolina	56,538,441	29,132,133	\$42.87	\$36.15
North Carolina	217,946,116	187,258,434	42.51	39.30
Virginia	5,077,842	14,968,444	42.53	39.86
Fifth District	279,562,399	231,359,011	\$42.58	\$38.94
Season through	389,383,869	369,896,294	42.86	39.24

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

November 30, 1944

OVERALL industrial production levels in the Fifth District appear to be maintained in the lower edge of a slowly declining range that has been in evidence for nearly a year. Agricultural production in the aggregate will be larger this year than a year ago. Income payments appear to be still rising at a moderate rate, and distribution of available goods for consumption is still expanding at a rapid rate.

Deliveries of ships to the Maritime Commission by Fifth District yards improved somewhat in October over September, but these are still considerably below what they were a year ago or earlier in the current year. Since a good part of the war time expansion in the District's production levels is attributable to this industry, any changes that take place will have an important bearing on the whole. Most of the shipyards of the District are in need of workers, but this demand arises mainly to replace those who have quit. The Maritime Commission's projected schedule of ship production for the remainder of 1944 calls for a flat trend of production slightly below the first half of 1944 but somewhat higher than in the last two or three months. Naval combat vessels' production is projected through the remainder of the year on a flat level, while landing vessels' production schedules taper off. Thus the overall ship production picture indicates a flat to slightly declining trend, and unless further cargo ship contracts are awarded, production of these by spring should be notably reduced.

Aircraft production value for the country has been

trending downward since spring and production schedules point to a continuation of this trend, but the exigencies of war may make it necessary to reverse the scheduled trend.

Construction contracts awarded in this District in the first nine months of the year have amounted to \$259 million. At this level construction is nearly 70 per cent less than in the same period of 1942, the high point of the war period, and only 18 per cent higher than in the first nine months of 1938, a year of severely depressed business activity. Residential building of the District has suffered more since the war peak than total construction, with contracts awarded in the first nine months of this year 83 per cent under similar months of 1942, and nearly 43 per cent below the 1938 level.

It would be reasonable to anticipate that a considerable amount of building would take place in the District as soon as materials and labor become available and the extent to which this industry recovers will temper by that

amount the decline in business occasioned by cessation of war production. Public works programs designed to bridge over the reconversion gap are being designed on a broad scale in the states and many counties and municipalities. The G. I. Bill authorizing loans to buy homes will undoubtedly find reflection in some expansion of residential construction, and then there is a substantial amount of accumulated savings broadly distributed among the District's people. These, too, are likely to exert an expanding tendency on residential construction.

(Continued on page 6)



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	Oct. 1944	Sept. 1944	Aug. 1944	Oct. 1943	% Change	
					Oct. 1944 from Sept.'44	Oct.'43
Bank Debits	205	222	212	197	- 8	+ 4
Bituminous Coal Production*	143	143	151	140	0	+ 2
Building Contracts Awarded	72	121	112	163	-41	-56
Building Permits Issued	48	40	43	64	+20	-25
Cigarette Production	152	153	166	182	- 1	-16
Cotton Consumption*	142	141	145	146	+ 1	- 3
Department Store Sales	224	214	213	191	+ 5	+17
Department Store Stocks	171	181	198	165	- 6	+ 4
Retail Furniture Sales	163	150	116	133	+ 9	+23
Life Insurance Sales	146	138	145	120	+ 6	+22
Wholesale Trade—Five Lines	175	156	168	176	+12	- 1

* Not seasonally adjusted.

tributes to that area's income. On a state basis, the proportion of cash farm income derived from livestock enterprises is given in Table 5. On a county basis, this same general relationship is shown in the accompanying map.

TABLE 5: THE IMPORTANCE OF LIVESTOCK AS A SOURCE OF (GROSS) CASH FARM INCOME, UNITED STATES AND FIFTH DISTRICT, 1936 AND 1943

	Cash Farm Income from Livestock ¹ (Millions of Dollars)		Per Cent of Total Cash Farm Income ²	
	1936	1943 ²	1936	1943
United States	4,715	11,349	56.4	58.9
Fifth District	171	438	30.3	36.4
Maryland	36	91	50.5	60.8
Virginia	55	142	45.9	51.7
West Virginia	30	64	72.9	79.3
North Carolina	32	100	14.3	20.0
South Carolina	17	41	15.6	20.9

Source: United States Department of Agriculture.

¹ Gross, from farm marketing of livestock and livestock products. Due to rounding, the states may not add to District total.

² Preliminary.

³ Income from livestock, etc., as per cent of total gross cash income from all farm marketing.

In this table, the years 1936 and 1943 were chosen because they are terminal years for the longest comparable series of data available at this time. Although the absolute amount of cash income from livestock increased from two to three times during the period, its proportionate importance increased much less. For the three northern states of the District, livestock contributed a proportion of total cash farm income which was about equal to or in excess of the national average. In the Carolinas, on the other hand, this proportion is so low as to indicate predominant emphasis on cash crops as the major source of farm income. However, the increases in the proportion have been relatively greatest in these latter states. If the map is compared with the cotton and tobacco maps previously presented in this *Review* (June 30 and July 31, 1944), the evidence of some tendency toward mutual exclusiveness displayed in many localities by livestock, on the one hand, and cotton-tobacco, on the other, becomes more apparent, at least within the present structure of the District's agriculture.

While there are many difficulties in estimating the non-cash contribution of animal industries to farm income, the proportion *value of livestock and livestock products consumed on the farm* as a percentage of *the total value of all farm products consumed on the farms* is probably the best method available. Such a presentation ignores the fact that most of the contribution of workstock is non-cash, and also involves certain technical difficulties which will not be discussed here. Table 6 shows this proportion for the Fifth District.

(Continued from page 1)

Department store sales have advanced at a relatively steady rate during the past four years, in close association with changes in consumer income, and changes in sales during the war period have been about those which would have been expected on the basis of past relationship of sales and income. Prospects for department store sales in the post-war period are clouded by uncertainties and vary from store to store according to lines carried, but in general it seems fair to expect sales to hold up better in stores which in peace time sell a considerable volume of consumers' durable goods than in stores more dependent on sales of wearing apparel and other non-durable lines.

TABLE 6: THE IMPORTANCE OF LIVESTOCK AS A SOURCE OF NON-CASH FARM INCOME, UNITED STATES AND FIFTH DISTRICT, 1936 AND 1943

AREA	Value of Home Consumption of Livestock & Products ¹ (Millions of Dollars)		Per Cent of Value of Total Home Consumption ²	
	1936	1943 ³	1936	1943
United States	969	1,360	70.5	67.1
Fifth District ³	136	194	64.9	63.7
Maryland	8.4	12	67.8	69.6
Virginia	35	50	64.0	62.4
West Virginia	19	25	65.5	63.9
North Carolina	50	73	64.3	63.7
South Carolina	24	34	66.4	63.4

Source: United States Department of Agriculture.

¹ Due to rounding, states may not add to District total.

² Of all products raised and consumed on the same farm.

³ Preliminary.

The most striking relationship brought out by this table is the relative uniformity of the importance of livestock to total farm consumption over the several states. In spite of wide differences in patterns of agriculture, wide variations in physical numbers of animals, and wide differences in the importance of animals as a source of cash income within the District and for the District relative to the rest of the United States, there seems to be a very uniform pattern of home consumption on farms. With the one exception of West Virginia, livestock contributes a much larger proportion of non-cash than of cash farm income; but the West Virginia pattern of home consumption appears similar to those of the other states in the District.

CONCLUSIONS

In conclusion, it can be said that livestock and livestock products are of varying importance to the several states of the District, but are most important at present in the northern part. There are also distinct patterns of distribution of the different types of animals over the District. Since the early 30's, this District has shown a rather rapid increase in livestock enterprises; and the income, both cash and non-cash, from this source has become quite important to the agriculture of the District. There is no doubt that animal husbandry is an integral part of the agricultural economy of these states, though it is less important in the cotton-tobacco areas than in the others. While there is considerable room for increases in animal numbers throughout most of the District, it is hardly probable that they will materialize within the near future unless changes take place in the general social and economic structure of the region. These changes, which would need to be quite widespread and which would affect deep-rooted phases of our life, are beyond the scope of this paper.

The cotton textile industry of the District is still struggling with the manpower problem and production is still in a downward trend. The lateness of the cotton crop and difficulties experienced in its harvest will also be reflected in a fewer number of farm hands available for work in the mills. However, cotton textile output in 1944 will be near the 1941 level, and not much further deterioration seems likely to result.

Commercial loans of the weekly reporting member banks rose \$3 million in the four weeks to November 15, and from their seasonal low in the summer they have risen \$27 million. This is the largest rise from summer to fall that has occurred in this District, with one excep-

tion, since the war started. Loans for purchasing or carrying securities made to others than brokers and dealers declined further in the four weeks ended November 15. These loans are now nearly back to the level where they started prior to the Fifth War Loan.

Total investments of the weekly reporting member banks amounted to \$1,452 million on November 15, which is \$67 million lower than the peak established at the end of the Fifth War Loan and an amount nearly equal to the increase in member bank reserves. Of this decline \$35

million was accounted for in reduced bill holdings, which are used for reserve purposes and to obtain currency. Note holdings fell \$26 million in this period and certificates fell \$14 million, while bond holdings rose \$10 million.

Both demand and time deposits were at all-time high levels on November 15. Demand deposits were 19 per cent higher than a year ago and time deposits were 24 per cent higher.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Output and employment at factories and mines showed little change from September to October. Value of department store trade increased further in October and the early part of November, while commodity prices were stable.

Industrial Production

The Board's seasonally adjusted index of industrial production was 230 per cent of the 1935-39 average in October as compared with 231 in September. Output of durable manufactures continued to decline slightly, while production of nondurable goods and minerals was maintained at the level of the preceding month.

At steel mills production increased slightly in October but for the month was 7 per cent below the peak of a year ago. Production of copper and other nonferrous metals continued to decline, with output of aluminum and magnesium curtailed more than 50 per cent from the peak rates reached at the end of last year. In the machinery and transportation equipment industries activity declined slightly in October. Lumber production showed little change in October from the September rate which was 10 per cent above the pre-war level. Output of lumber and also pulpwood has been limited during the past two years because of the difficulty of recruiting labor in these industries.

Activity at cotton textile mills and at shoe factories declined in October, while output of manufactured food products increased, after allowance for the customary seasonal changes. The rise in food manufacturing was mainly at canneries and was made possible by increased farm production of fruits and vegetables. Newsprint consumption showed a greater than seasonal increase in October. Output of chemicals, rubber products, and other nondurable goods continued at about the level of the preceding month.

Output of coal and crude petroleum was maintained, while production of iron ore continued to decline seasonally.

Distribution

Department store sales increased considerably in October and were 13 per cent larger than last year, which is about the same year-to-year increase that has prevailed in recent months. In the first half of November sales rose further and exceeded by 8 per cent the exceptionally high level of a year ago.

Railroad freight traffic was maintained at a high level during October and the early part of November.

Bank Credit

On the eve of the opening of the Sixth War Loan Drive bank deposits and currency owned by individuals, partnerships, and corporations were larger than at any previous time. Such holdings of deposits and currency have increased in recent months as the Treasury expended funds raised during the Fifth War Loan Drive.

Adjusted demand deposits of individuals, partnerships, and corporations at reporting banks in 101 cities increased by around 6 billion dollars between July 12 and November 15; this brought the total outstanding to a level about a billion dollars above that reached before the Fifth War Loan Drive. Time deposits increased by about a billion dollars. At country banks outside the leading cities it is estimated that demand and time deposits are slightly more than three billion dollars larger than they were prior to the Fifth Drive. Currency in circulation has increased by about 2.5 billion since the middle of June.

As a result of the deposit expansion, the average level of reserves required by all member banks rose sharply during the inter-drive period and are about a billion dollars greater than at the beginning of the Fifth Drive. Reserve funds to meet the increasing requirements, as well as a currency outflow, were supplied largely through substantial additions to the Government security portfolio of the Reserve Banks; holdings were increased by over 3 billion dollars between July 12 and November 15. Member bank borrowings at the Reserve Banks also increased as they had done prior to the Fifth Drive. Excess reserves, which increased during the war loan drive, declined at a fairly rapid rate immediately following the close of the drive and then fluctuated generally around a billion dollars. About three-fourths of these excess reserves are held by country banks.

At reporting banks in 101 cities, bill and certificate holdings declined by around 2¼ billion dollars during the inter-drive period reflecting sales, largely to the Reserve Banks, as member banks adjusted their reserve positions. Bond holdings were increased by around 800 million dollars.

Loans to brokers and dealers for purchasing or carrying Government securities, which had declined in August to a level comparable to that prevailing prior to the Fifth Drive, fluctuated somewhat over the following period but began to increase early in November. Other loans for purchasing or carrying Government securities continued to decline. Loans for handling other securities, reflecting substantial flotations of new corporate issues, increased during the late fall. Commercial loans also rose.

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

December 31, 1944

EMPLOYMENT levels in Fifth District non-agricultural industries continue to show a downward trend. When this fact is taken into consideration, it is obvious that the high rate of job placement in the District by U. S. Employment Service offices represents labor turnover. Employment in manufacturing industries for the District as a whole has been trending downward since the end of 1943. In Virginia this down-trend has continued with little interruption since the fall of 1942, and in the Carolinas it has been in evidence since early in 1943. Rising trends of manufacturing employment prevailed in Maryland and West Virginia to August 1943 and October 1943, respectively, which offset employment losses in other states of the District so that the total manufacturing employment for the District held on a flat level from the fall of 1942 through 1943. These changes are of too short a duration to expect that increased efficiency of production had offset the loss in employment. In fact, in many industries where turnover has been unusually high, efficiency has suffered. It would seem reasonable, therefore, to believe that the trend of manufacturing production in the District is also in a slow downward trend.

Evidence has been clear on this point in the case of cotton textiles, for the index of cotton consumption in the District has been moving down since the spring of 1942. In November, however, the average daily consumption of cotton was 5 per cent higher than in October. While this may be a result of emphasis placed on heavy goods such as duck and tenting twills which would use

more cotton per yard of production, there is some reason to believe that cotton textile production may stabilize at levels not far from those now prevailing.

The bituminous coal industry has done a grand job in holding up the production of this vital commodity. Despite the loss of the young men to the armed forces and an overall loss of workers, production of coal is still holding on an even keel near peak levels. September, October, and November outputs were, however, somewhat below the trend of growth of the past three years.

Tax paid withdrawals of cigarettes from the District's bonded warehouses in October were at their lowest level since the middle of 1942, but these figures do not include cigarettes manufactured for shipment overseas. It is estimated that 1944 production of cigarettes for the entire country will total 329 billion compared with 309 billion in 1943.

Although overall industrial production levels seem to be receding, farm income in the District will establish a new high record in 1944, with tobacco income showing an increase of more than 40 per cent and accounting for the largest part of the increase. Gains in farm income, together with a generally higher income in other divisions of industry, have had their influence on department store sales.

Our seasonally adjusted index of department store sales in November rose 12 per cent above the October level and was 17 per cent higher than in November 1943. This raised the November index of sales to the highest level on record.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100 Seasonally Adjusted

	Nov. 1944	Oct. 1944	Sept. 1944	Nov. 1943	% Change	
					Nov. 1944 from Oct. '44	Nov. '43
Bank Debits	226	205	222	197	+10	+15
Bituminous Coal Production*	143	145r	146	124	-1	+15
Building Contracts Awarded	81	72	121	207	+13	-61
Building Permits Issued	48	48	40	50	0	-4
Cigarette Production	162	152	153	194	+7	-17
Cotton Consumption*	149	142	141	153	+5	-3
Department Store Sales	251	224	214	215	+12	+17
Department Store Stocks	161	171	181	155	-6	+4
Retail Furniture Sales	166	163	150	133	+2	+25
Life Insurance Sales	137	146	138	120	-6	+14
Wholesale Trade—Dry Goods	182	175	156	174	+4	+5

* Not seasonally adjusted.