

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond 13, Va.*

*January 31, 1945*

FARM acreage goals in the Fifth District for 1945 are a little higher than planted acreages in 1944, and the coming crop will have to be harvested with fewer hands. This labor situation will be accentuated if some 25-30 thousand workers in deferred selective service status are inducted into the armed forces. On the other hand, crop yields per acre for the past three years have been higher than was reasonable to expect, and a return to an average growing season would not be beyond probability, in which instance the farm labor requirements would be lessened.

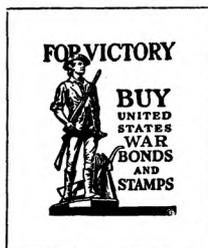
There has been considerable reaction in several areas of the District among men classified 4F, as well as among others whose early induction appears probable, in shifting their employment to essential war jobs. As to whether this trend will continue or whether labor turnover will be reduced will be in part determined by the final national attitudes on manpower policy.

Such evidence as is available on the District's physical volume of production, other than farm production, indicates a slow downward trend. Any basic improvement, however, in the manpower situation should raise the production level.

Department store trade in December, seasonally adjusted, receded 17 per cent from the record high month of November, but held 11 per cent above a year ago. Department store inventories at the beginning of December declined 3 per cent from a month earlier whereas normally they should have risen 3 per cent. November 1 inventories, however were about the same level as on this date for the past three years. Wholesale sales of drugs, dry goods, groceries, and hardware, seasonally adjusted, declined 3 per cent in December from November, but held

2 per cent ahead of December 1943.

Investments in direct obligations of the Government by the weekly reporting member banks of this District rose \$177 million, or 13 per cent from November 8 to December 20, which covered the period of the Sixth War Loan. The chief increases in this period came in notes, which rose \$77 million; in bonds, which rose \$64 million; and in bills, which rose \$44 million. Offsetting these increases to the extent of \$8 million was a decrease in certificates. Between December 20 and January 17, bill holdings declined \$8 million, certificate holdings rose \$3 million; note holdings rose \$14 million; and bond holdings rose \$19 million. The increase in this period amounted to \$28 million, making the total rise since the beginning of the Sixth War Loan \$205 million, or 15 per cent.



Changes in loans made by the weekly reporting banks have been negligible over the past two months except for loans made to others to purchase or carry securities. These loans were at their lowest level since the Fifth War Loan on November 22 when they amounted to \$27 million. Between November 22 and December 13 these loans increased by \$58 million to \$85 million, but by January 17, \$32 million, or more than half of the increase, had been paid off. Although some of these loans may have been made to purchase Sixth War Loan securities in anticipation of dividend and interest checks at the year's end it seems more probable that the \$32 million already paid off was paid by selling the securities to banks.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100      Seasonally Adjusted

	Dec. 1944	Nov. 1944	Oct. 1944	Dec. 1943	% Change	
					Dec. 1944 from Nov. '44	Dec. '43
Bank Debits .....	231	226	205	191	+ 2	+21
Bituminous Coal Production*	118	146r	145r	147	-19	-20
Building Contracts Awarded .....	96	81	72	151	+19	-36
Building Permits Issued .....	42	48	48	50	-13	-16
Cigarette Production .....	155	162	152	193	- 4	-20
Cotton Consumption* .....	133	149	142	147	-11	-10
Department Store Sales .....	208	251	224	187	-17	+11
Department Store Stocks .....	162	159r	171	166	+ 2	- 2
Life Insurance Sales .....	120	137	146	112	-12	+ 7
Wholesale Trade—Four Lines .....	177	182	175	173	- 3	+ 2
Retail Furniture Sales .....	166	166	163	125	0	+33





FEDERAL BANK OF RICHMOND (All Figures in Thousands)			
ITEMS	Feb. 14 1945	Change in 1-17-45	Amt. from 2-16-44
Total Gold Reserves	\$ 987,892	+42,079	—100,307
Other Reserves	17,425	— 1,278	— 2,747
Total Reserves	1,005,317	+40,801	—103,054
Bills Discounted	5,750	+ 3,250	+ 3,620
Industrial Advances	121	— 5	— 106
Gov't. Securities, Total	1,146,378	— 8,571	+524,072
Bonds	78,712	— 3,362	— 38,427
Notes	100,327	— 152	+ 38,109
Certificates	315,843	+ 2,426	+137,999
Bills	656,496	— 7,483	+386,391
Total Bills and Securities	1,152,249	— 5,326	+527,586
Uncollected Items	132,258	—14,639	— 5,003
Other Assets	15,606	— 5,350	— 4,904
Total Assets	\$2,305,430	+15,486	+414,625
Fed. Res. Notes in Cir.	\$1,487,346	+ 7,438	+346,166
Deposits, Total	695,829	+25,382	+ 75,594
Members' Reserves	616,684	+12,710	+ 87,435
U. S. Treas. Gen. Acc.	25,031	+ 8,145	—1,602
Foreign	51,527	+ 4,964	— 6,793
Other Deposits	2,587	— 437	— 3,446
Deferred Availability Items	99,023	—17,859	—10,691
Other Liabilities	451	+ 74	+ 250
Capital Accounts	22,781	+ 451	+ 3,306
Total Liabilities	\$2,305,430	+15,486	+414,625

DEBITS TO INDIVIDUAL ACCOUNTS (000 omitted)			
	January 1945	January 1944	% Change
<b>Dist. of Columbia</b>			
Washington	\$ 554,236	\$ 481,719	+15
<b>Maryland</b>			
Baltimore	797,429	770,783	+ 3
Cumberland	14,356	11,783	+22
Frederick	11,490	11,079	+ 4
Hagerstown	16,302	17,451	— 7
<b>North Carolina</b>			
Asheville	31,315	24,369	+29
Charlotte	135,716	115,405	+18
Durham	66,340	59,102	+12
Greensboro	39,380	38,716	+ 2
Kinston	9,892	7,449	+33
Raleigh	56,673	57,403	— 1
Wilmington	41,609	35,285	+18
Wilson	11,788	8,267	+43
Winston-Salem	74,279	64,257	+16
<b>South Carolina</b>			
Charleston	44,002	40,272	+ 9
Columbia	54,407	48,999	+11
Greenville	42,265	38,181	+11
Spartanburg	24,685	21,722	+14
<b>Virginia</b>			
Charlottesville	20,180	13,672	+48
Danville	23,228	14,058	+65
Lynchburg	22,889	21,570	+ 6
Newport News	24,306	25,545	— 5
Norfolk	131,930	116,429	+13
Portsmouth	17,826	15,712	+13
Richmond	350,425	309,895	+13
Roanoke	45,630	37,800	+21
<b>West Virginia</b>			
Bluefield	25,590	23,798	+ 8
Charleston	80,860	82,511	— 2
Clarksburg	18,455	15,735	+17
Huntington	38,098	30,561	+25
Parkersburg	20,139	15,128	+33
<b>District Totals</b>	<b>\$2,845,720</b>	<b>\$2,574,656</b>	<b>+11</b>

41 REPORTING BANKS—5th DISTRICT (All Figures in Thousands)			
ITEMS	Feb. 14 1945	Change in 1-17-45	Amt. from 2-16-44
Total Loans	\$ 305,840	—15,827	+ 14,103
Bus. and Agric. Loans	144,626	+ 2,311	+11,216
Real Estate Loans	46244	— 821	— 2,940
All Other Loans	114,970	—17,317	+ 5,827
Total Security Holdings	1,646,688	—10,716	+255,242
U. S. Treas. Bills	104,668	— 9,249	+ 27,636
U. S. Treas. Certificates	304,044	— 7,136	+ 61,682
U. S. Treas. Notes	305,084	—22,543	+107,060
U. S. Gov. Bonds	865,405	+39,492	+146,632
Obligations Gov. Guaranteed	11,812	— 7,432	—31,803
Other Bonds, Stocks and Sec.	55,675	— 3,848	— 693
Cash Items in Process of Col.	96,616	— 597	+ 2,485
Due from Banks	160,588*	— 8,492	+10,210
Currency and Coin	37,533	+ 809	+ 3,673
Reserve with F. R. Bank	314,396	+ 6,013	+36,441
Other Assets	67,433	+ 1,578	+ 5,693
Total Assets	\$2,629,094	—27,232	+327,847
Total Demand Deposits	\$2,113,923	—40,258	+234,702
Deposits of Individuals	1,190,497	+24,166	+175,873
Deposits of U. S. Gov.	429,174	—43,073	+ 15,413
Deposits of State & Local Gov.	76,259	+ 2,307	— 724
Deposits of Banks	400,143	—21,281	+42,100
Certified and Officers Checks	17,850	— 2,377	+ 2,040
Total Time Deposits	301,800	+ 6,003	+51,197
Deposits of Individuals	288,147	+ 6,210	+53,644
Other Time Deposits	13,653	— 207	— 2,447
Liabilities for Borrowed Money	4,000	+ 1,500	+ 4,000
All Other Liabilities	88,383	+ 2,894	+28,737
Capital Accounts	120,988	+ 2,629	+ 9,211
Total Liabilities	\$2,629,094	—27,232	+327,847

\* Net figures, reciprocal balances being eliminated.

COMMERCIAL FAILURES				
PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1945	4	80	\$900,000	\$5,883,000
December 1944	1	93	31,000	1,804,000
January 1944	3	120	102,000	1,708,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES				
	January 1945	January 1944	Aug. 1 to Jan. 31 1945	1944
<b>Fifth District States:</b>				
Cotton consumed	420,124	413,373	2,423,060	2,515,791
<b>Cotton Growing States:</b>				
Cotton consumed	753,847	728,532	4,312,514	4,469,806
Cotton on hand Jan. 31 in Consuming establishments	2,010,354	2,053,930		
Storage and compresses	12,872,262	11,888,898		
<b>United States:</b>				
Cotton consumed	849,945	818,724	4,877,181	5,091,116
Cotton on hand Jan. 31 in Consuming establishments	2,291,251	2,380,963		
Storage and compresses	12,991,042	12,114,990		
Spindles Active	22,260,628	22,216,202		

MUTUAL SAVINGS BANK DEPOSITS 8 Baltimore Banks			
	Jan. 31, 1945	Dec. 31, 1944	Jan. 31, 1944
Total Deposits	\$300,041,503	\$295,619,832	\$261,919,096

COTTON CONSUMPTION—FIFTH DISTRICT In Bales				
MONTHS	No. Carolina	So. Carolina	Virginia	District
January 1945	226,639	172,983	20,502	420,124
December 1944	196,432	158,634	17,318	372,384
January 1944	224,388	169,763	19,222	413,373

RAYON YARN DATA			
	Jan. 1945	Dec. 1944	Jan. 1944
Rayon Yarn Shipments, Lbs.	49,800,000	49,000,000	41,500,000
Staple Fiber Shipments, Lbs.	13,700,000	13,600,000	13,900,000
Rayon Yarn Stocks, Lbs.	6,700,000	6,100,000	7,600,000
Staple Fiber Stocks, Lbs.	2,700,000	2,700,000	2,100,000

Source: Rayon Organon.

**BUILDING PERMIT FIGURES**  
Fifth Federal Reserve District  
January 1945

	Total Valuation	
	Jan. 1945	Jan. 1944
<b>Maryland</b>		
Baltimore .....	\$ 532,170	\$ 225,670
Cumberland .....	600	390
Frederick .....	6,400	200
Hagerstown .....	2,550	4,135
Salisbury .....	15,387	8,267
<b>Virginia</b>		
Danville .....	\$ 9,010	\$ 8,067
Lynchburg .....	9,627	3,680
Norfolk .....	114,995	91,360
Petersburg .....	0	400
Portsmouth .....	410,420	15,575
Richmond .....	388,809	67,500
Roanoke .....	22,503	25,221
<b>West Virginia</b>		
Charleston .....	\$ 30,047	\$ 23,021
Clarksburg .....	470	1,275
Huntington .....	243,525	2,140
<b>North Carolina</b>		
Asheville .....	\$ 11,998	\$ 5,875
Charlotte .....	363,919	9,172
Durham .....	61,810	5,711
Greensboro .....	44,739	15,955
High Point .....	20,110	23,729
Raleigh .....	90,025	12,700
Rocky Mount .....	77,100	850
Salisbury .....	3,628	18,100
Winston-Salem .....	36,998	18,893
<b>South Carolina</b>		
Charleston .....	\$ 56,517	\$ 91,619
Columbia .....	41,445	12,495
Greenville .....	3,850	85,623
Spartanburg .....	21,585	7,690
<b>District of Columbia</b>		
Washington .....	\$ 911,340	\$ 359,770
District Totals .....	\$3,531,577	\$1,145,083

**RETAIL FURNITURE SALES**

	January 1945 compared with January 1944
<b>STATES</b>	
Maryland (5)* .....	+15
District of Columbia (6)* .....	+8
Virginia (25)* .....	+13
West Virginia (10)* .....	+3
North Carolina (21)* .....	+38
South Carolina (14)* .....	+26
Fifth District (81)* .....	+16
<b>INDIVIDUAL CITIES</b>	
Baltimore, Md. (5)* .....	+15
Washington, D. C. (6)* .....	+8
Lynchburg, Va. (3)* .....	+8
Richmond, Va. (7)* .....	+17
Charlotte, N. C. (4)* .....	+48
Winston-Salem, N. C. (3)* .....	+55
Columbia, S. C. (4)* .....	+4

\* Number of reporting stores.

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Jan. 1945 sales, compared with sales in Jan. 1944:				
+21	+13	+16	+31	+17
Percentage change in stocks on Jan. 31, '45, compared with Jan. 31, '44:				
+1	—0	—2	+4	—0
Change in outstanding orders Jan. 31, 1945 from orders Jan. 31, 1944:				
+52	+49	+35	+74	+43
Change in total receivables Jan. 31, 1945 from receivables Jan. 31, 1944:				
+19	+19	+20	+22	+19
Percentage of current receivables as of Jan. 1 collected in Jan.:				
53	54	45	58	50
Percentage of instalment receivables as of Jan. 1 collected in Jan.:				
25	29	22	28	25

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Dec. 1944	% chg. from Dec. 1943	Year 1944	% chg. from Year 1943
Maryland .....	\$ 3,145,000	—66	\$ 83,951,000	—21
Dist. of Col. ....	3,900,000	+42	30,382,000	—10
Virginia .....	5,865,000	—45	107,247,000	—38
West Virginia .....	1,702,000	—59	24,326,000	+17
North Carolina .....	5,492,000	+4	46,293,000	—49
South Carolina .....	2,329,000	—21	21,784,000	—58
Fifth District ...	\$22,433,000	—36	\$313,983,000	—34

Source: F. W. Dodge Corporation.

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	January 1945	January 1944	% Change
West Virginia .....	13,397	13,900	—4
Virginia .....	1,771	1,762	+1
Maryland .....	146	175	—17
5th District .....	15,314	15,837	—3
United States .....	52,200	53,975	—3
% in District .....	29.3	29.3	....

**WHOLESALE TRADE, 230 FIRMS**

LINES	Net Sales Jan. 1945 compared with		Stocks Jan. 31, 1945 compared with		Ratio Jan. collections to accounts outstand'g Jan. 1
	Jan. 1944	Dec. 1944	Jan. 31 1944	Dec. 31 1944	
Auto supplies (10)* .....	+37	+15	+31	—3	82
Drugs & sundries (8)* .....	+7	+7	....	....	145
Dry goods (9)* .....	—7	+98	—15	—8	121
Electrical goods (7)* .....	+2	—12	—5	—4	83
Groceries (81)* .....	+11	+14	—2	—1	174
Hardware (13)* .....	+17	+9	—3	—9	108
Industrial supplies (8)* .....	+8	+16	+4	+9	108
Paper & products (6)* .....	+10	+29	....	....	97
Tobacco & products (10)* .....	+6	+2	—24	+13	147
Miscellaneous (78)* .....	+7	—7	—7	—0	138
District Average (230)* .....	+7	+8	—6	—2	124

Source: Department of Commerce.

\* Number of reporting firms.

**TOBACCO MANUFACTURING**

	Jan. 1945	Jan. 1944	% Change
Smoking & chewing to- bacco (Thousands of lbs.) ..	23,838	20,158	+18.3
Cigarettes (Thousands) .....	20,077,012	20,115,138	—0.2
Cigars (Thousands) .....	379,420	366,919	+3.4
Snuff (Thousands of lbs.) .....	3,682	3,782	—2.6

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
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RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

March 31, 1945

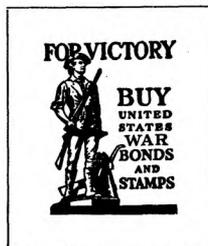
MARCH has been unseasonably warm in the Fifth District area, and as a consequence has advanced the budding of fruit trees. Chances are less than even that the last killing frost has been seen this season, and it is therefore probable that the District's fruit crops will be smaller this year than last year. Although income from fruit crops accounts for only a small part of the District's farm income, it is nevertheless all important in several areas. In 1944 fruit crops yielded over \$64 million income to the District's growers compared with \$34 million in 1943, and \$36 million in 1942.

Farm preparations for the coming season are somewhat belated. Ordinarily at this time of the year this would not be of great concern and would probably be made up later on. With existing short manpower supplies, however, a lick missed at any stage of this season will most likely never be struck. Favorable climatic conditions and maximum efforts on the part of farmers have combined to produce yields per acre well above those customary in this District for the past several years. The chances of maintaining both indefinitely should not be expected.

Cash farm income from crops, which has accounted for a little under two-thirds of total cash farm income in recent years, approached the billion dollar mark last year to set a new high record. The \$954,586,000 crop income in 1944 was \$218,181,000, or 30 per cent, higher than in 1943, with cotton and tobacco accounting for \$185,501,000, or 85 per cent, of the increase. It is permissible under the acreage allotment plan to increase tobacco acreage considerably this year, but it is doubtful whether there will be enough workers on hand to plant full allotments.

Tobacco farmers have expressed their intentions of increasing acreage from two to three per cent, but even this amount may not be accomplished without slighting other crops.

The dearth of farm labor and its high cost, together with the relatively low price of cotton, appears to be having its effect on the coming cotton crop. Cotton acreage intentions for the Nation, according to the New York Journal of Commerce, point to 7.2 per cent fewer acres this year than were planted last year, with indications that North Carolina acreage will be reduced 9.8 per cent and that of South Carolina reduced 9.4 per cent. Early preparation for cotton planting has been delayed as much as two to three weeks. Furthermore, a mild winter such as has just passed is conducive to large boll-weevil emergence. Reduced acreage, higher boll weevil activity, short labor supply will require a sizable offset by an optimum growing season to hold cotton production as high as last year.



The Navy's warship construction program is being expanded by 84 new vessels which would seem to indicate a continuance of operations well beyond the current year at as full a level as manpower supplies will permit, at the Norfolk and Charleston Navy Yards, as well as at the Newport News Shipbuilding and Dry Dock Company. The Merchant shipbuilding program, however, will be terminated by the end of the current year, according to present plans. It is probable that many of the workers now engaged in merchant ship production can find employment in the yards of the District working on naval construction. Although employment levels at merchant shipyards are well below those of a year ago, com-

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100      Seasonally Adjusted

	Feb. 1945	Jan. 1945	Dec. 1944	Feb. 1944	% Change	
					Jan. '45	Feb. 1945 from Feb. '44
Bank Debits .....	221	209	231	212	+ 6	+ 4
Bituminous Coal Production * .....	139	139	118	149	0	- 7
Building Contracts Awarded .....	76	103	96	122	- 26	- 38
Building Permits Issued .....	25	64	42	23	- 61	+ 9
Cigarette Production .....	149	138	155	153	+ 8	- 3
Cotton Consumption * .....	149	145	133	151	+ 3	- 1
Department Store Sales .....	251	238	208	209	+ 5	+ 20
Department Store Stocks .....	172	178	162	176	- 3	- 2
Life Insurance Sales .....	146	140	120	128	+ 4	+ 14
Wholesale Trade—Four Lines .....	189	198	177	181	- 5	+ 4
Retail Furniture Sales .....	145	157	167	116	- 8	+ 25

\* Not seasonally adjusted.

pletion of contracts should materially ease the manpower tension. It would not be realistic, however, to expect that many released shipyard workers would seek employment in the cotton textile industry or in the bituminous mines while better paying jobs are still available.

Western Virginia is still the preferred location for the rayon industry, which is probably due to its water supply, normal labor reserve, and to a central location between the northern and southern textile factories. The new plant of the Viscose Corporation to be built after the war will be located in Pulaski County, across the river from Radford, Virginia, and will employ 1,000 workers. It will not only add an additional unit of the industry to Virginia, but will materially aid in preventing Radford from becoming a ghost town.

The cotton textile output of the District as measured by average daily cotton consumption gives further evidence of having stabilized. In fact, the February figure would seem to point to moderate improvement, but an early spring rise has occurred in the past two years, only to give way to further declines later on. This has, no doubt, been caused by off-season employment of farmers in the mills. Even though these workers return to the farms next month, it seems quite likely that the bulk of the regular workers will be held by the mills during the current year, because the manpower situation overall has about stabilized in mill regions except for turnover from one mill to another. Furthermore, it is not likely that many textile workers will be moving into war industries, remotely located from their homes, at this late stage of the war. There are some conflicting factors in the offing, however, which at present remain indeterminate. If it became evident that the war would be brought to an early conclusion, labor turnover and absenteeism would probably be materially lowered among those who considered themselves a part of the permanent labor force, while those who consider themselves temporary employees might take more days off or even drop out of the labor market.

Bituminous coal output in February was at the same average daily level as in January with the first two months output 7 per cent below that of the same period last year. In the calendar year 1944 the average number of workers engaged in the coal mines of West Virginia was 7,200 less than in 1943, and no developments have occurred to stay or reverse this trend. Facts on the operations of strip mines are not available, but the strip mine act recently passed by the West Virginia Legislature requiring reclamation of the land after mining is ended, could prevent expansion in coal mined by the strip process or even reduce it in the short run, if there were a sufficient number of operators who could not comply with the law.

The District's contribution to the domestic cigarette supply has been in a gradual downward trend for the past year while indications point to a total production

holding on an even keel at peak levels. Since cigarette requirements for the armed forces are estimated higher this year than last year, and since production appears to be at its maximum, the District production for the domestic market seems likely to continue the downward trend.

Life insurance has been an important medium for the investment of the District's savings, and in 1944 the new business written in the District amounted to \$597 million, an increase of 13 per cent from 1943 and a gain of 35 per cent from 1942. Even though these gains are notable, the growth in life insurance has probably not kept pace with the growth in savings. New life insurance written in the Fifth District in 1944 was at the best level since 1930. In the first two months of 1945 sales were 10 per cent ahead of last year.

The average daily department store sales index, seasonally adjusted, for February equalled the record high figure established in November, and exceeded February 1944 by 20 per cent.

Total deposits of the weekly reporting member banks declined \$17 million between February 14 and March 14, but on the latter date they were \$313 million higher than on March 15, 1944. The reduction in the past month was due entirely to a decline in United States Government deposits of \$81 million as other deposits increased \$64 million of which \$37 million was in demand deposits of individuals, partnerships, and corporations.

Loans and investments in the past month decreased \$16 million, of which half the decline was caused by loans and half by investments, while cash assets decreased \$5 million in the same period. Between March 15, 1944, to March 14, 1945, loans increased \$19 million and investments, \$255 million. The \$255 million increase in security holdings between March 15, 1944, and March 14, 1945, was accounted for by an increase of \$265 million in direct obligations of the Government; a decline of \$12 million in guaranteed obligations; and an increase of \$2 million in other securities. Security holdings of the weekly reporting banks on March 14, 1945 are shown below, together with changes from a month ago and a year ago.

**SECURITY HOLDINGS OF WEEKLY REPORTING BANKS  
FIFTH DISTRICT  
(Million Dollars)**

	Mar. 14, 1945	Change from	
		Feb. 14, 1945	Mar. 15, 1944
U. S. Gov't. (direct) ..	1,567	-12	+265
Bills .....	97	- 8	- 32
C. of I. ....	336	+32	+ 92
Notes .....	266	-39	+ 49
Bonds .....	868	+ 3	+156
Gov't. guaranteed ....	14	+ 2	- 12
Other securities .....	58	+ 2	+ 2
<b>Total Securities .</b>	<b>1,639</b>	<b>- 8</b>	<b>+255</b>

# MONTHLY REVIEW

## of Financial and Business Conditions



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

April 30, 1945

TEMPERATURES below freezing occurred in numerous fruit-growing areas of the District on April 7. At that time fruit buds were much further advanced than usual and at the same time they were in fewer number as a result of last summer's drought. As a consequence, the damage to peaches and apples in particular is likely to be greater than it was two years ago. This damage, however, does not appear to have reached to important peach growing areas of North and South Carolina.

Strawberry crops of the Carolinas had already started to market a month ahead of normal schedule and frost damage was not severe, but this crop in Virginia and Maryland—where the greater part of the District's production is located—was caught at the blooming stage. Indications at present are that only a half crop will be produced in these areas.

The unusually warm and dry March weather permitted farmers to advance their spring preparations well ahead of where they normally are at this stage of the season, but some retardation of efforts became noticeable in states other than West Virginia in the early part of April when the lack of rainfall for a considerable period made the soil too hard to work. Temporary relief to the extent of about a half-inch of rain came shortly after the middle of April in most areas. The accumulated moisture deficiency, however, is more than four inches. This means that early crops will have no reserve of moisture and normal yields will result only if rains fall at the opportune time.

Early potatoes and truck crops were reported to be doing well in the Carolinas at the turn of April, while the early April freeze killed and will necessitate replant-

ing of considerable acreages of truck in Virginia and Maryland. Crop conditions of West Virginia early in April were the best in several years.

The early spring weather has caused tobacco plant growth to run ahead of normal by two to three weeks. A considerable acreage had been set in the Border Belt by the first of April, or about two weeks in advance of the usual transplanting time. Turkish tobacco will be planted on 150 North Carolina farms this year in the first large-scale experiment of this kind. This tobacco, which sold for as much as \$1 to \$2 a pound before the war, will be grown in the Piedmont and mountain sections of the state, but not in the coastal plain area since it does not grow well there.



If the advance in the growing season holds for the other belts, the tobacco markets will probably open one to two weeks earlier this year than usual. This would probably have some adverse effect on the cultivation of corn and cotton, which are usually "laid by" during July.

Representatives of the world's leading cotton exporting nations, meeting in Washington as the International Cotton Advisory Committee, reached general agreement on April 2 on the need for international action to correct the wide gap between world cotton consumption and excessive cotton stocks. The informal agreement seems likely to result in recommendations by the members of the Committee to their governments that negotiations be undertaken for an international commodity agreement for cotton, and it is probable that some such agreement will eventuate. An agreement on this commodity which will give the growers a satisfactory income and, at the same

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

	Seasonally Adjusted				% Change	
	March 1945	Feb. 1945	Jan. 1945	March 1944	March 1945 from Feb. '45	March 1945 from March '44
Bank Debts.....	216	221	209	202	- 2	+ 7
Bituminous Coal Production*.....	139	139	142r	147	0	- 5
Building Contracts Awarded.....	82	76	103	100	+ 8	- 18
Building Permits Issued.....	45	25	64	21	+80	+114
Cigarette Production.....	152	149	151	167	+ 2	- 9
Cotton Consumption*.....	144	149	145	155	- 3	- 7
Department Store Sales.....	249	251	238	212	- 1	+ 17
Department Store Stocks.....	169	172	178	172	- 2	- 2
Life Insurance Sales.....	152	146	140	131	+ 4	+ 16
Wholesale Trade—Four Lines.....	182	189	198	180	- 4	+ 1
Retail Furniture Sales.....	175	145	157	123	+21	+ 42

\* Not seasonally adjusted.

time, permit it to compete freely with synthetic fibers will be difficult to consummate. Unless an agreement can be reached to include all cotton-growing countries, and at the same time permit a competitive price, cotton will continue to be a retarding factor in the economic progress of this District.

The termination of the European war is not too far distant, and at the same time the movement of the Japanese war into more northern latitudes would seem to lessen the military demands for cotton goods considerably some time this year. This would not have any adverse effect on the demand for cotton goods, however, for the domestic civilian, lend-lease, and relief requirements will undoubtedly continue to tax the industry's capacity for some time to come.

Stocks of cotton goods are practically non-existent at the mill level, and they are badly depleted and grossly unbalanced at wholesale and retail levels. It might appear on first thought that the rebuilding of wholesale and retail inventories would not require much time due to the fact that a large part of this type of merchandise inventory normally turns over from three to four times a year. It must be remembered, however, that the amount of time required to replenish cotton goods inventories at the wholesale and retail levels will depend on how rapidly these goods move on into consumption channels.

Meanwhile, the cotton textile industry is having its difficulties in maintaining production. The industry's chief problem at this time is one of manpower, but the dearth of manpower has resulted in other production complications, such as increasing unit costs and eliminating partial production on third shifts. Owing to high turnover in shipyards and aircraft plants of the District, opportunities still exist for some shifting of textile workers to these industries. By summer, however, opportunities to shift employment to the higher paying war industries in nearby localities will not be so prevalent. It seems reasonable to believe that this will reduce the absence rate and lower the labor turnover in the textile industry. Thus, there is some prospect that if the production of cotton textiles hasn't already stabilized, it will probably do so by summer.

The record of cotton consumption in the District since the middle of 1944 indicates that a stabilization in output has already been effected. March daily average cotton consumption in the District was 3 per cent lower than in February, but was the same as the August-January average.

Textile machinery firms located in New England are reported to have reconverted 100 per cent from war to peace-time activities. Labor supplies in New England are scarcer than in many other sections of the country. Textile machinery firms, however, should at least be able to use those employees they had before reconversion, since the reconversion was directed by the War Production Board for the purpose of improving the textile supply situation. It is not known how long it will take the textile machinery firms to get back in production, but it would seem that by the end of the year a fair amount of new machinery would be available to the mills of this District. In view of the wage increase recently approved by the Economic Stabilization Director, together with increasing unit costs and no nearby improvement in the labor supply, it is probable that new machinery will be installed in volume in Fifth District mills at the earliest opportunity.

Coal operators and miners signed a new wage contract on April 11, which operators estimated would raise basic miners' earnings an average of \$1.25 to \$1.30 a day for a six-day week. The agreement provides that overtime will start after the 35th hour of the week instead of the 40th hour as in the previous contract. Under the expiring contract, the base rate formula gave \$57.06 for six days' work. Under the new agreement, the pay will be \$63.50 for the same number of days; \$10 a day for 5 days and the 6th day at time and a half, or \$13.50. Since the new contract does not change the miners' basic wage rate, it is believed that approval will be given by government agencies. It is estimated that a rise in coal prices in the neighborhood of 25 cents a ton would be required to compensate for the increase in wage costs.

Bituminous coal production of this District in March held at the same daily rate as in February, and was 5 per cent smaller than in March, 1944. In the first three months of 1945 the District's output of coal was 6 per cent below the same months of 1944. Despite the 30-day extension of the contract, which expired on March 31, there was a substantial amount of tonnage lost by unauthorized work stoppages, and the April production will be reduced notably from the March level.

The expansion of 84 navy war ships referred to in the March Monthly Review has since been cut to 12 escort carriers. Since that part of the 84 ships canceled would not have been delivered before the end of 1946 or in 1947, it is assumed that navy yards and others working on naval construction still have orders on hand to fully occupy them for the remainder of this year and the greater part of next year. Thus, employment will likely be available at the Hampton Roads yards and at Charleston, S. C., somewhere near present levels well into 1946 under present reckoning. These three yards, working on war ships, are employing something over 80 thousand workers at this time.

Employment in Maryland's shipyards in February was 24 per cent smaller than a year ago, and 32 per cent below the high point in 1943. Payrolls in this industry in February were 16 per cent below that month last year and were 30 per cent smaller than the 1943 peak month. Employment in Maryland's aircraft industries in February was 20 per cent smaller than a year earlier, and 32 per cent below the best level reached in April, 1943. Payrolls in this industry were 23 per cent lower in February, 1945, than in February, 1944, which was the peak payroll month in this industry. In the third quarter of 1943, something over 50,000 workers were employed in Maryland's aircraft industries, while employment at the state's shipyards was over 70,000. Thus it is apparent from the employment reduction that the problem of contract termination in aircraft and shipbuilding industries, while still affecting a large number of workers, will not be as imposing as it would have been two years ago.

Department store sales in March continued at the high level established in February after correction for seasonal variations and the early advent of Easter. Although one per cent below the February level, the March seasonally adjusted index was 17 per cent higher than in March, 1944. The first three months of 1945 have witnessed a decided acceleration in department store sales, and one which, in view of the unbalanced inventory position, will be difficult to maintain unless the hidden price rise in goods substitution be sufficiently important to offset lower volume of sales in many standard types of merchandise.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT						
	Average Daily 1935-39=100				Seasonally Adjusted	
	Mar. 1945	Feb. 1945	Jan. 1945	Mar. 1944	% Change Mar. 1945 from Feb. '45      Mar. '44	
Bank Debits .....	216	221	209	202	- 2	+ 7
Bituminous Coal Production* .....	139	139	142r	147	0	- 5
Building Contracts Awarded .....	82	76	103	100	+ 8	- 18
Building Permits Issued .....	45	25	64	21	+80	+114
Cigarette Production .....	152	149	151	167	+ 2	- 9
Cotton Consumption* .....	144	149	151	155	- 3	- 7
Department Store Sales .....	250	238	232	212	+ 5	+ 18
Department Store Stocks .....	169	172	178	172	- 2	- 2
Electric Power Production .....	209	215r	215r	199	- 3	+ 5
Employment—Mfg. Industries* .....	136	137	137	144	- 1	- 6
Life Insurance .....	152	146	140	131	+ 4	+ 16
Wholesale Trade—Four Lines .....	182	189	198	180	- 4	+ 1
Wholesale Trade—Drugs .....	217	217	216	204	0	+ 6
Wholesale Trade—Dry Goods .....	186	215	252	155	-13	+ 20
Wholesale Trade—Groceries .....	190	197	208	190	- 4	0
Wholesale Trade—Hardware .....	104	109	97	118	- 5	- 12
Retail Furniture Sales .....	175	145	157	123	+21	+ 42

\* Not seasonally adjusted.

Continued from page 1

lina. Relative to a year ago, however, total employment in non-agricultural industries was down 86 thousand, of which Maryland accounted for 49 thousand and North Carolina 19 thousand. These changes are no doubt a reflection of the reduced activity in merchant shipyards. More employment opportunities are available in Hagerstown where the production of Army cargo planes is in process and on which capacity operations are expected to continue for some time. There will be a larger labor requirement at Radford when the doubled capacity of the Ordnance Works is completed in the fall. Construction and permanent workers will be needed at Front Royal and Parkersburg when additions to present facilities costing \$6 million are completed.

The weather in late April and early May has not been such that an increase in total farm production should be anticipated, but it has been good on pasture and hay crops and should result in increased milk production. By the middle of May a large part of the tobacco crop had been reset in the Border, Eastern Carolina and Middle belts, and stands were reported good. Blue mold, however, has been prevalent in Old belt beds and the supply of plants may be inadequate to plant intended acreages. Tobacco plants in Eastern Carolina have been plentiful, however, and may be used to supplement Old belt short-

ages but it appears the Old belt crop will be about two weeks later than usual this year.

Unfavorable weather and a growing labor shortage have combined to give an estimated cotton acreage in the District this year nearly 200,000 acres less than a year ago. Planting is about two weeks late and boll weevils appear to be more numerous than they have for many years. Small grain crops have been retarded by the adverse change in the growing season during the first half of May and production outlook is lowered. The early potato crop in North Carolina looks about a third larger than last year, but late blight has hit this crop in parts of South Carolina and reduced production prospects.

Department Store sales, which had been rising at an accelerated rate since last summer, at least temporarily stayed the trend in April 1945 when, on a seasonally adjusted basis and with compensations made for the early Easter trade, the sales index declined 16 per cent from the peak month of March. The April sales index, however, was still 5 per cent ahead of last year. Store inventories, though holding up on a total dollar basis, are badly depleted in spots and the smaller year to year increase in sales noted in April may be due in part to this factor.

# MONTHLY REVIEW

## of Financial and Business Conditions



RESERVE  
DISTRICT

FEDERAL RESERVE BANK, Richmond 13, Va.

June 30, 1945

THE most important development affecting the Fifth Federal Reserve District in recent months is the attempt under way to raise the production of cotton textiles to the 1942 level. In this task regulatory agencies are cooperating in removing the impediments to larger production, as well as in channeling manpower placements to the industry and facilitating the prospect of obtaining machinery. Loss of manpower has been the chief cause of the fall in production which in 1944 amounted to 10.7 billion square yards compared with 12.4 billion in 1942. A return of the necessary manpower will be the chief problem in restoring cotton textile production to the 1942 level. The near prospect of attaining the production goal is not favorable, for the supply of labor is not available in mill towns, and must be recruited from other areas. The wage structure of the cotton textile industry, though in process of another upward adjustment, is still not likely to attract the necessary workers within the next twelve months unless other employment opportunities become considerably scarcer than they are at present. It should be expected, however, that some improvement in manpower and production would be in evidence by the fourth quarter of the year.

Despite the continuous reduction in shipyard and aircraft workers in the District, there has been no change in the War Manpower Commission cities designated as critical labor shortage areas. This would seem to indicate that those workers who had terminated their shipyard

and aircraft employment had migrated to areas outside the District. If this is correct, it raises a question as to whether the District's manpower supply might not remain tight until discharges from the Army and Navy restore the supply. It is not expected that war contract cancellations will be an important factor in creating unemployment in the District except in a few localities.

On the agricultural front there is not likely to be any overall reduction of income in 1945, despite a poorer outlook for early crops. Increased prices for livestock will improve income in cattle areas, and come close to offsetting reduced hog marketings. Although the cotton crop outlook is none too bright at this time, the price is about a cent a pound higher than last year. The tobacco crop in most areas is off to a good start and the growing season in June has been "tailor made".

Average daily bituminous coal output declined 1 per cent from April to May, while the May output was 7 per cent lower than a year ago. The decline from May 1944 is due to a smaller number of workers in the mines. Average daily cotton consumption in May was 1 per cent higher than in April but 2 per cent lower than a year ago. This was one more month in which cotton consumption gave evidence of stabilizing. The seasonally adjusted index of department store sales in this District held in May at the reduced April level and was slightly under May a year ago.



### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

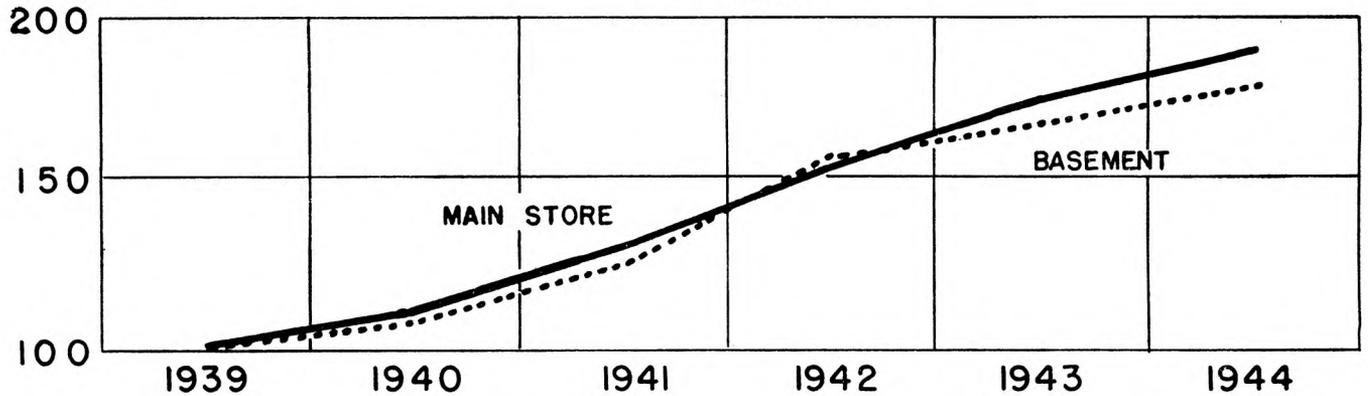
Seasonally Adjusted

	May 1945	April 1945	March 1945	May 1944	% Change May 1945 from April '45 May '44	
Bank Debits .....	225	210	216	197	+ 7	+ 14
Bituminous Coal Production* .....	137	139	139	148	- 1	- 7
Building Contracts Awarded .....	94	169	82	81	- 44	+ 16
Building Permits Issued .....	49	74	45	33	- 34	+ 49
Cigarette Production .....	155	146	152	161	+ 6	- 4
Cotton Consumption* .....	141	140	144	144	+ 1	- 2
Department Store Sales .....	211	210	250	212	0	0
Department Store Stocks .....	191	178	169	174	+ 7	+ 10
Retail Furniture Sales .....	139	151	175	136	- 8	+ 2
Life Insurance Sales .....	156	154	152	131	+ 1	+ 19
Wholesale Trade—Four Lines* .....	180	176	182	180	+ 2	0

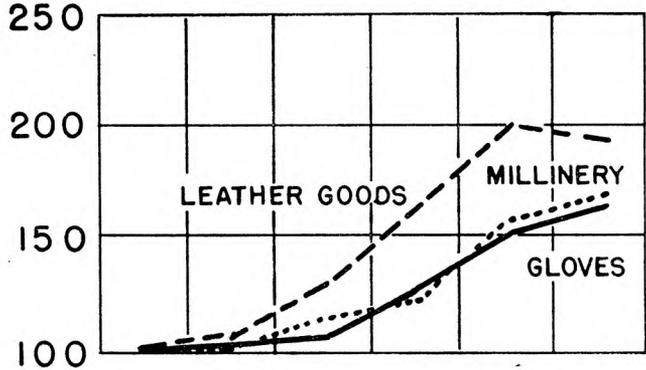
\* Not seasonally adjusted.

# TOTAL SALES

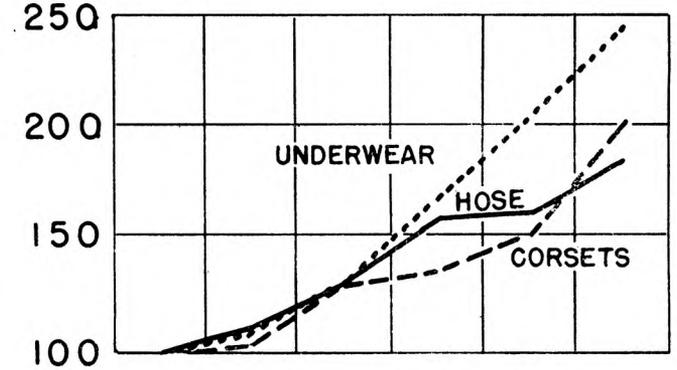
FISCAL 1939 (YEAR ENDED JANUARY 31, 1940) = 100  
(IN PERCENT)



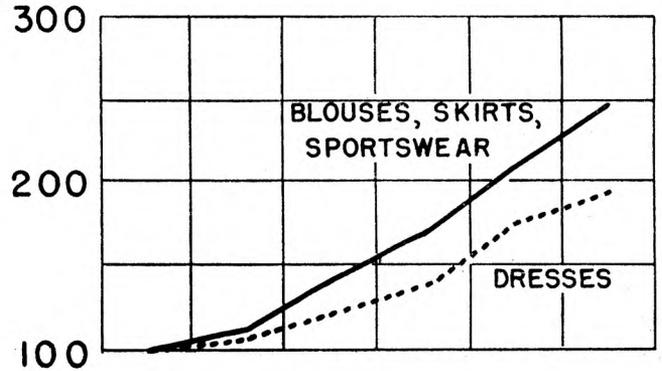
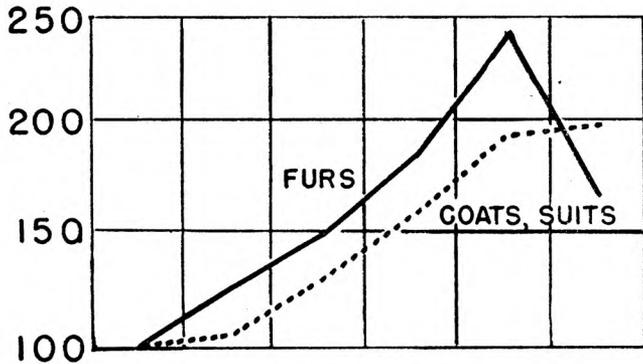
## WOMEN'S ACCESSORIES



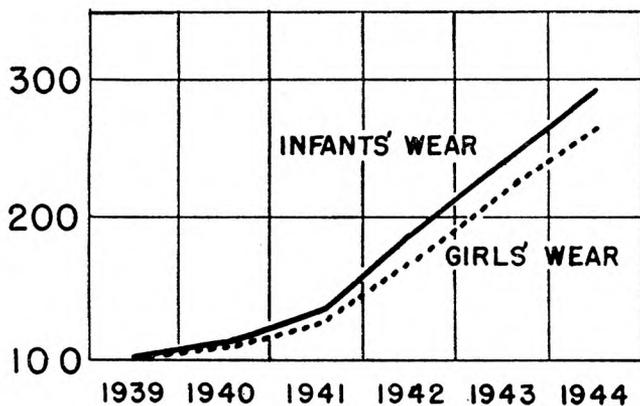
## ACCESSORIES



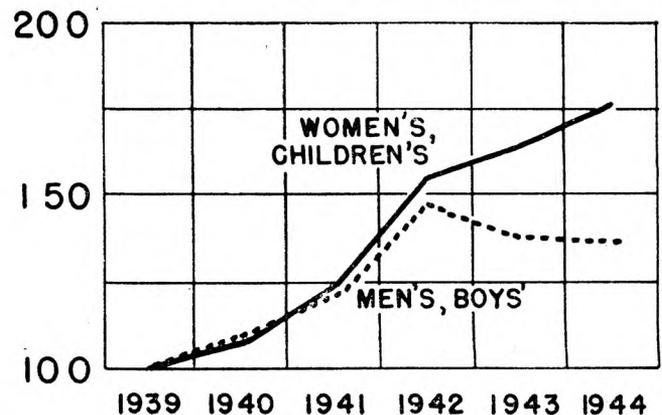
## WOMEN'S CLOTHING



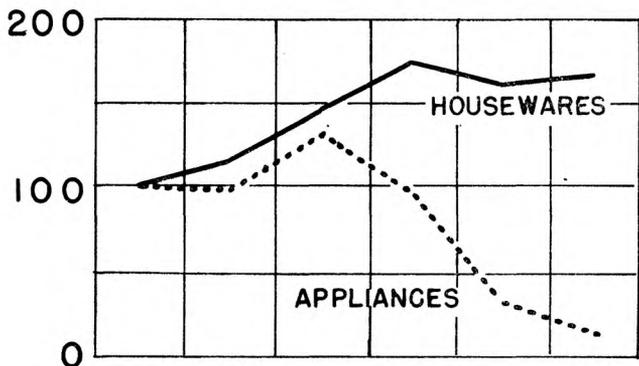
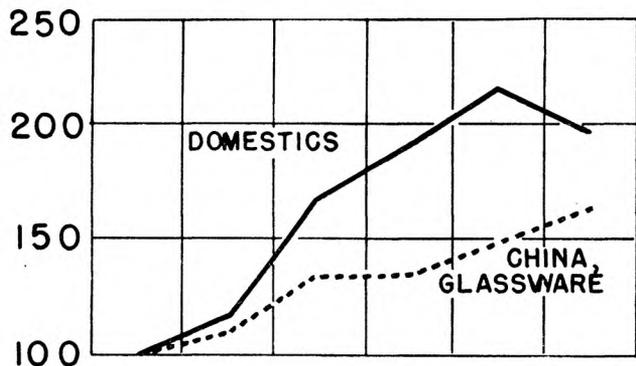
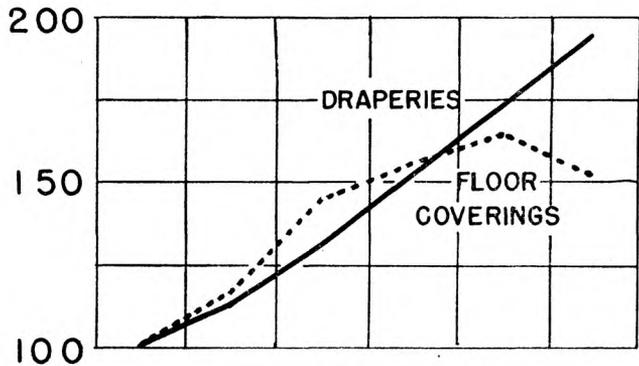
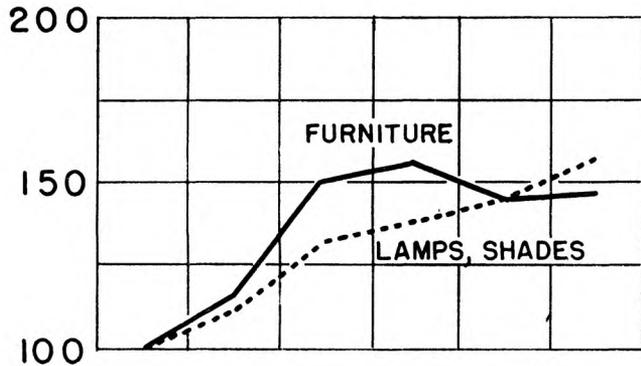
## GIRLS', INFANTS'



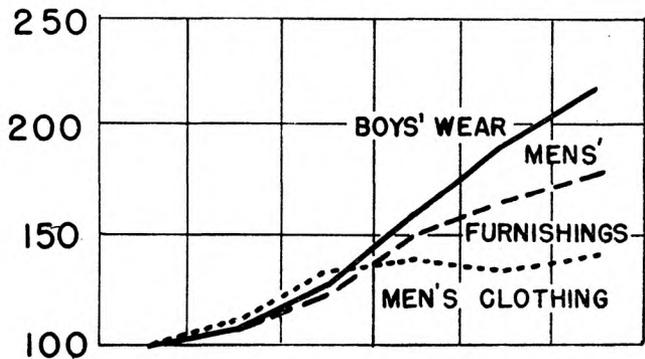
## SHOES



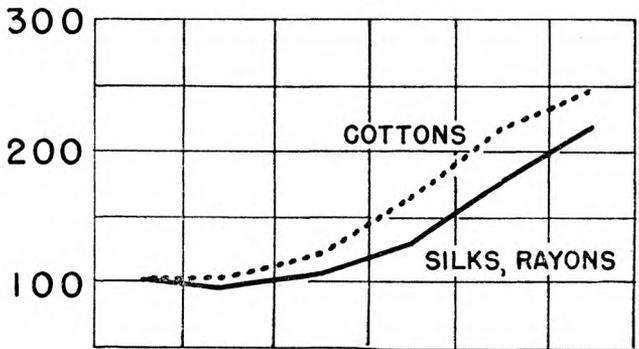
## HOUSEFURNISHINGS



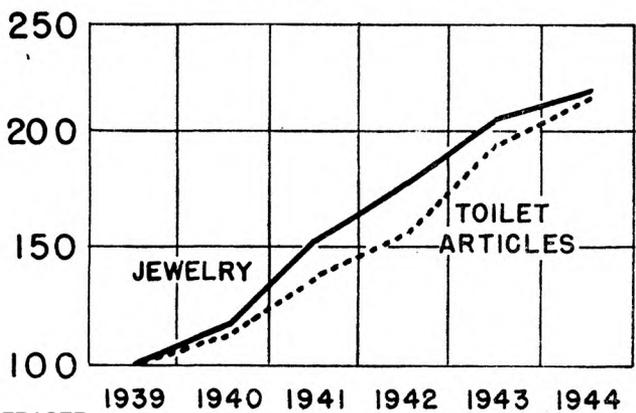
## MEN'S, BOYS' WEAR



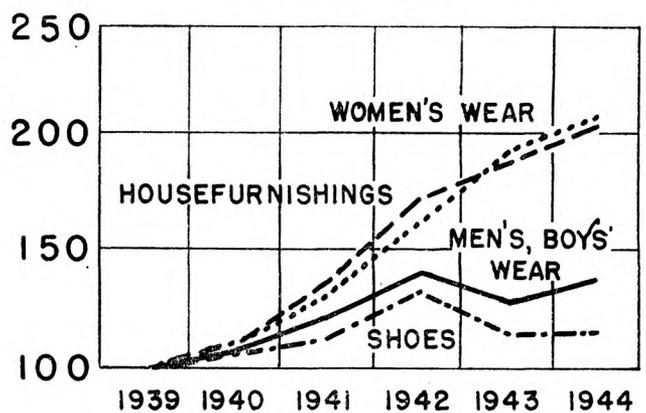
## PIECE GOODS



## SMALL WARES



## BASEMENT



# MONTHLY REVIEW

## of Financial and Business Conditions



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

July 31, 1945

CROSS currents in the District's business indicators are still in evidence. Elements representing distribution likewise show opposing trends. Department store sales seasonally adjusted were 12 per cent higher than in May and 13 per cent ahead of June last year. Wholesale trade in four lines, on the other hand, declined 4 per cent in the month and was down a similar amount over June 1944. Furniture sales at retail, which had taken a notable upsurge in the late months of 1944 and early 1945, declined 8 per cent from April to May, but in the latter month the sales were fractionally higher than in May, 1944.

Daily average cotton consumption in the District declined 1 per cent from May to June and was 3 per cent smaller than a year ago. Indications are that the months of July and August will show cotton consumption at its lowest level and that some moderate improvement might be expected in the remainder of the year.

Bituminous coal output in June was 4 per cent greater than in May, but continued to run 5 per cent lower than a year ago. Workers are still declining in the District's mines, and the average age of the miners has risen from around 30 years to more than 45 years. It is obvious that the production trend in coal will be slowly downward until such time as more and younger workers can be recruited for this service.

Employment levels in the District's manufacturing industries continued downward through May, that month being 6.5 per cent lower than a year ago. The overall level of employment in the District so far as figures are

available shows a tendency towards stabilization.

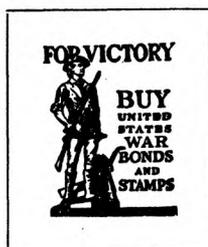
Sales of life insurance, representing an important outlet for the people's savings, remained in June at the May level after seasonal adjustment, but were 17 per cent higher than in June, 1944.

Cotton acreage in the Fifth District is 13 per cent smaller this year than last year, compared with a decline of 10 per cent for the nation. The acreage planted to cotton has been reduced 50 per cent or more in those counties where tobacco production is important. In addition to shifting cotton acreage into tobacco this year, a considerable amount has also been shifted to the production of peanuts. Although the unofficial report of conditions on July 1 is higher in this District than in the rest of the country, many farmers experienced numerous difficulties in getting a stand and a smaller crop is in prospect. Reports are current that many fields had to be replanted as many as three times. Boll weevil activity has been reported greater than in recent years, and weather conditions around

the middle of July have no doubt intensified the danger of damage.

The acreage of flue-cured tobacco in the 5th District is indicated to be 4.4 per cent higher this year than last year, but the yield per acre as of July 1 is indicated to be 4.3 per cent lower than a year ago, with the result that a flue-cured crop of about the same size as last year is now expected. In the Border Belt the crop is about the same size as a year

Continued on page 12



### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100      Seasonally Adjusted

	June 1945	May 1945	April 1945	June 1944	% Change	
					June 1945 from May '45	June '44
Bank Debits .....	257	225	210	233	+ 14	+ 10
Bituminous Coal Production* .....	142	137	139	149	+ 4	- 5
Building Contracts Awarded .....	102	94	169	96	+ 9	+ 6
Building Permits Issued .....	60	49	74	52	+ 22	+ 15
Cigarette Production .....	174	155	146	153	+ 12	+ 14
Cotton Consumption* .....	139	141	140	143	- 1	- 3
Department Store Sales .....	235	210r	210	208r	+ 12	+ 13
Department Store Stocks .....	208	191	178	186	+ 9	+ 12
Life Insurance Sales .....	156	156	154	133	0	+ 17
Wholesale Trade—Four Lines .....	173	180	176	180	- 4	- 4
Retail Furniture Sales .....	170	139	151	144	+ 22	+ 18

\* Not seasonally adjusted.

period included the major portion of the Seventh War Loan drive. This amount corresponds closely to increases for comparable periods of the two previous drives. During the Seventh Loan banks added substantially to their holdings of bills, certificates, and notes, and they have also continued to increase their holdings of bonds.

Loans for purchasing and carrying Government securities extended to customers other than brokers and dealers by weekly reporting banks increased 1.6 billions during the four weeks ended June 27, in contrast to 1.1 billions during the comparable period of the Sixth drive, and 1.3 billions in the Fifth. Loans to brokers and dealers for purchasing or carrying Government securities started increasing somewhat earlier and expanded more than in preceding drives. Both categories of these loans at their peaks were above

high points reached in previous drives. Declines in these loans began in July.

Excess reserves expanded more and reached a higher level than in any drive since the Third War Loan drive in September 1943. Owing to the great success of the Seventh Loan in obtaining subscriptions from nonbank investors, the shift of funds from deposits subject to reserve requirements to reserve-exempt United States Government deposits and the consequent decline in required reserves were larger than usual. Member banks used a part of the funds thus made available to pay off borrowings at Reserve Banks, which had risen to a high level of over 900 million dollars in June. Reserve Bank holdings of Treasury bills showed less decline during and following the Seventh Loan than at the time of the previous drive. Holdings of certificates and notes continued to increase.

Continued from page 1 .

ago, and that of the Eastern Carolina Belt 2.4 per cent higher, with the Old Belt showing a reduction of nearly 17 per cent. Other types of tobacco are indicated to be in

smaller supply this year than a year ago, with the exception of the Burley crop in North Carolina which is now placed at 9 per cent ahead of a year ago.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

August 31, 1945

**C**ANCELLATION of war contracts and the winding up of war production is progressing rapidly. When the war business is eliminated in the Fifth District, it would appear that somewhere around 300,000 workers will have been displaced, which would leave the number still employed some 14 percent higher than in 1939, if none of the 300,000 were to find new employment.

There are, however, a considerable number of industrial developments and expansions already programmed for various areas in the District and together these will give considerable employment during the construction period. Gasoline stations have already begun to reopen and other service industries, as well as farms, can absorb many workers. The cotton textile industry which should be expanding output for a considerable period of time could use possibly 75,000 workers now and still more if a 40 hour week were resumed. The bituminous coal industry in the District is short from 25 to 30 thousand miners from its normal labor complement, and the many diversified industries of the District will be straining to market much needed products. Despite the early termination of war contracts, the employment outlook in the Fifth District is favorable.

The farm income outlook, largely because of a decrease in production, indicates a somewhat lower level in the last half of 1945 than in the same period of 1944. Lower income from cotton in the Carolinas will probably not be offset by a moderate increase in tobacco incomes. In the first five months of 1945 farm income was 14 percent higher than in similar months of 1944 and this will in

part offset expected declines in the last half year. Prices of some agricultural products may ease somewhat during the next twelve months, but in the main there is little cause for concern regarding a general price decline in this period.

The Fifth District adjusted index of department store sales after slumping notably in April and May established a new high level in July, 8 percent higher than in June and 19 percent above July 1944. Employment terminations in Baltimore, Washington, Norfolk and Charleston, South Carolina may have some adverse effect on department store sales for several months in the near future, but the effect of unemployment may very well be partially or wholly offset by the stored up purchasing power, if stores can obtain heretofore unpurchaseable merchandise which will be in demand. Department store sales may also feel the effect of price reductions in the next several months, if store policy deems it necessary to close out substitute and inferior quality merchandise.

Average daily cotton consumption in the District in July, as a result of summer vacations and shut-downs for plant repair and other purposes, declined 15 percent from June, and was 7 percent smaller than a year ago. July is likely to mark the low point in cotton consumption for a period of several years.

Bituminous coal output on an average daily basis declined 4 percent from June to July and in the latter month was 6 percent smaller than in July, 1944. Not much relief in the labor supply should be anticipated for the remainder



Continued on page 10

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100      Seasonally Adjusted

	July 1945	June 1945	May 1945	July 1944	% Change	
					July 1945 from June '45	July 1945 from July '45
Bank Debits .....	221	257	225	210	-14	+ 5
Bituminous Coal Production* .....	136	142	137	144	- 4	- 6
Building Contracts Awarded .....	180	102	94	102	+76	+76
Building Permits Issued .....	86	60	49	39	+43	+121
Cigarette Production .....	165	174	155	159	- 5	+ 4
Cotton Consumption* .....	118	139	141	127	-15	- 7
Department Store Sales .....	252	235	210	212	+ 7	+19
Department Store Stocks .....	218	208	191	190	+ 5	+15
Wholesale Trade—Four Lines .....	177	173	180	170	+ 2	+ 4
Retail Furniture Sales .....	162	170	139	132	- 5	+23

\* Not seasonally adjusted.

counties ranged from 150-199 per cent; 57 counties ranged from 200-249 per cent; and 27 counties had total sales more than 250 per cent of quota.

The map shows that the best percentages of quota of Series E Bonds had the greatest concentration in Tidewater and Shenandoah Valley areas of Virginia, and that the best percentages of quota of total sales had the largest concentration in the industrial areas of North Carolina.

Continued from page 1

of this year. The miners have in the main stayed on their jobs better in the past few years than have workers in many other important industries. A considerable number of the miners presently employed are over age. The patriotic appeal to continue working 6 days a week has dissipated and it should be expected that coal production would continue in its moderate downward trend.

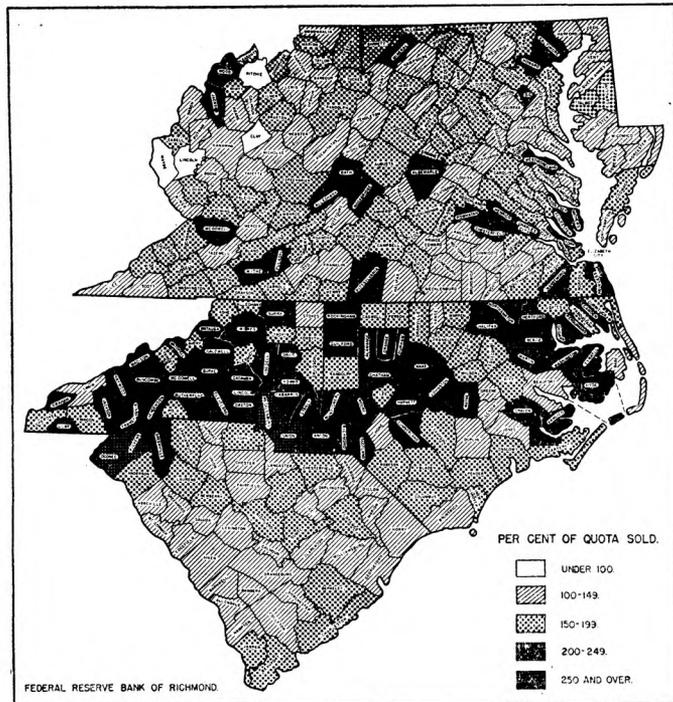
Building permits, though still at a relatively low level, increased 43 percent from June to July on a seasonally adjusted basis. July permits in the District were 121 percent higher than a year ago. Residential buildings are in great demand in many areas of the District, and except in those areas where war housing temporarily met the needs, it is likely that such building will go ahead as rapidly as materials and men can be made available for the task.

Loans made by the weekly reporting member banks to customers other than brokers and dealers for purchasing or carrying government securities rose \$29 million from May 30 to July 4 this year during the Seventh War Loan. As of August 14 these loans had declined only 4 million, which would seem to indicate that this loan expansion had been largely made to investors who intend to pay off the loans out of income.

Commercial, industrial and agricultural loans of the weekly reporting banks of this District have risen \$8 million since their low point on July 4 and are the highest for this time of year since 1942.

Holdings of government securities of these banks reached a high point of \$1,734 millions in the 3rd week following the close of the Seventh War Loan. Holdings of government securities were at the year's low point on May 2, from which date holdings expanded \$208 million to the peak on August 1. Government security holdings totaled \$1,708 million on August 14, which was \$26 million below the August 1 peak, but \$246 million higher than on August 16, 1944. In this same period, holdings of government bonds increased \$248 million.

TOTAL SALES- SEVENTH WAR LOAN  
FIFTH DISTRICT BY COUNTIES



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100

Seasonally Adjusted

	June 1945	May 1945	April 1945	June 1944	% Change June 1945 from	
					May '45	June '44
Bank Debts .....	257	225	210	233	+ 14	+ 10
Bituminous Coal Production* .....	142	137	139	149	+ 4	- 5
Building Contracts Awarded .....	102	94	169	96	+ 9	+ 6
Building Permits Issued .....	60	49	74	52	+ 22	+ 15
Cigarette Production .....	174	155	146	153	+ 12	+ 14
Cotton Consumption* .....	139	141	140	143	- 1	- 3
Department Store Sales .....	235	210 <sup>r</sup>	210	208 <sup>r</sup>	+ 12	+ 13
Department Store Stocks .....	208	191	178	186	+ 9	+ 12
Electric Power Production .....	240	228	217	219	+ 5	+ 10
Employment—Mfg. Industries* .....	131	132	134	140	- 1	- 6
Furniture Orders .....	232	150	248	287	+ 55	- 19
Furniture Shipments .....	220	190	168	193	+ 16	+ 14
Furniture Unfilled Orders .....	577	664	839	561	- 13	+ 3
Retail Furniture Sales .....	170	139	151	144	+ 22	+ 18
Life Insurance Sales .....	156	156	154	133	0	+ 17
Wholesale Trade—Four Lines .....	173	180	176	180	- 4	- 4
Wholesale Trade—Drugs .....	218	214	227	225	+ 2	- 3
Wholesale Trade—Dry Goods .....	211	177	176	160	+ 19	+ 32
Wholesale Trade—Groceries .....	179	193	185	191	- 7	- 6
Wholesale Trade—Hardware .....	87	84	96	100	+ 4	- 13

\* Not seasonally adjusted.

FEDERAL RESERVE BANK OF RICHMOND			
(All Figures in Thousands)			
ITEMS	August 15 1945	Change in Amt. from 7-18-45	8-16-44
Total Gold Reserves	\$ 851,515	+26,399	-203,427
Other Reserves	12,914	+ 535	- 1,366
Total Reserves	864,429	+26,934	-204,793
Bills Discounted	16,527	+13,411	+ 14,268
Industrial Advances	81	- 4	- 93
Gov. Securities, Total	1,466,404	+23,513	+660,844
Bonds	69,904	+ 2	-15,396
Notes	106,677	+ 820	+33,585
Certificates	384,535	+ 5,011	+161,671
Bills	885,288	+17,680	+480,984
Total Bills and Securities	1,463,012	+26,920	+675,019
Uncollected Items	144,106	+10,390	+ 16,259
Other Assets	13,183	- 332	- 1,432
Total Assets	\$2,484,730	+73,912	+485,053
Fed Res. Notes in Cir.	\$1,596,525	+40,715	+331,775
Deposits, Total	738,279	+19,581	+132,589
Members' Reserves	663,871	+32,697	+138,797
U. S. Treas. Gen Acct.	25,734	- 8,231	+ 5,018
Foreign	44,136	- 3,735	-12,131
Other Deposits	4,538	- 1,150	+ 905
Def. Availability Items	123,798	+13,047	+ 15,833
Other Liabilities	529	+ 66	+ 132
Capital Accounts	25,599	+ 503	+ 4,724
Total Liabilities	\$2,484,730	+73,912	+485,053

41 REPORTING MEMBER BANKS—5th DISTRICT			
(All Figures in Thousands)			
ITEMS	August 15 1945	Change in Amt. from 7-18-45	8-16-44
Total Loans	\$ 320,755	+ 8,505	+ 3,991
Bus. and Agri. Loans	127,763	+ 9,012	+ 11,861
Real Estate Loans	43,166	+ 1,853	- 2,715
All Other Loans	144,826	- 2,365	- 5,155
Total Security Holdings	1,774,616	-18,069	+257,144
U. S. Treasury Bills	81,250	-21,643	-33,909
U. S. Treasury Certificates	336,530	-31,085	+ 3,157
U. S. Treasury Notes	299,192	+11,253	+44,198
U. S. Gov. Bonds	991,188	+17,014	+248,485
Obligations Gov. Guaranteed	130	0	-16,163
Other Bonds, Stocks and Sec.	66,326	+ 6,392	+11,376
Cash Items in Process of Col.	98,392	+ 2,877	+ 7,753
Due from Banks	162,801	-11,708	+ 9,328
Currency and Coin	38,294	+ 728	+ 4,329
Reserve with F. R. Bank	331,529	+15,821	+58,798
Other Assets	70,931	- 1,279	+ 6,097
Total Assets	\$2,796,418	- 3,125	+328,784
Total Demand Deposits	\$2,216,947	-16,192	+213,730
Deposits of Individuals	1,236,515	+32,853	+153,034
Deposits of U. S. Gov.	462,237	-61,294	+ 1,651
Deposits of State & Local Gov.	76,518	- 320	+ 8,417
Deposits of Banks	418,865	+11,119	+ 60,144
Certified & Officers' Checks	22,812	+ 1,450	+ 7,318
Total Time Deposits	339,532	+ 8,006	+ 65,148
Deposits of Individuals	325,911	+ 8,007	+ 65,232
Other Time Deposits	13,621	- 1	- 84
Liabilities for Borrowed Money	16,800	+11,084	+ 16,800
All Other Liabilities	97,322	- 6,466	+ 22,549
Capital Accounts	125,817	+ 443	+ 10,557
Total Liabilities	\$2,796,418	- 3,125	+328,784

\* Net figures, reciprocal balances being eliminated.

DEPOSITS IN MUTUAL SAVINGS BANKS			
8 Baltimore Banks			
	July 31, 1945	June 30, 1945	July 31, 1944
Total Deposits	\$323,972,657	\$310,362,160	\$278,658,754

COTTON CONSUMPTION—FIFTH DISTRICT				
In Bales				
MONTHS	No. Carolina	So. Carolina	Virginia	District
July 1945	180,687	133,618	16,525	330,830
June 1945	209,945	160,507	17,756	388,208
July 1944	190,904	146,683	16,467	354,054
7 Months 1945	1,478,406	1,119,083	132,194	2,729,683
7 Months 1944	1,529,511	1,165,496	132,749	2,827,756

DEBITS TO INDIVIDUAL ACCOUNTS				
(000 omitted)				
	July 1945	% chg. from July 1944	7 Months 1945	% chg. from 7 Mos. 1944
<b>Dist. of Columbia</b>				
Washington	\$ 568,646	+17	\$ 3,918,217	+14
<b>Maryland</b>				
Baltimore	756,881	- 1	5,653,298	+ 5
Cumberland	15,739	+11	102,569	+13
Frederick	11,516	- 7	84,693	+ 1
Hagerstown	17,087	+ 8	120,087	0
<b>North Carolina</b>				
Asheville	28,601	+15	196,333	+19
Charlotte	127,516	+12	959,691	+10
Durham	69,771	- 5	449,431	+ 4
Greensboro	38,935	+27	288,368	+20
Kinston	6,667	+ 6	52,620	+17
Raleigh	57,460	+11	408,900	+ 4
Wilmington	32,889	- 7	252,560	- 3
Wilson	9,326	+26	69,146	+17
Winston-Salem	63,064	- 7	454,756	+ 4
<b>South Carolina</b>				
Charleston	37,854	+ 2	293,603	+ 6
Columbia	53,541	- 9	376,078	+ 7
Greenville	39,356	+ 9	285,319	+10
Spartanburg	23,792	+14	163,364	+11
<b>Virginia</b>				
Charlottesville	20,418	+28	142,161	+39
Danville	16,114	+14	118,611	+22
Lynchburg	23,255	+13	156,948	+ 6
Newport News	22,101	- 7	168,948	- 8
Norfolk	116,498	+ 1	863,374	+ 1
Portsmouth	16,366	0	118,775	+ 6
Richmond	317,600	+ 8	2,310,894	+ 5
Roanoke	42,922	+ 8	313,539	+10
<b>West Virginia</b>				
Bluefield	22,645	- 3	172,047	+ 6
Charleston	90,369	+ 2	624,818	+ 7
Clarksburg	17,911	+12	120,041	+14
Huntington	38,589	+18	269,117	+29
Parkersburg	18,703	+15	136,756	+23
District Totals	\$2,722,042	+ 6	\$19,645,062	+ 9

COMMERCIAL FAILURES				
PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
July 1945	2	72	\$ 9,000	\$ 3,659,000
June 1945	2	61	104,000	3,198,000
July 1944	1	91	365,000	3,559,000
7 Months 1945	14	526	\$1,384,000	\$21,365,000
7 Months 1944	11	828	695,000	17,910,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES				
	July 1945	July 1944	Aug. 1 to July 31 1945	1944
<b>Fifth District States:</b>				
Cotton consumed	330,330	354,954	4,732,619	4,930,174
<b>Cotton Growing States:</b>				
Cotton consumed	600,032	644,578	8,461,799	8,739,217
Cotton on hand July 31 in consuming establishments	1,649,360	1,578,075		
storage and compresses	8,270,454	8,113,045		
<b>United States:</b>				
Cotton consumed	673,087	723,492	9,375,529	9,943,370
Cotton on hand July 31 in consuming establishments	1,962,602	1,873,537		
storage and compresses	8,372,533	8,285,432		
Spindles Active, U. S.	22,030,280	22,291,072		

RAYON YARN DATA			
	July 1945	June 1945	July 1944
Rayon Yarn Shipments, Lbs.	47,900,000	50,600,000	41,300,000
Staple Fiber Shipments, Lbs.	13,600,000	13,400,000	13,600,000
Rayon Yarn Stocks, Lbs.	6,000,000	6,000,000	8,800,000
Staple Fiber Stocks, Lbs.	3,700,000	3,000,000	3,000,000

Source: Rayon Organon.

**BUILDING PERMIT FIGURES**  
Fifth Federal Reserve District  
July 1945

	Total Valuation	
	July 1945	July 1944
<b>Maryland</b>		
Baltimore .....	\$ 536,070	\$ 636,782
Cumberland .....	27,490	16,973
Frederick .....	14,800	5,250
Hagerstown .....	16,490	6,380
Salisbury .....	51,923	25,861
<b>Virginia</b>		
Danville .....	\$ 64,655	\$ 20,029
Lynchburg .....	64,314	26,275
Norfolk .....	1,054,030	73,280
Petersburg .....	25,800	3,475
Portsmouth .....	61,610	16,447
Richmond .....	336,917	180,662
Roanoke .....	144,589	26,459
<b>West Virginia</b>		
Charleston .....	\$ 102,666	\$ 43,892
Clarksburg .....	12,622	2,255
Huntington .....	232,676	9,885
<b>North Carolina</b>		
Asheville .....	\$ 46,056	\$ 5,876
Charlotte .....	257,317	143,600
Durham .....	99,739	24,858
Greensboro .....	170,515	8,805
High Point .....	35,371	35,015
Raleigh .....	253,180	14,050
Rocky Mount .....	8,000	950
Salisbury .....	37,275	7,580
Winston-Salem .....	182,461	236,501
<b>South Carolina</b>		
Charleston .....	\$ 40,631	\$ 29,814
Columbia .....	68,300	18,745
Greenville .....	35,780	5,975
Spartanburg .....	33,135	72,395
<b>District of Columbia</b>		
Washington .....	\$ 2,271,375	\$ 1,137,020
<b>District Totals</b> .....	<b>\$ 6,285,787</b>	<b>\$ 2,835,089</b>
<b>7 Months</b> .....	<b>\$30,939,818</b>	<b>\$16,346,649</b>

**RETAIL FURNITURE SALES**

STATES	Percentage Changes in July and 7 Mos. 1945 Compared with	
	July 1944	7 Mos. 1944
Maryland (5)* .....	+30	+15
District of Columbia (5)* .....	+19	-2
Virginia (23)* .....	+14	+13
West Virginia (10)* .....	+29	+15
North Carolina (20)* .....	+11	+18
South Carolina (14)* .....	-11	+4
Fifth District (77)* .....	+17	+11
<b>INDIVIDUAL CITIES</b>		
Baltimore, Md. (5)* .....	+30	+15
Washington, D. C. (5)* .....	+19	-2
Lynchburg, Va. (3)* .....	+17	+19
Richmond, Va. (7)* .....	+21	+16
Charleston, W. Va. (3)* .....	+44	+22
Charlotte, N. C. (5)* .....	+8	+12
Columbia, S. C. (4)* .....	-15	0

\* Number of reporting stores.

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in July 1945 sales, compared with sales in July 1944:				
+23	+16	+16	+21	+17
Percentage change in 7 mos. sales 1945, compared with 7 mos. in 1944:				
+15	+11	+11	+17	+12
Pctg. change in stocks on July 31, 1945, compared with July 31, 1944:				
+10	+18	+12	+4	+13
Pctg. change in outstanding orders July 31, 1945 from July 31, 1944:				
+16	+19	+14	+4	+16
Pctg. change in receivables July 31, 1945 from those on July 31, 1944:				
+22	+17	+3	+12	+11
Percentage of current receivables as of July 1 collected in July:				
52	57	53	55	54
Percentage of instalment receivables as of July 1 collected in July:				
29	28	25	29	27

Maryland	Dist. of Col.	Virginia	W. Va.	No. Caro.	So. Caro.
Percentage change in July 1945 sales from July 1944 sales, by States:					
+17	+16	+15	+24	+16	+13
Percentage change in 7 months' sales 1945 from 7 months' sales 1944:					
+11	+11	+13	+20	+14	+10

**WHOLESALE TRADE, 236 FIRMS**

LINES	Net Sales July 1945 compared with		Stock July 31, 1945 compared with		Ratio July collections to accounts outstand'g July 1
	July 1944	June 1944	July 31 1944	June 30 1945	
	Auto Supplies (12)* .....	+30	-7	+16	
Drugs & Sundries (12)* ..	+8	+5	+7	-1	122
Dry Goods (6)* .....	+5	0	-33	4	95
Electrical Goods (11)* ..	+8	-7	+19	+2	98
Groceries (81)* .....	+1	-1	-21	-8	158
Hardware (13)* .....	+1	-7	-4	-1	100
Industrial Supplies (5)* ..	-3	-5	-1	0	101
Paper & Products (7)* ..	+5	-10	.....	.....	99
Tobacco & Products (12)* ..	+1	-1	+3	+12	163
Miscellaneous (77)* .....	-5	-7	-19	-5	118
<b>District Average (236)*.</b>	<b>+2</b>	<b>-3</b>	<b>-10</b>	<b>-2</b>	<b>121</b>

Source: Department of Commerce.  
\* Number of reporting firms.

**CONSTRUCTION CONTRACTS AWARDED**

	June 1945	% chg. from		6 Mos. 1945	% chg. from 6 Mos. 1944
		June 1944	6 Mos. 1944		
Maryland .....	\$ 7,385,000	+5		\$ 41,615,000	+1
Dist. of Columbia ..	2,461,000	+3		18,643,000	+34
Virginia .....	6,624,000	-27		59,043,000	-9
West Virginia ....	2,260,000	-41		9,566,000	-21
North Carolina ....	9,265,000	+168		27,087,000	-6
South Carolina ....	1,766,000	-14		7,982,000	-45
<b>Fifth District ...</b>	<b>\$29,761,000</b>	<b>+7</b>		<b>\$163,936,000</b>	<b>-6</b>

Source: F. W. Dodge Corporation.

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	July 1945	July 1944	% Change	7 Mos. 1945	7 Mos. 1944	% Change
West Virginia ...	12,463	13,233	-6	92,072	96,944	-5
Virginia .....	1,380	1,527	-10	10,799	11,841	-9
Maryland .....	157	163	-4	1,062	1,206	-12
<b>Fifth District</b> ..	<b>14,000</b>	<b>14,923</b>	<b>-6</b>	<b>103,933</b>	<b>109,991</b>	<b>-6</b>
<b>United States</b> ..	<b>47,460</b>	<b>48,986</b>	<b>-3</b>	<b>345,015</b>	<b>366,937</b>	<b>-6</b>
<b>% in District</b> ..	<b>29.5</b>	<b>30.5</b>		<b>30.1</b>	<b>30.0</b>	

**TOBACCO MANUFACTURING**

	July 1945	% Change		7 Mos. 1945	% Change from 7 Mos. '44
		from July 1944	from 7 Mos. 1944		
Smoking and chewing tobacco (Thousands of lbs.)	21,291	+13		157,709	+20
Cigarettes (Thousands) ..	21,814,734	+8		139,925,038	+1
Cigars (Thousands) .....	350,756	0		2,741,478	+3
Snuff (Thousands of lbs.) ..	3,191	+25		25,977	+7

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

September 30, 1945

THE initial effects of the transition from war to peace have considerably altered the status of the Fifth District economy, but no major adverse consequences have so far been felt. It is true that some 70 thousand workers in war industries had been laid off by the turn of September, but the impact of these has so far been localized. In about half of the cities where sizable numbers of workers have been laid off there are as many, or more, job openings as the number of lay-offs. The job openings, however, are mainly in lower wage industries, such as trade, service, textiles and tobacco, or in specialized fields such as mining and transportation.

The skills of those laid off in most instances do not coincide with the job openings. It may be expected, therefore, that considerable local unemployment and a demand for labor may exist side by side in the same area for some little time. It is also evident that some of those whose jobs were terminated have either found new jobs or migrated elsewhere, because the increase in claims for unemployment compensation have not been commensurate with the numbers laid off. These first lay-offs are probably in the neighborhood of about one-fourth of those whose employment is likely to be terminated between September 1 and the year end, and it is still too early to gain an impression of the effect these will have on the over-all business levels of the District, or the local impact, in these months.

The basic structure of the Fifth District economy is geared for a considerable expansion; few reconversion problems are present, and the prospective demand for most of the products grown or manufactured here substantiates the expansion probability. Many new plants and extensions are projected for the area, and employment levels are likely to be appreciably higher than in pre-war years.

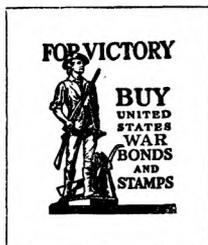
The labor supply that can be hired for the jobs available, however, is not in evidence, and this factor is likely to act as a drag on production expansion.

The August seasonally adjusted index of department store sales declined 7 per cent from July, but was still 9 per cent above a year ago. This decline from July to August may be due to the two-day holiday taken by most retail stores. Employment cut-backs which were largest in Baltimore, Md., caused the Maryland department store sales seasonally adjusted index to decline more from July to August than in other States of the District, though sales indexes for West Virginia and South Carolina in this period declined more than the District average.

A considerable expansion in construction activity has been in evidence in the past several months in the District, as is shown by the July index of construction contracts awarded of 180 per cent of the 1935-39 average compared with a level around 80 per cent of the same average at the war-time low level in the early months of the year. Although a large part of this construction was either residential or industrial expansion, some war facilities work was included. Construction controls will be eliminated on October 15, and a considerable further expansion in this activity is projected.

The tobacco companies in the District are still working 48 hours a week, and new workers are being sought. It seems unlikely that the output of tobacco products, and particularly of cigarettes, will be affected by the declining level of income in the nation.

Cotton textiles are in short supply, both at home and abroad. The production of these goods will probably expand notably as soon as enough labor can be recruited to man the machines.



### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	Aug. 1945	July 1945	June 1945	Aug. 1944	% Change	
					Aug. 1945 from July '45	Aug. '44
Bank Debits .....	231	221	257	212	+ 5	+ 9
Bituminous Coal Production* .....	136	136	142	151r	0	- 10
Building Permits Issued .....	92	86	60	43	+ 7	+114
Cigarette Production .....	205	165	174	116	+24	+ 23
Cotton Consumption* .....	124	118	139	145	+ 5	- 14
Department Store Sales .....	235	252	235	215	- 7	+ 9
Department Store Stocks .....	198	212	211	189	- 7	+ 5
Wholesale Trade—Four Lines .....	170	177	173	168	- 4	+ 1
Retail Furniture Sales .....	127	161r	170	116	-21	+ 9

\* Not seasonally adjusted.

\*\* Complete revision—Figures available on request.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

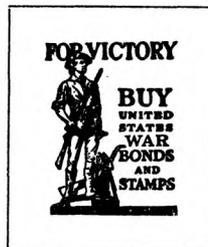
October 31, 1945

THE rate of employment separations has slowed down materially from that shown in the first two weeks following the termination of the war, and a further slowing down is expected in the next month or two. Voluntary separations and layoffs in the District's eleven principal war production areas amounted to 88,820 through the first week in September, but these separations have not eased the labor stringency in any important area of the District, for job opening of 69,650 were available in the files of the local United States Employment Service offices in the same eleven areas while the Classified sections of the principal newspapers are filled with "Help Wanted" advertisements. Most of the job openings, however, were in industries paying lower wages than in the war jobs which were terminated, but jobs were still "going begging" in some industries which do have wage scales in the upper reaches of the scale.

A sizable amount of large industrial plant constructions has recently gotten under way or is planned for the near future. Numerous smaller plants and additions also have been announced. It is evident, however, that several months must elapse before large scale building operations, residential, industrial or public can make much headway. Materials, in general, are scarce, and some bottleneck materials prevent the completion of a structure for months beyond the normal time. Single dwelling unit residential construction has made considerable headway, even though many uncompleted houses are standing partially completed for want of both labor and

bottleneck materials. There has not yet been much progress in multiple dwelling structures for rental purposes, and while it is still too early to draw conclusions, this may be a result of low rent ceilings relative to building costs.

The textile output of the District is again pointing upward, but lack of manpower is holding the rise to extremely modest proportions. The average daily index of cotton consumption in September rose 2 per cent above August, and 8 per cent above the low point in July, but was still 10 per cent smaller than in September 1944. Some of the



retarding factors on textile output, such as pricing and production controls, are being gradually removed, and as soon as the machines can be fully manned a notable increase in textile output can be expected if plants can be kept running.

The average daily coal output in September improved moderately over August, and was only 4 per cent smaller than in September 1944.

October output, however, will probably be reduced somewhat owing to the outbreak of strikes in the early part of the month. The tight supply situation in coal, empty dealer bins, together with a reduction in the price of fuel oil, place coal at a disadvantage in the competition for heating purposes in new residential structures.

The rayon industry is still operating all its "war-time" facilities at full tilt, and if demand is any criterion, capacity operations will continue in the indefinite future. In addition, new important rayon producing units are pro-

Continued on insert sheet

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

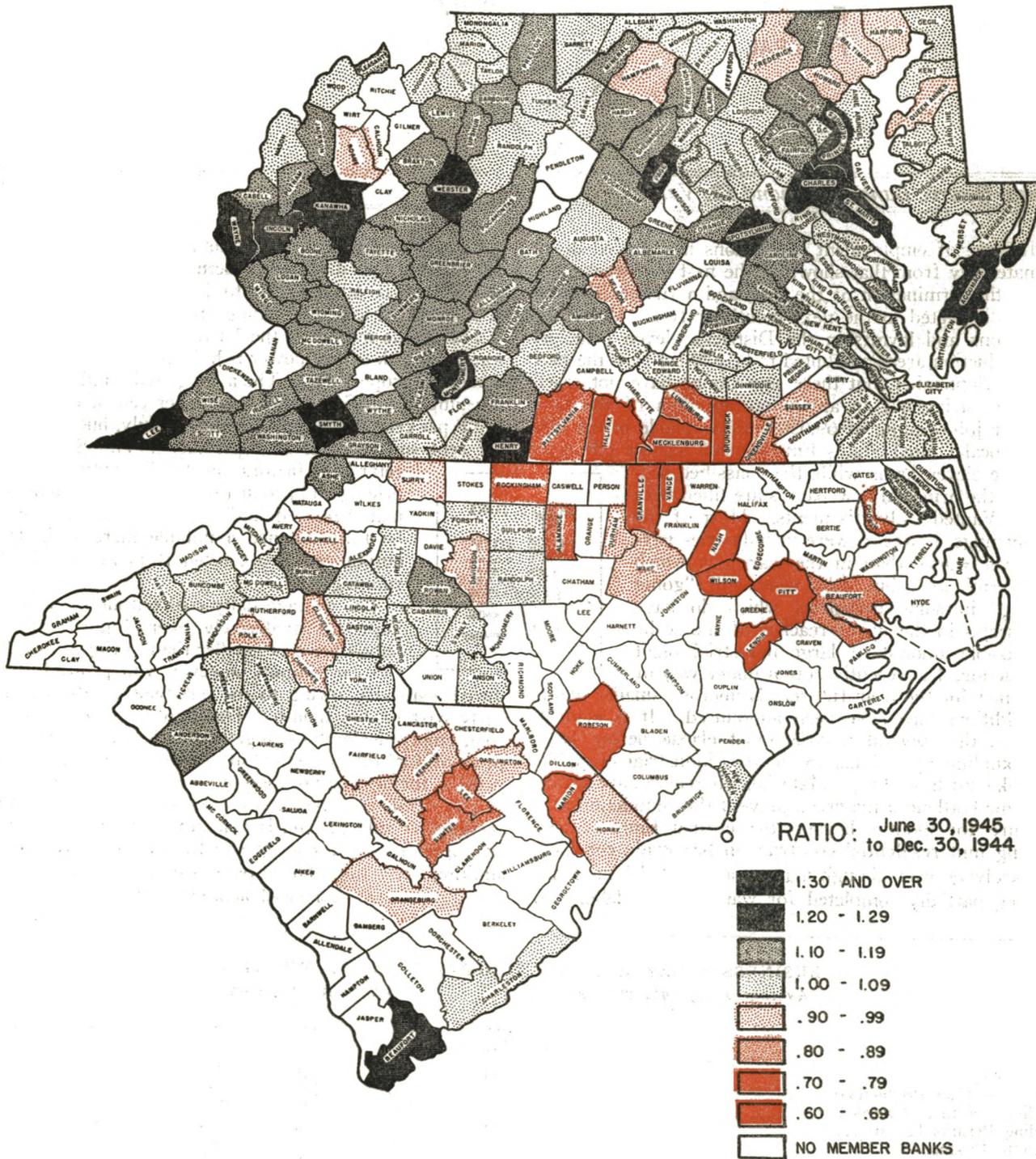
Average Daily 1935-39=100

Seasonally Adjusted

	Sept. 1945	Aug. 1945	July 1945	Sept. 1944	% Change	
					Sept. 1945 from Aug. 45	Sept. 44
Bank Debits .....	243	231	221	222	+ 5	+ 9
Bituminous Coal Production* .....	140	136	136	146	+ 3	- 4
Building Contracts Awarded .....		122	180	121		
Building Permits Issued .....	83	92	86	40	-10	+108
Cigarette Production .....	209	205	165	153	+ 2	+ 37
Cotton Consumption* .....	127	124	118	141	+ 2	- 10
Department Store Sales .....	225	235	252	219	- 4	+ 3
Department Store Stocks** .....	200	198	212	190	+ 1	+ 5
Wholesale Trade—Four Lines .....	163	170	177	156	- 4	+ 4
Retail Furniture Sales .....	165	126r	161r	150	+31	+ 10

\* Not seasonally adjusted.

**DEMAND DEPOSITS**  
**INDIVIDUALS, PARTNERSHIPS, AND CORPORATIONS**  
**FIFTH DISTRICT MEMBER BANKS\***



FEDERAL RESERVE BANK OF RICHMOND.

\* ALSO TWO NON-MEMBER BANKS.

**BUILDING PERMIT FIGURES**

	Total Valuation	
	Sept. 1945	Sept. 1944
<b>Maryland</b>		
Baltimore .....	\$ 1,384,280	\$ 840,084
Cumberland .....	35,700	5,290
Frederick .....	7,135	6,833
Hagerstown .....	11,538	5,265
Salisbury .....	140,331	15,047
<b>Virginia</b>		
Danville .....	84,115	9,590
Lynchburg .....	107,855	10,551
Norfolk .....	312,460	55,420
Petersburg .....	2,575	700
Portsmouth .....	71,734	22,025
Richmond .....	782,254	180,979
Roanoke .....	146,524	16,016
<b>West Virginia</b>		
Charleston .....	156,568	47,717
Clarksburg .....	11,404	3,845
Huntington .....	100,000	30,295
<b>North Carolina</b>		
Asheville .....	68,101	34,956
Charlotte .....	706,870	115,634
Durham .....	122,325	52,265
Greensboro .....	128,728	18,375
High Point .....	168,844	23,063
Raleigh .....	188,485	69,307
Rocky Mount .....	7,700	1,952
Salisbury .....	31,195	9,315
Winston-Salem .....	230,781	196,148
<b>South Carolina</b>		
Charleston .....	146,208	37,709
Columbia .....	192,184	12,285
Greenville .....	32,090	1,822
Spartanburg .....	40,395	11,389
<b>District of Columbia</b>		
Washington .....	798,470	1,179,908
<b>District Totals</b> .....	<b>\$ 6,217,349</b>	<b>\$ 3,013,785</b>
<b>9 Months</b> .....	<b>\$43,945,297</b>	<b>\$22,513,925</b>

**AUCTION TOBACCO MARKETING**

STATES	Producers' Tobacco Sales, Lbs.		Price per hundred	
	Sept. 1945	Sept. 1944	1945	1944
South Carolina .....	32,135,158	56,538,411	\$42.21	\$42.87
North Carolina .....	241,896,759	217,946,116	42.61	42.51
Virginia .....	23,630,743	5,216,454	41.23	42.55
District Total .....	297,662,665	279,700,981	\$42.46	\$42.58
Season Through .....	550,803,069	389,521,481	43.31	42.86

**TOBACCO MANUFACTURING**

	Sept. 1945	% change		9 mos. 1945	% change	
		from Sept. 1944	from 1945		from 9 mos. '44	from 9 mos. '44
Smoking & chewing tobacco (Thousands of lbs.) .....	24,173	+ 9		207,015	+ 17	
Cigarettes (Thousands) .....	26,359,743	+ 32		188,099,515	+ 4	
Cigars (Thousands) .....	420,623	+ 7		3,583,023	+ 3	
Snuff (Thousands of lbs.) .....	3,379	+ 4		33,128	+ 7	

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Aug. 1945	% chg. from		8 mos. '45	% chg. from	
		Aug. 1944	8 mos. '45		8 mos. '44	8 mos. '44
Maryland .....	\$ 9,267,000	- 31		\$ 67,695,000	+ 3	
District of Columbia .....	2,795,000	+ 71		26,433,000	+ 44	
Virginia .....	6,239,000	- 25		77,849,000	- 4	
West Virginia .....	1,902,000	+ 189		14,169,000	+ 2	
North Carolina .....	6,327,000	+ 405		40,776,000	+ 26	
South Carolina .....	2,812,000	+ 68		13,064,000	- 24	
Fifth District .....	\$29,342,000	- 2		\$239,936,000	+ 5	

Source: F. W. Dodge Corporation

**WHOLESALE TRADE, 222 FIRMS**

LINES	Net Sales Sept. 1945 compared with		Stock Sept. 30, 1945 compared with		Ratio Sept. collections to acct's outstanding Sept. 1
	Sept. 1944	Aug. 1945	Sept. 30 1944	Aug. 31 1945	
	Auto Supplies (13)* .....	+13	+ 2	+17	
Drugs (3)* .....	+ 4	+ 8	+10	- 1	125
Dry Goods (6)* .....	-26	-13	-10	+20	83
Electrical Goods (8)* .....	-31	-13	- 7	-14	89
Groceries (75)* .....	0	- 4	-19	+ 5	156
Hardware (16)* .....	0	+ 3	- 6	+ 8	104
Industrial Supplies (6)* .....	-11	-12	+ 5	+ 5	114
Paper & Products (9)* .....	- 7	-13	-16	+ 1	98
Tobacco & Products (6)* .....	- 2	- 3	+ 7	+24	166
Miscellaneous (75)* .....	- 7	- 4	-14	+ 5	133
District Average (222)* .....	- 7	- 4	- 9	+ 4	117

Source: Department of Commerce.

\*Number of reporting firms.

**RETAIL FURNITURE SALES**

STATES	Percentage changes in September and 9 mos. 1945 compared with	
	Sept. 1944	9 mos. 1944
Maryland (5)* .....	+ 3	+12
District of Columbia (6)* .....	+ 2	+ 1
Virginia (23)* .....	+ 1	+11
West Virginia (9)* .....	+36	+ 8
North Carolina (17)* .....	+ 6	+14
South Carolina (14)* .....	+ 4	+ 2
District (74)* .....	+ 5	+ 9
<b>Individual Cities</b>		
Baltimore, Md. (5)* .....	+ 3	+12
Washington, D. C. (6)* .....	+ 2	+ 1
Lynchburg, Va. (3)* .....	+ 3	+16
Richmond, Va. (7)* .....	+ 3	+16
Charleston, W. Va. (7)* .....	+41	+20
Charlotte, N. C. (4)* .....	- 6	+ 6
Columbia, S. C. (4)* .....	- 7	- 2

\* Number of reporting stores

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Sept. 1945 sales, compared with sales in Sept. '44:				
+ 6	- 1	+ 1	+ 2	+ 1
Percentage chg. in 9 mos. sales 1945, compared with 9 mos. in 1944:				
+14	+ 9	+ 9	+14	+10
Percentage chg. in stocks on Sept. 30, 1945, compared with Sept. 30, '44:				
+ 3	+ 3	+12	0	+ 6
Percentage chg. in outstand'g orders Sept. 30, 1945 from Sept. 30, '44:				
+35	+14	+19	+27	+20
Percentage chg. in rec'v'bles Sept. 30, 1945 from those on Sept. 30, '44:				
+11	+ 4	+ 1	+ 4	+ 4
Percentage of current receivables as of Sept. 1 collected in Sept.:				
55	58	55	57	56
Percentage of instalment receivables as of Sept. 1 collected in Sept.:				
35	31	28	32	29
Maryland Dist. of Col. Virginia West Va. N. Carolina S. Carolina				
Percentage change in Sept. 1945 sales from Sept. 1944 sales, by States:				
- 2	+ 1	+ 1	+ 5	- 5
Percentage change in 9 mos. sales 1945 from 9 mos. sales 1944:				
+ 9	+ 9	+11	+17	+11
			+11	+ 8

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Sept. 1945	Sept. 1944	% chg.	9 mos. 1945	9 mos. 1944	% chg.
West Virginia .....	12,278	13,541	- 9	116,172	125,475	- 7
Virginia .....	1,423	1,582	-10	13,705	15,161	-10
Maryland .....	147	153	- 4	1,345	1,539	-13
Fifth District .....	13,848	15,276	- 9	131,222	142,175	- 8
United States .....	46,330	50,480	- 8	437,570	471,594	- 7
% in District .....	29.9	30.0		30.3	30.1	

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

November 30, 1945

LITTLE progress has been made in the way of expanding production in the Fifth District in the three months' period following the end of war. In fact, the output of manufactures and minerals other than war goods appears to have declined somewhat in this period. War contract cancellations have had their initial effect, principally on subcontractors, and employment terminations in these subcontracting plants have been effected with dispatch. Some shipyards of the District, however, are still working on war orders and employment levels are still higher than can be expected under peacetime operations, principally at the two Navy yards in this area.

Peacetime employment levels, at least for the next year or two, in the merchant shipyards and aircraft factories of the area now point to a higher total than was considered probable some months ago. The shipyards at Baltimore and Wilmington have contracted to construct merchant ships for commercial purposes and the Glenn L. Martin aircraft plant in Baltimore expects sufficient airline orders to occupy 12,000 workers in the coming year.

The cotton textile industry is still confronted with an inadequate supply of labor, productivity has lessened somewhat, and the average daily utilization of cotton in the mills has shown no pick-up since the war ended. Unemployment compensation figures do not indicate that textile workers are taking vacations in this manner, and the conclusion must be drawn that the labor force is being

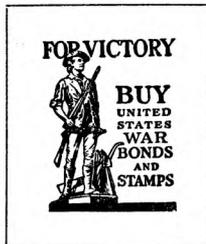
voluntarily reduced by those who entered it to aid in the war effort. Some seasonal improvement can be expected in the mill supply of labor coming from farms, but this is a temporary lift. It may, however, bridge the gap until severances from military service fill in the void. Unless mill strikes become widespread the outlook points to a better production level than is current, but the labor supply is not likely to be large enough to run the mills at capacity anytime soon.

All rayon facilities in the District are operating at full tilt. Demand is well in excess of production and several new expansions are projected. Further growth will come in this industry, and production may be expected to continue at capacity for an indefinite period in the future, barring labor stoppages.

Bituminous coal output of the District in October fell 36 per cent below September and 38 per cent below October 1944. This was the result of strikes. The coal supply throughout the nation is extremely low, and several plant shutdowns of a few days' duration have been experienced in this District because of a shortage of coal. The coal demand outlook for the coming year is equally as good or better than for the current year, despite the fact that total domestic consumption seems likely to run somewhat under the present year, stock piling and export making up the difference.

Department store sales continue their amazing wartime

Continued on page 9



### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39 = 100      Seasonally Adjusted

	Oct. 1945	Sept. 1945	Aug. 1945	Oct. 1944	% Change	
					Oct. 1945 from Sept. '45	Oct. '44
Bank Debits .....	222	243	231	205	- 9	+ 8
Bituminous Coal Production*	90	140	136	145	-36	- 38
Building Permits Issued .	160	83	92	48	+93	+233
Cigarette Production .	233	209	205	152	+11	+ 53
Cotton Consumption* .....	126	127	124	142	- 1	- 11
Department Store Sales ....	248	225	235	228	+10	+ 9
Department Store Stocks . .	196	200	198	187	- 2	+ 5
Life Insurance Sales .....	179	149	159	146	+20	+ 23
Wholesale Trade—Four Lines .	197	163	170	175	+21	+ 13
Retail Furniture Sales .....	195	167r	126	163	+17	+ 20

\* Not seasonally adjusted.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERALRESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

December 31, 1945

**M**ODERATE improvement was recorded in November in the productive output of mines and principal manufacturing industries of the District. The output in war installations, as reflected by employment and payrolls, however, is still receding, so that on balance the trend of total production in the District is probably downward.

Cotton textile output as measured by average daily cotton consumption rose 4 per cent from October to November. This is a disappointing performance but reflects the industry's difficulty in securing labor.

Bituminous coal output on an average daily basis in November recovered notably from the month of October when strikes had reduced that month's output. The daily output of coal in November was higher than in any other month this year and the highest since August, 1944.

Cigarette output for the District in October, seasonally adjusted, established a new high record for any month. In fact, those close to the industry question its ability to maintain production at October levels now that Army and Navy purchases have shrunk to low levels, and store inventories have been replenished.

All indexes of trade reflect a continuation of the upward trend in evidence since the war began. Department store sales seasonally adjusted rose 2 per cent from October to November and were 10 per cent ahead of November, 1944. Wholesale grocery sales in November, reflecting the end of meat rationing, rose 7 per cent from October on a seasonally adjusted basis and were 17 per cent higher than in November, 1944. Wholesale drugs gained 1 per cent in sales during the month of November and were 8 per cent above a year ago, but wholesale dry-goods, despite the dearth in supplies, were 36 per cent ahead of a year ago. Wholesale hardware sales have begun to recover but have not yet passed the level of the previous

year. Retail furniture sales seasonally adjusted in November set a new high level for any month by a wide margin, despite the limited selection available to customers.

Building activity in prospect, as represented by permits, held close to the greatly expanded October level, despite the fact that little in the way on site action can be accomplished because of a dearth of labor and materials.

Commercial, industrial and agricultural loans of the weekly reporting member banks rose \$51 million from the summer low to December 12. This compares with a gain of \$35 million in approximately the same period of 1944, and a gain of \$29 million in 1943.

Loans made by these banks to others than brokers and dealers for purchasing or carrying securities increased \$39 million during the Victory Loan Drive. This compares with a gain of \$29 million in the Seventh War Loan; a gain of \$55 million in the Sixth War Loan; and \$89 million in the Fifth War Loan.

Real estate loans have risen moderately since summer and are moderately higher than last year but they are still somewhat below the levels of late 1941 and 1942. "Other" loans have increased notably over much of the year and on December 12 these were \$12 million higher than a year ago.

Total investments of the weekly reporting banks rose \$105 million during the Victory Loan. This compares with a gain of \$164 million in comparable periods of the Seventh War Loan, \$157 million in the Sixth, and \$170 million in the Fifth. Of the \$105 million increase in security holdings during the Victory Loan Drive, bills increased \$35 million, Certificates \$67 million, and bonds \$42 million. These gains were in part offset by a decline of \$39 million in notes.

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

	Seasonally Adjusted				% Change	
	Nov. 1945	Oct. 1945	Sep. 1945	Nov. 1944	Nov. 1945 from Oct. 45	Nov. 44
Bank Debits .....	237	222	243	226	+ 7	+ 5
Bituminous Coal Production* .....	149	90	142r	146	+66	+ 2
Building Permits Issued .....	156	160	83	48	- 3	+225
Cigarette Production .....	209	233	209	162	-10	+ 29
Cotton Consumption* .....	131	126	127	149	+ 4	- 12
Department Store Sales .....	258	248	225	230	+ 4	+ 12
Department Store Stocks .....	201	196	200	189	+ 3	+ 6
Wholesale Trade—Four Lines .....	210	197	163	182	+ 7	+ 15
Retail Furniture Sales .....	214	193r	167	166	+11	+ 29

\* Not seasonally adjusted.

## FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	December 12	Change in Amount from	
	1945	11-14-45	12-13-44
Total Gold Reserves	\$1,123,550	+ 5,652	+150,204
Other Reserves	14,150	+ 319	+ 1,727
Total Reserves	1,137,700	+ 5,971	+151,931
Bills Discounted	4,124	- 14,600	+ 3,574
Industrial Advances	65	0	+ 67
Gov. Securities, Total	1,343,803	- 17,414	+149,916
Bonds	58,116	- 1,922	- 5,663
Notes	129,234	+ 8,828	+ 49,698
Certificates	493,049	+ 42,682	+275,504
Bills	663,404	- 67,002	-169,623
Total Bills & Securities	1,347,992	- 32,014	-153,423
Uncollected Items	165,411	- 18,412	+ 10,071
Other Assets	27,662	+ 9,174	+ 15,208
Total Assets	\$2,678,765	- 35,281	+330,633
Fed. Res. Notes in Cir.	\$1,741,351	+ 20,002	+252,910
Deposits, Total	771,955	- 32,657	+ 54,995
Members' Reserves	702,514	- 33,707	+ 67,427
U. S. Treas. Gen. Acct.	30,840	+ 3,749	- 2,557
Foreign	35,216	+ 1,539	- 9,510
Other Deposits	3,385	- 4,238	- 365
Def. Availability Items	137,132	- 23,249	+ 16,943
Other Liabilities	595	- 1	- 106
Capital Accounts	27,732	+ 624	+ 5,891
Total Liabilities	\$2,678,765	- 35,281	+330,633

## 41 REPORTING MEMBER BANKS—5TH DISTRICT

(All Figures in Thousands)

ITEMS	December 12	Change in Amount from	
	1945	11-14-45	12-13-44
Total Loans	\$ 394,672	+ 63,612	+ 35,947
Bus. & Agri. Loans	169,155	+ 17,846	+ 25,209
Real Estate Loans	49,586	+ 26	+ 1,294
All Other Loans	175,931	+ 45,740	+ 9,444
Total Security Holdings	1,818,713	+ 94,054	+209,751
U. S. Treasury Bills	71,350	+ 18,140	- 50,185
U. S. Treasury Certificates	379,604	+ 68,771	+ 66,250
U. S. Treasury Notes	249,294	- 30,512	- 55,811
U. S. Gov. Bonds	1,053,198	+ 36,792	+253,956
Obligations Gov. Guarant'd	152	- 1	- 15,855
Other Bonds, Stocks & Sec.	65,115	+ 864	+ 11,396
Cash Items in Process of Col.	134,239	- 18,355	+ 27,804
Due from Banks	196,363	+ 41,832	+ 10,873
Currency and Coin	42,749	+ 1,538	+ 827
Reserve with F. R. Bank	344,506	- 20,212	+ 7,987
Other Assets	75,040	+ 1,453	+ 6,737
Total Assets	\$3,006,282	+163,922	+299,926
Total Demand Deposits	\$2,429,223	+183,494	+211,657
Deposits of Individuals	1,324,862	- 42,574	+144,416
Deposits of U. S. Gov.	524,212	+248,172	+ 37,013
Dep. of State & Local Gov.	77,319	- 9,113	- 282
Deposits of Bank	472,706	- 12,893	+ 21,565
Certified & Officers' Checks	30,124	- 98	+ 8,945
Total Time Deposits	351,428	- 6,254	+ 61,549
Deposits of Individuals	387,637	- 6,751	+ 61,601
Other Time Deposits	13,791	+ 497	- 52
Liabilit's for Borrow'd Money	1,500	- 9,500	+ 1,500
All Other Liabilities	91,227	- 4,216	+ 9,597
Capital Accounts	132,904	+ 398	+ 15,623
Total Liabilities	\$3,006,282	+163,922	+299,926

\* Net figures, reciprocal balances being eliminated.

## DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Nov. 30, 1945	Oct. 31, 1945	Nov. 30, 1944
Total Deposits	\$337,643,189	\$337,725,426	\$292,785,086

## COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	N. Carolina	S. Carolina	Virginia	District
November 1945	197,607	153,071	16,190	366,868
October 1945	198,080	151,948	16,273	366,301
November 1944	225,508	172,578	20,085	418,171
11 Months 1945	2,251,253	1,717,035	196,872	4,165,160
11 Months 1944	2,404,526	1,842,013	208,860	4,455,399

## DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	November	% chg. from	11 Mos.	% chg. from
	1945	Nov. 1944	1945	11 Mos.'44
<b>District of Columbia</b>				
Washington	\$ 564,804	+ 9	\$ 6,073,944	+ 14
<b>Maryland</b>				
Baltimore	758,727	- 5	8,666,344	+ 3
Cumberland	16,137	+19	162,473	+12
Frederick	13,951	+ 6	136,719	+ 1
Hagerstown	18,955	+15	191,128	+ 2
<b>North Carolina</b>				
Asheville	34,447	+39	317,760	+21
Charlotte	146,348	+11	1,526,757	+ 9
Durham	104,134	- 2	939,316	+13
Greensboro	43,117	+ 8	446,896	+17
Kinston	14,501	-25	139,968	+14
Raleigh	66,104	+11	643,409	+ 7
Wilmington	33,574	-16	394,151	- 6
Wilson	23,555	-26	192,226	+16
Winston-Salem	95,806	+15	893,423	+ 9
<b>South Carolina</b>				
Charleston	42,917	+ 3	456,771	+ 6
Columbia	67,270	+14	600,711	+10
Greenville	49,855	+ 7	466,990	+10
Spartanburg	30,055	+21	272,590	+12
<b>Virginia</b>				
Charlottesville	22,640	+21	225,800	+32
Danville	41,775	+11	249,179	+22
Lynchburg	25,694	+14	247,877	+ 6
Newport News	23,834	+ 3	255,402	- 9
Norfolk	129,736	+ 6	1,338,529	+ 1
Portsmouth	22,042	+37	188,778	+ 9
Richmond	353,076	- 1	3,792,545	+ 4
Roanoke	51,134	+15	500,789	+ 9
<b>West Virginia</b>				
Bluefield	27,439	+26	272,860	+ 7
Charleston	92,662	+ 2	968,127	+ 7
Clarksburg	22,772	+33	199,561	+17
Huntington	35,112	- 2	412,138	+20
Parkersburg	22,028	+13	212,564	+17
District Totals	\$2,994,291	+ 4	\$31,295,725	+ 8

## COMMERCIAL FAILURES

MONTHS	Number Failures		Total Liabilities	
	District	U. S.	District	U. S.
November 1945	2	60	\$ 19,000	\$ 1,268,000
October 1945	1	62	9,000	3,114,000
November 1944	1	75	8,000	3,008,000
11 Months 1945	12	768	\$1,537,000	\$28,571,000
11 Months 1944	13	1,129	660,000	29,856,000

Source: Dun &amp; Bradstreet.

## COTTON CONSUMPTION AND ON HAND—BALES

	November	November	Aug. 1 to Nov. 30	
	1945	1944	1945	1944
<b>Fifth District States:</b>				
Cotton consumed	366,868	418,171	1,435,477	1,627,643
<b>Cotton Growing States:</b>				
Cotton consumed	671,073	738,437	2,611,953	2,881,038
Cotton on hand Nov. 30 in consuming establishments	1,926,555	1,972,320		
storage and compresses	10,506,568	13,032,802		
<b>United States:</b>				
Cotton consumed	743,450	836,438	2,944,067	3,261,577
Cotton on hand Nov. 30 in consuming establishments	2,202,498	2,208,291		
storage and compresses	10,623,198	13,174,894		
Spindles, active, U. S.	21,605,060	22,257,040		

## RAYON YARN DATA

	Nov. 1945	Oct. 1945	Nov. 1944
Rayon Yarn Shipments, Lbs.	51,900,000	53,200,000	48,300,000
Staple Fiber Shipments, Lbs.	15,000,000	15,100,000	13,900,000
Rayon Yarn Stocks, Lbs.	6,700,000	7,300,000	8,600,000
Staple Fiber Stocks, Lbs.	4,400,000	4,600,000	2,700,000

Source: Rayon Organon.

**BUILDING PERMIT FIGURES**

	Total Valuation	
	November 1945	November 1944
<b>Maryland</b>		
Baltimore .....	\$ 1,376,845	\$ 532,930
Cumberland .....	16,500	1,946
Frederick .....	75,100	7,620
Hagerstown .....	63,505	12,455
Salisbury .....	67,189	43,091
<b>Virginia</b>		
Danville .....	142,400	9,135
Lynchburg .....	124,459	16,101
Norfolk .....	544,890	145,885
Petersburg .....	26,250	1,080
Portsmouth .....	62,091	20,540
Richmond .....	919,399	101,142
Roanoke .....	121,222	23,555
<b>West Virginia</b>		
Charleston .....	219,842	49,550
Clarksburg .....	20,845	1,971
Huntington .....	157,555	78,085
<b>North Carolina</b>		
Asheville .....	97,669	23,500
Charlotte .....	210,981	84,601
Durham .....	251,850	80,640
Greensboro .....	197,157	11,779
High Point .....	69,227	45,584
Raleigh .....	743,739	14,950
Rocky Mount .....	25,150	2,950
Salisbury .....	44,050	6,475
Winston-Salem .....	93,678	125,940
<b>South Carolina</b>		
Charleston .....	86,981	53,137
Columbia .....	370,482	34,840
Greenville .....	47,561	33,530
Spartanburg .....	41,820	6,590
<b>District of Columbia</b>		
Washington .....	3,543,585	1,436,467
<b>District Totals</b> .....	\$ 9,762,022	\$ 3,006,069
<b>11 Months</b> .....	\$64,104,999	\$28,602,221

**WHOLESALE TRADE, 225 FIRMS**

LINES	Net Sales compared with		Stock compared with		Ratio Nov. collections to acctg. outstanding Nov. 1
	Nov. 1944	Oct. 1945	Nov. 30 1944	Oct. 31 1945	
Auto Supplies (11)* .....	+44	+ 2	+33	+ 6	97
Drugs (9)* .....	+ 8	- 2	- 5	- 2	128
Dry Goods (7)* .....	+14	- 7	- 9	-18	93
Electrical Goods (9)* .....	- 4	+ 7	+49	+15	83
Groceries (75)* .....	+13	0	- 1	+ 5	166
Hardware (14)* .....	+20	- 5	+ 1	+ 5	108
Industrial Supplies (6)* .....	+15	- 2	+16	- 3	88
Paper & Products (7)* .....	+ 1	-14	..	..	103
Tobacco & Products (9)* .....	- 2	- 8	+18	-17	145
Miscellaneous (78)* .....	+ 7	+ 5	- 2	+10	110
<b>District Average (225)*</b> .....	+10	0	+ 2	+ 2	116

Source: Department of Commerce.  
\* Number of reporting firms.

**RETAIL FURNITURE SALES**

STATES	Percentage changes in Nov. and 11 Mos. 1945 Compared with	
	November 1944	11 Mos. 1944
Maryland (5)* .....	+17	+14
District of Columbia (6)* .....	+39	+ 8
Virginia (22)* .....	+33	+15
West Virginia (10)* .....	+43	+21
North Carolina (15)* .....	+23	+17
South Carolina (14)* .....	+30	+ 6
<b>District (72)*</b> .....	+28	+13
<b>Individual Cities</b>		
Baltimore, Md. (5)* .....	+17	+14
Washington, D. C. (6)* .....	+39	+ 8
Lynchburg, Va. (3)* .....	+40	+22
Richmond, Va. (7)* .....	+36	+21
Charleston, W. Va. (3)* .....	+61	+29
Charlotte, N. C. (4)* .....	+47	+14
Columbia, S. C. (4)* .....	+27	+ 2

\* Number of reporting stores

**AUCTION TOBACCO MARKETING**

STATES	Producers' Tobacco Sales, Lbs.		Price per hundred	
	November 1945	November 1944	1945	1944
North Carolina .....	102,160,492	182,150,833	\$46.20	\$44.54
Virginia .....	43,886,038	51,422,702	47.17	44.62
<b>District Total</b> .....	146,046,530	233,573,535	\$46.49	\$44.56
<b>Season Through</b> ..	997,591,487*	888,848,252*	44.18	42.93

\* Includes South Carolina sales.

**TOBACCO MANUFACTURING**

	November		11 Mos.		% change	
	1945	Nov. 1944	1945	11 Mos. '44	from Nov. 1944	from 11 Mos. '44
Smoking & chewing tobacco (Thousands of lbs.) ..	23,341	-28	257,724	+12		
Cigarettes (Thousands) ..	25,405,900	+24	244,845,874	+109		
Cigars (Thousands) ..	468,404	+ 5	4,061,415	+ 3		
Snuff (Thousands of lbs.) ..	3,750	- 5	40,661	+ 5		

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Oct. 1945		10 Mos. '45		% chg. from	
	Oct. 1944	% chg. from Oct. 1944	10 Mos. '45	% chg. from 10 Mos. '44	from Oct. 1944	from 10 Mos. '44
Maryland .....	\$13,431,000	+203	\$ 88,063,000	+15		
District of Columbia ..	7,693,000	+145	35,718,000	+52		
Virginia .....	11,692,000	+ 96	94,586,000	- 2		
West Virginia .....	5,158,000	+305	21,010,000	- 3		
North Carolina .....	7,589,000	+389	57,732,000	+53		
South Carolina .....	1,524,000	+694	15,618,000	-17		
<b>Fifth District</b> .....	\$47,087,000	+185	\$312,727,000	+14		

Source: F. W. Dodge Corporation

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District	
Percentage change in Nov. 1945 sales, compared with sales in Nov. '44:					
+19	+ 7	+ 5	+12	+ 8	
Percentage change in 11 mos. sales 1945, compared with 11 mos. in '44:					
+15	+ 9	+ 9	+14	+10	
Percentage chg. in stocks on Nov. 30, '45, compared with Nov. 30, '44:					
0	- 2	+ 6	+ 2	+ 2	
Percentage chg. in outstand'g orders Nov. 30, '45 from Nov. 30, '44:					
+37	+20	+34	+26	+30	
Percentage chg. in receivables Nov. 30, 1945 from those on Nov. 30, '44:					
+19	+12	+ 4	+11	+10	
Percentage of current receivables as of Nov. 1, 1945, collected in Nov.:					
60	61	60	60	60	
Percentage of instalment receivables as of Nov. 1, 1945, collected in Nov.:					
37	39	29	39	34	
Maryland	Dist. of Col.	Virginia	West Va.	No. Carolina	So. Carolina
Percentage change in Nov. 1945 sales from Nov. 1944 sales, by States:					
+8	+5	+14	+14	+10	+1
Percentage change in 11 mos. sales 1945 from 11 mos. sales 1944:					
+9	+9	+11	+19	+12	+7

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

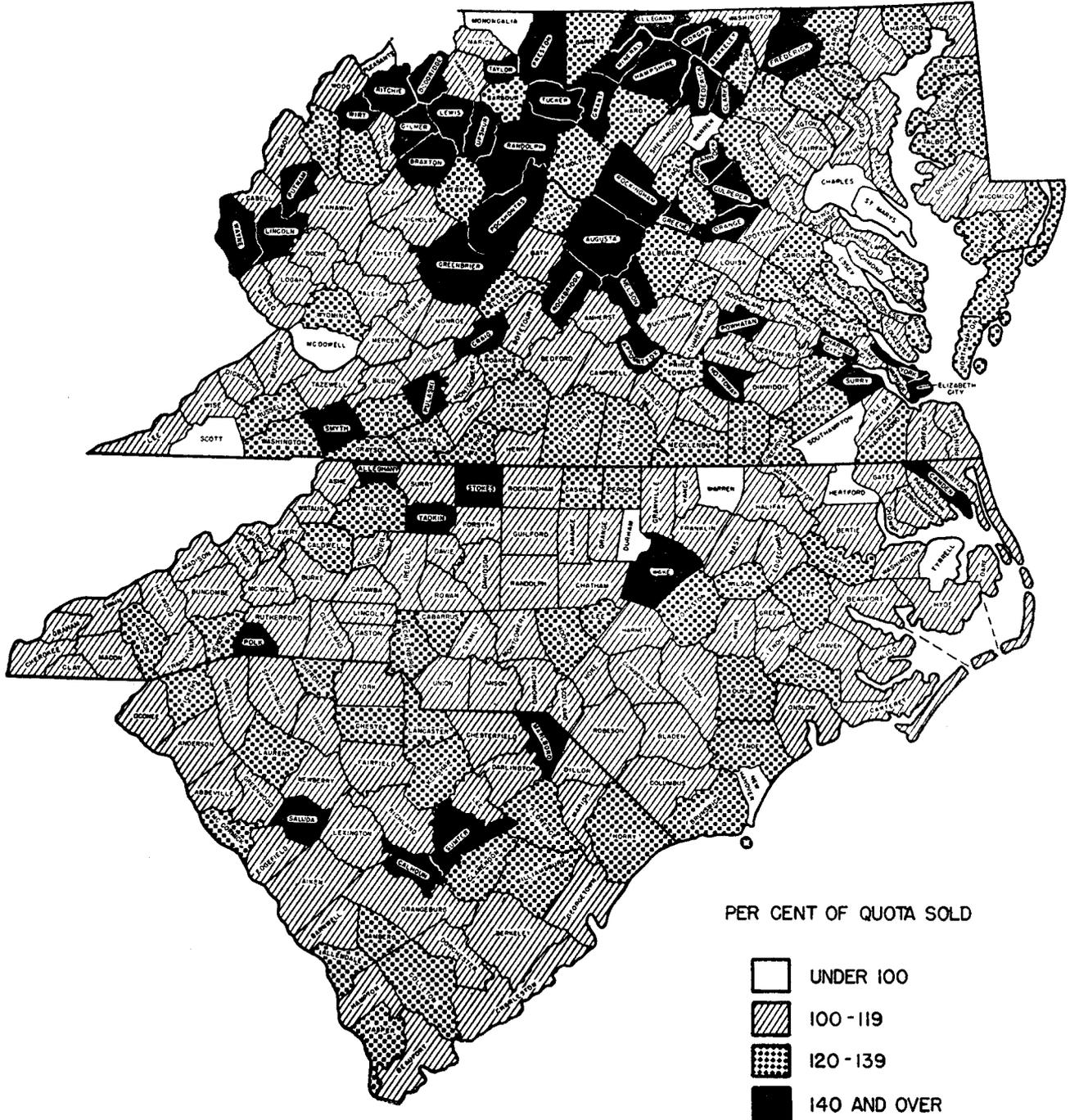
REGIONS	Nov.		% chg.	11 Mos.		% chg.
	1945	Nov. 1944		1945	11 Mos. 1944	
West Virginia .....	13,426	13,380	0	133,383	152,566	- 9
Virginia .....	1,576	1,676	- 6	16,583	18,532	-11
Maryland .....	161	142	+13	1,677	1,839	- 9
<b>Fifth District</b> .....	15,163	15,198	0	156,643	172,937	- 9
<b>United States</b> ..	50,720	50,819	0	527,430	574,226	- 8
<b>% in District</b> ..	29.9	29.9		29.7	30.1	





MONTHLY REVIEW

SERIES "E" BOND SALES - VICTORY LOAN  
FIFTH FEDERAL RESERVE DISTRICT, BY COUNTIES



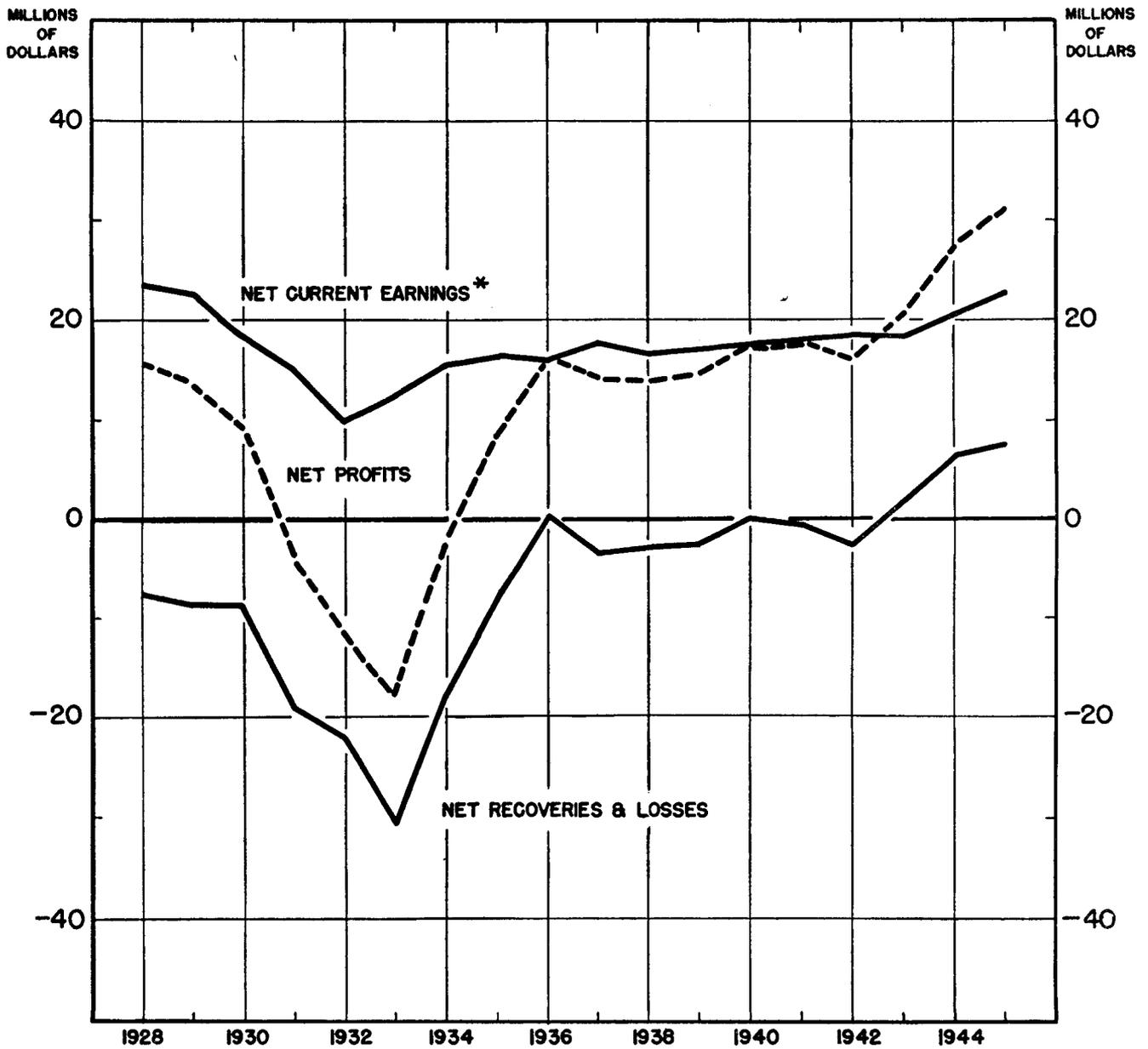
FEDERAL RESERVE BANK OF RICHMOND.



CHART I

# EFFECT OF RECOVERIES AND LOSSES UPON NET PROFITS

(ALL MEMBER BANKS - FIFTH DISTRICT)



\* AFTER TAXES, INCLUDING INCOME TAXES.



press no agreement has been reached on a new contract. The demand for coal is in excess of current production, partly because consumers have been stocking coal, and should work stoppages occur the supply-demand relationship will be further aggravated. Although of no short-run consequence, coal in many areas is now priced higher than fuel oil and this spread will likely be widened if wages are increased and the increase is passed on to the price of coal.

Cigarette withdrawals from bonded warehouses in the Fifth District for domestic consumption in both January and February were the largest percentages of the national

total ever experienced. This would seem to indicate that the largest cigarette manufacturing companies, which are located in this District, had encroached on the markets of the smaller concerns, which are mostly outside this District, as a result of "brand" preferences developed in the past two years when smokers were forced to smoke any "brand" available. Although January and February cigarette withdrawals for domestic consumption in the nation were somewhat under the October peak they indicate little relaxation in the rate of consumption, and make it probable that the demand for flue-cured tobacco will remain at or near peak levels.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100

	Seasonally Adjusted				% Change Jan. 1946 from	
	Jan. 1946	Dec. 1945	Nov. 1945	Jan. 1945	Dec. 45	Jan. 45
Bank Debits .....	228	248	237	209	- 8	+ 9
Bituminous Coal Production*.....	142	132	149	142r	+ 8	0
Building Contracts Awarded.....	171r	144	177	103	+ 19	+ 66
Building Permits Issued.....	185	209	156	64	- 11	+189
Cigarette Production .....	204	148	209	151	+ 38	+ 35
Cotton Consumption* .....	135	110	131	145	+ 23	- 7
Department Store Sales.....	262r	237r	251r	234r	+ 11	+ 12
Department Store Stocks.....	207	192r	195r	196r	+ 8	+ 6
Electric Power Production.....	208	201	205	215r	+ 3	- 3
Employment—Mfg. Industries* .....	118	117	114	137	+ 1	- 14
Furniture Orders .....	224	193	176r	206	+ 16	+ 9
Furniture Shipments .....	244	214	141	199	+ 14	+ 23
Furniture Unfilled Orders.....	488	650	579	465	- 25	+ 5
Furniture Sales—Retail .....	229r	199	212r	157	+ 15	+ 46
Life Insurance Sales.....	201	149r	166r	138r	+ 35	+ 46
Wholesale Trade—Four Lines.....	243	197	210	198	+ 23	+ 23
Wholesale Trade—Drugs .....	246	250	251	216	- 2	+ 14
Wholesale Trade—Dry Goods.....	227	146	133	252	+ 55	- 10
Wholesale Trade—Groceries .....	268	215	234	208	+ 25	+ 29
Wholesale Trade—Hardware .....	104	82	90	97	+ 27	+ 7

\*Not seasonally adjusted.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

April 30, 1946

THE major industries of the Fifth District are making some progress in expanding the level of production, but the progress is not rapid owing mainly to labor and materials shortages. There has been a relatively small proportion of production lost in this area as a result of labor trouble prior to the coal strike, but as early as the 14th of April many firms indicated a partial or complete shut-down would result if coal supplies were not forthcoming in ten to fifteen days.

Average daily bituminous coal production in the District during March was at an all time high level—4 percent above February and 10 percent above March 1945. April output, however, will show a very low level even if production is resumed at once, for the shut-down is almost complete.

The cotton textile industry is experiencing a slowly rising output with the average daily cotton consumption in the District in March one percent higher than in February. The March level, however, was 3 percent smaller than in March 1945, but current yardage is probably somewhat higher than a year ago. Employment in the industry has risen moderately but the supply is not large enough to expect a sharp run-up in goods production.

The dearth of hosiery yarns has retarded the output of hosiery, and Industry representatives have asked the Government to allocate rayon yarn to hosiery mills in order that a monthly output goal of 20 million pairs of rayon hose could be attained.

Shipyards employment trend has continued downward. Further reductions are in prospect at the Navy Yards, but the level at Merchant Yards might be expected to level

off somewhere not far from present levels. Employment at the aircraft plants of the District also appears to be close to a working peacetime level.

The outstanding factor in the business situation during March was the increase in building permits of 41 percent over February and 576 percent over March 1945. March building permits in the Fifth District were exceeded only in the month of February 1928 in the known record at hand. There is a large amount of on-site work in progress over the District and a moderate amount of occupancy has been effected, though some dwellings in process and contemplated, together with a very large amount of industrial and commercial structures projected is likely to maintain a tension in the labor market for sometime to come.

Employment levels in the District bottomed in November but have risen only slightly since. In several industries employment has fallen below a desired level and new additions have been difficult to recruit. The textile and lumber industries could increase employment substantially if workers were available for these jobs. Employees are in demand at a number of small miscellaneous manufacturing concerns over the District, while the stores and service industries appear to be having the most difficult job of securing personnel.

Department store sales in the first three months of the year have continued to rise at a phenomenal rate. The Fifth District seasonally adjusted index of sales in March was at the highest level in history. It was 4 percent above February and 18 percent ahead of March 1945. There

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100      Seasonally Adjusted

	Mar. 1946	Feb. 1946	Jan. 1946	Mar. 1945	% Change	
					Mar. 1946 from Feb. 46	Mar. 45
Bank Debits.....	254	250	228	216	+ 2	+ 18
Bituminous Coal Production*.....	154	148	142	140	+ 4	+ 10
Building Contracts Awarded.....	328	260	171r	82	+26	+300
Building Permits Issued.....	304	215	185	45	+41	+576
Cigarette Production.....	245	236	204	152	+ 4	+ 61
Cotton Consumption*.....	139	137	135	144	+ 1	- 3
Department Store Sales.....	294	283	262	250	+ 4	+ 18
Department Store Stocks.....	206r	201r	207	185	+ 2	+ 11
Furniture Sales—Retail.....	255	218	229r	175	+17	+ 46
Life Insurance Sales.....	244	221	201	152	+10	+ 61
Wholesale Trade—Four Lines.....	225	239	243	182	- 6	+ 24

\* Not seasonally adjusted.

does not appear to be any lack of purchasing power or willingness to use it, despite the fact that few hard goods have as yet passed through store shelves. In addition new sales of savings bonds in January continued to run ahead of redemptions in each of the states of the District, while new savings in the form of life insurance from January through March have skyrocketed as phenomenally as department store sales.

Total loans of the weekly reporting member banks of the District are in a rising trend. These loans on April 17th were 132 million or 46 percent ahead of the corresponding week last year and 5 percent larger than at the turn of the year. Commercial, industrial and agricultural loans are up \$53 million or 40 percent from a year ago, while "other" loans are up \$22 million or 38

percent. These are sizable gains and are worthy of mention particularly in view of the large amount of liquid assets held by individuals and businesses.

Investment holdings of the weekly reporting banks of the Fifth District were at their highest level of \$1,857 million on March 6. By April 17th these holdings had fallen \$74 million, due principally to a reduction of \$36 million in bonds, caused in part by Treasury cash redemptions, and to a decline of \$24 million in bills. Total investment holdings on April 17th were \$182 million or 11 percent higher than in the corresponding week a year ago, with Government bond holdings up \$174 million, certificates up \$104 million, and other securities up \$17 million, bills down \$37 million, notes down \$63 million, and guaranteed securities down \$13 million.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100

	Seasonally Adjusted				% Change Feb. 1946 from	
	Feb. 1946	Jan. 1946	Dec. 1945	Feb. 1945	Jan. 46	Feb. 45
Bank Debits.....	250	228	248	221	+10	+ 13
Bituminous Coal Production*.....	148	142	132	145r	+ 4	+ 2
Building Contracts Awarded.....	260	171r	144	76	+52	+242
Building Permits Issued.....	215	185	209	25	+16	+760
Cigarette Production.....	236	204	148	149	+16	+ 58
Cotton Consumption*.....	137	135	110	149	+ 1	— 8
Department Store Sales.....	283	262	237	238	+ 8	+ 19
Department Store Stocks.....	201r	207	192r	191r	— 3	+ 5
Electric Power Production.....	201	208	201r	215r	— 3	— 7
Employment—Mfg. Industries*.....	115	117r	116	137	— 2	— 16
Furniture Orders.....	279	224	193	211	+25	+ 32
Furniture Shipments.....	199	244	214	180	—18	+ 11
Furniture Unfilled Orders.....	618	488	650	541	+27	+ 14
Furniture Sales—Retail.....	218	229r	199	145	— 5	+ 50
Life Insurance Sales.....	221	201	149r	147r	+10	+ 50
Wholesale Trade—Four Lines.....	239	243	197	189	— 2	+ 26
Wholesale Trade—Drugs.....	255	246	250	217	+ 4	+ 18
Wholesale Trade—Dry Goods.....	199	227	146	215	—12	— 7
Wholesale Trade—Groceries.....	261	268	215	197	— 3	+ 32
Wholesale Trade—Hardware.....	119	104	82	109	+14	+ 9

\* Not seasonally adjusted.



labor requirements in the fruit and vegetable areas will probably be met satisfactorily.

Total employment levels have shown little change since the turn of the year, but this level has been somewhat obscured by work stoppages direct and indirect in various areas. Through this period, however, the cotton textile industry has been moderately successful in raising employment levels, but it is still far below requirements. Many concerns in this industry have already adopted a 65 cent minimum wage and this rate is expected to become general in due course. Shipyard employment has improved moderately in Maryland, and thus far has held about stable in the rest of the District. The Navy has announced a peacetime employment level of 9,500 for the Norfolk Navy Yard, a figure 700 higher than was announced several months ago. Present employment at the yard is around 13,000 which means a loss of about 3,500 jobs, probably in the relatively near future.

Department store trade continued extremely active in April. The daily average sales in April after seasonal adjustment and correction for the change in the Easter dates were 6 per cent below March, but 31 per cent higher than a year ago. In the first four months of the year department store sales increased 19.6 per cent in the District, with sales in Maryland up 19.2 per cent; District of Columbia up 17.8 per cent; Virginia up 19.4 per cent;

West Virginia up 26.0 per cent; North Carolina up 24.3 per cent; and South Carolina up 11.9 per cent.

The rise in the volume of loans in the weekly reporting banks which had persisted since last summer, peaked, at least temporarily, in the first half of April and have since receded moderately. The recession was mainly in loans to others than brokers and dealers for purchasing or carrying securities and this was no doubt occasioned by the sharp rise in government bond prices. Commercial, industrial, and agricultural loans little more than leveled off while loans on real estate and other loans continued to rise through May 15th. Other loans which are largely consumer loans, have shown a persistent rise since last summer despite the fact that few consumers' durable goods have been available for purchase in this period.

Total security holdings of the weekly reporting member banks reached a peak of \$1,857 million on March 6th. On May 15th total holdings were \$1,776 million or \$81 million lower, Government securities having declined \$89 million and other securities having risen \$8 million. Of the \$89 million decline in holdings of Government securities, bonds accounted for \$49 million; bills and certificates \$13 million each; and notes \$14 million. The decline in bond holdings was larger than a reasonable share of the issue redeemed in March, and indicates some bond liquidation by these banks.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100

	Seasonally Adjusted				% Change	
	Mar. 1946	Feb. 1946	Jan. 1946	March 1946	Mar. 1946 from Feb. 46	Mar. 45
Bank Debits .....	254	250	228	216	+ 2	+ 18
Bituminous Coal Production*.....	154	148	142	140	+ 4	+ 10
Building Contracts Awarded.....	328	260	171r	82	+26	+300
Building Permits Issued.....	304	215	185	45	+41	+576
Cigarette Production .....	245	236	204	152	+ 4	+ 61
Cotton Consumption*.....	139	137	135	144	+ 1	— 3
Department Store Sales.....	294	283	262	250	+ 4	+ 18
Department Store Stocks.....	206r	201r	207	185	+ 2	+ 11
Electric Power Production.....	193	201	208	209	— 4	— 8
Employment—Mfg. Industries* .....	121	118r	117r	136	+ 3	— 11
Furniture Orders .....	192	279	224	141	—31	+ 36
Furniture Shipments .....	192	199	244	158	— 4	+ 22
Furniture Unfilled Orders.....	668	618	488	539	+ 8	+ 24
Furniture Sales—Retail .....	255	218	229r	175	+17	+ 46
Life Insurance Sales.....	244	221	201	152	+10	+ 61
Wholesale Trade—Four Lines.....	225	239	243	182	— 6	+ 24
Wholesale Trade—Drugs .....	248	255	246	217	— 3	+ 14
Wholesale Trade—Dry Goods .....	193	199	227	186	— 3	+ 4
Wholesale Trade—Groceries .....	244	261	268	190	— 7	+ 28
Wholesale Trade—Hardware .....	115	119	104	104	— 3	+ 11

\* Not seasonally adjusted.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERALRESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

June 30, 1946

THE crop growing season at this stage is the best in many years. It is true that an overabundance of moisture fell in May, but this did little more than give the weeds abnormal headway and cause some late planting. June weather thus far has been ideal for optimum growth, and barring later adversities many crops will probably be as large or larger than last year despite some notable decreases in planted acreages. Though somewhat too early to be indicative of final results, tobacco and cotton crops are in excellent condition which if maintained seasonally until harvest would probably give larger yields per acre than last year. Cotton prices are strong and with an average quality tobacco crop the season's average price is likely to compare favorably with that last year. Acreages of both crops are appreciably higher than a year ago. Dairy output is running about the same level as a year ago and prices received are somewhat higher. Poultry products are being produced in moderately smaller quantities than a year ago and prices are somewhat easier. Vegetable and fruit production will run ahead of last year and the same is indicated for the value of sales. Feed supplies are below requirements and livestock sales a likely to be in smaller poundage, but possibly higher prices may more than offset the reduced volume of sales if price control is removed from these products. In summary the current indications are that farm income in the last half of the current calendar year will be higher than a year ago and probably offset a decline in income in the first half.

The latest statistical evidence shows cross currents in the trends of business activity in the Fifth Federal Re-

serve District, but in a large measure the reactionary trends have been a result of strikes, particularly the coal strike. The bituminous coal output was very small in April but somewhat larger in May owing to a resumption of work on the 13th. West Virginia wage payments to coal miners dropped \$22 million from March to April and were probably less than half the March level in May. There was a slowing down early in May in textile mill operations here and there over the District owing to the shortages of coal or to scarce materials, made scarce by the coal strike. Despite this slowing down the index of cotton consumption in the Fifth District in May indicated a distinctly rising trend. Thus it appears that more progress can be anticipated in textile output free of strike impediments. The labor supply, however, is being recruited much too slowly to even give consideration to third shift operation. Women are leaving the plants faster than they can be replaced by other women. The hosiery industry has had marked success in raising employment levels and expanding production, but scarce yarn supplies have become an impeding factor in recent months. The shortage of corn for the manufacture of corn starch may also become a production impediment to the textile and paper mills of this District in the next month or two, and the scarcity of wheat has already shut-down numerous flour and grist mills. With the small grain crops now moving to market these mills will probably reopen shortly if they have not already done so.

The veterans are not returning to the textile, apparel, and tobacco products' plants as readily as to other indus-

Continued on page 6

## BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

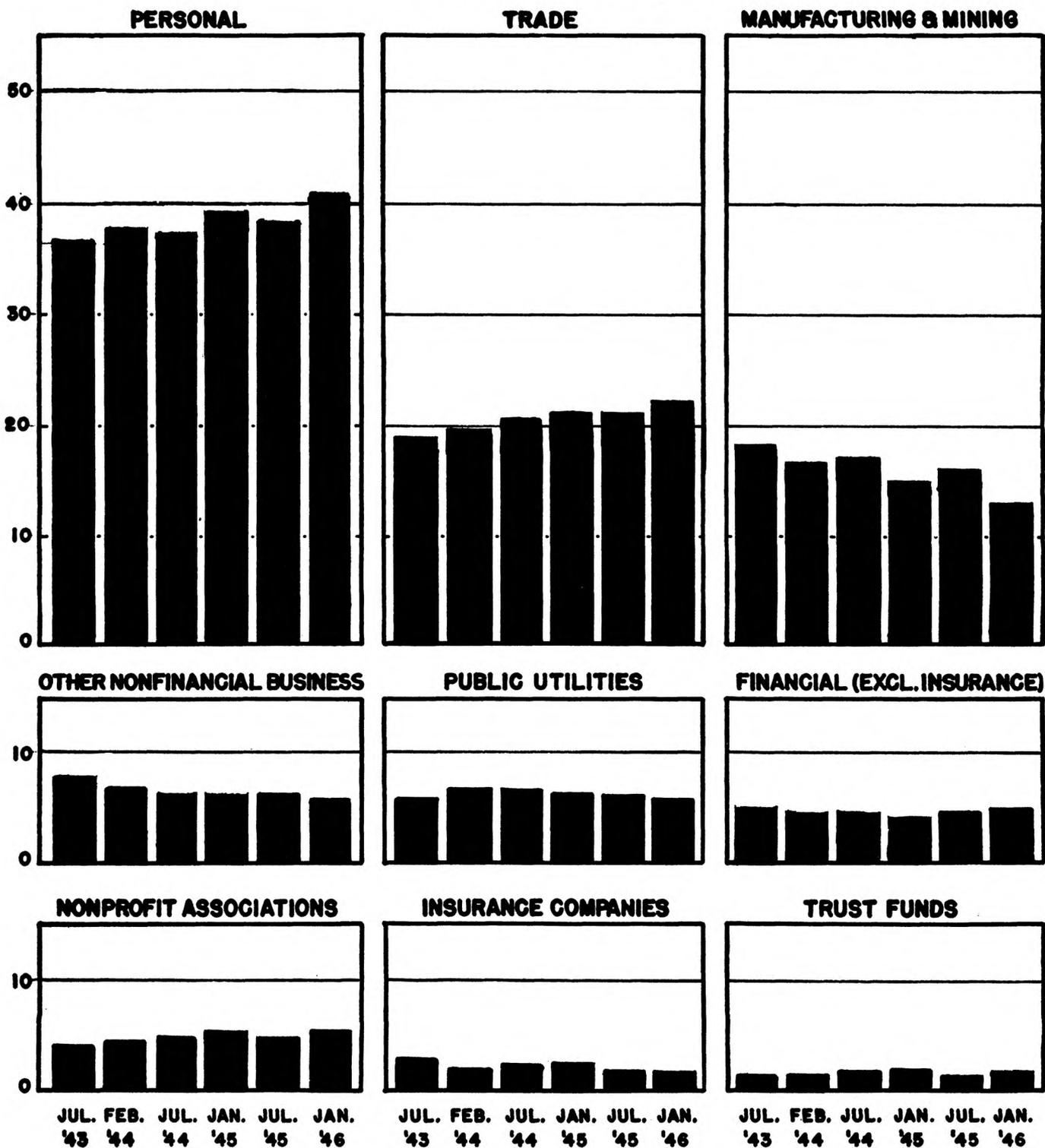
Average Daily 1935-39=100

Seasonally Adjusted

	May 1946	Apr. 1946	Mar. 1946	May 1945	% Change May 1946 from	
					Apr. 46	May 45
Bank Debits .....	250	244	254	225	+ 2	+ 11
Bituminous Coal Production*.....	.....	4	154	133	.....	.....
Building Permits Issued.....	174	170	304	49	+ 2	+255
Cigarette Production .....	236	226	245	155	+ 4	+ 52
Cotton Consumption*.....	143	138	139	141	+ 4	+ 1
Department Store Sales.....	276	276	294	210	0	+ 31
Department Store Stocks.....	233	217	206	207	+ 7	+ 13
Furniture Sales—Retail .....	228	237	255	139	- 4	+ 64
Life Insurance Sales.....	287	283	244	162	+ 1	+ 77
Wholesale Trade—Four Lines .....	219	219	225	180	0	+ 22

\*Not seasonally adjusted.

**OWNERSHIP OF DEMAND DEPOSITS OF INDIVIDUALS, PARTNERSHIPS  
AND CORPORATIONS  
FIFTH DISTRICT  
(PER CENT OF TOTAL)**



FEDERAL RESERVE BANK OF RICHMOND.



FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	June 12 1946	Change in 5-15-46	Amt. from 6-13-45
Total Gold Reserves	\$ 898,270	-11,528	- 74,543
Other Reserves	17,131	- 2,734	+ 2,571
Total Reserves	915,401	-14,262	+ 71,927
Bills Discounted	18,165	-14,250	+ 7,340
Industrial Advances	28	+ 5	- 65
Gov. Securities, Total	1,473,273	+35,079	+206,963
Bonds	56,659	- 2	- 14,568
Notes	109,698	+ 624	+ 2,987
Certificates	394,930	-2,099	+ 38,374
Bills	911,986	+36,556	+180,170
Total Bills & Securities	1,491,466	+49,324	+214,238
Uncollected Items	175,569	- 9,390	+ 21,648
Other Assets	32,178	- 9,386	+ 17,463
Total Assets	2,614,614	+16,286	+181,377
Fed. Res. Notes in Cir.	\$1,648,001	- 2,011	+118,461
Deposits, Total	775,529	+13,779	+ 29,816
Members' Reserves	705,667	+11,365	+ 30,272
U. S. Treas. Gen. Acct.	40,587	+ 7,587	+ 26,359
Foreign	23,433	- 6,966	- 26,329
Other Deposits	5,842	+ 1,793	- 486
Def. Availability Items	159,193	+ 3,918	+ 26,356
Other Liabilities	740	+ 143	+ 97
Capital Accounts	31,151	+ 457	+ 6,647
Total Liabilities	2,614,614	+16,286	+181,377

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	June 12 1946	Change in 5-15-46	Amt. from 6-13-45
Total Loans	\$ 402,726	+ 1,698	+106,296
Bus. & Agri. Loans	179,504	- 3,667	+ 57,551
Real Estate Loans	56,922	+ 1,624	+10,221
All Other Loans	166,300	+ 345	+ 38,524
Total Security Holdings	1,716,930	-59,287	+105,605
U. S. Treasury Bills	30,731	-22,311	+ 37,714
U. S. Treasury Certificates	401,530	-22,357	+ 98,253
U. S. Treasury Notes	177,716	- 9,468	- 99,347
U. S. Gov. Bonds	1,022,969	- 5,510	+124,579
Obligations Gov. Guaranteed	146	0	- 5,160
Other Bonds, Stocks & Sec.	83,838	+ 359	+ 24,994
Cash Items in Process of Col.	141,260	+ 9,595	+ 33,585
Due from Banks	144,504*	+ 3,354	-21,623
Currency and Coin	39,740	+ 2,512	+ 1,792
Reserve with F. R. Bank	349,063	+ 4,032	+ 6,406
Other Assets	81,342	+ 3,764	+ 8,821
Total Assets	\$2,875,565	-37,728	+228,070
Total Demand Deposits	\$2,236,838	-55,606	+160,741
Deposits of Individuals	1,420,796	+33,856	+121,546
Deposits of U. S. Gov.	316,086	-72,289	+112,765
Deposits of State & Local Gov.	94,249	- 2,707	- 25,133
Deposits of Banks	376,068*	- 9,012	- 54,333
Certified & Officers' Checks	29,639	- 5,454	+ 5,896
Total Time Deposits	382,111	+ 3,956	+ 57,640
Deposits of Individuals	366,341	+ 2,965	+ 55,524
Other Time Deposits	15,770	+ 991	+ 2,116
Liabilities for Borrowed Money	11,000	+ 9,000	+ 2,400
All Other Liabilities	103,298	+ 4,551	- 10,188
Capital Accounts	142,318	+ 371	+ 17,477
Total Liabilities	\$2,875,565	-37,728	+228,070

\* Net figures, reciprocal balances being eliminated.

COMMERCIAL FAILURES

MONTHS	Number Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1946	1	92	\$ 4,000	\$ 3,656,000
April 1946	1	81	7,000	3,785,000
May 1945	1	72	12,000	2,208,000
5 Months 1946	9	431	\$ 89,000	\$19,217,000
5 Months 1945	10	393	1,271,000	14,508,000

Source: Dun & Bradstreet

DEBTS OF INDIVIDUAL ACCOUNTS

(000 omitted)

	May 1946	% chg. from May 1945	5 Mos. 1946	% chg. from 5 Mos. 1945
<b>District of Columbia</b>				
Washington	\$ 619,369	+ 9	\$ 3,026,725	+13
<b>Maryland</b>				
Baltimore	824,214	0	4,004,826	+ 4
Cumberland	17,867	+33	88,359	+28
Frederick	14,680	+24	70,486	+18
Hagerstown	21,397	+25	102,478	+23
<b>North Carolina</b>				
Asheville	35,463	+34	178,805	+33
Charlotte	164,062	+22	776,529	+16
Durham	92,201	+39	405,970	+35
Greensboro	54,543	+47	255,557	+31
Kinston	9,030	+21	49,687	+30
Raleigh	68,103	+31	346,055	+30
Wilmington	30,168	-13	158,160	-12
Wilson	9,420	- 4	51,956	+ 6
Winston-Salem	88,169	+43	425,008	+35
<b>South Carolina</b>				
Charleston	47,499	+12	240,237	+14
Columbia	68,986	+22	331,789	+26
Greenville	51,252	+15	257,737	+26
Spartanburg	32,756	+33	153,237	+33
<b>Virginia</b>				
Charlottesville	21,765	+ 6	111,639	+14
Danville	19,295	+34	99,702	+22
Lynchburg	28,433	+28	140,295	+30
Newport News	20,695	-15	111,872	- 4
Norfolk	130,351	+ 6	657,030	+ 9
Portsmouth	16,606	0	83,496	0
Richmond	351,139	+14	1,706,786	+ 6
Roanoke	60,257	+37	289,854	+33
<b>West Virginia</b>				
Bluefield	20,753	-21	129,257	+ 6
Charleston	94,970	- 3	482,286	+14
Clarksburg	20,517	+16	107,858	+31
Huntington	38,451	- 4	198,216	+ 5
Parkersburg	21,621	+ 3	97,111	+ 3
District Totals	\$3,094,032	+10	\$15,138,003	+12

COTTON CONSUMPTION AND ON HAND—BALES

	May 1946	May 1945	Aug. 1 to May 31 1946	1945
<b>Fifth District States:</b>				
Cotton consumed	416,751	409,302	3,679,238	4,009,131
<b>Cotton Growing States:</b>				
Cotton consumed	763,427	728,991	6,739,291	7,161,347
Cotton on hand May 31 in				
consuming establishments	1,937,941	1,821,981		
storage and compresses	6,269,599	10,008,386		
<b>United States:</b>				
Cotton consumed	871,559	830,414	7,643,441	8,109,014
Cotton on hand May 31 in				
consuming establishments	2,331,842	2,139,974		
storage and compresses	6,410,431	10,105,783		
Spindles active, U. S.	21,958,496	22,167,678		

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
May 1946	229,604	168,318	18,829	416,751
April 1946	213,104	156,892	16,637	386,633
May 1945	223,402	166,012	19,888	409,302
5 Months 1946	1,059,538	792,054	85,210	1,936,302
5 Month 1945	1,087,619	825,475	97,913	2,011,007

DEPOSITS IN MUTUAL SAVINGS BANKS

	May 31, 1946	April 30, 1946	May 31, 1945
Total Deposits	\$364,434,391	\$361,125,325	\$315,361,527

BUILDING PERMIT FIGURES		
	Total Valuation	
	May 1946	May, 1945
<b>Maryland</b>		
Baltimore .....	\$ 4,599,745	\$ 639,295
Cumberland .....	41,510	8,450
Frederick .....	76,950	26,985
Hagerstown .....	104,550	25,750
Salisbury .....	724	29,079
<b>Virginia</b>		
Danville .....	72,444	11,140
Lynchburg .....	261,360	23,992
Norfolk .....	266,985	110,325
Petersburg .....	47,450	2,430
Portsmouth .....	69,484	127,180
Richmond .....	887,370	293,211
Roanoke .....	261,733	38,036
<b>West Virginia</b>		
Charleston .....	161,071	55,962
Clarksburg .....	80,828	6,825
Huntington .....	234,610	31,880
<b>North Carolina</b>		
Asheville .....	113,466	32,310
Charlotte .....	1,217,950	88,870
Durham .....	229,300	108,580
Greensboro .....	218,308	53,410
High Point .....	94,412	42,061
Raleigh .....	204,940	64,500
Rocky Mount .....	65,700	12,450
Salisbury .....	76,610	15,100
Winston-Salem .....	204,602	87,680
<b>South Carolina</b>		
Charleston .....	109,646	59,590
Columbia .....	147,222	57,330
Greenville .....	128,875	65,765
Spartanburg .....	108,650	29,635
<b>District of Columbia</b>		
Washington .....	4,009,699	1,811,286
District Totals .....	\$14,096,194	\$ 3,959,107
5 Months .....	\$80,833,502	\$19,719,291

CONSTRUCTION CONTRACTS AWARDED				
STATES	April 1946	% chg. from April 1945	4 Mos. 1946	% chg. from 4 Mos. 1945
Maryland .....	\$ 31,017,000	+ 67	\$ 82,714,000	+179
Dist. of Columbia .....	5,094,000	+ 33	19,176,000	+ 47
Virginia .....	14,921,000	- 30	54,883,000	+ 24
West Virginia .....	15,623,000	+ 592	31,065,000	+485
North Carolina .....	25,508,000	+1,525	60,027,000	+400
South Carolina .....	12,931,000	+1,174	36,382,000	+703
Fifth District .....	\$105,094,000	+ 116	\$284,247,000	+161

Source: F. W. Dodge Corp.

RAYON YARN DATA			
	May 1946	April 1946	May 1945
Rayon Yarn Shipments, Lbs. ...	56,500,000	56,600,000	51,500,000
Staple Fiber Shipments, Lbs. ...	15,900,000	14,800,000	13,800,000
Rayon Yarn Stocks, Lbs. ....	8,700,000	9,300,000	5,900,000
Staple Fiber Stocks, Lbs. ....	2,200,000	2,300,000	2,700,000

Source: Rayon Organon.

TOBACCO MANUFACTURING				
	May 1946	% Change from May 1945	5 Mos. 1946	% Change from 5 Mos. '45
Smoking and chewing tobacco (Thousands of lbs.) ..	17,995	-24	81,306	-28
Cigarettes (Thousands) .....	29,972,022	+41	130,687,247	+39
Cigars (Thousands) .....	497,297	+20	2,385,710	+20
Snuff (Thousands of lbs.) ...	3,228	-26	17,038	-13

WHOLESALE TRADE, 226 FIRMS					
LINES	Net Sales compared with		Stock compared with		Ratio May collections to acc'ts outstanding May 1
	May 1946	April 1946	May 31 1946	April 30 1946	
Auto Supplies (13)* .....	+70	- 7	+ 24	+13	91
Drugs & Sundries (11)* .....	+25	- 2	+ 15	+ 3	141
Dry Goods (8)* .....	+38	+ 1	+ 89	+20	92
Electrical Goods (3)* .....	+48	+15	.....	.....	103
Groceries (79)* .....	+20	+ 5	+ 15	- 7	191
Hardware (11)* .....	+43	- 6	+ 36	+ 3	117
Industrial Supplies (4)* .....	+35	+ 1	+ 21	- 3	123
Paper & Products (5)* .....	+15	- 2	0	0	101
Tobacco & Products (7)* .....	+27	+ 4	+146	+ 9	144
Miscellaneous (85)* .....	+13	- 3	+ 4	+ 1	107
District Average(226)* .....	+22	0	+ 23	+ 3	122

Source: Department of Commerce  
\* Number of reporting firms.

DEPARTMENT STORE TRADE				
Richmond	Baltimore	Washington	Other Cities	District
Percentage change in May 1946 sales, compared with sales in May 1945:				
+36	+31	+26	+33	+30
Percentage change in 5 mos. sales 1946, compared with 5 mos. in 1945:				
+27	+21	+19	+23	+21
Percentage change in stocks on May 31, '46, compared with May 31, '45:				
+20	+ 4	+10	+15	+10
Percentage change in outstanding orders May 31, '46 from May 31, '45:				
+75	+24	+25	+69	+34
Percentage change in receivables May 31, '46, from those on May 31, '45:				
+48	+41	+35	+36	+39
Percentage of current receivables as of May 1, collected in May:				
53	56	53	61	55
Percentage of instalment receivables as of May 1, collected in May:				
28	30	27	37	29

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage change in May 1946 sales from May 1945 sales, by States:					
+31	+26	+32	+30	+42	+25
Percentage change in 5 months sales 1946 from 5 months sales 1945:					
+21	+19	+22	+27	+27	+14

RETAIL FURNITURE SALES		
STATES	May 1945	Compared with 5 Months 1945
Maryland (5)* .....	+61	+47
District of Columbia (7)* .....	+86	+64
Virginia (23)* .....	+59	+58
West Virginia (10)* .....	+52	+54
North Carolina (16)* .....	+49	+47
South Carolina (14)* .....	+58	+49
Fifth District (75)* .....	+63	+54
INDIVIDUAL CITIES		
Baltimore, Maryland (5)* .....	+61	+47
Washington, D. C. (7)* .....	+86	+64
Lynchburg, Va. (3)* .....	+77	+76
Richmond, Va. (7)* .....	+61	+66
Charleston, W. Va. (3)* .....	+46	+64
Charlotte, N. C. (4)* .....	+73	+67
Columbia, S. C. (4)* .....	+58	+54

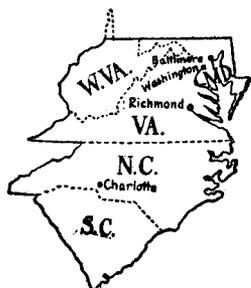
\* Number of reporting stores

SOFT COAL PRODUCTIONS IN THOUSANDS OF TONS						
REGIONS	May 1946	May 1945	% Change	5 Mos. 1946	5 Mos. 1945	% Change
West Virginia .....	12,926	.....	.....	41,312	66,263	-38
Virginia .....	1,670	.....	.....	5,083	7,979	-36
Maryland .....	145	.....	.....	626	718	-13
Fifth District .....	14,741	.....	.....	47,021	74,960	-37
United States .....	20,420	49,483	-59	184,366	246,438	-25
% in District .....	29.8	.....	.....	25.5	30.4	.....

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

July 31, 1946

THE expiration of price control on June 30 and the developments that have taken place since then have changed the business outlook in the Fifth District considerably. The new price control law is likely to cause unsettlement for a short period, but in the main, it is designed to remove most of the impediments to production that have been attributable to imbalance in the price structure. In fact, rises in materials' prices may make it necessary to raise prices of finished goods produced in this area later on, since increases in finished goods' prices have so far been of moderate proportions.

The changed outlook for the District comes on two counts. First, the notable rise in the prices of important cash crops will expand the income and buying power of farmers, and second, the change in pricing of manufactured products that is bound to come even though new price controls have been instituted, may stimulate production of a wider range of commodities. This is because of several factors, chief of which are the flexibility to operate a plant more efficiently by balancing production; the incentive to attract a larger working force; and the return of products to the production line that had been eliminated by unprofitable prices. It must be emphasized, however, that the chief requirement for materially expanded production is a larger amount of employment or an increase in the efficiency of labor.

Already there has been evidence of an improvement in the flow of goods of the desired types into consumption channels, and there is likewise no evidence of a mass movement of the people in the area to rush out and exchange their money for goods. In fact there has been a rather cautious and discriminating attitude among the rank and file of the people thus far.

It is true that department store trade has held up well but this is due partly: to an improving supply of durable goods that have heretofore been unavailable; and to a lower rate of savings. Our seasonally adjusted index of sales in June was 9 per cent ahead of May and 28 per cent above June 1945. The July figures will probably fall short of the June level which was at an all time high record.

Considerable publicity has been given to abnormal percentage increases in rents. Some of these have been due to the bringing into line those rents which were well below the going rental for comparable space, and some have been for the purpose of evicting tenants, others have been because the traffic would bear them. In the main, however, there has not been any general increase of large proportions, though some notices have been sent out indicating proposed increases in rents. Real estate men believe an increase of somewhere in the neighborhood of 10 to 15 per cent might have become general in the bulk of rents, and a further evening up of inordinately low rents had no further rent control been adopted. On the other hand, with building costs up around 50 to 75 per cent and existing housing selling at prices more than double their pre-war level, it is obvious that rents could rise very substantially.

The increased cost of living occasioned by the elimination of price control should further reduce the rate of personal savings, particularly of those whose incomes are fixed or unlikely to rise as rapidly as the average income. However, with income of these people reasonably assured for a considerable period of time, the consequences may be an increase in the utilization of installment and other credit to effect purchases. The trade outlook need not be

Continued on page 2

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	June 1946	May 1946	April 1946	June 1945	% Change June 1946 from	
					May 46	June 45
Bank Debits .....	258	250	244	257	+ 3	0
Bituminous Coal Production*.....	147	....	4	141	....	+ 4
Building Permits Issued.....	183	174	170	60	+ 5	+205
Cigarette Production**.....	231	255	244	210	- 9	+ 10
Cotton Consumption* **.....	149	152	144	147	- 2	+ 1
Department Store Sales.....	302	276r	276	235	+ 9	+ 29
Department Store Stocks.....	243	233	217	211	+ 4	+ 15
Furniture Sales—Retail .....	270	228	237	170	+ 18	+ 59
Life Insurance Sales.....	252	287	283	158	- 12	+ 59
Wholesale Trade—Four Lines.....	219	219	219	173	0	+ 27

\*Not seasonally adjusted

\*\*Revised Series

materially affected by the sharp rises in food prices, since it does not necessarily follow that a larger part of the consumer's dollar will be diverted to food purchases. Rather it may be, as on many previous occasions, consumers will adjust their food purchases to the qualities which best fit their budgets.

The textile industry is still short of labor though the numbers employed had shown a moderate increase in the spring. There will be some seasonal loss in mill employees this summer and fall since farmers in tobacco areas are reported to be paying as much as a dollar an hour for farm hands. Undoubtedly cotten farmers will also pay a rate high enough to get their crop harvested after the experience they had last year in this respect. It is reported that the United Textile Workers of America are preparing to demand a wage increase equal to the 18½ cents per hour increase obtained in other industries earlier this year. This would mean an approximate further increase of 8½ cents an hour over increases already obtained. Offsetting the loss of employees to farms to some extent, maybe completely, is the gradual return of veterans to the mills. There are still a large number of veterans receiving unemployment compensation in the Carolinas and their return to employment can be expected mainly before the end of the year.

Cotton consumption on a seasonally adjusted basis had been rising at a fairly rapid pace since the postwar low established in December 1945, but the top month of May was only slightly above the level of usage in the first six months of 1945. June cotton consumption seasonally adjusted was 2 per cent under May and 1 per cent above June 1945.

Furniture supplies are reported to be short and materials of manufacture scarce. This is true in the economic sense for demand is at present much greater than the supply. In an absolute sense, however, total furniture shipments of the reporting firms of the Southern Furniture Manufacturers' Association in May were at their highest level for that month in any recent year and 26 per cent ahead of a year ago. Since the figures are reported in dollars, a good part of the rise has been due to higher prices, but quantity of output has also risen. Certain individual items, however, may be in smaller volume owing to various material shortages. There is a much larger demand existing for furniture, to say nothing of that which will develop as new housing facilities expand, than can be produced in a short period of time. Outlook for the industry therefore is one of high level operations for some years to come, even though the possibility of temporary recessions must be recognized. Any change which might be adopted in the approach to materials pricing would very likely improve the industry's supply situation.

The demand for cigarettes has been at a higher level than had been anticipated at the turn of the year. Our revised index includes total cigarette withdrawals, rather than those for domestic consumption, of Fifth District factories. This index is at a substantially higher level than a year ago, and some brands are still not obtainable regularly. At present the growth in cigarette output of the District appears to be continuing at the same rate as was shown since 1941.

The agricultural outlook on July 1 pointed to another year of high production of tobacco and probably a moderately reduced level of cotton. Fruit and truck crops are mainly larger than last year but the blight has destroyed a substantial part of the tomato crop in the canning areas of the Eastern Shore. Heavy July rains in eastern North Carolina have reduced the quality of the tobacco crop and probably the yield per acre. Boll weevil activity is reported to be on the increase in the Carolinas. Cotton acreage in the District this year is six thousand acres smaller than last year. If the crop should turn out to be about the same size as last year, farmers' income would be increased more than 50 per cent if present prices hold through the season.

Commercial, industrial, and agricultural loans of the weekly reporting banks of this District rose \$6 million from the seasonally low point on July 3 to July 17. These loans on July 17 are \$62 million higher than on July 18, 1945, and show evidence of rising at a fairly fast pace despite the large accumulations of liquid assets. Rising commodity prices require larger amounts of funds to move crops, to carry inventories and to expand receivables. The loans labeled "all other" which are largely personal loans have been rising steadily for nearly a year. On July 17 these loans totaled \$86 million, a gain of \$25 million over last year. Loans on real estate have moved up steadily since the end of March, having risen \$9 million from March 27 to July 17, and \$14 million from July 18, 1945 to July 17, 1946. Loans to others than brokers and dealers for purchasing or carrying securities were at their highest point, \$91 million, on February 13. These loans had declined \$31 million by July 17.

Demand deposits of individuals, partnerships, and corporations of the weekly reporting banks on July 17 were higher than on any other date with the exception of June 12. These deposits on July 17 were \$119 million higher than on January 2, and \$194 million higher than on July 18, 1945. The recent rise in prices of farm products and in textiles should still cause this District to increase its percentage of the national total perhaps for the remainder of the year or until such time as large transfers can be made for the still short supplies of goods produced in other Districts.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

September 30, 1946

### Business Conditions

**B**USINESS activity in the Fifth Federal Reserve District continues at about the same high rate that has characterized recent months. Some lines of activity were seasonally much increased. Tobacco marketing became so heavy that sales were suspended until the tobacco already sold could be handled by the redriers. Even after the markets reopened, sales were held down by shortening the marketing week. Through September 20 nearly  $\frac{1}{2}$  billion pounds or over  $\frac{2}{5}$  of the District's flue-cured crop had been sold at an average price of \$50.92 per 100 lbs. The index of cotton consumption in the District increased 10 percent between July and August after allowance for seasonal adjustment. Bank debits increased 15 percent during the same period. Wholesale trade showed improvement in hardware, industrial supplies, automotive supplies, and groceries, with other lines showing a drop from July to August. Compared with a year ago, however, the level of activity was much increased. Average daily bituminous coal production however in the District in August was 2 percent below the July level and 12 percent higher than in August 1945.

Because of the inability of coal operators to agree on terms for taking back the mines, the government will continue their operation.

The level of employment in manufacturing industries in the Fifth District during July was 3 percent below that of a year ago, decreases in Maryland, Virginia, and West Virginia more than offsetting gains in the rest of the District. There was no appreciable change in manufacturing employment between June and July of this year.

The seasonally adjusted index of building permits in the Fifth District for August was 5 percent below that for July, but 90 percent higher than in August 1945.

#### COTTON AND COTTON TEXTILES

According to September official estimates, the outlook for cotton production in the Fifth District states improved during August. District production is estimated at 1,208,000 bales. This is 37,000 bales above the August estimate and 100,000 bales larger than production in 1945. The estimated harvested acreage is about the same

#### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted.

	Aug. 1946	July 1946	June 1946	Aug. 1945	% Change Aug. 1946 from	
					July 46	Aug. 45
Bank Debits .....	298	259	258	231	+ 15	+ 29
Bituminous Coal Production*.....	150	153r	154	134	- 2	+ 12
Building Permits Issued.....	175	184	183	92	- 5	+ 90
Cigarette Production .....	229	216	229	208	+ 6	+ 10
Cotton Consumption*.....	154	140	149	137	+ 10	+ 12
Department Store Sales.....	308	307	303	237	0	+ 30
Department Store Stocks.....	264	263r	243	199	0	+ 33
Furniture Sales—Retail .....	212	250	269	126	- 15	+ 68
Life Insurance Sales.....	272	297	252	161	- 8	+ 69
<b>Wholesale Trade:</b>						
Automotive Supplies** .....	251	239	286	175	+ 5	+ 43
Drugs .....	260	280	269	218	- 7	+ 19
Dry Goods .....	193	213	197	158	- 9	+ 22
Electrical Goods** .....	43	55	43	44	- 22	- 2
Groceries .....	249	246	235	195	+ 1	+ 28
Hardware .....	122	112	104	81	+ 9	+ 51
Industrial Supplies** .....	253	237	226	133	+ 7	+ 90
Paper and Its Products**.....	126	137	136	120	- 8	+ 5
Tobacco and Its Products**.....	107	116	113	92	- 8	+ 16

\* Not seasonally adjusted.

\*\* 1938-41=100

this season as last, inasmuch as moderate increases in Virginia and North Carolina are slightly more than offset by a drop in South Carolina cotton acreage. Indicated yields for Fifth District states are from 8 percent to 12 percent higher than a year ago and also above August estimated levels. Despite the increase in estimated production as compared with August, decreases in other states account for an estimated decrease of 119,000 bales for the U. S. Even so, it is estimated that U. S. production will be 9,171,000 bales or 156,000 bales larger than in 1945.

Cotton prices continue to push into new high ground for the current period. In August the U. S. average farm price of cotton was 33.55 cents per lb. Should the season average farm price be at this same level and production at the September estimated level, the value of cotton this year would be about \$1.5 billion of which about \$200 million would represent the value of the Fifth District's production. This would be the highest value of production of cotton in the Fifth District for more than 20 years.

Ginnings in South Carolina totaled nearly 39,000 running bales prior to September as compared with 20,000 to the same date a year earlier. For the country as a whole ginnings to September totaled 532,000 bales. This cotton averaged considerably higher in grade and a little longer in staple than for the corresponding period last season.

During August mills in North and South Carolina and Virginia consumed 406,000 bales of cotton or 13 percent more than in the corresponding month a year earlier. Uncertainty and delays over price ceilings continue to disrupt activity in textile markets. Many mills are reportedly rather hesitant sellers. On one hand they are discouraged from selling by the hope of enjoying the benefit of any upward adjustment in ceiling prices. Opposing this force is a realization of the real need of some of the firms to whom they sell for their production if shut-downs for lack of material are to be avoided.

#### TOBACCO

Present indications are that tobacco production in the Fifth Federal Reserve District will total 1,270 million lbs. or 137 million more than in 1945. Flue-cured is currently estimated at 1,170 million lbs. or 13 percent over 1945. Production of Virginia flue-cured is estimated at 152 million lbs. or 10 percent above 1945, and the 1946 crop of sun-cured is estimated at 3.3 million lbs. or 50 percent larger than in 1945. Production of burley tobacco in the District is estimated at 40.5 million lbs. or 27 percent more than 1945.

The heavy flow of tobacco continues to tax redrying facilities. About 42 percent of the season's flue-cured production has been sold up to September 21 at an average price of \$50.92 per hundred pounds. Prices have

been declining slowly, but nevertheless the average has been considerably higher than for the comparable period last season.

Average daily seasonally adjusted cigarette production in the Fifth District during August was 6 percent above that for July and 10 percent above the level of August 1945.

#### FERTILIZER

Farmers in the Fifth District continue to use increasing quantities of fertilizer, but increases are still more rapid in states outside the District. In August, for example, fertilizer tag sales in Virginia and the Carolinas totaled 105,000 tons which compares with 77,000 tons in August 1945 and 52,000 tons in August 1944. For the period January-August 1946 tag sales were 2 percent larger this year than last in South Carolina, 6 percent larger in North Carolina, and 10 percent larger in Virginia. In 13 other states for which data are available, sales increased 19 percent between the two periods.

#### LUMBER

Lumber production in the Fifth District declined in both May and June after having risen in each of the earlier months this year. Nevertheless, June production totaled 505 million board feet or 16 percent of the United States total. Stocks of lumber at mills and in concentration yards increased in all of the Fifth District states as well as in the United States between March 31 and June 30. On this latter date stocks in the Fifth District totaled 399 million board feet or 12 percent of the United States total of 3,363 million board feet. Compared with three months earlier, these stock figures represent increases of 17 percent and 14 percent respectively. Even so, these data indicate that lumber stocks in the Fifth District were equivalent to only 4/5 of a month's production. For the country as a whole stocks on June 30 were 6 percent larger than production in June.

#### APPLES

This year's commercial apple crop in the Fifth District was estimated at 21,584,000 bushels as of September 1, 6 percent greater than that indicated on August 1 and 218 percent higher than the 1945 production. Even though prices are somewhat lower this year than last, income from the apple crop will be materially greater than in 1945 because of the very large increase in production.

The east coast shipping strike caused large quantities of apples intended for export trade to be diverted into cold storage.

Labor conditions in Western Maryland and the Virginia Valley section are much improved over last year, and little or no fruit is expected to be lost because of lack of pickers.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

October 31, 1946

## Business Conditions

SEPTEMBER saw a continuation of the previous months' high level of business activity in the Fifth Federal Reserve District. Production facilities were being utilized at rates approaching capacity: bituminous coal production, cotton consumption and cigarette output ranged from 9 to 15 per cent above September of last year and both coal and cigarettes showed increases over August of this year after adjustment for seasonal variation. Building permits were up 21 per cent from August and 154 per cent from last September, reflecting the continued acceleration of the housing program. Wholesale trade showed increases over August in all lines except hardware, which lost ground slightly. Retail trade, as reflected by department store sales, was the only major indicant which showed a decrease from the preceding month: after seasonal adjustment, a 3 per cent decrease was shown from the August figure even though there was an increase of 32 per cent over September of 1945. Bank debits were up 2 per cent from August and 25 per cent from last September.

Cotton and tobacco harvests in the Fifth District have been estimated at 7 and 13 per cent respectively above the

1945 level, and current prices for both crops indicate large cash returns. The October 1 estimate on the apple crop is slightly higher than the estimate of September 1 and sets an expected yield of 22.1 million bushels, or an increase of 225 per cent over the 1945 yield. Lumber production showed an increase in July over June of 8 per cent, the month's output being 547 million board feet. This represented an 87 per cent increase over July of 1945 and reflected a continuing rate of growth in excess of that of the country as a whole.

### COTTON AND COTTON TEXTILES

The Fifth District 1946 cotton crop as of October 1 was estimated at 1,188,000 bales, a decline of 1.7 per cent since the September 1 estimate but 7.2 per cent above 1945 production. The cut since September 1 is largely the result of excessive rains and cool weather in the Carolinas where the losses occurred, there being no change in the estimate of Virginia's crop. The U. S. crop, however, is predicted at only 8,724,000 bales, 3.2 per cent below that of 1945 while yields are the lowest since 1941.

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	Sept. 1946	Aug. 1946	July 1946	Sept. 1945	% Change	
					Sept. 1946 Aug. 46	from Sept. 45
Bank Debits .....	303	298	259	243	+ 2	+ 25
Bituminous Coal Production*.....	153	151r	153	142	+ 1	+ 8
Building Permits Issued.....	211	175	184	83	+ 21	+154
Cigarette Production .....	234	229	216	207	+ 2	+ 13
Cotton Consumption .....	154	154	140	134	0	+ 15
Department Store Sales.....	298	306	307	225	- 3	+ 32
Department Store Stocks.....	262	259	263r	200	+ 1	+ 31
Furniture Sales—Retail .....	267	212	249	167	+ 26	+ 60
Life Insurance Sales.....	265	272	297	153	- 3	+ 73
Wholesale Trade:						
Automotive Supplies** .....	286	251	239	195	+ 14	+ 47
Drugs .....	282	260	280	230	+ 8	+ 23
Dry Goods .....	221	193	213	148	+ 15	+ 49
Electrical Goods** .....	54	43	55	40	+ 26	+ 35
Groceries .....	267	249	246	197	+ 7	+ 36
Hardware .....	116	122	112	81	- 5	+ 43
Industrial Supplies** .....	275	253	237	137	+ 9	+101
Paper and Its Products**.....	181	126	137	115	+ 44	+ 57
Tobacco and Its Products**.....	111	107	116	94	+ 4	+ 18

\*Not seasonally adjusted

\*\*1938-41=100

Cotton ginnings in the Carolines prior to October 1 totaled 321,963 running bales, 73 per cent above those for the corresponding period last year and 28 per cent of this year's indicated production.

Cotton prices continued to rise during the first week of October, the average for middling 15/16" cotton in the 10 spot markets on October 2 being 38.93 cents a pound, the highest point since 1920. After slight declines on the following two days prices rose again, reaching 38.92 on October 8. Prices then declined steadily but remained above 38 cents until October 16 when the market experienced the widest break since last July. On that day futures slumped the permissible daily limit of \$10 a bale on a wave of liquidation which lasted for three days. The New Orleans and New York cotton exchanges decided to close on Saturday, October 19, hoping orderly trading would be re-established by the following Monday. The average price for middling 15/16" cotton on the 10 spot markets on Monday was 33.77, compared with Friday's low of 33.49. By October 23 the average had risen to 35.38, the market having recovered about half the losses it suffered the previous week. The exchange decided to close on October 26 because of the large volume of business. The sharp drop of nearly \$25 a bale was reported to have cost cotton growers more than \$200 million in three days. But any statement as to the amount of the loss must take account of the fact that probably half of the crop had been sold by the middle of October. Subsequent weakness in the market indicates the presence of a combination of factors which must be taken into account in any explanation, and the weight to be given to each of these is not clear at this time.

The break in raw cotton prices seems to have had a favorable effect on the textile market. Sales were being booked through the end of this year and into the first month of 1947, and industry spokesmen feel the cotton textile industry is now entering a stage of normal market competition and normal consumer behavior.

Cotton consumption in the Fifth District totaled 390,834 bales during September declining a seasonal 3.8 per cent from August but was 14.4 per cent above that of September 1945.

#### TOBACCO

Tobacco production in the Fifth District was estimated on October 1 at 1,280 million pounds, 13 per cent above the 1945 harvest. The increase of approximately 1 per cent above the September estimate is due largely to an increase in indicated yield. Total flue-cured tobacco is estimated at 1,179 million pounds, or 12 per cent above 1945, and the 1946 crop of fire-cured is estimated at 15.4 million pounds, or 31 per cent larger than last year. Production of burley tobacco in the District will be 40.6 million pounds,

as indicated on October 1, or 12 per cent below last year's crop.

Approximately 64 per cent of the season's crop of flue-cured tobacco had been sold through October 11 at an average price of \$50.56 per hundred pounds. Prices had been climbing steadily since the last week in September and reached the season's high for the week on all belts during the week ending October 11. Prices continued upward, and on October 14 prices on both the Eastern North Carolina and Middle tobacco belts reached all-time high records of \$57.80 and \$52.45 respectively.

Average daily seasonally adjusted cigarette production in the Fifth District during September was 2 per cent above that for August and 13 per cent above the level of September 1945.

#### RETAIL AND WHOLESALE TRADE

Department store sales in the Fifth District during September after seasonal adjustment were 3 per cent below those of August but 32 per cent above September 1945. Inventories for September, however, were 1 per cent higher than in August and 31 per cent above last year.

Wholesale trade levels, in general, have shown a rising trend. This increase is especially marked in industrial supplies, paper and its products, dry goods, and automotive supplies. Eight of the nine lines of wholesale trade covered by our indexes rose from August to September—after seasonal adjustment—and each of the nine was 18 per cent or more higher than a year ago. Hardware sales in September were 5 per cent below those of August but were 43 per cent above September 1945.

#### EMPLOYMENT

Latest available data on employment are mainly for the month of July. Industrial employment levels in the District for July were unchanged from June but were 1 per cent below July 1945. Slight increases over June in Maryland, D. C., and Virginia were just offset by small decreases in the other three states. North Carolina was the only state in the District which showed an increase in employment in all industries over July 1945. Manufacturing employment in the Fifth District in July was slightly higher than in June, increases in Maryland and Virginia offsetting a 1 per cent decrease in North Carolina. The Carolinas and D. C. showed increases in manufacturing employment over a year ago, but these gains were offset by decreases in the other three, Maryland having the largest loss of 12.8 per cent. The decreases in shipbuilding and aircraft industries account for Maryland's low level in comparison with last year, but current employment trends are upward, increases in aircraft employment offsetting slight decreases in shipbuilding.

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERALRESERVE  
DISTRICT*Federal Reserve Bank, Richmond 13, Va.**November 30, 1946*

### Business Conditions

PRICE controls were removed on most commodities remaining under control on November 9th and the business operators in the Fifth District, like those in the nation, are still feeling their way cautiously in the transition period to free market prices. Farm and food prices have shown the greatest rise nationally, but cotton prices are not far from where they were at the end of June while tobacco prices, though moderately above last year, have been trending lower. These are the two important crops in the Fifth District.

Although overall textile prices had risen 20 percent between the end of June and November 9th, there has been a strong effort made by mills and selling agents to hold the prices of cotton goods at the last ceiling levels and with cotton prices showing some semblance of stabilization just above the 30 cent level it is possible that the line might be held since the late ceiling prices were based on cotton around 36 cents a pound. Cotton goods prices are more than 60 percent higher than in 1926 and while the general price level may hold for some years well above

the 1926 level, it is problematical whether cotton goods can remain at present levels for an equal period of time.

The price structure even after the recent sharp rise in selected prices is still under upward pressure, and in many quarters, it is badly out of balance. Announcements of rises in manufactured products prices are forthcoming almost daily, but even so the relative level of manufactured products prices is low in comparison with the price level in general. Rises in prices of those products importantly produced in the Fifth District include rayon and manufactures, underwear and hosiery, but these rises may be expected to stimulate production of these goods. Lumber prices are well above late ceilings, but reports indicate they are lower than previous black market levels. Lumber production, furthermore, is rising quite rapidly and this may very well put a damper on further increases.

The price level is an important consideration in appraising the outlook for the business level of this District. While cotton goods and lumber prices seem high by comparison and in relation to other manufactured products,

#### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	Oct. 1946	Sept. 1946	Aug. 1946	Oct. 1945	% Change Oct. 1946 from	
					Sept. 46	Oct. 45
Bank Debits .....	278	303	298	222	— 8	+ 25
Bituminous Coal Production*.....	143	153	151r	90	— 7	+ 59
Building Contracts Awarded.....	259	261	348r	206	— 1	+ 26
Building Permits Issued.....	192	211	175	160	— 9	+ 20
Cigarette Production .....	255	234	229	222	+ 9	+ 15
Cotton Consumption .....	161	154	154	134	+ 5	+ 20
Department Store Sales.....	285	298	306r	251r	— 4	+ 14
Department Store Stocks.....	274	262	259	196	+ 5	+ 40
Furniture Sales—Retail .....	266	267	212	193	0	+ 38
Life Insurance Sales.....	263	265	272	178	— 1	+ 48
Wholesale Trade:						
Automotive Supplies** .....	304	286	251	182	+ 6	+ 67
Drugs .....	284	282	260	248	+ 1	+ 15
Dry Goods .....	230	221	193	165	+ 4	+ 39
Electrical Goods** .....	58	54	43	39	+ 7	+ 49
Groceries .....	285	267	249	215	+ 7	+ 33
Hardware .....	114	116	122	85	— 2	+ 34
Industrial Supplies** .....	286	275	253	139	+ 4	+ 106
Paper and Its Products**.....	174	181	126	120	— 4	+ 45
Tobacco and Its Products**.....	124	111	107	98	+ 12	+ 27

\*Not seasonally adjusted

\*\*1938-41=100

they have not as yet shown indication of reducing the level of demand for these products. There have, however, been numerous indications of an unwillingness on the part of many consumers to continue purchasing poor quality merchandise.

Thus far in 1946 current business indicators of the District have continued to mirror a rising trend, though it must be pointed out that sales of Department stores have risen at a rate that certainly cannot be sustained much longer. This does not mean, however, that trade levels must necessarily fall but that their rate of expansion may tend to flatten out. Department store sales in this District in both September and October failed to rise by normal seasonal proportions and the adjusted index fell moderately from the summer peak.

In some lines of wholesale trade such as hardware, automotive, industrial and electrical supplies, the pipe lines are far from filled, and at the same time little has been done in the way of filling the existing consumer demand for these products.

*Textiles:* The output of cotton textiles in the Fifth District, as measured by cotton consumption, is still in a rising trend; the October level of consumption after seasonal correction was 5 percent above September and 20 percent ahead of October last year. Cotton mills of the District continue to improve their employment levels, and further acquisitions of workers may witness the addition of third shifts. In this period of transition from controlled to free prices, there has been considerable hesitancy on the part of mills to sell goods for delivery beyond the first quarter of next year, but some mills are selling through June at the late ceiling prices and there are some indications that such selling might broaden if some of the tension can be relieved in the spot market for goods and yarn. Mill stocks of finished goods are no more than one to two weeks supply.

*Coal:* The bituminous coal outlook is not good as of the 23rd of November, and while it should not necessarily be expected that a work stoppage would last for any considerable period of time, a shutdown of a few weeks will cause considerable slackening in industrial activity throughout the country. The cotton textile industry of this District, however, would not be badly affected by a coal strike unless it was of long duration, since much of the industry derives its power from hydro-electric installations. Transportation, however, would be quickly affected by the coal strike and reduce business activity of the District all along the line, and particularly hamper the movement of goods for the Christmas trade.

*Construction:* It is noted in some quarters that cancellations of some construction contracts for industrial

buildings have taken place. This could happen in considerable volume without materially affecting the level of on site activity since contract awards were large and the near prospect of their being placed under construction rather small. Furthermore, the supply of building materials is still woefully short, and the need for industrial capacity pressing; while at the same time priority is given to residential building. It would be very surprising, therefore, if contract cancellation would be large enough to reduce on site activity in the construction industry in the immediate future. Building permits in the Fifth District continue to hold at a high level, while the contract awards have declined notably from the spring peak. Some of this decrease in contract awards is no doubt due to the inability to secure permission to build and to the avoidance of costs arising from delays in completion of structures.

*Cigarettes:* Production of cigarettes in the third quarter of 1946 was 3 percent below the second quarter output but 14 percent higher than in the third quarter of 1945. Since July our seasonally adjusted index of cigarette output has been rising, but the three months average July-September is below the level of the previous three months. Production in October, however, established a new high record, and our seasonally adjusted index returned to the peak reached in May.

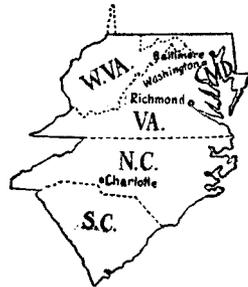
*Furniture:* The large potential requirements for household furniture are finding reflection in a rising level of shipments of respondents to the Southern Furniture Manufacturers' Association. Although orders booked in subsequent months have not equaled the June peak, unfilled orders are still at an unusually high level and point to continued high level of furniture production.

*Lumber:* Rising requirements for lumber together with a low level of mill and yard stocks has given impetus to the production of lumber. The mills of the Fifth District have been more successful in expanding their output than have the mills in the nation as a whole. In the first eight months of 1946, Fifth District mills produced 3,619 million board feet of lumber which amount exceeded the output in the same months last year by 36 percent. This compares with a gain of 12 percent for the nation. The Fifth District accounted for 16.2 percent of the Nation's output in the first eight months of 1946 compared with 13.2 percent in a like period of 1945.

Taken all together the factors in the business outlook, barring a prolonged coal strike, appear to point toward some further expansion, although the sharp rise in commodity prices is bound to have many disturbing effects and may lead sooner or later to some recession in business.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERALRESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

December 31, 1946

### Business Conditions

SOME evidences of a flattening out of business volumes of the District are shown in selected statistical measurements for November. This tendency is noticeable mainly in the wholesale trades, in the consumption of cotton, and in the production of rayon and bituminous coal. It may be that these are effects of the coal strike and are not necessarily a reflection of a nearby deterioration in the demand structure.

There are good reasons, however, for the expectation that the sharply rising trend in consumer expenditures in evidence throughout the war period, and particularly marked in 1946, may stabilize sometime during 1947. For example, the best indications available point to an income level in 1946 for the District about the same or a little better than in 1945, while consumer expenditures have risen at an accelerated rate. This rise, in consumer expenditures has not been an illogical development, but represents in part the expenditure of a larger percentage of income received than during the war period, when large savings were more or less enforced as a result of an in-

adequate supply of goods and the holding of the price level by price control. However, when this transition has finally taken place consumer purchases should align more closely with the trend in income. The District's income, however, could rise further if the foreign demand for the nation's products were to be sufficiently insistent or consumer expenditures could continue to rise faster than income with a sufficiently broad expansion in consumer credit. The chances are, however, that income in the District in 1947 would at best be little higher than in 1946.

The immediate outlook for the chief manufacturing industries of the District points to some further expansion in output through the first quarter of 1947. The cotton textile industry is sold up through the first quarter and there is no doubt that consumer requirements are still large. However, prices of cotton goods are considerably out of line with commodities in general, and this may discourage consumer purchases. The fact that a few cotton goods constructions, which are in extremely tight supply, are selling at substantial premiums on the spot as compared

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT  
Average Daily 1935-39 = 100—Seasonally Adjusted

	Nov. 1946	Oct. 1946	Sept. 1946	Nov. 1945	% Change	
					Nov. 1946 from Oct. 46	Nov. 45
Bank Debits .....	287	278	303	237	+ 3	+ 21
Bituminous Coal Production*.....	107	143	153	149	- 25	- 28
Building Contracts Awarded.....	296	260r	261	177	+ 14	+ 67
Building Permits Issued.....	200	192	211	156	+ 4	+ 28
Cigarette Production .....	228	250r	230	203	- 9	+ 12
Cotton Consumption* .....	152	161	154	134	- 6	+ 13
Department Store Sales.....	290	286r	298	256r	+ 1	+ 13
Department Store Stocks.....	298	274r	262	195	+ 9	+ 53
Electric Power Production.....	.....	235	222	.....	.....	.....
Furniture Sales—Retail .....	266r	266	267	212	0	+ 25
Life Insurance Sales.....	229	263	265	166	- 13	+ 38
Wholesale Trade:						
Automotive Supplies** .....	293	304	286	198	- 4	+ 48
Drugs .....	268	284	282	251	- 6	+ 7
Dry Goods .....	216	230	221	170	- 6	+ 27
Electrical Goods** .....	60	58	54	42	+ 3	+ 43
Groceries .....	272	285	267	223	- 5	+ 22
Hardware .....	112	114	116	90	- 2	+ 24
Industrial Supplies** .....	269	286	275	141	- 6	+ 91
Paper and Its Products**.....	169	174	181	115	- 3	+ 47
Tobacco and Its Products**.....	111	124	111	95	- 10	+ 17

\*Not seasonally adjusted

\*\*1938-41 = 100

with contract prices is indicative of apprehension over the price structure on the part of converters.

The sawmills of the District have expanded lumber production notably throughout the year; the latest data shows output running in excess of 50 per cent above last year. Yard stocks of lumber are still far from being in a balanced position and the construction requirements as yet are hardly touched. If the bottlenecks continue in building materials, other than lumber, it might be that a situation could develop temporarily where the supply of lumber would be in excess of demand. Trade sources are of the opinion that some reduction may be expected in lumber prices by next summer. However, with a large amount of construction demand in prospect it would seem no great reduction in prices need be expected, but rather a better balance among the different products, with some adjusting sharply downward.

The hosiery industry is still handicapped by yarn supplies but the full-fashioned output of women's hosiery for 1946 is estimated to exceed 38 million dozen pairs. This compares with an output of 41 million dozen pairs in 1938; 44 million in 1939; and 42 million in each, 1940 and 1941. It was possible to purchase women's nylon hosiery over the counter in many stores of the District during the Christmas shopping season, but the quality selection was still very limited. Silk hose were returned to production in 1946, but of late consumer acceptance has not been too good, and some very substantial price reductions have taken place in these goods. It is apparent that the consumer is sold on nylon and that silk for hosiery will not be likely to resume a position of importance. With retail inventories of hosiery still short of a full line, and consumer inventories probably below requirements, it would seem that the production outlook would favor further expansion for yet some months.

Rayon yarn output for the United States in November declined 2 per cent from the October level, occasioned in part by fewer working days, and in part to a shortage of caustic soda, a necessary ingredient in the production process. This latter factor will have an adverse influence on December production, for the Viscose plant at Front Royal, and the du Pont plant at Richmond, both operated at reduced capacity for a considerable part of the month. The caustic soda supply, even after a resumption of production at a Texas plant, seems likely to continue in a tight position, and may be a delaying influence in rayon production in future months.

Bituminous coal output of the District in November was substantially reduced by the strike. Production in November was 25 per cent less than in October, and 28 per cent below November, 1945. The strike, which carried into December, caught the consuming industries with low stocks of coal. These stocks were further depleted by the strike and are not likely to be rebuilt until the winter heating demands have subsided. The demand for coal, therefore, would permit capacity production into next

summer, provided no general industrial recession intervenes. The longer-term demand for coal, however, has deteriorated for one reason or another, for the great bulk of the new orders for railroad locomotives are for Diesel engines, and the great bulk of heating units preferred for housing, as found in veterans' specifications, are for fuels other than coal. Furthermore, if the gas turbine powered by coal gains much acceptance it will reduce the amount of coal consumption per unit of work done substantially by its greater efficiency.

#### *Department Stores*

Sales of department stores of the District improved on a seasonally adjusted basis from October to November by one per cent. The November seasonally adjusted sales level was below all other months since May, but 13 per cent higher than November, 1945. The year-to-year increases in department store sales of this District have continued to run behind the national average during most of 1946, for reasons which are not yet clear. For the first time since the war began, stores throughout the District are making substantial mark-downs, running as much as 50 per cent, on a broad group of apparel items. This cannot yet be construed as indicating a lower price tendency, but is more likely an unwillingness on the part of the stores to attempt to carry over merchandise of questionable quality. The fact, however, that the mark-downs are general over the District does indicate that merchants do not expect consumers to purchase whatever is offered.

#### *Wholesale Trade*

Of the nine lines of wholesale trade carried in index form for the Fifth District, eight showed sales decreases from October to November on a seasonally adjusted basis. None of the decreases, however, was large, and these were probably due to the coal strike. All indexes except drugs were substantially higher in November than in that month a year ago. Reports are current, however, that a number of wholesale grocery items had been substantially reduced in price in December, due in part to their previous high prices and to an increase in supplies.

#### *Savings*

There has been a sharp reduction in the seasonally adjusted index of life insurance sales in the District since July, when the index reached its peak. The November sales index was 23 per cent below July and 13 per cent below October, but was still 30 per cent ahead of a year ago. This decline in life insurance sales has occurred over the period when the cost of living has risen markedly and probably reflects a change in the people's ability to save. Series A-E savings bond redemptions in the District from January through September have also exceeded sales of Series E bonds in the same period by \$35 million, but there has been no marked acceleration of this trend since mid-year.

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERALRESERVE  
DISTRICT

Federal Reserve Bank, Richmond 13, Va.

January 31, 1947

### Business Conditions

**E**MPLOYMENT levels in the manufacturing industries of the Fifth District have been rising for more than a year. In November 1946, employment in these industries had regained the level prevailing at the war's end in July 1945, or a recovery of about 43 per cent of the loss between the peak in the fall of 1943 and the post-war low point in October 1945. November 1946 employment levels in the District's manufacturing industries were 25 per cent higher than the monthly average of the last pre-war year 1939.

Employment in non-manufacturing industries other than agriculture has held relatively stable for the past year and a half at a level likewise 25 per cent above the 1939 average. Employment in the Executive Service of the Federal Government in the District of Columbia area has been trending downward since March 1943, October 1946 being 22 per cent below March 1943, but 82 per cent higher than the monthly average of 1939. Employment at shipyards of the District will probably continue to decline, while that in the aircraft industry has made a notable

comeback from its post-war low. Construction workers are in demand and lack of them is now the chief impediment to expansion in construction.

Production volumes, which were retarded somewhat during November and December because of the coal strike and transportation difficulties, are again rising and will probably continue upward, at least through the first half of the year.

#### COAL

The December seasonally adjusted index of bituminous coal, though 10 per cent higher than in November, was 10 per cent below December 1945. The January index, however, will probably be near the record high level and remain at effective capacity levels through the first half year provided workers remain on the job. Further inroads on the long run demands of the industry are being effected frequently, the latest of these being the large order of Diesel electric locomotives by the Pennsylvania Railroad. Such undermining factors will take considerable time, however, to affect adversely the present levels of coal

#### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Dec. 1946	Nov. 1946	Oct. 1946	Dec. 1945	% Change Dec. 1946 from	
					Nov. 46	Dec. 45
Bank Debits .....	281	287	278	248	- 2	+ 13
Bituminous Coal Production*.....	119	108r	143	132	+ 10	- 10
Building Contracts Awarded.....	264	296	260r	144	- 11	+ 83
Building Permits Issued.....	195	200	192	209	- 2	- 7
Cigarette Production .....	209	228	250	147	- 8	+ 42
Cotton Consumption .....	140	152	161	120	- 8	+ 17
Department Store Sales.....	293r	290	286r	244r	+ 1	+ 20
Department Store Stocks.....	319	298	274r	192r	+ 7	+ 66
Electric Power Production.....		215	235	193		
Furniture Sales—Retail .....	261	266r	266	199	- 2	+ 31
Life Insurance Sales.....	209	229	263	149r	- 9	+ 40
<b>Wholesale Trade:</b>						
Automotive Supplies** .....	272	293	304	266	- 7	+ 2
Drugs .....	252	268	284	250	- 6	+ 1
Dry Goods .....	193	216	230	174	- 11	+ 11
Electrical Goods** .....	70	60	58	44	+ 17	+ 59
Groceries .....	274	272	285	214	+ 1	+ 28
Hardware .....	119	112	114	85	+ 6	+ 40
Industrial Supplies** .....	268	269	286	151	0	+ 77
Paper and Its Products**.....	178	169	174	108	+ 5	+ 65
Tobacco and Its Products**.....	125	111	124	100	+ 13	+ 25

\*Not seasonally adjusted

\*\*1938-41=100

production, for a rising level of industrial production, plus demand for export, could require an expansion in coal production for several years despite the added competition of Diesel locomotives.

### TEXTILES

Cotton consumption is still rising, despite the indicated decline of 8 per cent in our seasonally adjusted index from November to December. This decline was caused by the readoption by numerous mills of a shut-down between Christmas and New Year's, which will necessitate a re-computation of the December seasonal index. The December cotton consumption level was 17 per cent higher than a year ago, and the prospects are that the first half of 1947 will witness a continuation of the rising trend evident throughout 1946. The industry's production is mainly sold up through the first half of the year, with some sales made for third quarter delivery. Such production as is yet unbooked is snapped up as soon as it is offered. Spot prices of many items are bringing substantial premiums over forward contract prices, but it is probable that these premiums will largely disappear by mid-year, particularly if it is possible to raise production at the same rate as was shown through 1946. Export demand for cotton goods was larger than normal in 1946, and with the elimination of export allocations this demand promises to be still larger in 1947. Important industrial utilization of cotton goods in 1946, according to trade sources, was less than in 1939 because of production difficulties. These demands seem likely to be much larger in 1947. Meanwhile, no indications have yet appeared that domestic consumer demand, as represented by actual transactions, has weakened, despite the many comments from retailers that consumers were balking at prices of cotton goods. The key to the level of cotton textile production beyond the second quarter of the year will probably be found in the retail trade figures.

The hosiery industry has not yet caught up with the demand, and retailers' stocks are several months away from attaining a full line. Yarn supplies will continue to act as an impediment to expanding output. Nylon yarns will not be available in sufficient quantity to meet requirements. Retailers will not want to stock rayons heavily, while rayon yarn producers would prefer to allocate yarns now going to the hosiery mills to more permanent consumption outlets. Hosiery production in the first half of 1947 will probably exceed that of a year ago but it is not likely to be as large as if yarn supplies were freely available.

### FURNITURE

The furniture industry has arrived at a transition point. Buyers at Chicago, New York and High Point furniture showings have abandoned wartime practices of buying whatever they could get, despite the fact that much badly needed merchandise is still in short supply. Buyers are definitely demanding quality furniture of the medium and better grades and are willing to wait until they can get it. Types of furniture still in short supply include bedroom and dining room furnishings and such living room pieces as secretaries and breakfront desks. Manufacturers of these products are still allocating supplies, and demands are reported to be very large. Upholstered furniture, dinette sets and all types of juvenile furnishings, lamps, porcelain-topped tables, plastic articles and novelties are available in large quantities, with buyers showing not too much interest. Many new concerns, mainly engaged in

production of upholstered pieces and specialties requiring little machinery, which were organized with profitable ceiling prices during price control, are closing shop, and their workers are returning to the larger furniture factories. Furniture prices at wholesale are from 10 to 25 per cent higher than a year ago and 50 per cent higher than in 1942. Lamps, however, are in good supply and are priced about 30 per cent below OPA levels. These price rises have not acted as a retardant on Fifth Federal Reserve District retail furniture sales, which were more than 50 per cent higher in 1946 than in 1945, with no indications of a let-down in recent months.

### CONSTRUCTION

Comments have been forthcoming from various sources, to the effect that high building costs had and would continue to retard industrial construction and also adversely affect residential building volumes. This view is not shared by some builders in this District, who see an uninterrupted expansion in both residential and industrial building in 1947. It is true, of course, that important industrial projects contemplated more than a year ago are just now or will soon reach the contract stage. These projects have been delayed, but it appears that the delays were due mainly to lack of materials and to the added costs of marking-time on the job rather than to the level of materials prices and wage rates. In spite of these considerations, a substantial volume of building was placed under contract during 1946, and the 1947 outlook is even better because materials are becoming more plentiful. Although, according to the Bureau of Labor Statistics index, the prices of building materials have been rising sharply since the end of price control, local sources say many lumber items other than flooring have recently turned downward. Building costs due to the delays of marking-time while waiting for materials are expected to be largely eliminated during 1947, and this factor will offset a substantial part of the rise in prices of materials that has taken place since November.

The eleven months' record of construction placed under contract in the Fifth District in 1946 compared with 1945 shows that, of a gain of \$518 million in this period, residential buildings accounted for 66 per cent; non-residential buildings, 22 per cent; and public works and utilities, 12 per cent. Of the gain in residential building of \$341 million, one- and two-family houses accounted for 89 per cent. It is obvious that rent ceilings have had a retarding effect on rental housing.

#### FIFTH DISTRICT CONSTRUCTION CONTRACTS AWARDED\*

	Eleven Months		Increase	
	(Thousand dollars)		Amount	Per Cent
	1945	1946		
Commercial buildings	32,414	80,645	48,231	149
Manufacturing buildings	68,680	142,979	74,299	108
Educational buildings	18,133	22,353	4,220	23
Other non-residential buildings	60,746	49,391	— 11,355	— 19
Total non-residential buildings	179,973	295,368	115,395	64
Apartments and hotels	19,233	57,263	38,038	198
One- and two-family houses	36,655	341,195	304,540	831
Other shelter buildings	4,653	2,746	— 1,907	— 42
Total residential	60,541	401,204	340,663	574
Public works and utilities	115,064	176,980	61,916	54
Total	355,578	873,552	517,974	146

\*Source: F. W. Dodge Corporation.

Continued on page 9

It may be noted that the end of 1945 found reporting banks with a large volume of loans for purchasing or carrying securities; these had risen substantially during the Victory Loan drive and represented in large measure loans for the purchase of the issues of that drive which were to be repaid out of income during the succeeding six months. As may be seen, they were reduced during 1946, reaching a low of \$51 million during late October from their high of \$104 million at the beginning of the year.

This decline was more than offset, however, by increases in other types of loans. Commercial, industrial, and agricultural loans continued their upward trend which had commenced immediately following V-J Day and with the exception of a slight early summer break, showed consistent gains throughout the year. Real estate loans had for four years fluctuated narrowly about a mean of \$50 million, but with the increased construction of 1946, they started upward in the spring and by the year-end had increased by more than 50 per cent. Other loans, includ-

ing loans to banks and consumer loans, increased substantially during the year although at a lower rate than did the above two classes.

The implications of these changes in the composition of earning assets should not be overlooked. Commercial banks traditionally engage in the business of extending short-term credit to accommodate the needs of business and agriculture and an increase in these loans is indicative of the continued need for such credit extension and of the willingness of the banks to assume the risks involved. The increased volume of consumer loans being made represents the formal entrance into a new field of activity for many banks, one in which banks appear to intend to obtain a substantial share of the business available. Real estate loans have been of varying importance in the past, but on the basis of their recent growth and the expected level of construction in the near future, they may be expected to be of considerable importance to banks for some time to come.

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Continued from page 2

### TRADE

Trade levels in the District were rising on a seasonally adjusted basis through the greater part of 1946 and were well above the year's average in December. Department store sales in December rose 1 per cent over November and were 20 per cent higher than in December 1945. Department store inventories in the aggregate, at the beginning of December, were increased to a level that brought the inventory sales ratio up to the level that had prevailed in the years 1935-1940 for the first time since the end of 1941. Inventories, however, are still spotty

and it will be some time yet before a full line of products will be achieved. In most lines of wholesale trade, which mirror the demands of small retailers, the year-end outlook was still impressive, with indexes in the main still in a rising trend. Wholesale sales of dry goods dropped 11 per cent from November to December, but this index is somewhat erratic in its behavior and cannot yet be considered as having turned downward. Wholesale sales of automotive supplies declined 7 per cent from November to December and in the latter month were only 1 per cent ahead of a year ago. December 1945, however, was an abnormally high month for these sales.

**FEDERAL RESERVE BANK OF RICHMOND**

(All Figures in Thousands)

ITEMS	January 15 1947	Chg. in 12-11-46	Amt. from 1-16-46
Total Gold Reserves	\$1,063,211	-143,110	+ 84,367
Other Reserves	27,613	+ 5,943	+ 3,134
Total Reserves	1,090,824	-137,167	+ 87,501
Bills Discounted	9,839	- 12,420	+ 4,930
Industrial Advances	0	0	- 46
Gov. Securities, Total	1,413,453	+ 84,792	- 47,585
Bonds	46,492	+ 1,290	- 12,858
Notes	21,926	- 31,778	- 69,566
Certificates	455,457	+ 9,668	- 79,186
Bills	889,578	+105,612	+114,025
Total Bills & Securities	1,423,292	+ 72,372	- 42,701
Uncollected Items	221,769	+ 13,705	+ 57,319
Other Assets	47,285	+ 11,501	+ 4,042
Total Assets	2,783,170	- 39,589	+106,161
Fed. Res. Notes in Cir.	\$1,752,834	- 34,121	+ 39,638
Deposits, Total	813,478	- 8,309	+ 19,878
Members' Reserves	738,572	-14,626	+ 1,153
U. S. Treas. Gen. Acct.	36,831	- 4,186	+ 21,158
Foreign	34,133	+ 9,332	- 3,272
Other Deposits	3,942	+ 1,171	- 839
Def. Availability Items	182,046	+ 2,377	+ 40,743
Other Liabilities	720	- 5	+ 334
Capital Accounts	34,092	+ 469	+ 5,568
Total Liabilities	2,783,170	- 39,589	+106,161

**41 REPORTING MEMBER BANKS—5th DISTRICT**

(All Figures in Thousands)

ITEMS	January 15 1947	Chg. in 12-11-46	Amt. from 1-16-46
Total Loans	\$ 478,132	+ 14,722	+ 83,876
Bus. & Agril. Loans	248,334	+ 6,724	+ 78,081
Real Estate Loans	80,003	+ 4,306	+ 29,786
All Other Loans	149,795	+ 3,692	- 23,991
Total Security Holdings	1,424,207	- 87,117	-406,540
U. S. Treasury Bills	21,056	+ 4,148	- 52,534
U. S. Treasury Certificates	193,725	-48,214	-228,763
U. S. Treasury Notes	91,234	- 32,327	-122,139
U. S. Gov. Bonds	1,030,584	-13,086	- 19,116
Obligations Gov. Guaranteed	3,185	+ 3,098	+ 3,033
Other Bonds, Stocks & Sec.	84,423	- 736	+ 12,979
Cash Items in Process of Col.	157,791	- 874	+ 32,885
Due from Banks	148,189*	+ 12,653	- 34,450
Currency & Coin	41,204	- 3,656	+ 2,814
Reserve with F. R. Bank	351,496	-11,899	+ 5,713
Other Assets	72,702	- 2,209	- 2,139
Total Assets	2,673,721	- 86,246	-329,267
Total Demand Deposits	\$2,039,512	- 83,417	-374,195
Deposits of Individuals	1,434,316	-18,038	+102,918
Deposits of U. S. Gov.	61,539	- 68,122	-444,392
Deposits of State & Local Gov.	113,877	+ 23,678	+ 26,194
Deposits of Banks	396,638*	-21,845	- 63,447
Certified & Officers' Checks	33,142	+ 910	+ 4,532
Total Time Deposits	393,129	+ 3,378	+ 34,234
Deposits of Individuals	375,927	- 613	+ 30,755
Other Time Deposits	17,202	+ 3,991	+ 3,479
Liabilities for Borrowed Money	500	- 810	- 1,000
All Other Liabilities	92,634	+ 4,995	- 2,980
Capital Accounts	147,946	- 392	+ 14,674
Total Liabilities	2,673,721	- 86,246	-329,267

\*Net figures, reciprocal balances being eliminated.

**COMMERCIAL FAILURES**

MONTHS	Number Failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1946	2	141	\$ 175,000	\$17,105,000
November 1946	4	104	41,000	12,511,000
December 1945	3	42	101,000	1,824,000
12 Months 1946	26	1,130	\$ 579,000	\$70,349,000
12 Months 1945	21	810	1,638,000	30,395,000

Source: Dun & Bradstreet

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

	December 1946	% Chg. from Dec. 1945	12 Mos. 1946	% Chg. from 12 Mos. '45
<b>District of Columbia</b>				
Washington	\$ 749,740	+18	\$ 7,470,187	+11
<b>Maryland</b>				
Baltimore	937,926	- 6	9,938,058	+ 3
Cumberland	22,485	+26	231,992	+29
Frederick	17,891	+42	181,478	+22
Hagerstown	25,600	+33	271,059	+29
<b>North Carolina</b>				
Asheville	47,486	+16	474,612	+32
Charlotte	216,244	+16	2,157,692	+28
Durham	94,501	+39	1,267,212	+26
Greensboro	61,521	-10	652,364	+27
Kinston	17,241	+63	200,138	+33
Raleigh	94,414	+30	924,732	+29
Wilmington	32,408	-16	392,063	- 9
Wilson	20,717	+46	260,367	+26
Winston-Salem	114,954	+30	1,199,696	+34
<b>South Carolina</b>				
Charleston	61,862	+34	605,114	+20
Columbia	86,726	+35	876,902	+32
Greenville	67,100	+36	703,108	+37
Spartanburg	40,341	+20	418,545	+37
<b>Virginia</b>				
Charlottesville	24,414	- 5	264,850	+ 5
Danville	31,399	- 7	334,825	+18
Lynchburg	37,409	+34	368,284	+33
Newport News	29,793	+14	293,751	+ 4
Norfolk	171,957	+13	1,673,614	+12
Portsmouth	19,566	+ 6	208,383	+ 1
Richmond	449,323	+12	4,733,254	+13
Roanoke	80,117	+28	786,459	+40
<b>West Virginia</b>				
Bluefield	36,621	+20	360,015	+19
Charleston	141,537	+ 2	1,295,174	+17
Clarksburg	30,657	+20	282,402	+25
Huntington	55,114	+31	519,644	+14
Parkersburg	25,808	+12	259,047	+ 9
District Totals	\$3,842,872	+12	\$39,610,026	+14

**COTTON CONSUMPTION AND ON HAND—BALES**

	December 1946	December 1945	Aug. 1 to 1946	Dec. 31 1945
<b>Fifth District States:</b>				
Cotton consumed	360,158	307,556	2,014,003	1,743,307
<b>Cotton Growing States:</b>				
Cotton consumed	672,031	572,337	3,728,921	3,181,914
Cotton on hand Dec. 31 in consuming establishments storage and compresses	1,897,161	2,079,972	5,920,546	10,396,679
<b>United States:</b>				
Cotton consumed	774,177	651,931	4,256,827	3,593,812
Cotton on hand Dec. 31 in consuming establishments storage and compresses	2,226,832	2,378,863	5,985,625	10,513,749
Spindles active, U. S.	21,688,028	20,649,411		

**COTTON CONSUMPTION—FIFTH DISTRICT**

MONTHS	In Bales			
	N. Carolina	S. Carolina	Virginia	District
December 1946	186,531	156,110	17,517	360,158
November 1946	224,841	170,722	19,605	415,168
December 1945	158,566	136,578	12,412	307,556
12 Months 1946	2,541,116	1,923,224	211,807	4,676,147
12 Months 1945	2,410,084	1,854,044	209,284	4,473,412

**PRICES OF UNFINISHED COTTON TEXTILES**

	Dec. 1946	Nov. 1946	Dec. 1945
Average, 17 constructions	79.66	71.25	44.78
Printcloths, average (6)	96.72	78.57	47.84
Sheetings, average (3)	70.64	64.93	40.85
Twill (1)	75.61	74.70	47.51
Drills, average (4)	65.90	62.54	40.80
Sateen (1)	97.61	97.24	58.82
Ducks, average (2)	62.54	61.52	41.08

Note: The above prices are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

**BUILDING PERMIT FIGURES**

	Dec. Valuation Figures		Annual Valuation Figures	
	1946	1945	1946	1945
<b>Maryland</b>				
Baltimore	\$ 1,905,585	\$ 1,427,575	\$ 50,121,905	\$12,848,746
Cumberland	58,575	5,945	610,893	213,840
Frederick	32,525	2,700	509,694	239,66E
Hagerstown	40,880	34,455	1,700,264	384,419
Salisbury	66,193	128,795	1,486,157	605,220
<b>Virginia</b>				
Danville	210,175	44,675	2,055,448	780,170
Lynchburg	52,080	72,830	2,339,442	750,795
Norfolk	190,400	421,350	4,904,365	4,181,075
Petersburg	16,600	0	740,257	132,285
Portsmouth	10,462	97,660	1,520,521	1,143,971
Richmond	1,648,653	737,454	16,555,355	7,530,445
Roanoke	504,893	156,306	5,532,382	1,214,753
<b>West Virginia</b>				
Charleston	158,483	356,285	3,324,018	1,753,963
Clarksburg	47,245	8,933	1,315,873	164,032
Huntington	113,025	100,925	3,289,114	2,303,624
<b>North Carolina</b>				
Asheville	277,171	501,020	1,630,379	1,321,394
Charlotte	470,610	1,002,921	9,302,240	4,136,264
Durham	200,450	734,450	4,355,090	2,030,473
Greensboro	745,315	2,158,325	3,635,625	3,458,502
High Point	164,945	36,317	2,322,648	826,241
Raleigh	153,300	776,450	3,201,931	2,504,717
Rocky Mount	119,850	13,650	1,669,775	325,525
Salisbury	23,700	18,800	1,256,369	326,685
Winston-Salem	193,466	144,225	2,959,850	1,499,851
<b>South Carolina</b>				
Charleston	66,307	220,410	1,546,541	1,497,500
Columbia	415,490	149,871	2,509,993	1,248,330
Greenville	37,850	154,950	1,309,495	504,320
Spartanburg	28,535	67,500	1,448,554	555,807
<b>District of Columbia</b>				
Washington	2,385,339	1,497,155	40,016,093	20,694,253
<b>District Totals</b>	<b>\$10,338,107</b>	<b>\$11,071,932</b>	<b>\$173,230,271</b>	<b>\$75,176,931</b>

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Nov. 1946	% Chg. from Nov. 1945	% Chg. from	
			11 Mos. '46	11 Mos. '45
Maryland	\$22,476,000	+263	\$280,961,000	+198
Dist. of Columbia	2,325,000	-17	57,326,000	+49
Virginia	8,656,000	-9	175,795,000	+69
West Virginia	2,698,000	-46	66,286,000	+154
North Carolina	10,160,000	-8	170,166,000	+147
South Carolina	16,467,000	+479	111,588,000	+504
Fifth District	\$62,782,000	+68	\$862,122,000	+146

Source: F. W. Dodge Corp.

**RAYON YARN DATA**

	Dec. 1946	Nov. 1946	Dec. 1945
Rayon Yarn Shipments, Lbs.	55,900,000	58,000,000	50,700,000
Staple Fiber Shipments, Lbs.	12,900,000	13,000,000	14,500,000
Rayon Yarn Stocks, Lbs.	6,000,000	9,700,000	7,300,000
Staple Fiber Stocks, Lbs.	1,600,000	2,500,000	3,100,000

Source: Rayon Organon

**WHOLESALE TRADE—202 FIRMS**

LINES	Net Sales December 1946 compared with		Stock December 31, 1946 compared with		Ratio Dec. collections to acc'ts outstanding Dec. 1
	Dec. 1945	Nov. 1946	Dec. 31 1945	Nov. 30 1946	
Auto Supplies (5)*	-51	-9	...	...	142
Drugs & Sundries (12)*	+6	-7	+8	-1	116
Dry Goods (6)*	+75	-38	+84	-9	85
Electrical Goods (5)*	+120	+12	+55	+9	103
Groceries (71)*	+26	-10	+46	+9	162
Hardware (16)*	+57	-13	+33	+21	112
Industrial Supplies (5)*	+59	-15	+77	+14	96
Paper & Products (8)*	+46	-12	+16	+18	124
Tobacco & Products (8)*	+15	+4	+39	+5	141
Miscellaneous (66)*	+53	0	+37	+23	105
Dist. Avg. (202)*	+33	-8	+38	+11	116

Source: Department of Commerce  
\*Number of reporting firms.

**RETAIL FURNITURE SALES**

Percentage Changes in Dec. and 12 Mos. 1946 Compared with Compared with December 1945 12 Mos. 1945

STATES	Dec. 1946	12 Mos. 1945
Maryland (5)*	+34	+45
Dist. of Columbia (5)*	+7	+43
Virginia (20)*	+52	+58
West Virginia (6)*	+11	+54
North Carolina (15)*	+39	+48
South Carolina (14)*	+24	+45
Fifth District (65)*	+30	+48
<b>Individual Cities</b>		
Baltimore, Md. (5)*	+34	+45
Washington, D. C. (5)*	+7	+43
Lynchburg, Va. (3)*	+62	+86
Richmond, Va. (6)*	+51	+58
Charleston, W. Va. (3)*	-14	+44
Charlotte, N. C. (4)*	+64	+62
Columbia, S. C. (4)*	+25	+62

\*Number of reporting stores

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Dec. 1946 sales, compared with sales in Dec. 1945:				
+29	+21	+10	+23	+19
Percentage change in 12 mos. sales 1946, compared with 12 mos. in 1945:				
+27	+22	+17	+24	+21
Percentage chg. in stocks on Dec. 31, 1946, compared with Dec. 31, 1945:				
+114	+60	+53	+58	+60
Percentage chg. in outstanding orders Dec. 31, 1946, from Dec. 31, '45:				
-17	-32	-44	-12	-34
Percentage chg. in receivables Dec. 31, 1946, from those on Dec. 31, '45:				
+53	+47	+46	+45	+47
Percentage of current receivables as of Dec. 1 collected in December:				
48	46	49	53	48
Percentage of instalment receivables as of Dec. 1 collected in December:				
28	33	27	39	30

**AUCTION TOBACCO MARKETING**

STATES	Producers' Tobacco Sales, Lbs.		Price per Hundred	
	Dec. 1946	Dec. 1945	1946	1945
No. Carolina (Burley)	5,534,674	5,921,011	\$40.71	\$44.44
Virginia (Fire-cured)	2,471,020	2,990,594	31.53	28.81
(Burley)	6,374,076	7,453,092	39.74	46.58
(Sun-cured)	435,306	553,120	28.42	27.74
Virginia, Total	9,280,402	10,996,806	37.03	40.80
District Total, December	14,815,076	16,917,817	38.40	42.07
N. C. season to 12-31	835,891,709	755,423,474	50.87	44.12
Va. season to 12-31	133,387,595	134,088,966	57.05	44.38
S. C. entire season	150,954,510	124,191,116	48.75	43.94
District, season to 12-31	1,120,233,814	1,013,703,556	50.13	44.13

**DEPOSITS IN MUTUAL SAVINGS BANKS**

8 Baltimore Banks	Dec. 31, 1946		Nov. 30, 1946		Dec. 31, 1945	
	Total	% Chg.	Total	% Chg.	Total	% Chg.
Total Deposits	\$379,018,153	+15	\$376,973,124	+15	\$343,795,646	+15

**TOBACCO MANUFACTURING**

Smoking & Chewing tobacco (Thousands of lbs.)	December 1946		% Chg. from Dec. 1945	
	1946	1945	12 Mos. 1946	% Chg. from 12 Mos. '45
Smoking & Chewing tobacco	14,366	14,366	+15	-22
Cigarettes (Thousands)	22,694,813	22,694,813	+41	+20
Cigars (Thousands)	465,769	465,769	+28	+18
Snuff (Thousands of lbs.)	3,270	3,270	+10	-9

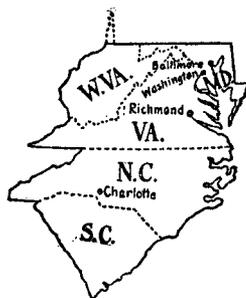
**SOFT COAL PRODUCTION IN THOUSAND OF TONS**

REGIONS	Dec. 1946		Dec. 1945		% Chg.	
	1946	1945	12 Mos. 1946	12 Mos. 1945		
West Virginia	10,844	12,037	-10	139,410	152,200	-8
Virginia	1,221	1,310	-7	16,562	18,105	-9
Maryland	190	152	+25	2,032	1,765	+15
Fifth Dist.	12,255	13,499	-9	158,004	172,070	-8
United States	42,320	46,955	-10	532,000	577,617	-8
% in Dist.	29.0	28.7		29.7	29.8	

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond 13, Va.*

*February 28, 1947*

## Business Conditions

TWO months of 1947 have elapsed and business in the Fifth District is still showing a rising trend. The uptrend is particularly marked in some lines of wholesale trade, though wholesale dry goods, drugs, and grocery sales did not share in this expansion. However, wholesale dry goods sales were the only group where a material set-back occurred in the seasonally adjusted indexes in January from those prevailing in the later months of 1946. This was probably due to the widespread retail clearance sales of dry goods during the month of January and a hesitancy on the part of retailers to reorder.

The adjusted index of department store sales in the District in January held at nearly the same level as in December, which is a better level than might have been expected, in view of the rising price level and the normal post-Christmas trade lethargy. If the January sales level had been due in considerable part to trade attracted by clearance sales, it would have been reasonable to expect February trade levels to be affected adversely. Sales of weekly reporting stores in the District in the four weeks ended February 22 were 2 per cent below similar weeks of 1946, but this cannot be considered as evidence of a downward trend in sales since weather conditions have been such as to prevent a fair comparison. Further evidence must be forthcoming, therefore, to determine the trend of department store sales.

Department store inventories have risen sharply throughout 1946, and on January 1, 1947 they stood at a level higher in relation to sales than at any time since the 1920's except for a short period in 1942. This rising value of inventories in department stores as well as in other lines of business has had considerable influence on the expansion in the commercial, industrial, and agricultural loans of the weekly reporting banks of this District, which loans through the 12th of February had continued in a strong upward trend.

January construction placed under contract somewhat brightens the outlook for further expansion in general

business levels. After adjustment for seasonal variations, construction and contract awards in general rose 14 per cent over those of December and were 78 per cent ahead of January 1946. However, it is difficult to determine how much of this increase should be attributed to increased demand for buildings and how much to rising costs of construction. Building permits after seasonal adjustment rose 11 per cent from December to January, and while January 1947 permits were valued only 17 per cent higher than in January 1946, they represent the highest post-war level except that for March 1946. Both construction contracts and building permits in the District give indication of being in a rising trend.

Bituminous coal output in the District on an adjusted basis recovered 21 per cent from the December level, but failed by 6 per cent to equal the January 1946 level. If the mines can be kept in operation there is sufficient demand to permit capacity operations over the next several months. Foreign demand for coal is in large volume and would be larger if the coal was available. Exports in the year 1946 amounted to 43 million tons, a gain of 51 per cent over the previous year.

The cotton textile industry of the Fifth District continued to expand the output of goods. The revised seasonally adjusted index of cotton consumption in January rose 4 per cent from December, and 16 per cent from January 1946. The industry's production is sold up through the first half of 1947 and considerable selling for third quarter delivery has been done. Foreign demands for cotton goods have been large and would have been much larger if goods had been available. Exports of cotton cloth, duck, and tire fabric in 1946 totaled 775 million square yards, a gain of 15 per cent over exports in 1945, which was about in line with the gain in output. There are numerous complaints regarding the level of cotton goods prices, but thus far there has been no dearth of buyers. Prices for third quarter sales appear to be stabilized at or about 10 per cent above the late OPA ceilings.

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank, Richmond 13, Va.*

*March 31, 1947*

## Business Conditions

**C**ROSSCURRENTS were noticeable in the economic developments of the Fifth Federal Reserve District in February with about an even break between losses and gains in seasonally adjusted indicators from January levels. Considering the adverse weather conditions over the entire District during February the small losses shown in those indicators that turned down should be considered a satisfactory situation.

In many localities of the District January employment levels were lower than in December, but these reductions were mainly attributed to seasonal layoffs, shut-downs owing to the weather, or slackening in operations as a result of material shortages. In several areas increased employment and increased unemployment occurred at the same time. This was attributed to increases in the labor force arising from returned servicemen, high school graduations at mid-term, and to an increasing number of people 50 years and over reentering the labor market owing to the increase in the cost of living. In a few North Carolina localities an occasional small textile mill had shut down, and several furniture factories engaged in upholstered furniture production had temporarily closed. Indications in all cases were that these plants would be reopened by the middle of April.

In a few local areas, according to employers' intentions, the employment levels indicated for mid-April were about the same as in January, but for the great majority of local areas indicate an employment level from 2 to 5 per cent higher. This affords some basis for the view that as of January, employers' intentions were to expand output this spring. In most localities of the District there is a surplus of labor, but it is almost universally the fact that some employers have difficulty in meeting their labor requirements out of the local supply of labor available. In almost every locality reporting, there was a dearth of stenographers, typists, and other clerical help. Employment Service managers attributed this dearth to the relatively low pay offered in these occupations, and the consequent unwillingness of workers to train themselves for such work.

The impression is obtained in covering the local labor market reports, that the employment situation, aside from

further demands for construction and other seasonal industries, has reached a point of stability. In considerable part, this is due to a very marked reduction in absentee and turnover rates, thus making it unnecessary to carry a float force to keep facilities manned.

There were divergent trends in the construction figures between January and February. The building permits for the District on a seasonally adjusted basis rose 14 per cent in this period, whereas seasonally adjusted construction contracts awarded declined 21 per cent. Although the adjusted index of construction contract awards declined 21 per cent from January to February, the February level was higher than for any month prior to February 1946, excepting for the war years.

Although building permit figures in the individual cities show a substantial degree of erratic change from month to month, the overall February figure as represented in the above index still points to a rising volume of housing. In practically every locality where a higher level of employment was indicated for the spring, it was noted that a major problem of recruiting the needed labor was finding a place for them to live. This tight housing condition not only applies to the larger cities but to almost every small town. This factor alone makes it difficult to be other than optimistic on the housing construction outlook despite the high costs. As a matter of fact, building material quoted prices have risen very little more than all manufactured products prices since the end of June 1946, and, furthermore, it was the general impression that the black market differential was much greater in building materials than in manufactured products in June 1946.

As was mentioned last month, the important consideration in determining the level of business activity in the months ahead is the level of demand, both domestic and foreign. January export figures for the country as a whole of \$1096 million compares with the January 1946 total of \$780 million, which indicates a high level of foreign demand. The domestic demand as far as it is indicated by department store sales gives no cause as yet for alarm.

It is true that February sales of the Fifth District de-

Continued on page 12

## BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100—Seasonally Adjusted

	Feb. 1947	Jan. 1947	Dec. 1946	Feb. 1946	% Change Feb. 1947 from	
					Jan. 47	Feb. 46
Bank Debits .....	291	278	281	250	+ 5	+ 16
Bituminous Coal Production*.....	159	149r	136	158	+ 7	+ 1
Building Contracts Awarded.....	239	304	266	260	- 21	- 8
Building Permits Issued.....	246	216	195	215	+ 14	+ 14
Business Failures (number).....	14	9	4	4	+ 56	+250
Cigarette Production .....	266p	241r	220	238	+ 10	+ 12
Cotton Consumption* .....	158	160	154	138	- 1	+ 14
Department Store Sales .....	281	291r	293	282	- 3	.....
Department Store Stocks.....	306	312	319	201	- 2	+ 52
Electric Power Production.....	.....	235	213	196	.....	.....
Employment—Mfg. Industries* .....	.....	134	134	122	.....	.....
Furniture Sales—Retail .....	238	263	261	219	- 10	+ 9
Life Insurance Sales.....	247	238	209	221	+ 4	+ 12
Wholesale Trade:						
Automotive Supplies** .....	345	331	272	260	+ 4	+ 33
Drugs .....	236	248	252	255	- 5	- 7
Dry Goods .....	153	148	193	152	+ 3	+ 1
Electrical Goods** .....	80	77	70	41	+ 4	+ 95
Groceries .....	271	267	274	248	+ 1	+ 9
Hardware .....	113	121	119	98	- 7	+ 15
Industrial Supplies** .....	242	289	268	165	- 16	+ 47
Paper and Its Products**.....	150	155	178	141	- 3	+ 6
Tobacco and Its Products**.....	123	132	125	117	- 7	+ 5

\*Not seasonally adjusted

\*\*1938-41=100

**Business Conditions** (Continued from page 1)

clined 3 per cent from January on a seasonally adjusted basis, and were at the same level as a year ago. But the Fifth District sales ran well ahead of the nation during the war years, and are still at a higher level relative to the prewar base than the national level. The factors which caused the inordinate gain in the District have been eliminated, and the rest of the country has been catching up to the District level for about a year.

Sales of department stores are not maintaining the pace of total retail trade as indicated by Department of Commerce figures, although the homefurnishings and piece goods departments and basement sales were still showing good year to year increases in January. Soft goods sales of department stores are holding close to last year's levels, which, if maintained, would give a high sales volume.

There are divergent notions as to the amount of unit sales of these goods owing to the rise noted in wholesale prices, but it is the general impression that unit sales are smaller than a year ago, and this is taken as an indication that prevailing production levels cannot be maintained. This seems to be a correct appraisal unless prices adjust downward so that the supply of goods and the demand for them be brought in balance. An official of one of the large chain stores has stated that prices of one-fourth of the 7500 items handled were lower as of the turn of March than on December 1, which suggests at least a possibility that the downward price adjustment may occur without reducing production levels.

As far as the products produced in the Fifth District are concerned, there is no indication that a let down in

production would occur before August unless widespread cancellations of orders on hand occur. The cotton textile industry is sold up through the middle of the year, and around a fifth of the third quarter output is under contract. There are no indications of price weakness, despite the fact that further selling for third and fourth quarter delivery has slowed down since the middle of March. Raw cotton prices are strong and the acreage outlook does not promise any increase in supply that cannot be absorbed. Export demand for cotton goods is heavy. January shipments of 87 million square yards were 13 million square yards below December, but 24 million square yards higher than January 1946. The lumber industry of the District is making marked headway, (February excepted on account of weather) and even if demand for lumber were to fall at the consumer level, production could continue upward during the year to fill out yard stocks. Colder than normal weather has prevented any accumulation of bituminous coal stocks, and it would take a very substantial reduction in industrial production levels to lower the demand for coal this year. Nylon yarn shipments to hosiery mills have been cut back owing to production difficulties, and this will adversely affect some hosiery mill operations. The rayon industry seems likely to run at levels as near capacity as materials permit.

Although business failures in the District were still at an extremely low level in February, they were considerably higher in number than in any recent month. This seems to be a reflection of inexperience among the many new firms formed within the last year, rather than an indication of conditions pointing to financial stringency.

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*April 30, 1947*

## Business Conditions

**D**EVELOPMENTS in the Fifth Federal Reserve District in March and the first half of April give indications that some sort of change is in the making in the curvature of the rising path on which the District's business has been moving since the winter of 1945. From the total retail trade point of view, the pathway appears as though the crest would not be reached for quite a number of months, but, on the other hand, important segments of non-durable goods trade appear already to have reached that crest. Whether these segments face flat country or a down-slope future developments will decide; developments mainly in the nature of price adjustment and maintenance of employment levels.

From an agricultural point of view, the outlook for most farmers in the District is bright in that incomes (except for tobacco farmers) will very likely be higher in 1947 than in 1946. In the first two months of the year incomes have increased 61 per cent over the same months a year ago. This does not deny the prospect of a reduction in farm prices, but rather it raises the question whether declines that occur will bring the year's averages as low as those of 1946. Tobacco incomes will likely be adversely affected through lower prices, in part occasioned by the steep increase in British tobacco taxes and a resultant decrease in British purchases of this year's crop.

If no material drop occurs in food prices in coming months the non-durable goods trade outlook will be more vulnerable than it now appears. One of the chief unsettling general trade factors at the present time is the enlarged amount of consumers' budgets that must be diverted to the purchase of food, and this together with certain other high prices has found its reflection in a reduction in purchases of items normally in demand by the entire population. It is presumed this reduction in purchases has come about because large numbers of people of fixed incomes and those whose incomes have run behind the average are being priced out of the market both by direct price rises in the products themselves and by the very large rise in food prices. Therefore, the consumer's outlook is varied according to the size of his income and the proportion of it required for food and fixed expenditures such as rent, insurance, taxes, etc. Sales trends in some durable goods lines give the impression that the

"high income" market is a large one, and, short of panicky conditions, will be a sustaining factor in the durable goods market and therefore in total retail trade. Selected city figures of the District show large percentage increases from a year ago in aggregate dollar retail sales as late as February. These sales gains were largely accomplished by an inordinately large gain in automotive, building material, and other durable goods.

Wholesalers, particularly in grocery and dry goods lines, are jittery over their inventory position, despite the fact sales records show little or no slackening in dollar figures. Most lines of wholesale trade in this District which decreased on a seasonally adjusted basis from January to February recovered notably in March. Other lines held their gains or increased them; and only tobacco and electrical wholesalers showed lower March sales than in February.

Some wholesalers in the District are exercising a policy of purchasing smaller quantities of goods than they are selling in order to reduce their inventory positions. Many retailers over the District are also indicating by clearance sales and otherwise that they are mindful of the fact that many commodities on their shelves are priced too high to keep them moving into consumption channels in the increased volume in which they are arriving. Unfilled orders have been drastically reduced and purchasing policies are in the main holding close to shore. This leads up to what is beyond the horizon in the volume of output of manufactured products and the resulting level of employment.

A retail and wholesale purchasing policy in non-durable goods, geared as it apparently is to a level somewhat below the actual consumption level should have an adverse affect on the District's production level to the extent of that output which has been required to build the physical quantity of inventory. For example, if 90 per cent of the current production of cotton goods had gone into consumption and 10 per cent into building wholesale and retail inventories, production would fall 10 per cent if, after these inventories had risen to a given level, they were held there.

The production outlook in the District's largest labor employing industries is complicated with the demands that will be forthcoming from abroad. These demands have

thus far been insistent for cotton goods, rayon goods, lumber, and bituminous coal. If this foreign demand increases in an amount sufficient to take the quantity of goods released by a cessation of domestic retailer-wholesaler inventory accumulation, that would maintain the going level of production or perhaps increase it and prevent any material downward adjustment of prices. In the event that demands were insistent enough to keep the District's mills and factories operating at current or higher rates of production, it should be expected that the wages of labor would continue to rise and domestic trade improve, particularly in non-durables.

The employment outlook in industry other than agriculture will be closely tied in with the level of demand that prevails for the products of these industries. Employment levels thus far have, for the most part, been maintained or moderately increased. In most areas of the District employment levels are anticipated to show a further moderate increase up to June. Thereafter the level will be determined by the individual firm's ability to sell its products and this ability will be dependent on the level of domestic consumption plus exports. Given an adequate demand there are quite a large number of firms which would like to expand their operations and employ-

ment by moderate proportions, but are unable to do so because of a dearth of workers of required skills, or because housing facilities are not available to bring in workers from other areas. In the main, however, employment in the District is at what is currently called "full employment."

New residential building started in March fell notably on a seasonally adjusted basis from February and local real estate people indicate that April starts are even less than those of March. This drop is attributed mainly to high prices of houses and to a lack of quality to fit the requirements of those in position to purchase. There is still, however, a large number of residences uncompleted, and construction employment should rise seasonally. March construction contracts awarded in the District, as compiled by the F. W. Dodge Corporation rose 13 per cent in value from February on a seasonally adjusted basis, but March levels were 17 per cent smaller than in that month last year. There are many indications that a substantial volume of commercial and industrial projects in the District are planned, but because of government restrictions, flow of materials, price, etc., these have not arrived at the contract stage, and there is no clear indication available when they will be placed under contract.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	March 1947	Feb. 1947	Jan. 1947	March 1946	% Change March 1947 from	
					Feb. 47	Mar. 46
Bank Debits .....	293	291	278	254	+ 1	+ 15
Bituminous Coal Production*.....	150	159	149	163	- 6	- 8
Building Contracts Awarded.....	272	240r	304	328	+ 13	- 17
Building Permits Issued.....	144	246	216	304	- 41	- 53
Business Failures .....	19	14	9	2	+ 36	+850
Cigarette Production .....	242	262r	241	252	- 8	- 4
Cotton Consumption* .....	152	157	160	139	- 3	+ 9
Department Store Sales.....	307	281	292	298	+ 9	+ 3
Department Store Stocks.....	296	306	313	206	- 3	+ 44
Electric Power Production.....	.....	234	235	205	.....	.....
Employment—Mfg. Industries* .....	.....	134	134	125	.....	.....
Employment—Nonmfg. Industries* .....	.....	.....	122	123	.....	.....
Furniture Sales—Retail .....	278	234r	263	255	+ 19	+ 9
Gasoline Consumption .....	.....	.....	169	150	.....	.....
Life Insurance Sales.....	239	247	238	244	- 3	- 2
Wholesale Trade:						
Automotive Supplies** .....	345	345	331	288	0	+ 20
Drugs .....	260	236	248	248	+ 10	+ 5
Dry Goods .....	163	153	148	166	+ 7	- 2
Electrical Goods** .....	65	80	77	31	- 19	+110
Groceries .....	277	271	267	239	+ 2	+ 16
Hardware .....	114	113	121	101	+ 1	+ 13
Industrial Supplies** .....	271	242	289	196	+ 12	+ 38
Paper and Its Products**.....	164	150	155	142	+ 9	+ 15
Tobacco and Its Products**.....	108	123	132	107	- 12	+ 1

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*May 31, 1947*

## Business Conditions

There is a substantial element of strength in the current business situation despite the fact that the persistent expansion registered in consumer purchases throughout the war and postwar periods appears to have leveled off. Strength is still evident in the trade situation, because selected stores report as late as the middle of May that no material resistance is found in consumers' reactions to prevailing prices when the desired quality of goods is on hand. There is very great resistance, however, to the poor quality of wartime merchandise. The current characteristics of the retail trade situation are important considerations in the business outlook for the remainder of the year, for they indicate that by and large price rise has not materially deteriorated the aggregate flow of goods into consumption channels.

Current trade statistics give evidence to the foregoing conclusion. The weekly reporting department stores of this District show figures reported in the weeks ended May 10 and May 17 again running ahead of a year ago, after showing slight losses in the three weeks following Easter. The seasonally adjusted index of department store sales for a broader group of stores, show April sales 7 per cent ahead of a year ago, but 3 per cent less than in March. Year to year gains in this District are continuing to run below the national average, largely because of the importance of Baltimore, Washington, Norfolk, and Charleston, South Carolina in these figures, and because of the effect of the removal of the war-boom condition from these cities.

Furniture store sales, though erratic in their movement, have continued to hold at high levels. Other durable goods stores, notably building-supply houses and automotive concerns, have continued to show sales well in excess of corresponding periods a year ago. Durable goods sales also have been an important consideration in the rise of department store sales, but non-durables also show an increase in the first quarter of the year compared with the same quarter a year ago. In these three months comparisons home furnishings accounted for 45 per cent of the total store sales increase. Women's and misses' wear sales in the first quarter of 1947 show the only decrease of a major department from the same quarter of last year. Stores attribute this decline in part to lack of desired quality merchandise.

Other factors of strength in the short-run business outlook are a high level of construction put in place; and a higher level of farm income for the great majority of farmers of the District. Although new starts in construction activity have slowed down very materially, the amount of materials and labor required to complete projects already started will stay at a high level through the summer. If building costs are not adjusted downward sufficiently to meet the ideas of would be builders, this industry will be a weakening factor in the business outlook in the fall of the year. There is, however, a considerable amount of public and commercial construction evolving despite high costs, and this has raised both contract and permit levels for April as compared with March. Thus despite the slowing in residential and heavy industrial construction starts, total construction contract awards in April were high by past comparisons except during the war years.

Cash farm income for the District in the first three months of 1947 rose 62 per cent over the same months of 1946. These changes find reflection in the maintenance of peak levels in the sales of wholesalers who deal primarily with rural retailers. Most farm prices affecting Fifth District products are strong, and no material weakness need be expected at least until the new harvest. Tobacco is an exception, in that British purchases are expected to be well below a normal level.

On the unfavorable side of the business situation are the excessive department store and selected wholesalers' inventories and the repercussions these are likely to have on the volume of production and employment. Department store and presumably many general store inventories, primarily in non-durable goods, are too high in relation to a more or less stabilized level of sales. Since April stores have been attempting to correct this position by reducing their new orders below the sales level. A number of store executives have expressed the opinion that the adjustment would be made by July 1, others think it may take a shorter or a longer time.

Reduction in orders from both wholesalers and retailers causes reductions in manufacturers' order banks, or causes their inventories to rise, or forces a reduction in plant operations. As of the middle of May, plant shut-downs or reductions in operations in the Fifth District had been

of little consequence. A few specialty textile mills had shut down, and some yarn mills had moderately curtailed. Specialty furniture plants and small upholsterers have curtailed or quit, but on the whole there has been very little adverse effect on employment. Local labor markets report data that indicate a stable employment level in manufacturing industries up to July. Although cotton yarns seem to be slackening somewhat, the cloth producers are still able to sell all their available output at premiums over contract prices.

Liquid savings as represented by time deposits in the weekly reporting banks continue to move slowly upward.

Some banks, however, indicate that there has been an increase in the rate of turnover of these deposits, which indicates some usage of them for current transactions. Series E savings bonds sales for the District in the first quarter of 1947 totaled \$93,971,000 which is \$11,431,000 higher than redemptions of A—E savings bonds in the same period. Maryland, however, shows redemptions \$3,660,000 higher than sales in the three months, while Virginia, West Virginia, North Carolina, and South Carolina show redemptions greater than sales in March. The evidence is not clear whether these funds were used to pay taxes, or used for purchases.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	Apr. 1947	Mar. 1947	Feb. 1947	Apr. 1946	% Change Apr. 1947 from	
					Mar. 47	Apr. 46
Bank Debits .....	270	293	291	244	— 8	+ 11
Bituminous Coal Production*.....	132	150	159	4	— 12	.....
Building Contracts Awarded.....	296	272	240	365	+ 9	— 19
Building Permits Issued.....	198	144	246	170	+ 38	+ 16
Cigarette Production .....	254	242	262	244	+ 5	+ 4
Cotton Consumption .....	159	152	157	143	+ 5	+ 11
Department Store Sales.....	299	307	281	279	— 3	+ 7
Department Store Stocks.....	302r	300r	307	217	+ 1	+ 39
Electric Power Production.....	.....	238	234	207	.....	.....
Employment—Mfg. Industries*.....	.....	134	134	126	.....	.....
Employment—Nonmfg. Industries*.....	.....	.....	123	119	.....	.....
Furniture Sales—Retail .....	240	279r	236r	237	— 14	+ 1
Gasoline Consumption .....	.....	.....	157	160	.....	.....
Life Insurance Sales.....	246	239	247	283	+ 3	— 13
Wholesale Trade:						
Automotive Supplies** .....	308	345	345	263	— 11	+ 17
Drugs .....	268	260	236	269	+ 3	0
Dry Goods .....	167	163	153	157	+ 2	+ 6
Electrical Goods** .....	69	65	80	34	+ 6	+103
Groceries .....	278	277	271	235	0	+ 18
Hardware .....	114	114	113	98	0	+ 16
Industrial Supplies** .....	317	271	242	191	+ 17	+ 66
Paper and Its Products**.....	200	164	150	142	+ 22	+ 41
Tobacco and Its Products**.....	121	108	123	115	+ 12	+ 5
Business Failures .....	17	19	14	2	— 11	+750
Lumber Production .....	.....	126	155	159	.....	.....
Wheat Flour Production.....	.....	145	142	98	.....	.....

\*Not seasonally adjusted

\*\*1938-41 = 100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*June 30, 1947*

## Business Conditions

THERE was considerable irregularity in business movements in the Fifth District during May, but nothing bordering on a business recession was then visible. The trade level in the District, as measured by seasonally adjusted department store sales, in May exceeded April by 1 per cent and was 9 per cent higher than the trade level for the same month a year ago. Other types of District stores, as reported to the Bureau of the Census, are still showing substantially larger gains than department stores. Exceptionally large increases are continuing in the automotive trade and in building supplies. There was variability in the movements between April and May in the nine lines of wholesale trade. In the main, these trades are holding at high levels.

The employment situation in the District has stabilized, and few further expansions are in sight in the next several months. In numerous places there have been moderate slow-downs in industrial activity, and a few plants have found it necessary to shut down temporarily. These are, in the main, small concerns, and thus far few workers have been adversely affected.

Despite the high building costs and early general reports of reduced activity, building permits are showing a surprising amount of strength. After adjustment for seasonal variation, building permits in the Fifth District in May were 8 per cent higher than in April and 22 per cent higher than in May 1946.

Reports are current that some wholesalers and retailers in the District are again purchasing supplies equivalent to their high rates of sales. It will be recalled that stores generally had adopted a policy in the spring of reducing inventories by purchasing considerably less than was being sold. These reduced purchases have had their effect on manufacturers' activities as is shown in various industries of our District, notably cotton yarns, certain types of furniture, some types of clothing, and certain finished cotton goods. It is interesting to note that some stores have resumed purchases equivalent to their rate of sales, and it indicates a strengthening factor in manufacturing output and employment. There are, no doubt, some stores which had accumulated much larger inventories relative to their sales and which are still purchasing smaller supplies than they are selling. At the going level of sales, however, most

stores' inventory positions should be in alignment by the beginning of fall. This would seem to indicate that many of the adjustments that have been taking place in the past two months in manufacturing activity will be essentially completed by the end of summer.

One of the strong factors in the District's business outlook is the fact that the cotton textile industry reduced its spindle activity simultaneously with a reduction in market demand. In May the seasonally adjusted index of cotton consumption in the Fifth District dropped 13 per cent from the April level and was 6 per cent smaller than that of May 1946. This means that the manufacturers have been unwilling to produce for stock and that there will be no supplies of goods overhanging the market.

The market demand for cotton goods is spotty. Some constructions—notably print cloths—are in extraordinarily strong demand, and prices are strengthening. Other constructions are moving slowly, but even in these no weakness in price has been evident.

It is becoming clear that there are not likely to be any material price concessions made in cotton goods until the price of raw cotton itself has dropped materially. It is further clear that nothing lower than around 30-cent cotton (92.5 per cent of parity) need be anticipated through the calendar year 1948. Exports of cotton goods are continuing at the highest level on record and are a little more than double the level of a year ago. The demand for cotton goods required for inventory accumulation in the several stages of fabrication and distribution apparently has been eliminated, but the increased demand for exports has to a large extent offset this loss. The best anticipation that could be justified at this stage would be that cotton consumption after the summer holidays will resume a level about the same as in the early part of the year.

Cigarette output of the District dropped notably in May from April on a seasonally adjusted basis, but the major part of this is undoubtedly due to labor troubles. There has been little indication thus far that there has been any weakening in the demand for cigarettes.

Lumber, which in 1946 approximated its production record of four decades ago, has become a drug on the market in the early months of 1947, and production has fallen sharply from the year-end, 1946, level. This does

not mean that lumber production will stay at these reduced levels, but it is an indication that price and cost adjustments must be made. The demand for lumber under those conditions which would permit the full development of housing facilities will be very much greater than current production. Rough lumber prices have broken sharply, but this is not true of finished lumber where facilities for production are much more limited.

Speculative building of residences has fallen off notably from what it was over the past several months, but here and there an occasional development of considerable size has gotten under way. The current level of building permits in the District must be fairly heavily weighted with commercial, industrial, and government projects. There have been some notable reductions in residential building costs in the form of increased labor efficiency, but these costs are still high and it remains to be seen whether or not new starts can be attained in volume under these costs. The lifting of restrictions on the number of square feet and the number of bathrooms has resulted in some activity in custom built houses. It is believed that considerably more of this type of housing will evolve.

Although the record is not available for bituminous coal output for May, it is probable that a considerably higher level of production was attained than in April when a mourning holiday period was called. June production, however, will again be adversely affected because it is re-

ported that a substantial proportion of the miners has quit work in protest over the new labor bill. Such labor stoppages and holidays as have been occurring will have their effects largely on the volume of coal exports if miners return on July 7. This is unfortunate at a time when the nation's best efforts should be exerted to reactivate the production of foreign nations.

The crop outlook in general in the Fifth District is in satisfactory shape despite the late spring. Cotton acreage will be in the neighborhood of 15 per cent higher than that of a year ago, but boll weevil emergence has been greater than normal, and this may in part offset a gain in production that might be expected from a larger acreage.

Tobacco stands are spotty in many areas of the District. At this stage it does not appear that the poundage of tobacco will equal that of last year. However, climatic conditions in the next thirty days could change this outlook completely. Tobacco prices will be lower than they were last year unless the crop is unusually short or some arrangement is made to finance purchases normally made by Great Britain. The price of cotton, on the other hand, on the basis of the current outlook appears to hold a substantial measure of strength.

The spring pig crop was only a few per cent higher than that of a year ago in the District as well as in the nation. This does not offer much hope for much reduction in the price of meat this year.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	May 1947	Apr. 1947	Mar. 1947	May 1946	% Change May 1947 from	
					Apr. 47	May 46
Bank Debits .....	290	270	293	250	+ 7	+ 16
Bituminous Coal Production*.....		132	165r	77	.....	.....
Building Contracts Awarded.....	263	296	272	437	- 11	- 40
Building Permits Issued.....	213	198	144	174	+ 8	+ 22
Cigarette Production .....	207	254	246	255	- 19	- 19
Cotton Consumption .....	139	159	152	148	- 13	- 6
Department Store Sales.....	303	299	307	279	+ 1	+ 9
Department Store Stocks.....	292	302	300	233	- 3	+ 25
Electric Power Production.....		235	238	199		
Employment—Mfg. Industries* .....		132	134	127	.....	.....
Furniture Sales—Retail .....	258	239r	279	228	+ 8	+ 13
Gasoline Consumption .....			153	150	.....	.....
Life Insurance Sales.....	238	246	239	287	- 3	- 17
Wholesale Trade:						
Automotive Supplies** .....	296	308	345	277	- 4	+ 7
Drugs .....	244	268	260	266	- 9	- 8
Dry Goods .....	154	167	163	155	- 8	- 1
Electrical Goods** .....	90	69	65	42	+ 30	+114
Groceries .....	266	278	277	240	- 4	+ 11
Hardware .....	126	114	114	96	+ 11	+ 31
Industrial Supplies** .....	341	317	271	188	+ 8	+ 81
Paper and Its Products**.....	191	200	164	134	- 4	+ 43
Tobacco and Its Products**.....	109	121	108	114	- 10	- 4
Lumber Production .....		147	126	161		
Wheat Flour Production.....		129	145	85		

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*July 31, 1947*

## Business Conditions

**I**N THE latter half of June, market conditions improved materially in non-durable goods and particularly in textiles and their products. Retailers and wholesalers had reduced their purchases of textile products in April, May, and the early part of June, in most cases to bring about a desirable inventory alignment and to eliminate substandard merchandise, but in other cases reduced purchases were effected in an attempt to bring a downward adjustment in textile prices at the manufacturer's level. Retailers and wholesalers alike have considered prices of textile products too high, and for some time now trade journals have contained expressions from them to this effect. It was probably the feeling that prices were inordinately high that motivated a downward adjustment in inventories of textile products, rather than overly large inventories in the physical sense. This point, is given substantial documentation by the policy pursued by Sears Roebuck as stated by General Wood before the Congressional Committee on the Economic Report.

There was slight easing in prices of some cotton constructions in this two and a half months period but stability was the rule in most woven fabrics, while considerable easing occurred in yarn prices. Except for sales yarn concerns, however, the production and employment level in the textile industry of the District has continued at the high level of the first quarter of the year, operations being sustained by forward orders booked during that quarter. Reduced buying on the part of wholesalers and retailers in this period, therefore, had only a nominal effect on prices and a negligible effect on production. In fact, the reduction in cotton consumption in the District from May to June was not quite as much as is normal seasonally, and the adjusted index rose 1 per cent in this period.

Export demand for cotton cloth, duck, and tire fabrics in May continued to show a strong upward trend, having mounted to 147 million square yards, a gain of 7 per cent over April and 102 per cent over May 1946. The May export level was at an annual rate of 1.8 billion yards or around 17 per cent of probable domestic production.

In the meanwhile, demand for textile products at retail in the domestic market held at a level in physical units nearly equal to that of a year earlier, and has thus

far shown no tendency to lessen. This demand has made it necessary for both wholesalers and retailers to re-enter the market for goods, which in turn has found reflections in increased orders of the mills of the District. Cloth output of the cotton textile industry is fairly generally sold-up through the remainder of this year and considerable contracting has been done into the second quarter of 1948 at rising prices. This means that production in the District's largest industry will be rising or holding at essentially capacity levels throughout the remainder of the year, after the retarding effects of vacation shut-downs are passed. There have been shifts in loom operations from heavy to light constructions, so that increased production measured in square yards is likely to exceed the changes shown in cotton consumption.

Actually the consequences of the improved outlook for basic textile production are more widespread, for they signify an expansion in textile fabricating industries as well. Work clothing, underwear, and other finished products have already shown an improved demand at the mill level.

Inventory adjustments at retail and wholesale levels had also occurred in hosiery, particularly in women's full-fashioned. This industry has been operating at reduced levels since April, owing both to reduced orders and to lower allocations of nylon yarns. It had been expected that a larger allotment of yarns would be available in August, but current indications are that increased nylon supplies will be further delayed beyond that month. In fact, there is some apprehension that there will be a hosiery shortage this fall accompanied by higher prices.

Employment in the mechanized furniture factories of the District has held steady through the first half year and production has shown moderate improvement. There is still a sizable amount of furniture in retail inventories that does not match quality and style of that currently being produced, and this factor is acting as a retardant on factory sales in many cases. Dealer purchases at the Summer International Home Furnishings Market in Chicago indicate a continued high level of output of dining room and bedroom furniture and an improved level of other types particularly in the medium and upper price brackets. Upholstered goods inventories of the less desirable types have been fairly well disposed of

by independent retailers, and substantial new purchases of these goods have been made by these concerns. Large retailers, however, still have a problem of liquidating this type of merchandise and are not purchasing heavily. Prices of furniture, in general, are holding peak levels, and some makers are guaranteeing these prices against reduction for 60 days.

As a result of the new wage agreement, bituminous coal miners obtained a substantial increase which was immediately reflected in an increase of around 75 cents, a ton in coal prices at the mine. Some opinion has been expressed that the higher wage will induce a larger number of workers to become miners and increase the output of coal. It is doubtful, however, whether many more miners can be recruited, or whether the number of man-days of work can be expanded materially. The new agreement, however, will probably prevent organized work-stoppages through the coming winter. It does not assure a low rate of absenteeism. Thus, a tight coal supply situation is likely to prevail over the winter. A check on the District production will not be possible until regional data are reinstated.

Of particular importance at this time was an increase in building activity. In June the seasonally adjusted index of the value of building permits rose 29 per cent over that of April to record an increase of 50 per cent over June 1946. Despite the slowing down in the sales of new houses in May-June period, June figures show some

sizable new residential starts. Prices of old houses in many parts of the District are on the downgrade, but no distress sales are in evidence, while prices of newly constructed houses are holding rigidly.

June also witnessed a further expansion in the seasonally adjusted index of department store sales, and a reduction in inventories. The sales index rose 5 per cent above the May level and 3 per cent above that of a year earlier. Although inventories at the beginning of June were still 11 per cent ahead of a year ago, they were 8 per cent below May on a seasonally adjusted basis.

Of the nine lines of wholesale trade listed, all but three show June levels above a year ago, and higher than May after seasonal correction. These sales of wholesalers together with those of department stores are impressive in that they indicate a sustained level of demand for a period of 6 months at the existing price level. These levels of sales, furthermore, have made it necessary to step up the rate of purchases from manufacturers and that in turn points to a further rise or stabilization of production in consumers' goods.

There has been no rush on the part of landlords to take advantage of the new rent control law which permits an increase up to 15 per cent provided a lease is signed until the end of 1948, but a smattering of increases have been recorded. It is not expected that rent increases will have much adverse effect on trade levels the remainder of this year.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	June 1947	May 1947	April 1947	June 1946	% Change	
					June 1947 May 47	1947 from June 46
Bank Debits .....	286	290	270	258	- 1	+ 11
Building Contracts Awarded.....	270	263	296	364	+ 2	- 26
Building Permits Issued.....	275	213	198	183	+ 29	+ 50
Business Failures .....	27	14	17	5	+ 93	+440
Cigarette Production .....	247	207	254r	229	+ 19	+ 8
Cotton Consumption .....	140	139	159	145	+ 1	- 3
Department Store Sales.....	317	303	299	307	+ 5	+ 3
Department Store Stocks.....	270p	292	302	243	- 8	+ 11
Electric Power Production.....	.....	235	235	203	.....	.....
Employment—Mfg. Industries* .....	.....	132	133	129	.....	.....
Furniture Orders .....	.....	243	378	454	.....	.....
Furniture Shipments .....	.....	273	284	353	.....	.....
Furniture Unfilled Orders.....	.....	745	976	788	.....	.....
Furniture Sales—Retail .....	300	256r	239	269	+ 17	+ 12
Gasoline Consumption .....	.....	.....	173	158	.....	.....
Life Insurance Sales.....	232	238	246	252	- 3	- 8
Wheat Flour Production.....	.....	118	129	103	.....	.....
Lumber Production .....	.....	159	147	172	.....	.....
Wholesale Trade:						
Automotive Supplies** .....	288	296	308	286	- 3	+ 1
Drugs .....	257	244	268	269	+ 5	- 4
Dry Goods .....	169	154	167	197	+ 10	- 14
Electrical Goods** .....	83	90	69	43	- 8	+ 93
Groceries .....	282	266	278	235	+ 6	+ 20
Hardware .....	124	126	114	104	- 2	+ 19
Industrial Supplies** .....	346	341	317	226	+ 1	+ 53
Paper and Its Products**.....	194	191	200	136	+ 2	+ 43
Tobacco and Its Products**.....	107	109	121	113	- 2	- 5

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*August 31, 1947*

## Business Conditions

**P**RODUCTION and distribution of goods to consumers were somewhat slower in the Fifth District in July than in June after correction for seasonal variation, based upon past experience in seasonal tendencies. There are numerous evidences, however, that further shifts have taken place in seasonal characteristics this year which will require readjustment in these measures.

For example, shifts have been made in store hours in several cities of the District and these may in part be responsible for a reduction in our seasonally adjusted index of department store sales from 317 per cent of the 1935-39 average in June to 301 per cent in July, or a drop of 5 per cent. Likewise, cotton consumption in the Fifth District, on a seasonally adjusted basis, declined 2 per cent from June, probably due in the main to a greater observance of vacation periods than in recent years. However, new business booked by the mills of the District during July appears to have been adequate to permit capacity production in the next two or three months, and perhaps the rest of the year.

Bituminous coal output nationally (District figures not available) is not yet up to levels established in the early war years. The reduction in hours worked per week under the new contract together with a smaller number of workers makes it doubtful if production will return in the near future to levels established during the war.

The wholesale trades in the District, however, improved their sales for most lines on a seasonally adjusted basis in July as compared with June, and all lines save drugs, dry

goods and tobacco showed sales well above a year ago. These increases from June to July are a reflection of the improved inventory situation of the smaller retailers, and further reflect confidence in the fall trade outlook.

It is interesting, and of substantial importance, to note a further increase in building permits in the District in July over June after seasonal correction. The permit figures in the District, however, have made a better showing since the first of the year than have building contracts. The permits index has shown a steady expansion since February, whereas the contract awards index, though quite erratic, has shown essentially a flat trend thus far in the year. Building materials' prices and labor wage rates are still at their peak with wages here and there still rising. Prudent analysis of these costs invariably leads to the conclusion that they are too high to result in a sustained volume of high constructive activity. Yet the record of permits and contracts in the Fifth District holds at a very high level, which might reflect urgent requirements. New residential construction awards in this District, which slowed down materially in the spring, have since been holding at the reduced levels.

The dollar value of financial transactions as measured by bank debits in July were about the same level after seasonal correction as in June, but 10 per cent above a year ago. July business failures rose sharply from the June level probably due in part to the mid-year accounting period. July failures were still less than half the average monthly number in the years 1935 through 1939.

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*September 30, 1947*

## Business Conditions

**T**HE business situation in the Fifth Federal Reserve District in August can be characterized as one of opposing trends. Trade at retail and in most wholesale lines eased, while wholesale sales of dry goods and hardware improved notably. Production levels were little changed from July after seasonal adjustment. Building permits continued to rise, August figures being higher than those of July, both in actual value and after seasonal correction.

Total employment levels which had receded moderately to July appear to have improved a little in August, and many of those plants which had reduced hours of labor into July appear to have expanded them somewhat in August. Bank debits adjusted seasonally rose sharply to a new high level. Life insurance sales were below July after seasonal correction but are still holding in the flat area of 230 to 250 per cent above the 1935-39 average where they have been throughout the first eight months of the year.

Bituminous coal output—figures for which are not available on a regional basis—has been running below a year ago on a national basis from 200,000 to 800,000 tons weekly due mainly to shorter working hours, but due in part to a shortage of freight cars. With coal exports of 40 million tons in the first seven months of 1947 comparing with 22 million in similar months of 1946 and production running below a year ago, the coal supply over the winter will be tight.

New domestic business booked by producers of the principal manufactured products of the District—gray goods, knit goods, work clothing, most lines of hosiery, and rayon fabrics—was large enough during July and August to warrant expansion of output in these industries during September and October and even to the end of the year, provided the exports of the more important of these products do not decline too sharply in this period.

Exports of cotton manufactures, the most important of this list, in June and July were somewhat below the peak of 147 million square yards sent abroad in May, but exports in June and July were still inordinately large by all past comparisons, June having totaled 125 million square yards and July 129 million square yards. Cotton goods exports at the rate of 125 million square yards monthly

would give an annual total of 1.5 billion square yards or about 15 per cent of output. The rush of countries to convert Sterling balances into dollars on July 15 may have been a sustaining factor in cotton goods exports, but if this was important its effect has probably been spent by now. There is some reason to believe, however, that cotton gray goods exports may hold up somewhat better than might be anticipated in view of the dollar shortage, for both England and Belgium have expressed their intention of importing gray goods, finishing and reexporting them. The growing shortage of dollars of other countries, particularly in North and South America, and their current inability to convert Sterling balances, however, will probably cause considerable reduction in cotton goods exports.

Trade reports indicate that there has been a considerable weakening in demand from foreign sources in August and September. But if these exports can be maintained around 60 or 75 million square yards monthly it is probable that not much direct adverse repercussions would be felt in the textile industry of the Fifth District during the rest of the year and perhaps longer, provided the weakening of export trade in general does not result in substantial unemployment in the national economy.

Foreign trade in tobacco has already hit a slump which has been quite noticeable to the port of Norfolk as well as to tobacco growers of the District. Brokers in the Norfolk area say tobacco exports are down from 50 to 70 per cent of normal for September. Coal exports, however, are running heavy, and it was these that made Baltimore the nation's leading export port in tonnage in April, May and June and is the only thing now sustaining activity at Hampton Roads ports.

Wholesale commodity prices since the turn of July have risen about 6 per cent and this rise has not been confined to farm and food products, but has been quite general. It should be expected that these rises would find reflection at the retail level later on this year. This raises a question, whether or not the domestic market can absorb increased prices and still maintain a demand for the going level of production.

The Department of Commerce's seasonally adjusted index of total non-durable goods sales in the nation, though showing a slight weakening tendency, nevertheless, has

been quite well maintained, while durable goods sales have continued to rise, subject largely to the ability to produce those goods for sale. Department store sales on a seasonally adjusted basis eased in June, July and August nationally and in July and August in the Fifth District. If this easing—and thus far it has only been an easing—portends a further slackening in this type of sales, it would be logical to conclude that the revival of production of non-durable goods anticipated for September and October would probably peter out by November. If, on the other hand, this easing in department store sales is no more than the reflection of a hot summer, more people on vacation, and other new seasonal factors, then it seems that production and employment in the District would be sustained at least until the turn of the year. Durable goods production in the nation has run into many impediments, and while some expansion is constantly being made it is doubtful whether these goods could be expanded enough for their sales at retail to offset any real weakness that might develop in non-durable goods sales arising from price increases or from unemployment generated by loss of export trade.

Construction activity on the site in the District has been surprisingly well maintained. Building permits in 29 cities of the District, seasonally adjusted, in August rose to within striking distance of the March 1946 peak. Permits have been strongly supported by the starting of a sizeable number of high priced custom built houses (speculative starts having slowed down substantially since spring), and by considerable activity in commercial building. Contracts awarded, which give a much wider coverage of the District than permits, though still at a high level have been receding. If the over-all weakening in export demand does not result in sizeable unemployment nationally, there are reasons to believe that further recession in contract awards may not occur in the next several months, but that a sustained volume around first-half-year levels would obtain.

The foregoing observations may appear somewhat indecisive, yet they fairly well characterize the delicate balance in which the business of the Fifth District finds itself at the present time.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	Aug. 1947	July 1947	June 1947	Aug. 1946	% Change Aug. 1947 from July 47      Aug. 46	
Bank Debits .....	308	285	286	298	+ 8	+ 3
Building Contracts Awarded.....	.....	249	267	348	.....	.....
Building Permits Issued.....	294 <sub>p</sub>	280	275	175	+ 5	+ 68
Business Failures .....	25	45	27	7	- 44	+257
Cigarette Production .....	231	243	242	229	- 5	+ 1
Cotton Consumption .....	137	137	140	150	0	- 9
Department Store Sales.....	282	301	317	307	- 6	- 8
Department Store Stocks.....	262	272 <sub>r</sub>	270	259	- 4	+ 1
Electric Power Production.....	.....	235	226	223	.....	.....
Employment—Mfg. Industries* .....	.....	130	131	132	.....	.....
Furniture Orders .....	283	235	435	206	+ 20	+ 37
Furniture Shipments .....	207	219	330	242	- 5	- 14
Furniture Unfilled Orders.....	594	491	742	437	+ 21	+ 36
Furniture Sales—Retail .....	219	224 <sub>r</sub>	299 <sub>r</sub>	212	- 2	+ 3
Gasoline Consumption .....	.....	.....	176	171	.....	.....
Life Insurance Sales.....	230	252	232	272	- 9	- 15
Wholesale Trade:						
Automotive Supplies** .....	255	295	288	251	- 14	+ 2
Drugs .....	269	264	257	260	+ 2	+ 3
Dry Goods .....	238	197	169	193	+ 21	+ 23
Electrical Goods** .....	74	87	83	43	- 15	+ 72
Groceries .....	271	287	282	249	- 6	+ 9
Hardware .....	163	146	124	122	+ 12	+ 34
Industrial Supplies** .....	311	287	346	253	+ 8	+ 23
Paper and Its Products**.....	166	172	194	126	- 3	+ 32
Tobacco and Its Products**.....	98	110	107	107	- 11	- 8

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

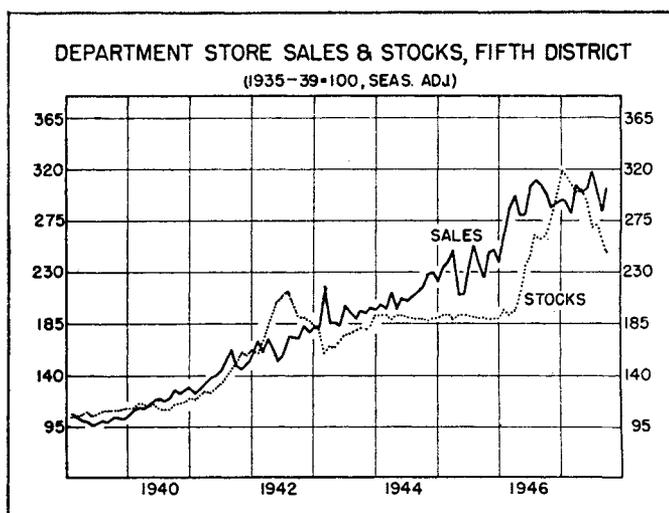
*October 31, 1947*

## Business Conditions

**B**USINESS activity in the Fifth Federal Reserve District showed moderate to substantial improvement in September when compared with August on a seasonally adjusted basis. Those seasonally adjusted indicators showing the greatest improvement include wholesale trade lines, which had shown the greatest sales declines down to August, and sales of retail furniture stores. Department store sales made somewhat more than a seasonal recovery but have not established a pattern that as yet indicates a rising trend will prevail in the remaining months of the year. Department store stocks at the end of the month fell to the lowest seasonally adjusted level since May 1946. Building permits rose 2 per cent from the previous month after seasonal correction, to establish the third highest month of record since 1921. Building contracts seasonally adjusted, however, declined in September by 6 per cent from the August level. Cigarette production rose 2 per cent after seasonal correction but remained somewhat below the levels early in the year. The seasonally adjusted index of cotton consumption rose 3 per cent from August to September, due mainly to a gain in North Carolina mill usage. The August manufacturing employment index rose slightly from July and indications are that a further small rise has occurred in September. Business failures, seasonally adjusted, rose 48 per cent over the August level, and while the September index was below the July peak it was five times higher than September 1946.

### Trade

Department store seasonally adjusted sales in the Fifth District during September rose 7 per cent above the August figure, to a level 2 per cent higher than in September 1946. Trade reports indicate that a part of this gain was due to sales of seasonal merchandise normally coming in October and November, which shift was occasioned by the early cold spell in the last two weeks of September. If the departmental figures for September show this shift to be of much importance, October sales will probably fail to increase by seasonal proportions, particularly since summer weather has been in evidence most of the month. It is still too early to get a clear notion of the degree of strength in consumers' outlays for department store merchandise, but when the November sales are in hand a much better understanding of the consumers' ability or willingness to purchase will be possible.



As may be noted from the accompanying chart, department stores permitted their stocks of goods to fall substantially from the peak level at the beginning of the year to the end of September. In the spring, stores were generally of the opinion that their stocks were too high for the then going rate of sales, and, too, there was considerable apprehension that the sales rate might itself deteriorate in the last half of the current year.

Since sales have maintained an irregular sidewise movement, department stores have found it necessary to repurchase from manufacturers and jobbers an amount of goods not only adequate to maintain the more or less flat level of sales after seasonal consideration, but to rebuild inventories to a level compatible with such a level of sales. Store buying policy, however, is still a cautious one, and it should not be expected that a continuous broad expansion in inventory accumulation would ensue unless the sales trend gives unmistakable evidence of continuing an indefinite expansion, which thus far has not been the case.

Retail furniture store sales, seasonally adjusted, gained 34 per cent from August to September, to regain most of the losses experienced from the peak month of June. Improvement in the rate of completion of new residential structures has been one of the strong supports to the retail furniture market. A somewhat better rate of factory shipments of quality furniture has also added strength to the sales level.

Wholesale seasonally adjusted sales of dry goods, drugs, groceries, and industrial supplies established all-time high records in September, in the Fifth Federal Reserve District. Other lines of wholesale trade also rose from August to September, except hardware and electrical goods. This generally rising level of wholesale sales is a reflection of a reversal of retailers' previous purchasing policies of reducing inventories. Such wholesale sales as were witnessed in September are likely to carry over into October before the retail customers have rebuilt their stocks to take care of the post-summer revived trade level.

Wholesalers' new orders placed with manufacturers, together with those made directly by large retailers, have given the textile and apparel industries of the District what appears, at the present time, to be a shot-in-the arm. Evidences from appropriate departmental figures, both in the District and the nation, indicate that the unit sales of many of the types of textiles and apparels manufactured in the Fifth District are smaller in quantity than in the early part of the year or in the latter part of last year. It would seem reasonable, therefore, to assume that, unless retail sales show a definite expansionary trend after seasonal correction, the recent rise in the physical volume of production of these goods would be short-lived, strength in their wholesale prices to the contrary notwithstanding.

#### Cotton Consumption

In view of the very substantial forward sales of numerous important constructions of cotton gray goods as early as July, it is surprising that cotton consumption in the Fifth District mills made no better showing in September, when the seasonally adjusted index rose only 3 per cent from the year's low level of July and August, to a level 8 per cent below that of September 1946. The widespread extension of vacations in July and August explains the low levels of consumption in those months, but why September consumption has continued to lag still remains to be clarified. It hardly seems possible that the shifting of looms to finer goods that occurred between spring and fall could account

for the difference in consumption in the first five months of the year and in September.

#### Construction

Our seasonally adjusted index of building permits in 29 cities of the District has risen substantially since the year's low point of March. The September index at 300 per cent of the 1935-39 average was 2 per cent higher than that of August and 42 per cent above that of September 1946, and within 1 per cent of the recent peak level of March 1946. Construction contracts awarded, which dollar-wise are many times larger than permits, have also risen somewhat on a seasonally adjusted basis since July, but are still well below the peak of May 1946.

Residential construction on the site has made substantially better progress thus far in 1947 than was shown in 1946, and a large number of projects under construction remain to be completed. The very urgent housing needs have been filled in most areas of the District as is evidenced by the States' Labor Market Reports. Early this spring, when employment levels were expanding generally throughout the District, numerous area reports of labor conditions highlighted the fact that inadequate housing facilities were then a definite impediment to employment expansion. This factor in the latest Labor Market Reports is mentioned in only one city of the District.

There has been a considerable number of small industrial expansions and additions, mainly in the textile and apparel industries, in recent months, but on the whole very few large projects have been started in the manufacturing field. Railroads, public utilities and public works, however, have been going ahead on their expansion or modernization programs, and some of these have run into sizable figures.

Unemployment levels, the District over, were reduced in September due in part to seasonal employment expansion in tobacco and food processing industries, and to a reduction in the labor force occasioned by a resumption of schooling by temporary employees.

#### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100—Seasonally Adjusted

	Sept. 1947	Aug. 1947	July 1947	Sept. 1946	% Change Sept. 1947 from	
					Aug. 47	Sept. 46
Bank Debits .....	321	308	285	303	+ 4	+ 6
Bituminous Coal Production*.....	159	162	124	160	— 2	— 1
Building Contracts Awarded.....	286	306	249	261	— 7	+ 10
Building Permits Issued.....	300	294	280	211	+ 2	+ 42
Cigarette Production .....	237	233r	243	230	+ 2	+ 3
Cotton Consumption .....	141	137	137	153	+ 3	— 8
Department Store Sales.....	303	282	301	298	+ 7	+ 2
Department Store Stocks.....	247	260r	272	262	— 5	— 6
Electric Power Production.....	.....	249	235	222	.....	.....
Employment—Mfg. Industries* .....	.....	132	130	133	.....	.....
Furniture Orders .....	.....	283	235	185	.....	.....
Furniture Shipments .....	.....	207	219	210	.....	.....
Furniture Unfilled Orders.....	.....	594	491	438	.....	.....
Furniture Sales—Retail .....	293	219	224	267	+ 34	+ 10
Gasoline Consumption .....	.....	.....	182	153	.....	.....
Life Insurance Sales.....	250	230	252	265	+ 9	— 6
Wholesale Trade:						
Automotive Supplies** .....	315	255	295	286	+ 24	+ 10
Drugs .....	286	269	264	282	+ 6	+ 1
Dry Goods .....	287	238	197	221	+ 21	+ 30
Electrical Goods** .....	73	74	87	54	— 1	+ 35
Groceries .....	289	271	287	267	+ 7	+ 8
Hardware .....	153	163	146	116	— 6	+ 32
Industrial Supplies** .....	357	311	287	275	+ 15	+ 30
Paper and Its Products**.....	181	166	172	181	+ 9	0
Tobacco and Its Products**.....	104	98	110	111	+ 6	— 6
Business Failures .....	37	25	45	7	+ 48	+429

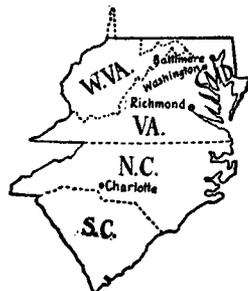
\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## of Financial and Business Conditions

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank of Richmond, Richmond 13, Va.

November 30, 1947

## Business Conditions

**B**USINESS activity in the Fifth Federal Reserve District continued in a strong position in October, and indications are that both November and December will be as good or better. Manufacturing industries generally improved their rate of operations, but railroad car shortages were mainly responsible for a reduction in October bituminous coal output from the September level. Cash farm income in the District in the first nine months of the year was only 9 per cent ahead of the same period of 1946 which compares with a gain of 30 per cent for the nation. Cash farm income of the District in September was 5 per cent ahead of that month last year, but income from crops in the month was 5 per cent below a year ago. Department store sales in the Fifth District in October failed by 2 per cent to maintain seasonal gains over September, but most lines of wholesale trade continued a better-than-seasonal expansion. October department sales seasonally adjusted in the Fifth District, however, held up better than those in the nation, the District index having declined 2 per cent from September compared with a decline of 4 per cent for the nation.

Open weather in the Fifth District thus far this fall has resulted in a level of building activity well ahead of seasonal proportions. Even though the October permits were valued at 2 per cent lower than in September, the seasonally adjusted index rose 13 per cent in this period. It is believed in the trade that building activity on the site will hold through the remainder of the year in larger volume than is customary, in those areas where foundation work has been accomplished before freezing weather. It is said that lumber has been piling up at the mills, as a result of freight car shortages, but this should begin to ease now that the large wheat crop has been moved to terminal markets, and the car supply eased somewhat.

Building permits in 29 Fifth District cities, as the chart on the front page shows, have risen sharply on a seasonally basis from March 1947 right up through October. The construction contract awards for the District, however, are not showing the same pronounced upward trend. The disparity between building permits and contract awards is partly explained by the fact that the respective data are based on different geographical areas. In the first nine months of 1947 total construction contracts awarded were 16 per cent below the same period of 1946, and only educa-

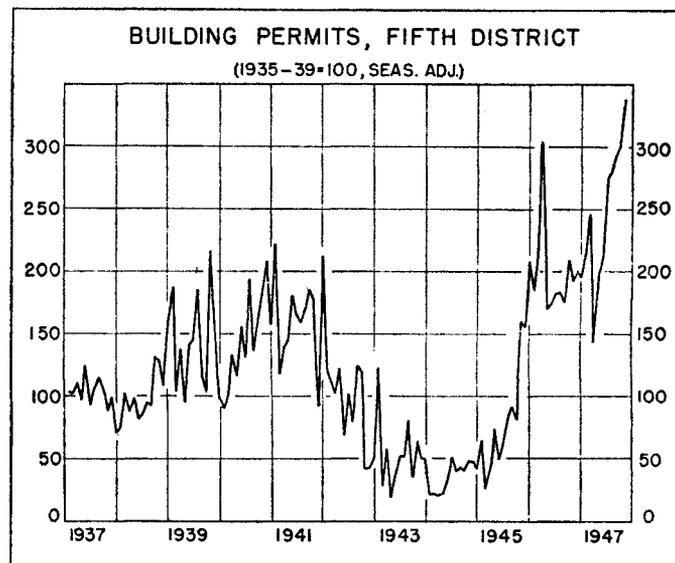
tional buildings, apartments and hotels, and public works and utilities have shown gains over a year ago.

A glance at the accompanying table will show that some types of construction have been rising in some states of the Fifth District and falling in others, with a net overall decline of 16 per cent. It is of considerable interest to note that contracts awarded for manufacturing buildings is down substantially in all areas, and in lesser degree and with a few exceptions the same is true of commercial buildings and residential buildings.

Construction labor is still fully occupied in this District, but these figures indicate that it will not long be so fully occupied unless of course a substantial wave of new awards is soon forthcoming.

CONSTRUCTION CONTRACT AWARDS  
Per Cent Change Jan.-Sept. 1947 over 1946

	Md.	D. C.	Va.	W. Va.	N. C.	S. C.	Fifth Dist.
Commercial bldgs.	+ 17	- 39	- 22	+ 59	- 22	- 22	- 10
Manufacturing bldgs.	- 73	- 10	- 8	- 68	- 44	- 70	- 53
Educational bldgs.	+ 111	- 66	+ 103	+ 155	+ 134	- 60	+ 71
Other Non-Res. bldgs.	- 42	- 46	+ 13	- 14	+ 38	- 57	- 25
Total Non-Res. bldgs.	- 27	- 39	00	- 30	- 21	- 58	- 27
Apts. and Hotels	+ 75	+ 122	+ 214	- 81	- 29	- 25	+ 68
1 & 2 family houses	- 31	+ 32	- 34	- 37	- 33	- 72	- 34
Total Residential	- 22	+ 61	+ 2	- 48	- 33	- 68	- 31
Pub. Wks. & Utilities	+ 27	+ 60	- 14	+ 28	00	+ 3	+ 11
Total Construction	- 6	+ 27	+ 4	- 4	- 11	- 47	- 16



Department store sales in the Fifth District on a seasonally adjusted basis declined 2 per cent from September to October, and declined in each of the states except Virginia from 2 per cent in North Carolina to 7½ per cent in Maryland, Virginia sales having risen 9 per cent in this period. The better than national performance in Fifth District department store sales was contributed largely by Virginia stores and to a lesser extent stores in North Carolina.

It is interesting and of considerable significance that for some months credit sales other than on installment credit have been rising at the expense of cash sales and that receivables outstanding continue to move rather sharply upward. These factors together with the overall tendency for total sales to flatten out would seem to indicate that the mass of consumers could not or would not go along with the rising price level.

The cotton textile industry of the District, loaded with orders, made a moderate recovery in operations in October. The seasonally adjusted index of cotton consumption rose 6 per cent from the September level, but the October index was 7 per cent under that of a year ago, and 5 per cent below the average index in the first four months of the current year.

There are indications that a somewhat smaller number of employees is available at the mill than was the case in the earlier months of the year. But this difference does not account for the difference in production trends now and early in the year. The industry is, and has been since August, bulging with an accumulation of orders. About the only explanation why the cotton consumption index has not risen closer to its earlier peak for the year is that widespread shifts may have occurred in loom operations from heavy to lighter goods. There was considerable evidence of such a shift in the census figures from the end of the first quarter to the end of the year. Trade sources have indicated that further shifts of this nature continued in the third quarter.

The headline news of the cotton textile industry of late has been the wage increase set by Dan River Mills and its rapid and widespread adoption by mills in general. This rise was 9 per cent, and with it has come a broad increase in

prices of goods and yarns. The large bank of orders booked in the past several months has come from all segments of the domestic consuming market, causing resumption of purchases to rebuild inventories to a level necessary to maintain the production schedule, or to a level in keeping with the going rate of consumer purchases. Many cotton goods and yarn inventories of consuming industries were allowed to fall substantially in many important channels, in anticipation of a general business recession and, in turn, of reduced prices. Reduced prices undoubtedly would have been seen this spring and summer had it not been for the very large export takings. These are now decreasing, and in their place domestic inventory reaccumulation has given the mills a volume of business that should bring full-time operations through the first quarter of next year, with one provision, namely that domestic demand at the retail level does not decline substantially in the meantime.

The hosiery industry which had undergone production curtailment, particularly outside the women's branch, during much of the year, is moving back toward full operations. Short supplies of nylon yarns are still an impediment to higher production, and larger allotments are not indicated before the middle of 1948. Hosiery prices have been rising, and at this time, with the supply of nylons expected to be less than the demand, "gray market" prices are reported to be at fantastic levels.

Bituminous coal output in the Fifth District declined 11 per cent in October from September on a seasonally adjusted basis, and October output was 8 per cent under that of a year ago. This reduction is attributed to a shortage of freight cars, which shortage should be alleviated when Great Lakes shipping is closed and ore cars become available.

Employment levels in this District's manufacturing industries have increased only slightly since summer. In fact, there is only a nominal amount of unemployment in most all areas of the District. This means that production levels are about as high as they can go except for such labor efficiencies as may be obtained by the addition of new machinery.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
Average Daily 1935-39=100—Seasonally Adjusted

	Oct. 1947	Sept. 1947	Aug. 1947	Oct. 1946	% Change Oct. 1947 from	
					Sept. 47	Oct. 46
Bank Debits .....	313	321	308	278	- 2	+ 13
Bituminous Coal Production*.....	144	161r	162	157	- 11	- 8
Building Contracts Awarded.....	.....	286	306	260	.....	.....
Building Permits Issued.....	338	300	294	192	+ 13	+ 76
Cigarette Production .....	250	238r	233	252	+ 5	- 1
Cotton Consumption .....	150	141	137	161	+ 6	- 7
Department Store Sales.....	297	303	282	287	- 2	+ 3
Department Store Stocks.....	281	252	260	274	+ 12	+ 3
Electric Power Production.....	.....	241	249	235	.....	.....
Employment—Mfg. Industries* .....	.....	133	132	132	.....	.....
Furniture Sales—Retail .....	270	295r	219	266	- 8	+ 2
Gasoline Consumption .....	.....	.....	180	161	.....	.....
Life Insurance Sales.....	257	250	230	263	+ 3	- 2
Wholesale Trade:						
Automotive Supplies** .....	332	315	255	304	+ 5	+ 9
Drugs .....	296	286	269	284	+ 3	+ 4
Dry Goods .....	243	287	238	230	- 15	+ 6
Electrical Goods** .....	98	73	74	58	+ 34	+ 69
Groceries .....	294	289	271	285	+ 2	+ 3
Hardware .....	132	153	163	114	- 14	+ 16
Industrial Supplies** .....	366	357	311	286	+ 3	+ 28
Paper and Its Products**.....	179	181	166	174	- 1	+ 3
Tobacco and Its Products**.....	114	104	98	124	+ 10	- 8
Business Failures—No. ....	11	37	25	4	- 70	+175

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY REVIEW

## *of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

*Federal Reserve Bank of Richmond, Richmond 13, Va.*

*December 31, 1947*

## Business Conditions

**F**IVE factors stood out in the business developments of the Fifth Federal Reserve District during November as reflected in seasonally adjusted indices. They were: a big improvement in the production of bituminous coal; a moderate advance in department store sales; an unexpected decrease in cotton consumption; a marked decline in building permits; and a substantial increase in business failures.

The adverse elements in November were not of the sort that give a handwriting-on-the-wall of coming events, but it is worthwhile to examine them. The 17 per cent drop in the seasonally adjusted building permits value from October to November came from a very high level in October and still leaves the November figure 40 per cent above the same month of 1946. Then, too, a wide range of fluctuation is characteristic of this industry, so that one month's drop of nearly a fifth could be just one of these erratic moves. On the other hand contract awards for one and two family houses have been falling for some months, which seems to indicate a slackening in the demand for this type of structure. And furthermore new apartments in this area have rentals too high to be carried by families with incomes under \$5,000. When these facts are considered the November drop in permits after seasonal adjustment may have more far-reaching significance.

The increase in the number of business failures, from 11 per cent of the 1935-39 average in October to 52 per cent of the same average in November, raises such questions as these. How could a business ever succeed if it couldn't do so in 1947? Why did failures rise so substantially in a month in which so few company fiscal years end? Are such failures likely to have a tightening affect on bank credit? Is it possible, with normal mark-ups above cost, that prices have risen to where a working inventory cannot be replaced without adding new working capital? No attempt will be made here to answer these questions, but they are presented for your serious considerations.

The drop of 3 per cent in the average daily seasonally adjusted index of cotton consumption from October to November is again as surprising as the failure of this index to rise prior to October with the industry, then as now, loaded with orders. Labor markets' reports from several important mill areas may give some clue to this drop. These reports indicate a substantial labor turnover, with workers

changing jobs frequently in search of better earning power. They indicate further that some seasonal improvement has occurred in the labor supply following the close of the farming season. Even so, there is not enough labor to operate more than a fraction of a third shift, and management is apparently reconciled to operations on the present basis. The production outlook for the next two or three months, therefore, is one of irregular movement not far above or below the October level depending on the degrees of labor turnover and absenteeism.

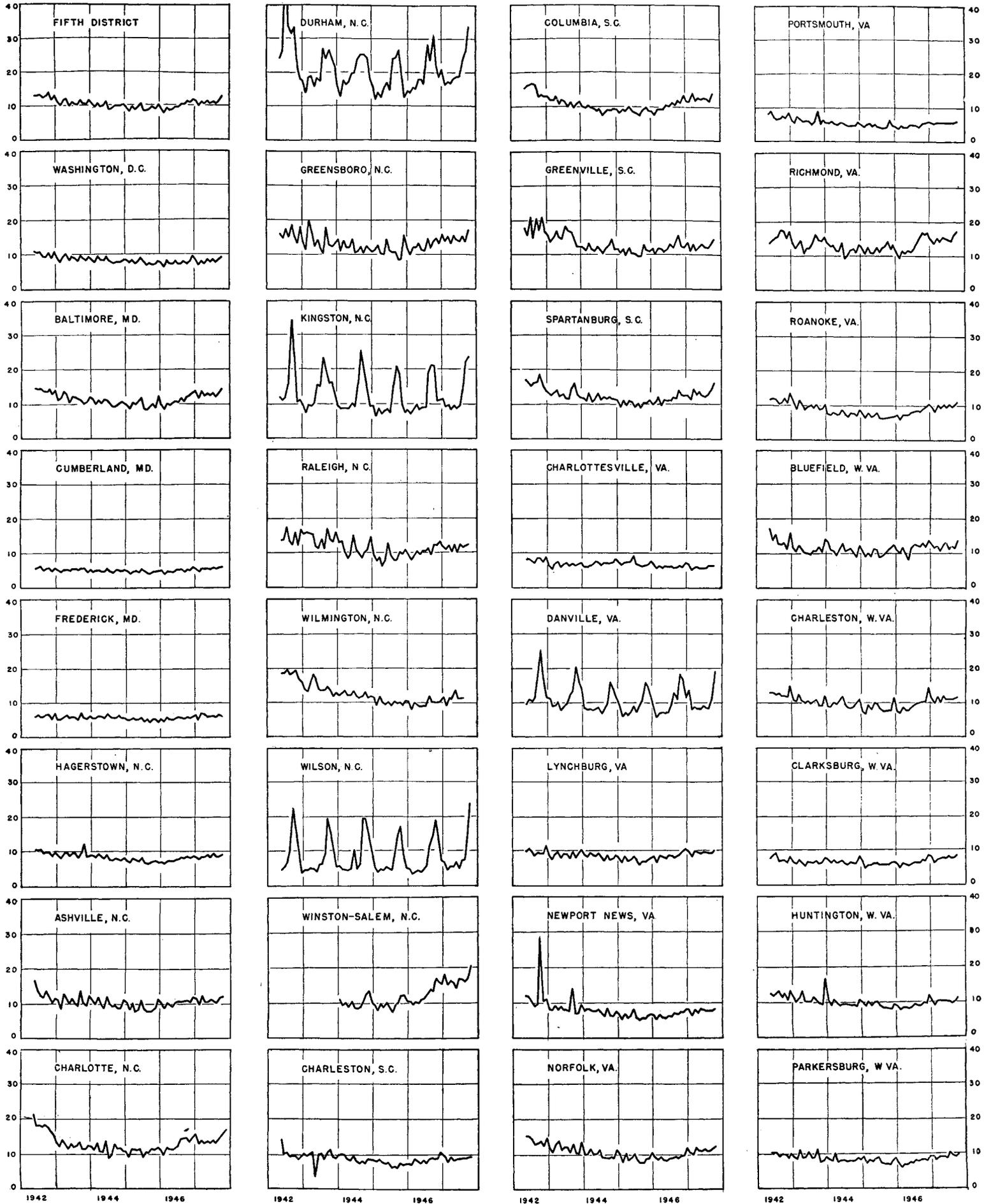
Employment levels in the District continued to increase during November in most states. A seasonal reduction in Maryland food processing industries in October more than offset the increase in employment resulting from settlement of the Bethlehem shipyard strike in that month. Much of the increases in employment in November was due to seasonal requirements, but some small additions were made in non-seasonal industries. Several areas of the District, however, are fully manned, and such small surpluses of labor as exist are migrating to other areas. There are a few areas where housing facilities are still reported as a retardant to new hires, but these are no longer numerous as they were a year ago.

The department store trade level in November rose 4 per cent from October on a seasonally adjusted basis, the index number having advanced to within 2 per cent of the peak figure established in June 1947. This sales level in November is indicative of a sustained level of demand, but has not given indication that the consumer market has the strength to generate a renewed up-trend. Rather the seasonally adjusted November sales level and that of the first two weeks of December have indicated nothing more than a continued oscillation around a flat trend.

Department store inventories normally decline from the end of October to the end of November, but these inventories at the end of November this year were larger than a month earlier and on a seasonally adjusted basis the November inventory index rose to about the same level relative to the base period as shown by department store sales. This means that the retail inventory accumulation which has been in progress since September will probably be halted unless a further upward movement in seasonally adjusted sales is shown. New orders fell substantially during November and this seems to verify the intention to flatten out

(Continued on page 5)

# ANNUAL RATE OF DEPOSIT TURNOVER - FIFTH DISTRICT



AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Oct.		Last half of Nov.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,026,707	.95	1,024,014	.95
Reserve city banks.....	650,847	.60	654,905	.61
Country banks .....	375,860	.35	369,109	.34
District of Columbia	905,056	.84	898,324	.83
Reserve city banks.....	883,210	.82	876,782	.81
Country banks .....	21,846	.02	21,542	.02
Virginia	1,331,854	1.24	1,325,583	1.23
Reserve city banks.....	316,039	.30	310,512	.29
Country banks .....	1,015,815	.94	1,015,071	.94
West Virginia	583,987	.54	586,935	.54
North Carolina	854,828	.79	851,088	.79
Reserve city banks.....	384,470	.35	377,284	.35
Country banks .....	470,358	.44	473,804	.44
South Carolina	440,744	.41	437,041	.40
Fifth District	5,143,176	4.77	5,122,985	4.74
United States (millions)	107,821	100.0	108,060	100.0

\*Excluding interbank demand deposits.

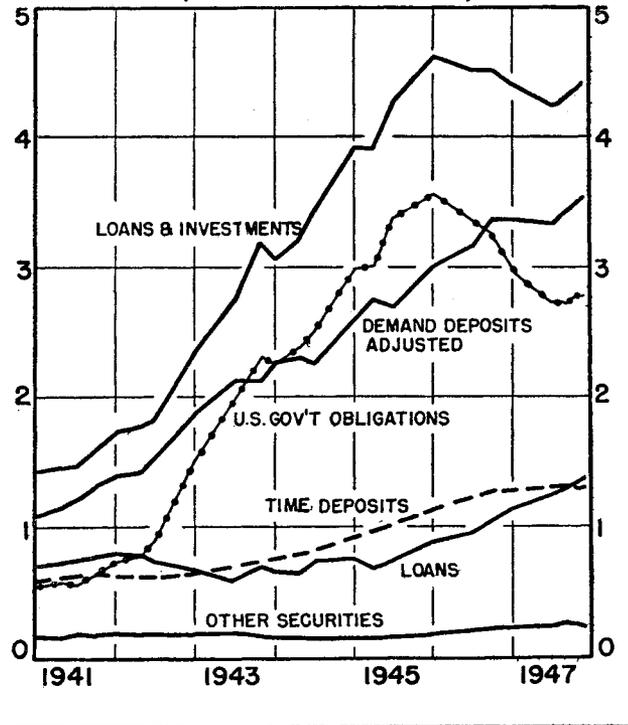
**Business Conditions** (Continued from page 1)

the inventory rise. Retail furniture store sales in November also rose from October after seasonal adjustment, but here, too, the sales index was still inside the range that has held thus far throughout the year.

The November developments in the wholesale trades also bear out the fact that retailers inventory policy is one of caution and not one designed to anticipate a rising spiral of prices. Seven of the nine lines of wholesale sales available for this District show sales declines on an adjusted basis from October to November ranging from 3 to 10 per cent.

Prices of most soft goods in wholesale markets rose markedly in November, and other rises are scheduled after

PRINCIPAL ASSETS AND LIABILITIES FIFTH DISTRICT MEMBER BANKS (BILLIONS OF DOLLARS)



the turn of the year including further advances in furniture prices. It is not likely that much of these increases can be absorbed by reducing retailers' mark-ups, and therefore their full effect will be seen after January clearance sales. In the light of the trend of soft goods sales in the last several months, it is questionable whether consumers will sustain the dollar trade levels in the spring at seasonal levels comparable with those of the recent past. If such levels are not maintained nationally, the industries producing such goods, which are the mainstay of this District, are likely to feel the effects on their production levels before the middle of next year.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100—Seasonally Adjusted

	Nov. 1947	Oct. 1947	Sept. 1947	Nov. 1946	% Change Nov. 1947 from Oct. 47	
					Nov. 46	Nov. 46
Automobile Registration*	.....	125	110	.....	.....	.....
Bank Debits .....	318	313	321	287	+ 2	+ 11
Bituminous Coal Production*	180	144	161	109	+ 25	+ 65
Building Contracts Awarded.....	.....	317	285r	296	.....	.....
Building Permits Issued.....	280	338	300	200	- 17	+ 40
Cigarette Production .....	234	253r	238	237	- 8	- 1
Cotton Consumption .....	145	150	141	152	- 3	- 5
Department Store Sales.....	310	297	303	292	+ 4	+ 6
Department Store Stocks.....	313	281	252	298	+ 11	+ 5
Electric Power Production.....	.....	246	241	215	.....	.....
Employment—Mfg. Industries*	.....	135p	133	134	.....	.....
Furniture Sales—Retail .....	302	270	295	266	+ 12	+ 14
Life Insurance Sales.....	246	257	250	229	- 4	+ 7
Wholesale Trade:						
Automotive Supplies** .....	308	332	315	293	- 7	+ 5
Drugs .....	268	296	286	268	- 9	0
Dry Goods .....	236	243	287	216	- 3	+ 9
Electrical Goods** .....	92	98	73	60	- 6	+ 53
Groceries .....	264	294	289	272	- 10	- 3
Hardware .....	126	132	153	112	- 5	+ 13
Industrial Supplies** .....	398	366	357	269	+ 9	+ 48
Paper and Its Products**.....	196	179	181	169	+ 9	+ 16
Tobacco and Its Products**.....	105	114	104	111	- 8	- 5
Business Failures .....	52	11	37	12	+ 373	+ 233

## ASSETS AND LIABILITIES—MEMBER BANKS, FIFTH FEDERAL RESERVE DISTRICT

(In thousands of dollars)

	1947 Oct. 6	1947 June 30	1946 Sept. 30
<b>ASSETS</b>			
Loans and investments.....	4,368,069	4,240,670	4,525,888
Loans (including overdrafts).....	1,351,682	1,263,342	1,051,315
United States Government direct obligations.....	{ 2,763,446	2,732,310	{ 3,247,782
Obligations guaranteed by United States Government.....		537	
Obligations of States and political subdivisions.....	105,280	100,297	92,850
Other bonds, notes and debentures.....	138,133	134,715	124,599
Corporate stocks (including Federal Reserve Bank stock).....	9,528	9,469	9,342
Reserves, cash, and bank balances.....	1,553,475	1,391,244	1,490,508
Reserve with Federal Reserve Bank.....	783,108	708,965	739,344
Cash in vault.....	119,301	103,272	110,966
Demand balances with banks in United States (except private banks and American branches of foreign banks).....	418,447	347,707	405,636
Other balances with banks in United States.....	2,622	2,991	1,596
Balances with banks in foreign countries.....	131	83	127
Cash items in process of collection.....	229,866	228,226	232,839
Due from own foreign branches.....	-----	-----	-----
Bank premises owned and furniture and fixtures.....	46,076	45,522	46,540
Other real estate owned.....	731	685	537
Investments and other assets indirectly representing bank premises or other real estate.....	2,671	2,673	2,760
Customers' liability on acceptances.....	1,184	1,146	1,045
Other assets.....	18,061	14,658	15,012
<b>Total assets</b> .....	<b>5,990,267</b>	<b>5,696,597</b>	<b>6,082,290</b>
<b>LIABILITIES</b>			
Demand Deposits.....	4,272,425	4,000,850	4,432,140
Individuals, partnerships, and corporations.....	3,328,116	3,196,542	3,267,195
U. S. Government: War Loan and Series E bond accounts.....	{ 107,424	34,804	328,724
Other.....		20,834	21,920
States and political subdivisions.....	298,026	302,610	269,338
Banks in United States.....	457,763	375,928	476,418
Banks in foreign countries.....	4,196	4,041	4,926
Certified and officers' checks, cash letters of credit and travelers' checks, etc. ....	76,900	66,091	63,619
Time Deposits.....	1,320,773	1,313,603	1,275,500
Individuals, partnerships, and corporations.....	1,282,069	1,275,520	1,243,688
United States Government.....	14,396	13,687	13,861
Postal Savings.....	193	192	192
States and political subdivisions.....	18,716	18,685	12,167
Banks in the United States.....	5,399	5,519	5,592
Banks in foreign countries.....	-----	-----	-----
<b>Total deposits</b> .....	<b>5,593,198</b>	<b>5,314,453</b>	<b>5,707,640</b>
Due to own foreign branches.....	-----	-----	-----
Bills payable, rediscounts, and other liabilities for borrowed money.....	11,597	3,230	5,840
Acceptances outstanding.....	1,541	1,137	1,065
Other liabilities.....	23,431	25,125	26,914
<b>Total liabilities</b> .....	<b>5,629,767</b>	<b>5,343,945</b>	<b>5,741,459</b>
<b>CAPITAL ACCOUNTS</b>			
Capital.....	114,747	115,090	113,413
Surplus.....	157,445	156,376	146,022
Undivided profits.....	64,487	58,002	58,906
Other capital accounts.....	23,821	23,184	22,490
<b>Total capital accounts</b> .....	<b>360,500</b>	<b>352,652</b>	<b>340,831</b>
<b>Total liabilities and capital accounts</b> .....	<b>5,990,267</b>	<b>5,696,597</b>	<b>6,082,290</b>

**FEDERAL RESERVE BANK OF RICHMOND**

(All Figures in Thousands)

ITEMS	Dec. 17 1947	Chg. in Amt. From 11-12-47	12-11-46
Total Gold Reserves	\$1,115,127	-111,317	- 91,194
Other Reserves	15,212	+ 1,793	- 6,458
Total Reserves	1,130,339	-109,524	- 97,652
Bills Discounted	6,545	- 18,687	- 15,714
Industrial Advances	34	+ 4	+ 34
Gov. Securities, Total	1,374,599	+ 32,526	+ 45,938
Bonds	101,900	+ 50,659	+ 56,698
Notes	107,566	+ 40,143	+ 53,852
Certificates	500,099	+ 6,311	+ 54,310
Bills	665,044	- 64,587	-118,322
Total Bills & Securities	1,381,178	+ 13,843	+ 30,258
Uncollected Items	352,137	+110,603	+144,033
Other Assets	22,236	+ 6,535	- 13,548
Total Assets	2,885,890	+ 21,457	+ 63,131
Fed. Res. Notes in Cir.	\$1,757,991	+ 17,566	- 28,964
Deposits, Total	818,849	- 41,704	- 2,988
Members' Reserves	758,405	+ 17,156	+ 5,207
U. S. Treas. Gen. Acc.	38,280	- 60,353	- 2,377
Foreign	20,036	+ 1,700	+ 4,765
Other Deposits	2,128	- 207	- 643
Def. Availability Items	271,535	+ 44,500	+ 91,866
Other Liabilities	1,310	+ 282	+ 585
Capital Accounts	36,205	+ 813	+ 2,582
Total Liabilities	2,885,890	+ 21,457	+ 63,131

**CONDITION OF REPORTING MEMBER BANKS—5th DISTRICT**

(All Figures in Thousands)

	Dec. 17 1947	Chg. in Amt. From 11-12-47	12-11-46
Total Loans	\$ 796,535	+ 22,813	+143,864
Bus. & Agri.	339,468	+ 18,925	+ 79,178
Real Estate Loans	168,041	+ 3,239	+ 46,836
All Other Loans	239,026	- 649	+ 17,850
Total Security Holdings	1,794,373	- 64,064	-230,526
U. S. Treasury Bills	20,965	- 12,687	- 2,257
U. S. Treasury Certificates	162,752	- 33,816	-151,515
U. S. Treasury Notes	108,474	+ 8,067	- 42,921
U. S. Gov. Bonds	1,382,939	- 22,845	- 45,318
Other Bonds, Stocks & Sec.	119,243	- 2,783	+ 11,625
Cash Items in Process of Col.	245,200	- 24,964	+ 42,208
Due from Banks	186,271*	+ 5,300	- 246
Currency & Coin	69,428	- 2,459	+ 3,500
Reserve with F. R. Bank	506,243	+ 15,283	+ 18,508
Other Assets	51,927	- 2,727	+ 4,176
Total Assets	3,649,977	- 50,818	- 18,516
Total Demand Deposits	\$2,814,161	- 15,706	- 24,677
Deposits of Individuals	2,104,076	- 6,375	+ 89,406
Deposits of U. S. Gov.	28,860	- 18,463	-149,191
Deposits of State & Local Gov.	179,201	+ 2,571	+ 36,344
Deposits of Banks	449,162*	+ 2,617	- 11,338
Certified & Officers' Checks	52,862	+ 3,944	+ 10,102
Total Time Deposits	603,897	- 13,747	+ 3,035
Deposits of Individuals	584,089	- 13,632	+ 1,437
Other Time Deposits	19,808	- 115	+ 4,412
Liabilities for Borrowed Money	2,200	- 20,300	- 6,010
All Other Liabilities	18,636	- 2,125	- 2,014
Capital Accounts	211,083	+ 1,060	+ 11,150
Total Liabilities	3,649,977	- 50,818	- 18,516

\*Net figures, reciprocal balances being eliminated.

**DEPOSITS IN MUTUAL SAVINGS BANKS**

8 Baltimore Banks

	Nov. 30, 1947	Oct. 31, 1947	Nov. 1946
Total Deposits	\$388,799,340	\$390,772,905	\$376,973,124

**COMMERCIAL FAILURES**

MONTHS	Number Failures		Total Liabilities	
	Dist.	U.S.	Dist.	U.S.
November 1947	17	313	\$ 392,000	\$ 16,345,000
October 1947	5	336	91,000	21,322,000
November 1946	4	104	41,000	12,511,000
11 Months 1947	108	3,159	\$4,474,000	\$195,549,000
11 Months 1946	24	989	404,000	53,243,000

Source: Dun. & Bradstreet

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

	Nov. 1947	% Chg. from Nov. 1946	11 Mos. 1947	% Chg. from 11 Mos. '46
District of Columbia				
Washington	\$ 659,690	+ 8	\$ 7,141,331	- 6
Maryland				
Baltimore	903,917	+ 4	9,706,395	+ 8
Cumberland	20,124	+ 2	228,590	+ 9
Frederick	21,669	+ 35	197,910	+ 21
Hagerstown	24,020	- 2	269,090	+ 10
North Carolina				
Asheville	44,593	+ 5	492,237	+ 15
Charlotte	218,856	+ 10	2,224,570	+ 15
Durham	144,633	+ 15	1,237,500	+ 6
Greensboro	67,001	+ 7	691,865	+ 17
Kinston	22,049	+ 15	186,636	+ 2
Raleigh	111,228	+ 25	1,092,804	+ 32
Wilmington	32,521	- 1	368,740	+ 3
Wilson	34,914	- 13	255,798	+ 7
Winston-Salem	126,360	- 1	1,280,507	+ 18
South Carolina				
Charleston	47,789	- 8	548,234	+ 1
Columbia	83,452	+ 8	907,801	+ 15
Greenville	71,365	+ 8	764,305	+ 19
Spartanburg	50,121	+ 22	469,234	+ 21
Virginia				
Charlottesville	20,905	- 2	228,585	- 5
Danville	44,988	- 10	325,807	+ 7
Lynchburg	38,532	+ 13	382,042	+ 15
Newport News	29,335	+ 10	326,033	+ 24
Norfolk	164,086	+ 10	1,769,497	+ 18
Portsmouth	19,721	+ 2	202,342	+ 7
Richmond	401,269	- 13	4,507,188	+ 5
Roanoke	78,551	+ 3	818,802	+ 16
West Virginia				
Bluefield	41,185	+ 23	394,543	+ 22
Charleston	134,950	+ 16	1,316,338	+ 14
Clarksburg	30,051	+ 21	306,049	+ 22
Huntington	50,526	+ 11	532,762	+ 15
Parkersburg	25,884	+ 14	274,017	+ 17
District Totals	\$ 3,764,345	+ 5	\$39,437,642	+ 10

**COTTON CONSUMPTION AND ON HAND—BALES**

	Nov. 1947	Nov. 1946	Aug. 1 to Nov. 30 1947	1946
Fifth District States:				
Cotton consumed	381,297	415,238	1,531,190	1,668,412
Cotton Growing States:				
Cotton consumed	672,421	773,200	2,664,039	3,057,881
Cotton on hand Nov. 30 in consuming establishments..	1,604,107	1,797,561		
storage and compresses.....	5,306,246	6,131,953		
United States:				
Cotton consumed	759,498	878,025	3,023,763	3,487,069
Cotton on hand Nov. 30 in consuming establishments..	1,858,676	2,118,065		
storage and compresses.....	5,360,906	6,208,001		
Spindles active, U. S.	21,432,000	21,525,000		

**COTTON CONSUMPTION—FIFTH DISTRICT**

(In bales)

MONTHS	N. Carolina	S. Carolina	Va.	Dist.
November 1947	205,608	157,827	17,862	381,297
October 1947	222,035	171,025	18,682	411,742
November 1946	224,537	171,096	19,605	415,238
11 Months 1947	2,298,741	1,828,541	199,871	4,327,153
11 Months 1946	2,352,190	1,768,178	194,290	4,814,658

Source: Dept. of Commerce.

**PRICES OF UNFINISHED COTTON TEXTILES, IN CENTS**

	Nov. 1947	Oct. 1947	Nov. 1946
Average, 17 constructions	92.76	89.96	70.99
Printcloths, average (6)	131.59	125.10	78.63
Sheetings, average (3)	75.73	74.35	64.23
Twill (1)	79.86	79.86	72.72
Drills, average (4)	64.74	63.65	62.53
Sateen (1)	97.61	97.61	96.49
Ducks, average (2)	61.91	61.84	61.52

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

**BUILDING PERMIT FIGURES**

	Total Valuation	
	Nov. 1947	Nov. 1946
<b>Maryland</b>		
Baltimore .....	\$ 4,728,880	\$ 4,689,515
Cumberland .....	65,725	52,050
Frederick .....	64,775	21,260
Hagerstown .....	24,185	109,395
Salisbury .....	87,930	61,075
<b>Virginia</b>		
Danville .....	79,234	38,790
Lynchburg .....	218,347	342,458
Norfolk .....	779,670	285,620
Petersburg .....	209,315	39,800
Portsmouth .....	64,735	41,328
Richmond .....	1,071,112	1,830,622
Roanoke .....	373,751	281,605
<b>West Virginia</b>		
Charleston .....	374,094	239,039
Clarksburg .....	55,168	14,965
Huntington .....	302,705	122,374
<b>North Carolina</b>		
Asheville .....	135,356	97,051
Charlotte .....	1,558,470	659,781
Durham .....	928,554	317,300
Greensboro .....	405,485	218,778
High Point .....	169,535	101,230
Raleigh .....	511,400	111,626
Rocky Mount .....	304,850	59,800
Salisbury .....	124,600	72,575
Winston-Salem .....	366,794	137,444
<b>South Carolina</b>		
Charleston .....	110,082	60,145
Columbia .....	392,025	48,940
Greenville .....	208,200	41,800
Spartanburg .....	93,080	71,390
<b>District of Columbia</b>		
Washington .....	3,742,892	2,384,375
District Totals .....	\$ 17,549,949	\$ 12,552,131
11 Months .....	203,298,740	162,892,164

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Oct. 1947	% Chg. from Oct. 1946	% Chg. from	
			10 Mos. '47	10 Mos. '46
Maryland .....	\$32,922,000	+61	\$231,039,000	-11
Dist. of Columbia .....	4,680,000	+2	64,462,000	+17
Virginia .....	12,770,000	+8	163,425,000	-2
West Virginia .....	2,337,000	-62	59,112,000	-7
North Carolina .....	14,611,000	+13	131,608,000	-18
South Carolina .....	5,048,000	+54	52,304,000	-45
Fifth District .....	\$72,368,000	+22	\$701,950,000	-12

Source: F. W. Dodge Corp.

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in Nov. 1947 sales, compared with sales in Nov. 1946:				
+10	0	+2	-1	+3
Percentage chg. in 11 months' sales 1947, compared with 11 months in '46:				
+9	+2	+2	0	+3
Percentage chg. in stocks on Nov. 30, '47, compared with Nov. 30, '46:				
-11	+4	-1	+9	0
Percentage chg. in outstand'g orders Nov. 30, '47 from Nov. 30, '46:				
-36	-13	-3	+8	-14
Percentage chg. in receivables Nov. 30, '47 from those on Nov. 30, '46:				
+44	+19	+30	+18	+27
Percentage of current receivables as of Nov. 1, '47 collected in Nov.:				
33	51	49	54	47
Percentage of instalment receivables as of Nov. 1, '47 collected in Nov.:				
29	31	26	32	28
Maryland Dist. of Col. Virginia W. Virginia No. Carolina So. Carolina				
Percentage change in Nov. '47 sales from Nov. '46 sales, by states:				
0	+2	+8	+12	-2
Percentage change in 11 months' sales 1947 from 11 months' 1946 sales:				
+2	+2	+6	+6	+4

**RAYON YARN DATA**

	Nov. 1947	Oct. 1947	Nov. 1946
Rayon Yarn Shipments, Lbs.....	62,500,000	65,300,000	58,000,000
Staple Fiber Shipments, Lbs.....	21,400,000	23,100,000	13,000,000
Rayon Yarn Stocks, Lbs.....	8,200,000	9,100,000	9,700,000
Staple Fiber Stocks, Lbs.....	5,500,000	5,600,000	2,500,000

Source: Rayon Organon

**WHOLESALE TRADE 212 FIRMS**

LINES	Net Sales		Stock		Ratio Nov. collections to acc'ts outstand'g Nov. 1
	Nov. 1947	Oct. 1947	Nov. 30, 1947	Oct. 31, 1947	
Auto supplies (6)*.....	+6	-17	+69	+11	93
Drugs & sundries (10)*....	-2	-16	+10	0	110
Dry goods (7)*.....	-6	-16	+27	-8	70
Electrical goods (7)*.....	+43	-11	+52	+7	86
Groceries (68)*.....	-2	-17	+25	+3	159
Hardware (12)*.....	+4	-17	+83	+4	100
Industrial supplies (4)*....	+41	+1	+58	+1	99
Paper & products (6)*.....	+21	-6	.....	.....	104
Tobacco & products (10)*..	-4	-17	+5	+9	151
Miscellaneous (82)*.....	+14	-15	+34	-1	99
District Avg. (212)*.....	+6	-15	+35	0	104

Source: Dept. of Commerce.  
\*Number of reporting firms.

**TOBACCO MANUFACTURING**

	Nov. 1947	% Chg. from Nov. 1946	11 Mos. 1947	% Chg. from 11 Mos. '46
Cigarettes (Thousands).....	27,332,849	-1	311,164,880	+4
Cigars (Thousands).....	495,401	-10	5,178,044	-4
Snuff (Thousands of lbs.).....	2,980	-19	36,765	+1

**AUCTION TOBACCO MARKETING**

STATES	Producers' Tobacco Sales, Lbs.		Price per Cwt.	
	Nov. 1947	Nov. 1946	1947	1946
North Carolina .....	148,624,405	152,246,567	\$41.60	\$44.30
Virginia .....	48,550,701	51,242,982	37.79	43.23
District Total .....	197,175,106	203,489,549	40.66	44.03
Season through .....	1,086,372,632*	1,105,348,446*	42.33	50.14

\*Includes South Carolina sales in Aug.-Oct.

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Nov. 1947	Nov. 1946	% Change	11 Mos. 1947	11 Mos. 1946	% Change
	West Virginia .....	14,587	9,849	+48	154,400	129,050
Virginia .....	1,857	1,050	+77	18,348	15,335	+20
Maryland .....	159	135	+18	1,796	1,858	-3
Fifth Dist. ....	16,603	11,034	+50	174,544	146,243	+19
United States .....	52,350	37,501	+40	563,392	486,470	+16
% in District.....	31.7	29.4		31.0	30.1	

**RETAIL FURNITURE SALES**

STATES	Percentage changes in Nov. and 11 months 1947 Compared with	
	Nov. 1946	10 Mos. 1946
Maryland (5)* .....	+18	+11
District of Columbia (6)*.....	+2	-2
Virginia (20)* .....	+6	+16
West Virginia (10)*.....	+22	+8
North Carolina (16)*.....	+7	+15
South Carolina (10)*.....	+30	+15
Fifth District (67)*.....	+12	+9
<b>Individual Cities</b>		
Baltimore, Md., (5)*.....	+18	+11
Washington, D. C., (6)*.....	+2	-2
Lynchburg, Va., (3)*.....	+19	+19
Richmond, Va., (3)*.....	0	+13
Charleston, W. Va., (3)*.....	+23	-2
Charlotte, N. C., (4)*.....	+12	+14
Columbia, S. C. (3)*.....	+20	+3

\*Number of reporting stores.

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

JANUARY 31, 1948

## Business Conditions

**F**IFTH District business indicators for December, in the main, showed moderate improvement over November after allowance for the usual seasonal tendencies; exceptions being the volume of bank debits, bituminous coal production, and wholesale sales of automotive supply and drug concerns. The drop in bituminous coal output was not substantial and represented mainly an extension of holidays around the year-end. Thus the expansionary trend of business in evidence since late summer has continued through December. Furthermore, it looks as though the trend would continue upward through the first quarter of the year for those factors measured in dollars, and remain steady or rise slightly for those measured in physical quantities.

There is little further room for much increase from this level in the physical volume of production, since most industries are operating as fully as they can with current manpower and material supplies. There is some possibility that the rapid increase in the cost of living might have the effect of increasing the labor force in some areas in order to augment family income, i.e., more women might be drawn into the labor force in some areas in some cotton textile or fabricating factories. Not too much should be expected, but here and there a plant might be able to fill out a second shift or add a third in this manner. But if this is undertaken it will probably be done in the first three months of the year. Beyond March the consumer demand outlook will have to show more improvement than is yet in evidence, if prices at the retail level by April reflect the sharp increases shown at the wholesale level since November, in order to make a market for the current rate of production.

New orders placed by department stores of the Fifth District fell during December by about the same amount as they did a year earlier, and if this is indicative of the purchasing trend of stores throughout the country, it would seem to indicate that there would be no further retail inventory accumulation, seasonal factors considered, in physical units. Since most of the products manufactured in the Fifth District have shown fairly sharp price rises in the past two months, the drop in new orders in December may even indicate some contraction in physical quantities of inventories.

A year ago retail stores the country over did not have adequate inventories of cotton goods and many of the products made from them. Now their stocks are well rounded. Retail merchants in general are wary of the price structure in cotton goods and their finished pro-

ducts. It is not likely that they will get far from shore in their inventory purchasing policies. Therefore, despite the substantial forward sales by manufacturers of some types of grey goods, the retail demand beyond March may be lower than current production levels because of rising prices. Exports of cotton goods have been falling according to the latest record, and this tendency has continued up to the present time according to trade information.

Cotton consumption in the Fifth District in December rose 6 per cent from November on a seasonally adjusted basis. This brought the level to within one per cent of that of a year ago. There has been a substantial shift in looms from heavy weight construction to lighter weight construction since December 1946 and, in terms of yardage, production in December 1947 is considerably higher than a year earlier.

Production levels of the durable types of goods, particularly of the metals and products, of greatest importance in Maryland and West Virginia, are not likely to show much change in the first half of the year, unless the current uncertainty in the bond market results in a sharp contraction of capital formation. Even in this contingency the iron and steel industry will receive considerable bolstering from exports under the Marshall plan even if it is reduced substantially in amount.

We no longer have regional figures of lumber production, but trade sources seem to indicate that the lumber output of Fifth District states is continuing at a high level after seasonal correction. In both November and December, however, weather conditions adversely affected logging operations in South Carolina. The drop in southern pine prices last spring, furthermore, caused some of the smaller mills to go out of business before prices again recovered. It is not believed that these mills had much effect on total production. Lumber prices are inordinately high and many in the trade anticipate some reductions by summer, owing to a balancing of demand and production.

Construction volumes have made a better record in areas outside the Fifth District than has been the case in the Fifth District. Construction contract awards in the District in the latter part of the year were somewhat above the summer low level. Commercial buildings, multiple structure dwellings, public works, and utilities have been the chief elements of strength since midyear. It is not known whether there will be a tightening of bank credit as it affects real estate loans in the months ahead,

## FEDERAL RESERVE BANK OF RICHMOND

but if there should be it would have adverse repercussions on residential construction that probably would not be offset by insurance company and savings and loan institution lending.

Furniture buyers at the Chicago market in January backed away from the low-end goods when they found prices marked up from 10 to 20 per cent. They had been expecting a rise of about 5 per cent, and with the mark-ups as they were buyers say there is too little difference in the prices of low-end goods and the better qualities. If prices hold on low-end goods and retail consumers accept them, larger orders may be placed later on. If the retail buyers do not accept them, some of the southern factories may reduce employment levels. Quality furniture is still in good demand and production levels are likely to hold or expand somewhat during the first half of the year.

Trade levels were good in December. The Fifth District seasonally adjusted index of department store sales rose 4 per cent over November and 10 per cent over last year. The December sales level, however, has not given evidence that the broad trend has changed; this trend still remains flat in dollar terms, which means a downward trend in unit sales in many departments. Household appliances and homefurnishings which have not shown substantial price rises are still the "bellwethers" of sales. There are indications that sales of some of the household appliances are beginning to level off, radios being the outstanding one.

Wholesalers' sales in the District were moderately higher in December than in November on a seasonally

adjusted basis, exceptions to the contrary already noted. The small amount of the rise indicates that small retail stores are exercising the same conservative inventory policy as the larger ones. It is interesting to note that dry goods wholesalers' sales in December were unchanged from those of November. This must have represented a considerable drop in unit sales, for important segments of dry goods rose considerably between November and December.

### AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Nov.		Last half of Dec.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,024,014	.95	1,029,230	.95
Reserve city banks	654,905	.61	661,053	.61
Country banks	369,109	.34	368,177	.34
District of Columbia	898,324	.83	911,006	.84
Reserve city banks	876,782	.81	889,954	.82
Country banks	21,542	.02	21,052	.02
Virginia	1,325,583	1.23	1,307,768	1.20
Reserve city banks	310,512	.29	300,326	.28
Country banks	1,015,071	.94	1,007,442	.92
West Virginia	586,935	.54	586,221	.54
North Carolina	851,088	.79	853,871	.78
Reserve city banks	377,284	.35	379,762	.35
Country banks	473,804	.44	474,109	.43
South Carolina	437,041	.40	438,308	.40
Fifth District	5,122,985	4.74	5,126,404	4.71
United States (millions)	108,060	100.0	108,899	100.0

\*Excluding interbank demand deposits.

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100—Seasonally Adjusted

	Dec. 1947	Nov. 1947	Oct. 1947	Dec. 1946	% Change Dec. 1947 from	
					Nov. 47	Dec. 46
Automobile Registration*	.....	121	125	140	.....	.....
Bank Debits	309	318	313	281	- 3	+ 10
Bituminous Coal Production*	170	180	144	135	- 6	+ 26
Building Contracts Awarded	.....	331	317	266	.....	.....
Building Permits Issued	352p	280	338	195	+ 26	+ 81
Business Failures—No.	33	52	11	4	- 37	+725
Cigarette Production	.....	234	252	220	.....	.....
Cotton Consumption	153	145	150	154	+ 6	- 1
Department Store Sales	322	310	297	294	+ 4	+ 10
Department Store Stocks	323	310	281	319	+ 4	+ 1
Electric Power Production	.....	234	246	213	.....	.....
Employment—Mfg. Industries*	.....	136	135	134	.....	.....
Furniture Orders	.....	234	324	406	.....	.....
Furniture Shipments	.....	267	227	303	.....	.....
Furniture Unfilled Orders	.....	1010	914	690	.....	.....
Furniture Sales—Retail	293	302	270	261	- 3	+ 12
Gasoline Consumption	.....	.....	178	164	.....	.....
Life Insurance Sales	271	246	257	209	+ 10	+ 30
Wholesale Trade:						
Automotive Supplies**	289	308	332	272	- 6	+ 6
Drugs	253	268	296	252	- 6	0
Dry Goods	237	236	243	193	0	+ 23
Electrical Goods**	94	92	98	70	+ 2	+ 34
Groceries	270	264	294	274	+ 2	- 1
Hardware	135	126	132	119	+ 7	+ 13
Industrial Supplies**	422	398	366	268	+ 6	+ 57
Paper and Its Products	213	196	179	178	+ 9	+ 20
Tobacco and Its Products**	116	105	114	125	+ 10	- 7

\*Not seasonally adjusted

\*\*1938-41=100

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

FEBRUARY 29, 1948

### Business Conditions

**T**HE shakeout in selected commodity prices occurred mainly in February and cannot have been a casual factor of business developments in January, the latest month of statistical record. While the breaks in commodities came largely in grains, there were quite a number of important raw materials that were carried down with them. The results of these price breaks is causing a general reappraisal of the business outlook by both buyers and sellers.

The effects on the economy of the Fifth District have been pretty much in terms of a standstill in new business booked by the industries of the District, with the chief impact on the cotton goods and related industries. Thus far there have been no indications on the part of the producers of a change in their price notions; such easing as has occurred in wholesale markets has come from second hand sales.

January retail trade in the District, as well as in the country as a whole, fell substantially from the December level even after taking account of the normal seasonal drop. While adverse weather and poor transportation appear to have been in a large measure responsible for this decline, there have been increasing apprehensions on the part of store executives regarding the fall in unit sales in many departments. Department store inventories in January rose to a new high level on a seasonally adjusted basis. The combination of falling unit sales for some months, the sharp drop in dollar sales in January, and the wide break in commodity futures have created a degree of cautiousness that is likely to result in subnormal order placing until such time as the retail markets have demonstrated strength to justify fuller coverage of store requirements.

The decline of farm prices will have an adverse effect on farm incomes of the District, but this decline will not be substantial or have a uniform incidence. Feed costs will be lower and should result in lower dairy costs which should compensate for any reductions that may be necessary in milk prices. Lower feed costs and larger supplies around mid-year should also stimulate expansion in the broiler industry. The decline in this District's department store sales index from December to January was effected much more substantially in agricultural states of North and South Carolina than in the other states of this District.

There is no hesitation in the purchasing of coal at this time, and output is continuing as high as the factors of production will permit. January output fell 2 per cent

from the December level on a seasonally adjusted basis, but this was not due to lack of demand. The chief cause of the reduction was a shortage of coal cars, attributable in part to adverse weather conditions, with absenteeism and mine disabilities secondary factors. A moderate increase in allocations for export have been made for March. Some opinion is expressed that coal supplies in Europe will be adequate by summer to cover its requirements on the basis of present levels of industrial activity. Total exports of bituminous coal in the year 1947 totaled around 65 million tons. The mild winter in Europe has permitted considerable stockpiling thus far. Coal prices at the mine in December were at their all time high level. Shortage of fuel oil has retarded the oil burner business, but such gain in coal usage as may result from this shift will be more than offset by the railroads' trend to Diesel locomotives. A new wage contract is coming up and this will no doubt add further to the price of coal for a few months duration.

Cotton consumption of the mills in the Fifth District declined 2 per cent from December to January after seasonal correction. January consumption was 6 per cent below January 1947. Activity at cotton yarn mills in January, however, was 4 per cent larger than a year ago when measured in spindle hours of operation and not in pounds of cotton consumed. This difference between the changes in cotton consumption and in spindle hours shows that a substantial shift has taken place from coarse to fine yarns. Employment in cotton textile mills continued in an upward trend through December in both North Carolina and Virginia. Apparel industries in these states and in Maryland rose more than seasonally from August through December to new high levels. Part of the gain in employment in these industries is due to new installation of facilities by firms moving from northern locations.

Manufacturers' sales of furniture in December improved substantially over the November level and continued at a high level. Retail sales of furniture in the District were also in a comparatively large volume, although the January level declined 6 per cent from December after seasonal correction. Retail furniture dealers are reported to be well stocked on furniture in general and deliveries can be had from manufacturers in about 60 days. Employment in furniture industries in North Carolina continued to rise moderately month by month from the middle of 1947 through December, but

## FEDERAL RESERVE BANK OF RICHMOND

in Virginia the employment level in these industries appears to have reached a peak in the fall.

Building permits valuation in the District in January gave further evidence of a possible continued substantial rise in building construction. Permits values in December were already at the District's highest level of record (except for January 1928) and this level was augmented by 10 per cent in January. Some of these permits, however, are apparently failing to reach the contract stage for no such performance is shown in the contract awards of the F. W. Dodge Corporation for this District. These contracts in October and November were moderately above the range that had prevailed since back in 1946, but the December awards fell back into this range.

Business in hand is adequate to maintain, or slightly improve, the production levels of the District through March. If retail trade nationally returns to and is maintained at the December seasonally corrected level, it is possible that the manufacturers' prices of cotton goods and fabricated products might hold at the recently advanced levels. Thus far in February, however, the indications are that no such level of trade would be seen this month. With both January and February trade figures declining the high level of inventories acts as an impediment to new purchases, but the decision to maintain or reduce prices may be postponed until after Easter.

### AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Dec.		Last half of Jan.	
	\$ thousands	% of U. S.	\$ thousands	% of U. S.
Maryland	1,029,230	.95	1,016,776	.94
Reserve city banks	661,053	.61	648,127	.60
Country banks	368,177	.34	368,649	.34
District of Columbia	911,006	.84	936,265	.86
Reserve city banks	889,954	.82	914,645	.84
Country banks	21,052	.02	21,620	.02
Virginia	1,307,768	1.20	1,296,746	1.20
Reserve city banks	300,326	.28	300,315	.28
Country banks	1,007,442	.92	996,431	.92
West Virginia	586,221	.54	583,538	.54
North Carolina	853,871	.78	844,461	.78
Reserve city banks	379,762	.35	381,431	.35
Country banks	474,109	.43	463,030	.43
South Carolina	438,308	.40	438,568	.40
Fifth District	5,126,404	4.71	5,116,354	4.72
United States (millions)	108,899	100.0	108,342	100.0

\*Excluding interbank demand deposits.

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Jan. 1948	Dec. 1947	Nov. 1947	Jan. 1947	% Change Jan. 1948 from	
					Dec. 47	Jan. 47
Automobile Registration*		134	121	91	.....	.....
Bank Debits	302	309	318	278	- 2	+ 9
Bituminous Coal Production*	166	170	180	175	- 2	- 5
Building Contracts Awarded	323	305	331	304	+ 6	+ 6
Building Permits Issued	375	342	280	216	+ 10	+ 74
Business Failures—No.	11	33	52	9	- 67	+ 22
Cigarette Production	220	218	229	241	+ 1	- 9
Cotton Consumption	150	153	145	160	- 2	- 6
Department Store Sales	286	322	310	292	- 11	- 2
Department Store Stocks	332	325	310	315	+ 2	+ 5
Electric Power Production	.....	245	234	235	.....	.....
Employment—Mfg. Industries*	.....	136	136	134	.....	.....
Furniture Orders	.....	528	234	349	.....	.....
Furniture Shipments	.....	419	267	311	.....	.....
Furniture Unfilled Orders	.....	979	1010	599	.....	.....
Furniture Sales—Retail	261	290r	302	265	- 10	- 2
Gasoline Consumption	.....	161	161	169	.....	.....
Life Insurance Sales	276	271	246	238	+ 2	+ 16
Residential Construction Contracts	357	314	405	510	+ 14	- 30
Wholesale Trade:						
Automotive Supplies**	317	289	308	331	+ 10	- 4
Drugs	276	253	268	248	+ 9	+ 11
Dry Goods	171	237	236	148	- 28	+ 16
Electrical Goods**	105	94	92	77	+ 12	+ 36
Groceries	263	270	264	267	- 3	- 1
Hardware	140	135	126	121	+ 4	+ 16
Industrial Supplies**	330	422	398	289	- 22	+ 14
Paper and Its Products**	170	213	196	155	- 20	+ 10
Tobacco and Its Products**	100	116	105	132	- 14	- 24

\*Not seasonally adjusted

\*\*1938-41=100

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

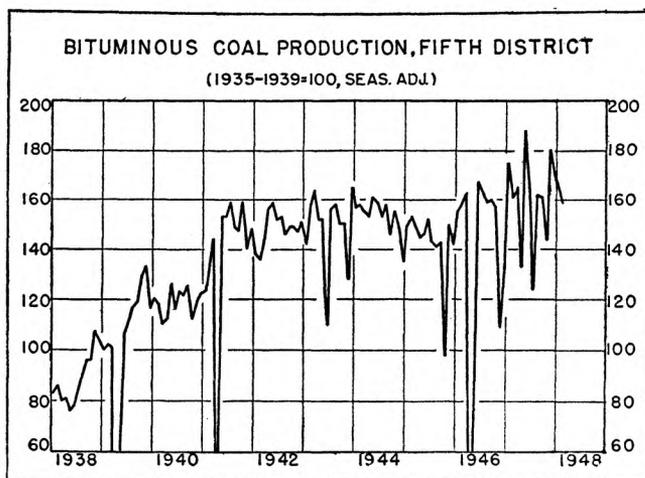
MARCH 31, 1948

## Business Conditions

**B**USINESS trends in the Fifth Federal Reserve District were somewhat irregular in February and early March. Production levels, in the main, held about even or rose slightly in February compared with January on a seasonally adjusted basis. Exceptions to this trend were bituminous coal production, on-site construction activity and lumber production, all of which were unseasonably affected by weather conditions. Trade at the retail level improved moderately over levels shown in January, seasonal factors considered, but all lines of wholesale trade revealed sizeable setbacks.

## Bituminous Coal

Weather conditions adversely affecting the coal car supply as well as the number of laborers at work during February were chiefly responsible for a decline of 4 percent in the seasonally adjusted production of bituminous coal in this District from January levels. Weekly production figures had shown a return to the level of output of a year ago by the second week in March, but the miners' walk-out beginning on the 15th of March has again dropped the production level.



The fact that no strike had been called, but rather that the miners had merely ceased working as their "willing and able" contract apparently permitted, caused delay in the application of the Taft-Hartley law until March 24th. At this writing it is not known how soon or in what volume production will be resumed. Coal conservation measures were promptly taken by government where

legally permissible. These measures included elimination of one-fourth of the passenger trains on coal burning roads, and an embargo on coal exports, with an intended reduction of 25 per cent in freight traffic of coal burning roads in case the work stoppage continues into next week.

Improved production of coal abroad had found reflection in easier demands on the domestic outputs, and there had been anticipation of some reduction in coal prices. Instead large domestic consuming industries stepped up their purchases to replenish stocks depleted by a severe winter and to prepare for the contingency of a work stoppage in the mines. Coal prices instead of easing have been strengthened. The chart on page one shows the effect of January-February weather on coal output which had been running previously at record levels.

## Cotton Goods

Production of cotton goods and yarns in the District during February rose above January levels after seasonal adjustment. Cotton consumption gained a little less than one percent from January, but was 4 percent smaller than a year ago. This drop in cotton usage has not properly measured the change in production of goods and yarns because of a notable shifting of demand for lighter weight goods. Spindle hours run in the District's mills take account of this shift and in February they showed a gain of 10 percent over February last year as contrasted with a 4 percent decline in cotton consumed.

Since early in February contract sales of cotton goods have slowed down in contrast with a rush to get forward business placed in the last two months of 1947. Mills are, for the most part, sold-up on their production through June. It has been a practice, however, for them to withhold a small percentage of output for sale in the spot market and it is probable that these goods are partly responsible for the weakening of a few contract prices in recent weeks. More important, however, has been the unwillingness of buyers to make further future commitments in view of the February break in commodity prices and in view of the poor response of consumer buying in the pre-Easter season. As a result of a reduction in purchases of wholesalers and retailers, and a fair volume of reselling of cotton gray goods by converters, cutters and exporters, manufacturers have lowered their contract prices in a few constructions, but mainly the price changes have brought the spot and contract prices in

**FEDERAL RESERVE BANK OF RICHMOND**

closer alignment. A record of primary market quotations shows the following changes :

**Cotton Goods Prices**

		Spot		Contract	
		Jan. 20 1948	Mar. 22 1948	Jan. 20 1948	Mar. 22 1948
	(cts. per yard)			(cts. per yard)	
Print cloth 39" .....	80x80	36	31½	28	23¾
Print Cloth 39" .....	68x64	31	25	24¾	24¾
Wide prints 45" .....	64x56	30¾	26½	26	26
Tobacco cloth 36" .....	32x28			1.25*	1.25*
Carded broadcloth 37" .....	100x60	37	32½	33	31
Pajama checks 36½" .....	80x80	33	33	26	26
Poplins 37" .....	90x44	31	33	29	29
3 leaf twills 39" .....	68x76	33	33	28¼	28¼
4 leaf twills 37" .....	86x40			39½	39½
Jeans 38" .....	96x64	36	37	34½	36
Sheeting class A 36" .....	48x44	27½	26	26	26
Sheeting class B 37" .....	48x44	23	21	22	21
Sheeting class C 36" .....	40x40	17½	17	17	17
Osnaburgs 40" .....	40x26	28	25¾	25½	25½
Drills 38½" .....	72x48			38	38
Duck, hose & belting .....				70%*	68½*
Broadcloth 37" .....	136x60	52½	46	46	44
Lawn 40" .....	88x80	52	50	43	43

\* Cents per pound.

Cotton yarns, on the other hand, where changes have occurred were priced higher on the 22nd of March than on the 20th of January. The amount of business being done in yarns is somewhat more active than in woven goods, but still is inadequate at present to maintain backlogs.

Much comment is current in the trade news regarding new military outlays for textiles. At this time when so little is known regarding the extent and speed of activating army purchases not much in the way of satisfactory business appraisal can be made. It could be that consumer purchases of cotton goods might be stepped up notably in anticipation of future shortages. Then again if consumer demand maintains its current downward drift, mills, converters, and cutters might be willing to build their inventories in anticipation of having to divert looms later on to military goods. Yet again goods prices may continue to drop because of less demand than supply, and cause a cut-back in production.

**Knit Goods**

Although hosiery sales at retail had been in good volume in the department stores of this District from September through January, mill purchases by wholesalers and retailers have been at a low ebb since the turn of February. As a consequence there has been considerable weakening of mill prices, but it is not yet evident that production will be cut-back.

Knit underwear producers were still allocating production particularly on heavy weight goods up into the first week of March, but since then hesitation in other cotton goods markets has had the effect of slowing down commitments in knit underwear both for spring and fall deliveries. Some mills have made price reductions. Wholesalers are reported to have salesmen actively trying for business for the first time since before the war.

**Furniture**

January new business of southern furniture producers rose substantially from that of December or a year ago

and new orders exceeded shipments which were also markedly improved over either December or a year ago. Unfilled orders at the end of January were equal to about 2 months shipments. Finished inventories at the end of January rose about 50 percent over December, but still represented less than a half month's supply. Employment in the industry in both North Carolina and Virginia continued to rise moderately through February.

Cancellations of orders have increased since the first of February, but three well known case goods producers in the South say their new business is running ahead of cancellations to the extent that backlogs are building up. Reports seem to indicate that cancellations of orders at this time are not as substantial as occurred in the first quarter of 1947.

Retail furniture sales in the Fifth District fell 9 percent from January to February after seasonal adjustment, February sales this year were at the same level as a year ago. Reduced store traffic resulting from severe winter weather and poor transportation were in part responsible for the decline in sales, but the drop seems to be too substantial to be caused wholly by weather.

**Construction**

On-site construction value this spring will be at its highest post-war level based on permits and contract awards over the past several months. A good part of this gain is due to higher prices. Building permits in this District which rose to a new high level for any recent year in January, declined 37 percent from January to February after seasonal correction to a level 4 percent below February 1947. This sharp decline occurred concurrently with a change in the status of mortgage money. Lenders have become more conservative in their appraisals, thus necessitating a larger down payment on the part of the buyer. Financing of builders has also tightened and G. I. Home Loans made have fallen off sharply largely because of the lack of a secondary investment market for these mortgages, resulting from higher interest rates on high grade bonds. Under the existing financing conditions it would be a realistic appraisal to expect a decline in construction volumes and a moderate downward readjustment of some building materials prices together with an improvement in the efficiency of building labor. These adjustments will not be likely if legislation eliminating these financing strains is adopted.

**Department Store Trade**

February sales of Department stores in the Fifth District rose 7 percent from their January level on a seasonally adjusted basis, to a figure 8 percent above February 1947. The March level will probably show little change from that of February after seasonal adjustment which takes into account the early Easter. Gains in seasonally adjusted sales in West Virginia and the Carolinas accounted chiefly for the 7 percent rise in the District index from January to February.

Continued on page 13

**Business Conditions**

Continued from page 2

Department store inventories which rose to a peak after seasonal adjustment in January were higher in that month in relation to sales than at anytime since the inventory boom of 1942. February seasonally adjusted inventories, despite some improvement in adjusted sales relative to January, rose above the January level and were still well above past inventory-sales relationships. This situation, if true nationally, is probably in large part responsible for the conservative commitments stores are making with their suppliers at the present time.

**Wholesale Trade**

Wholesalers' sales in all lines declined from January to February on a seasonally adjusted basis reflecting a high level of retailers' inventories and an effort on the part of retailers to adjust them downward. Declines in wholesalers' seasonally adjusted sales were particularly pronounced in industrial supplies, electrical goods, hardware, and automotive supplies. These may prove to be

significant changes, if they are indicative of changes in demand and not temporary physical impediments.

**Conclusion**

At the present time production and trade volumes in the Fifth District continue around their peak areas. There is at present a fairly general tendency of buyers to withhold new business commitments in many of the District's important industries. All of these industries are still producing at high levels by living on their order backlogs. These backlogs will begin to run out in some products in May if adequate new business is not booked before that time. Thus far this new business has not appeared despite the rumors and conjectures of substantial military orders. Trade levels are high, but have leveled off. Reduced export demands for the products of this District have been sizeable and coal exports seem likely to decrease after mid-year, i. e., if the embargo is lifted and exports are resumed shortly. A sizeable increase in the appropriation for the military services could rapidly change the appearance of a waning business prospect.

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT  
AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED**

	Feb. 1948	Jan. 1948	Dec. 1947	Feb. 1947	% Change Feb. 1948 from	
					Jan. 48	Feb. 47
Automobile Registration*	.....	126	134	94	.....	.....
Bank Debits.....	313	302	309	291	+ 4	+ 8
Bituminous Coal Production.....	159	166	170	162	- 4	- 2
Building Permits Issued.....	236	375	342	246	- 37	- 4
Business Failures—No.....	28	11	33	14	+155	+100
Cigarette Production.....	220	219	218	255	0	- 14
Cotton Consumption.....	151	150	153	157	+ 1	- 4
Department Store Sales.....	305	286	322	282	+ 7	+ 8
Department Store Stocks.....	340	335r	325	307	+ 1	+ 11
Electric Power Production.....	.....	257	245	234	.....	.....
Employment—Mfg. Industries*	.....	135	136	134	.....	.....
Furniture Orders.....	.....	485	528	325	.....	.....
Furniture Shipments.....	.....	405	419	264	.....	.....
Furniture Unfilled Orders.....	.....	875	979	682	.....	.....
Furniture Sales—Retail.....	236	260	290	236	- 9	0
Gasoline Consumption.....	.....	.....	184	157	.....	.....
Life Insurance Sales.....	231	276	271	247	- 16	- 6
Wholesale Trade:						
Automotive Supplies**.....	286	317	289	345	- 10	- 17
Drugs.....	259	276	253	236	- 6	+ 10
Dry Goods.....	159	171	237	153	- 7	+ 4
Electrical Goods**.....	88	105	94	80	- 16	+ 10
Groceries.....	246	263	270	271	- 6	- 9
Hardware.....	123	140	135	113	- 12	+ 9
Industrial Supplies**.....	265	330	422	242	- 20	+ 10
Paper and Its Products**.....	160	170	213	150	- 6	+ 7
Tobacco and Its Products**.....	96	100	116	123	- 4	- 22

\* Not seasonally adjusted.

\*\* 1938-41=100.

FEDERAL RESERVE BANK OF RICHMOND

STATE AND MUNICIPAL BOND OFFERINGS

July 1-December 31, 1947

	MARYLAND			VIRGINIA			WEST VIRGINIA			NO. CAROLINA			SO. CAROLINA			FIFTH DISTRICT		
	No. of issues	Amt. \$000	Per-cent	No. of issues	Amt. \$000	Per-cent	No. of issues	Amt. \$000	Per-cent	No. of issues	Amt. \$000	Per-cent	No. of issues	Amt. \$000	Per-cent	No. of issues	Amt. \$000	Per-cent
School building and improvement	7	13,585	34.5	2	935	12.3	1	347	12.0	13	2,165	29.3	8	2,120	17.5	31	19,152	27.6
Water, drainage, sewer and sanitary systems	9	9,853	25.0	5	1,675	22.1	1	140	4.8	23	2,738	37.1	8	1,025	8.4	46	15,431	22.3
Street, road, and bridge building and improvement	5	1,880	4.8	2	1,448	19.1	2	1,960*	67.9	12	876	11.9	7	2,020	57.9	29	13,184	19.0
Public improvement	2	2,950	7.5	2	2,940	38.7				5	630	8.5	3	760	6.3	12	7,280	10.5
Airports	2	6,100	15.5	3	455	6.0										5	6,555	9.4
Parks and recreation facilities:																		
Park	..	.....	.....	.....	.....	.....	.....	.....	.....	1	50	.7	.....	.....	.....	1	50	.1
Stadium	1	2,500	6.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	2,500	3.6
Field house	..	.....	.....	.....	.....	.....	1	415	14.4	.....	.....	.....	.....	.....	.....	1	415	.6
Recreation	1	1,500	3.8	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	1	1,500	2.2
Hospitals, infirmary and nursing home	2	1,000	2.5	.....	.....	.....	.....	.....	.....	..	.....	.....	1	500	4.1	3	1,500	2.2
Electric system	.....	.....	.....	.....	.....	.....	.....	.....	.....	4	691	9.4	1	25	.2	5	716	1.0
Combined public utility system	.....	.....	.....	..	.....	.....	.....	.....	.....	..	.....	.....	3	675	5.6	3	675	1.0
General refunding	.....	.....	.....	1	135	1.8	..	.....	.....	3	233	3.1	.....	.....	.....	4	368	.5
War memorial library	.....	.....	.....	.....	.....	.....	1	25	.9	.....	.....	.....	.....	.....	.....	1	25	.0
<b>Total</b>	<b>29</b>	<b>39,368</b>	<b>100.0</b>	<b>15</b>	<b>7,588</b>	<b>100.0</b>	<b>6</b>	<b>2,887</b>	<b>100.0</b>	<b>61</b>	<b>7,883</b>	<b>100.0</b>	<b>32</b>	<b>12,125</b>	<b>100.0</b>	<b>143</b>	<b>69,351</b>	<b>100.0</b>

\*State issues

Source: Weekly listings in The Commercial and Financial Chronicle.

In the October issue of the Monthly Review there was presented a report on the municipal bond market that included a table showing state and municipal bond offerings in the Fifth District for the 1st half of 1947. For the purpose of permitting a review of the full year developments a comparable table covering the 2nd half of the year is herewith presented.

AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Jan.		Last half of Feb.	
	\$ thousands	% of U. S.	\$ thousands	% of U. S.
Maryland	1,016,776	.94	996,460	.93
Reserve city banks	648,127	.60	634,773	.59
Country banks	368,649	.34	361,687	.34
District of Columbia	936,265	.86	919,675	.86
Reserve city banks	914,645	.84	897,955	.84
Country banks	21,620	.02	21,720	.02
Virginia	1,296,746	1.20	1,279,645	1.20
Reserve city banks	300,315	.28	296,044	.28
Country banks	996,431	.92	983,601	.92
West Virginia	583,538	.54	584,882	.55
North Carolina	844,461	.78	825,581	.77
Reserve city banks	381,431	.35	377,790	.35
Country banks	463,030	.43	447,791	.42
South Carolina	438,568	.40	436,998	.41
Fifth District	5,116,354	4.72	5,043,241	4.71
United States (millions)	108,342	100.0	106,992	100.0

\*Excluding interbank demand deposits.

MONTHLY REVIEW

FEDERAL RESERVE BANK OF RICHMOND  
(All Figures in Thousands)

ITEMS	March 17, 1948	Chg. in Amt. From 2-18-48	3-12-47
Total Gold Reserves.....	\$1,088,576	+ 34,189	- 5,908
Other Reserves .....	21,340	- 305	+ 3,940
Total Reserves .....	1,109,916	+ 33,884	- 1,968
Bills Discounted .....	20,209	- 2,399	+ 3,751
Industrial Advances .....	29	- 17	+ 29
Gov. Securities, Total.....	1,323,100	+ 37,026	- 61,478
Bonds .....	366,460	+ 3,681	+ 320,055
Notes .....	115,217	+ 7,837	+ 87,850
Certificates .....	278,592	- 3,585	-138,475
Bills .....	562,831	- 44,954	-330,908
Total Bills & Securities.....	1,343,338	- 39,442	- 57,698
Uncollected Items .....	288,089	+ 19,527	+ 84,054
Other Assets .....	27,553	- 12,430	+ 904
Total Assets .....	2,768,896	+ 1,539	+ 25,292
Federal Reserve Notes in Cir.....	1,651,398	- 20,673	- 61,097
Deposits, Total .....	832,561	- 1,390	+ 13,315
Members' Reserves .....	749,440	+ 30,101	+ 16,707
U. S. Treas. Gen. Acct.....	52,862	- 41,056	+ 3,120
Foreign .....	22,873	+ 4,865	- 2,133
Other Deposits .....	7,386	+ 4,700	+ 1,861
Def. Availability Items.....	246,665	+ 22,592	+ 70,334
Other Liabilities .....	764	+ 22	+ 132
Capital Accounts .....	37,508	+ 988	+ 2,608
Total Liabilities .....	2,768,896	+ 1,539	+ 25,292

41 REPORTING MEMBER BANKS—5th DISTRICT  
(All Figures in Thousands)

ITEMS	March 17, 1948	Chg. in Amt. From 2-18-48	3-12-47
Total Loans .....	\$ 827,585	+ 26,265	+134,177
Bus. & Agri.....	410,576	+ 20,610	+ 74,687
Real Estate Loans.....	177,519	+ 1,974	+ 43,006
All Other Loans.....	239,490	+ 3,681	+ 16,484
Total Security Holdings.....	1,759,356	- 20,104	-161,938
U. S. Treasury Bills .....	55,042	- 2,755	- 15,457
U. S. Treasury Certificates .....	176,966	+ 23,039	- 72,708
U. S. Treasury Notes .....	96,416	- 7,688	- 1,664
U. S. Gov. Bonds .....	1,305,835	- 35,839	- 80,593
Other Bonds, Stocks & Sec.....	125,097	+ 3,139	+ 3,484
Cash Items in Process of Col.....	222,154	+ 18,114	+ 37,496
Due from Banks.....	168,963*	+ 18,152	- 11,887
Currency & Coin.....	62,203	- 755	- 573
Reserve with F. R. Bank.....	495,231	+ 21,532	+ 13,352
Other Assets .....	54,662	- 940	+ 4,538
Total Assets .....	3,590,154	+ 62,264	+ 15,165
Total Demand Deposits.....	\$2,740,706	+ 63,435	+ 12,451
Deposits of Individuals .....	2,027,726	+ 24,030	+ 19,772
Deposits of U. S. Gov.....	62,135	+ 10,321	- 50,739
Deposits of State & Local Gov.....	202,812	+ 17,373	+ 38,699
Deposits of Banks .....	390,649*	+ 9,692	- 16,116
Certified & Officers' Checks.....	57,384	+ 2,019	+ 20,835
Total Time Deposits.....	606,381	- 1,206	- 11,106
Deposits of Individuals .....	587,655	- 576	- 9,760
Other Time Deposits .....	18,726	- 630	- 1,346
Liabilities for Borrowed Money.....	12,400	- 650	+ 2,800
All Other Liabilities.....	17,254	- 529	- 175
Capital Accounts .....	213,413	+ 1,214	+ 11,195
Total Liabilities .....	3,590,154	+ 62,264	+ 15,165

\*Net Figures, reciprocal balances being eliminated.

CONSTRUCTION CONTRACTS AWARDED

STATES	January 1948	January 1947	% Change
Maryland .....	\$18,755,000	\$21,149,000	- 11
Dist. of Columbia.....	3,948,000	9,160,000	- 57
Virginia .....	13,727,000	14,763,000	- 7
West Virginia .....	16,213,000	3,149,000	+415
North Carolina .....	9,073,000	13,619,000	- 33
South Carolina .....	8,109,000	3,773,000	+115
Fifth District .....	\$69,825,000	\$65,613,000	+ 6

Source: F. W. Dodge Corp.

COMMERCIAL FAILURES

MONTHS	Number Failures Dist.	U.S.	Total Liabilities District	U.S.
February 1948.....	14	417	\$170,000	\$25,619,000
January 1948.....	6	356	89,000	12,965,000
February 1947.....	7	238	207,000	12,976,000
2 Months 1948.....	20	773	259,000	38,584,000
2 Months 1947.....	12	440	551,000	28,169,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

	(000 omitted)			
	Feb. 1948	% Chg. from Feb. 1947	2 Mos. 1948	% Chg. from 2 Mos. '47
<b>District of Columbia</b>				
Washington .....	\$ 630,324	-14	\$1,366,497	+ 9
<b>Maryland</b>				
Baltimore .....	826,086	-14	1,789,654	+ 4
Cumberland .....	17,825	-13	38,215	- 1
Frederick .....	16,087	- 8	33,493	+ 4
Hagerstown .....	22,911	-15	49,934	+ 7
<b>North Carolina</b>				
Asheville .....	42,314	-16	92,792	+ 6
Charlotte .....	203,827	-15	444,254	+12
Durham .....	74,211	-23	170,216	- 9
Greensboro .....	65,360	-17	143,702	+18
Kinston .....	9,719	-27	22,997	-18
Raleigh .....	78,199	-17	172,831	+ 4
Wilmington .....	28,815	-21	65,381	+ 3
Wilson .....	10,245	-40	27,250	-11
Winston-Salem .....	103,140	-15	224,238	- 4
<b>South Carolina</b>				
Charleston .....	45,655	-23	104,649	+ 8
Columbia .....	87,895	- 4	179,305	+17
Greenville .....	71,490	-13	153,779	+16
Spartanburg .....	42,315	-18	94,126	+24
<b>Virginia</b>				
Charlottesville .....	17,129	-35	43,541	+ 7
Danville .....	22,351	-28	53,271	-13
Lynchburg .....	33,585	-18	74,657	+14
Newport News .....	27,791	-19	62,162	+13
Norfolk .....	153,337	-17	337,853	+16
Portsmouth .....	17,239	-19	38,639	+ 9
Richmond .....	388,338	- 9	816,108	+ 5
Roanoke .....	73,228	-14	158,075	+17
<b>West Virginia</b>				
Bluefield .....	36,905	-19	82,288	+25
Charleston .....	119,905	-11	255,380	+16
Clarksburg .....	26,768	-21	60,663	+17
Huntington .....	49,177	-20	110,309	+21
Parkersburg .....	21,324	-19	47,566	0
District Totals .....	\$3,363,495	-15	\$7,313,825	+ 7

COTTON CONSUMPTION AND ON HAND—BALES

	Feb. 1948	Feb. 1947	Aug. 1 to 1948	Feb. 28 1947
<b>Fifth District States:</b>				
Cotton consumed .....	426,425	458,005	2,755,650	2,945,310
<b>Cotton Growing States:</b>				
Cotton consumed .....	693,571	735,103	4,780,930	5,301,696
Cotton on hand Feb. 28 in				
consuming establishments..	1,897,744	1,910,568		
storage and compresses....	4,403,267	4,220,254		
<b>United States:</b>				
Cotton consumed .....	785,231	839,375	5,422,602	6,052,788
Cotton on hand Feb. 28 in				
consuming establishments..	2,243,185	2,257,112		
storage and compresses....	4,470,307	4,287,239		
Spindles active, U. S.....	21,489,000	21,973,000		

Source: Department of Commerce

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	(In Bales)			
	N. Carolina	S. Carolina	Va.	Dist.
February 1948.....	209,721	159,782	17,753	387,256
January 1948.....	231,668	176,319	18,438	426,425
February 1947.....	217,520	167,053	18,570	403,143
2 Months 1948.....	441,389	336,101	36,191	813,681
2 Months 1947.....	465,832	356,675	38,641	861,148

Source: Department of Commerce

PRICES OF UNFINISHED COTTON TEXTILES

	Feb. 1948	Jan. 1948	Feb. 1947
Average, 17 constructions.....	90.90	94.57	85.42
Printcloths, average (6).....	120.72	130.48	111.29
Sheetings, average (3).....	79.63	80.78	75.66
Twill (1) .....	79.86	79.86	71.10
Drills, average (4).....	69.55	69.69	65.90
Sateen (1) .....	97.61	97.61	97.61
Ducks, average (2).....	63.22	63.16	62.54

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

DEPOSITS IN MUTUAL SAVINGS BANK

	Feb. 28, 1948	Jan. 31, 1948	Feb. 28, 1947
<b>8 Baltimore Banks</b>			
Total Deposits .....	\$391,579,209	\$390,743,417	\$382,907,799

FEDERAL RESERVE BANK OF RICHMOND

BUILDING PERMIT FIGURES

	Total Valuation	
	Feb. 1948	Feb. 1947
<b>Maryland</b>		
Baltimore .....	\$ 1,420,575	\$ 1,430,030
Cumberland .....	7,260	43,700
Frederick .....	13,450	11,100
Hagerstown .....	28,345	56,935
Salisbury .....	66,815	104,400
<b>Virginia</b>		
Danville .....	164,032	330,281
Lynchburg .....	335,942	86,470
Norfolk .....	1,721,365	4,687,035
Petersburg .....	49,750	38,200
Portsmouth .....	62,110	359,083
Richmond .....	1,263,182	960,637
Roanoke .....	130,208	93,315
<b>West Virginia</b>		
Charleston .....	414,580	143,385
Clarksburg .....	28,060	12,980
Huntington .....	743,915	273,955
<b>North Carolina</b>		
Asheville .....	85,452	108,225
Charlotte .....	726,488	1,110,725
Durham .....	921,095	293,775
Greensboro .....	1,343,579	471,995
High Point .....	490,975	259,393
Raleigh .....	361,165	331,825
Rocky Mount .....	51,000	81,700
Salisbury .....	61,325	70,360
Winston-Salem .....	411,377	203,095
<b>South Carolina</b>		
Charleston .....	280,880	120,628
Columbia .....	281,025	507,797
Greenville .....	597,200	76,850
Spartanburg .....	44,794	136,380
<b>District of Columbia</b>		
Washington .....	4,318,472	4,702,274
District Totals .....	\$16,424,416	\$17,111,528
2 Months .....	\$37,057,853	\$28,997,023

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Feb. 1948	Feb. 1947	% Chg.	2 Mos. 1948	2 Mos. 1947	% Chg.
West Virginia .....	13,337	13,487	- 1	28,877	29,492	- 2
Virginia .....	1,586	1,535	+ 3	3,322	3,332	0
Maryland .....	115	205	-44	267	439	-39
Fifth District .....	15,038	15,227	- 1	32,466	33,263	- 2
United States .....	48,390	51,482	- 6	104,170	110,502	- 6
% in District.....	31.1	29.6		31.2	30.1	

TOBACCO MANUFACTURING

	Feb. 1948	% Chg. from Feb. 1947	2 Mos. 1948	% Chg. from 2 Mos. '47
Smoking & Chewing tobacco (Thousand of lbs.).....	14,714	+ 2	30,403	- 2
Cigarettes (Thousands) .....	23,349,282	-11	50,627,554	+ 8
Cigars (Thousands) .....	460,141	+ 3	921,539	- 4
Snuff (Thousands of lbs.).....	3,357	+15	7,255	+14

RAYON YARN DATA

	Feb. 1948	Feb. 1947
Rayon Yarn Shipments, Lbs.....	60,700,000	56,800,000
Staple Fiber Shipments, Lbs.....	19,900,000	14,900,000
Rayon Yarn Stocks, Lbs.....	8,500,000	7,500,000
Staple Fiber Stocks, Lbs.....	5,200,000	2,300,000

Source: Rayon Organon

WHOLESALE TRADE—191 FIRMS

LINES	Net Sales Feb. 1948 compared with		Stocks Feb. 28, 1948 compared with		Ratio Feb. collections to acct's outstanding Feb. 1
	Feb. 1947	Jan. 1948	Feb. 28 1947	Jan. 31 1948	
	Auto Supplies (7)*.....	- 3	-16	+ 22	
Drugs & Sundries (11)*.....	+ 7	-19	+ 6	+ 0	106
Dry Goods (9)*.....	- 7	-14	+ 30	+ 7	74
Electrical Goods (7)*.....	+25	-12	+ 58	0	96
Groceries (62)*.....	- 2	-17	+ 17	- 1	147
Hardware (8)*.....	+18	-15	+ 132	- 2	80
Industrial Supplies (4)*.....	-15	-17	+ 22	- 3	....
Paper & Products (4)*.....	+ 2	-20	.....	.....	96
Tobacco & Products (7)*.....	+ 4	- 6	- 13	+ 4	129
Miscellaneous (72)*.....	-12	- 6	+ 23	- 1	91
Dist. Avg. (191)*.....	+ 2	-13	+ 36	+ 0	99

Source: Department of Commerce  
\*Number of reporting firms

RETAIL FURNITURE SALES

STATES	Percentage Changes in Feb. and 2 Mos. 1948 Compared with	
	Feb. 1947	2 Mos. 1947
Maryland (5)* .....	+ 10	+ 8
Dist. of Columbia (6)*.....	+ 9	+ 6
Virginia (18)* .....	- 1	- 2
West Virginia (10)*.....	+ 3	- 6
North Carolina (15)*.....	- 7	- 9
South Carolina (10)*.....	+ 12	+ 4
Fifth District (64)*.....	+ 5	+ 2
<b>Individual Cities</b>		
Baltimore, Md., (5)*.....	+ 10	+ 8
Washington, D. C., (6)*.....	+ 9	+ 6
Richmond, Va., (6)*.....	-17	-12
Charleston, W. Va., (3)*.....	+16	- 4
Charlotte, N. C., (4)*.....	-12	-18
Columbia, S. C., (3)*.....	- 2	+ 3

\*Number of reporting stores

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in February 1948 sales, compared with sales in Feb. 1947:	+ 10	+ 8	+ 9	+ 7	+ 9
Percentage chg. in 2 months sales 1948, compared with 2 mos. in 1947:	+ 4	+ 3	+ 7	+ 3	+ 6
Percentage chg. in stocks on Feb. 28, 1948, compared with Feb. 28, 1947:	-11	+21	+ 3	+11	+ 7
Percentage chg. in outstanding orders Feb. 28, 1948 from Feb. 28, 1947:	-21	-19	- 9	+ 4	-14
Percentage chg. in receivables Feb. 28, 1948 from those on Feb. 28, 1947:	+50	+24	+21	+19	+27
Percentage of current receivables as of Feb. 1, 1948 collected in Feb.:	29	51	44	48	43
Percentage of instalment receivables as of Feb. 1, 1948, collected in Feb.:	17	29	19	25	22

	Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage chg. in Feb. 1948 sales from Feb. 1947 sales, by states:	+ 8	+ 9	+10	+20	+ 7	+12
Percentage chg. in 2 months 1948 sales from 2 months 1947 sales:	+ 3	+ 7	+ 6	+11	+ 2	+ 6

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

APRIL 30, 1948

## Business Conditions

**B**USINESS volumes rose more than seasonally from February to March in the Fifth Federal Reserve District, but this rise restored business to earlier established levels and was, in the main, caused by the incidence of clement weather and the early Easter date. The coal strike, which began on the 15th of March, reduced employment in the mines by about 125,000 and caused railroad, steel mill and port layoffs in the District in the neighborhood of 20,000 before work in the mines had again been resumed. There were no indications of a further broadening of work stoppages or production cut-backs resulting from shortages of coal, but there would have been had the strike lasted two weeks longer.

## Employment Improves

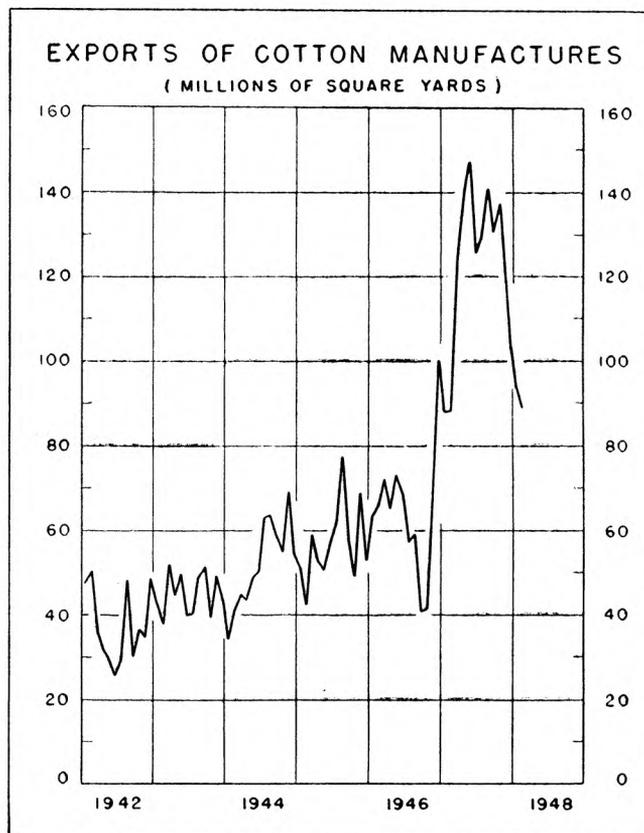
Employment levels in the District in March were slightly higher than in January or February, but it was too wet in the woods for a full resumption of logging operations and some small reduction in force occurred at shipyards.

If Congress accepts the President's proposal on new merchant shipbuilding for the year beginning July 1, which would raise the outlay to \$100 million from a present budget figure of \$30 million, there will probably be considerable increase in employment levels at both Newport News and Baltimore yards.

The cotton textile, apparel, knitting and rayon industries either maintained or slightly expanded employment and production levels in March over February. The cancellations of orders for furniture which were of some concern during February did not have any sustained effect on the industry for its employment in March continued to rise.

## Construction Higher

Although climatic conditions have retarded on-site operation during much of the first quarter, permits issued and contracts awarded have risen to a level that assures an expanding work force in the industry through the Summer if the workers can be found. Permits, which had declined sharply in value from January to February, rose 16 percent from February to March to a level 90 percent ahead of a year ago. One and two family houses, which accounted for 44 percent of the contract awards in the first two months of 1947, were responsible for only 26 percent of total awards in the first 2 months of 1948. In many areas of the District reports indicate that sales



of one family houses are much more difficult to make, and that newly completed houses often stand idle for a considerable period before a sale is consummated. This seems to be having an adverse effect on the construction of this type of dwelling, particularly in Maryland, West Virginia and North Carolina. District-wise the multiple structure dwelling is in a rising trend while the one and two family house is in a declining trend. A pickup in the contracts awarded for buildings of manufacturers and in non-residential construction (other than commercial and educational buildings) has been the strong factor in the District's construction picture thus far this year.

## Cotton Mill Activity At Peak

Cotton consumption in the Fifth District, seasonally adjusted, rose one percent from February to March with the latter month showing a gain of 1 percent over March 1947. Spindle hours operated in the District's mills which gives a truer picture of the industry output at the

## FEDERAL RESERVE BANK OF RICHMOND

present time, however, were 19 percent higher in March than a year ago. The first quarter of 1948 has probably shown the maximum amount of shifting that will take place for some time in the number of looms operated on the light constructions such as prints and some sheetings. These are in relatively greater supply than some of the heavier constructions such as drills, twills, chambrays and denims. There are already indications that some looms are being shifted to these heavier constructions and this should cause a relatively better showing in cotton consumption in the rest of the year than in spindle hours operated.

The cotton goods and yarn mills in the second week of April experienced another fairly large wave of forward covering by consuming industries which has pretty well sold-up the goods output of the third quarter, and sold-up the sales yarn production into August. The trade is anticipating considerable business, perhaps too much, from the combined effects of the stepped-up defense program and the export market. Following a period of several months when little selling for export was done, export inquiries again, even without consummated sales, seem welcome. The chart on the front page shows a sub-

stantial drop in the exports of cotton goods through February, and when the figures are available for March, April and probably May they will probably show a continuation of the same trend. In fact the benefits of European Recovery Administration funds to the cotton textile industry will be mainly through the dollars supplied to countries outside the 16 nations.

Domestic purchases of cotton goods during April were for the account of converters and cutters, and some expansion occurred in industrial goods. Retail stores for the most part are over-inventoried and may not be purchasing as much as they sell for the next 60 days. If retail sales hold up over this period retailers will be back in the market for full coverage around mid-year; if not, there will probably be a very quiet spell in mill sales over this period.

### Retail Trade

Information from a sample of department and mail order stores indicates that the stores will follow a policy of covering about half of their fall requirements where commitments are necessary during the next two or three months. If these stores happen to be a good cross sec-

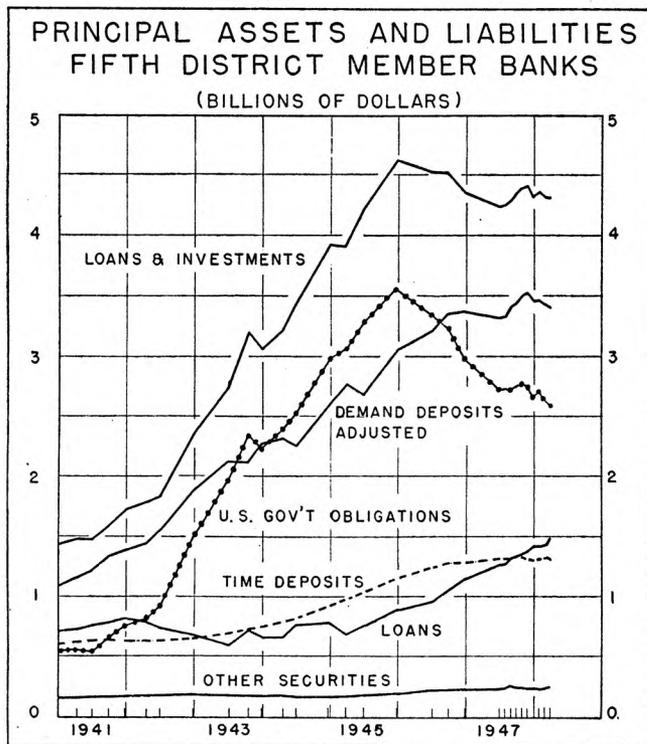
(Continued on Page 9)

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Mar. 1948	Feb. 1948	Jan. 1948	Mar. 1947	% Change	
					Mar. 1948 from Feb. 48	Mar. 47
Automobile Registration*	.....	107	126	116	.....	.....
Bank Debits.....	320	313	302	293	+ 2	+ 9
Bituminous Coal Production*	91	159	166	166	- 43	- 45
Building Contracts Awarded.....	327	335r	324	272	- 2	+ 20
Apartments and Hotels.....	.....	681	260	435	.....	.....
Commercial Construction Contracts.....	.....	350	503	271	.....	.....
Manufacturing Construction Contracts.....	.....	664	311	229	.....	.....
One and Two Family Houses.....	.....	347	402	373	.....	.....
Public Works and Utilities.....	.....	225	401	308	.....	.....
Residential Construction Contracts.....	291	446	358r	331	- 35	- 12
Building Permits Issued.....	274	236	375	144	+ 16	+ 90
Business Failures—No.....	61	28	11	19	+118	+221
Cigarette Production.....	257	228r	219	251	+ 13	+ 2
Cotton Consumption.....	153	151	150	152	+ 1	+ 1
Department Store Sales.....	317	306	286	307	+ 4	+ 3
Department Store Stocks.....	334	339	335	300	- 1	+ 11
Electric Power Production.....	.....	252	257	238	.....	.....
Employment—Mfg. Industries*.....	.....	135	135	134	.....	.....
Furniture Orders.....	.....	415	485	255	.....	.....
Furniture Shipments.....	.....	348	405	419	.....	.....
Furniture Unfilled Orders.....	.....	912	875	979	.....	.....
Furniture Sales—Retail.....	263	244r	259r	279	+ 8	- 6
Life Insurance Sales.....	246	231	276	239	+ 6	+ 3
Wholesale Trade:.....	.....	.....	.....	.....	.....	.....
Automotive Supplies**.....	341	286	317	345	+ 19	- 1
Drugs.....	265	259	276	260	+ 2	+ 2
Dry Goods.....	184	159	171	163	+ 16	+ 13
Electrical Goods**.....	83	88	105	65	- 6	+ 28
Groceries.....	247	246	263	277	0	- 11
Hardware.....	140	123	140	114	+ 14	+ 23
Industrial Supplies**.....	317	265	330	271	+ 20	+ 17
Paper and Its Products**.....	155	160	170	164	- 3	- 5
Tobacco and Its Products**.....	87	96	100	108	- 9	- 19

\* Not seasonally adjusted.

\*\* 1938-41=100.



AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Feb.		Last half of Mar.	
	\$ thousands	% of U. S.	\$ thousands	% of U. S.
Maryland	996,460	.93	996,366	.94
Reserve city banks	634,773	.59	630,916	.60
Country banks	361,687	.34	365,450	.34
District of Columbia	919,675	.86	917,534	.87
Reserve city banks	897,955	.84	895,905	.85
Country banks	21,720	.02	21,629	.02
Virginia	1,279,645	1.20	1,266,977	1.20
Reserve city banks	296,044	.28	288,737	.27
Country banks	983,601	.92	978,240	.93
West Virginia	584,882	.55	590,631	.56
North Carolina	825,581	.77	833,509	.79
Reserve city banks	377,790	.35	393,017	.37
Country banks	447,791	.42	440,492	.42
South Carolina	436,998	.41	432,335	.41
Fifth District	5,043,241	4.71	5,037,352	4.76
United States (millions)	106,992	100.0	105,774	100.0

\*Excluding interbank demand deposits.

**Business Conditions**

(Continued from page 2)

tion of the country's retail outlets, there will not be much upward pressure exerted on commodity prices over the next three or four months as a result of this policy.

Department store sales in the Fifth District after seasonal correction rose 4 percent from February to March and indications thus far in April indicate April will hold at about the same level as in March after seasonal adjustment. Relative to March 1947, department store sales in March 1948 were 3 percent higher. This rise in sales compares with a rise of around 7 percent in the clothing, housefurnishing and miscellaneous items of the consumers price index in Baltimore and Richmond. Major

household appliances are no longer showing the sales gains recorded over the past two years, and if these sales flatten out as figures thus far indicate it will be more difficult for total store sales to continue showing gains over last year's level.

Stores in the District are still over-inventoried and even with the relatively good level of sales in March, inventories at the end of the month declined only 1 percent from the end of February level on a seasonally adjusted basis. End of March inventories were 11 percent above the level of a year ago.

Sales of most wholesale lines rose more than seasonally in March, but failed in all cases to reach peak levels previously established. In fact most wholesale lines give the impression that the trend has flattened out.

**FEDERAL RESERVE BANK OF RICHMOND**

**FEDERAL RESERVE BANK OF RICHMOND**  
(All Figures in Thousands)

ITEMS	April 14, 1948	Chg. in Amt. From 3-17-48	4-16-47
Total Gold Reserves.....	\$1,084,601	- 3,975	+ 76,154
Other Reserves .....	20,177	- 1,163	+ 4,594
Total Reserves .....	1,104,778	- 5,138	- 80,748
Bills Discounted .....	12,714	- 7,495	+ 7,466
Industrial Advances .....	46	+ 17	+ 46
Gov. Securities, Total .....	1,337,415	+ 14,315	- 97,164
Bonds .....	378,953	+ 12,493	+ 332,576
Notes .....	125,118	+ 9,901	+ 103,462
Certificates .....	282,038	+ 3,446	- 72,521
Bills .....	551,306	- 11,525	- 460,681
Total Bills & Securities.....	1,350,175	+ 6,837	- 89,652
Uncollected Items .....	259,143	- 28,946	+ 4,812
Other Assets .....	27,636	+ 83	+ 9,752
Total Assets .....	2,741,732	- 27,164	+ 5,660
Fed. Res. Notes in Cir.....	1,627,662	- 23,736	- 55,397
Deposits, Total .....	824,148	- 8,413	+ 26,877
Members' Reserves .....	721,873	- 27,567	- 8,843
U. S. Treas. Gen. Acct.....	75,056	+ 22,194	+ 32,428
Foreign .....	20,222	- 2,651	+ 1,267
Other Deposits .....	6,997	- 389	+ 2,025
Def. Availability Items.....	250,512	+ 3,847	+ 30,708
Other Liabilities .....	991	+ 227	+ 372
Capital Accounts .....	38,419	+ 911	+ 3,100
Total Liabilities .....	2,741,732	- 27,164	+ 5,660

**41 REPORTING MEMBER BANKS—5th District**  
(All Figures in Thousands)

ITEMS	April 14, 1948	Chg. in Amt. From 3-17-48	4-16-47
Total Loans .....	\$ 823,544	- 4,041	+ 134,180
Bus. & Agri. ....	405,729	- 4,847	+ 71,912
Real Estate Loans.....	180,296	+ 2,777	+ 44,434
All Other Loans.....	237,519	- 1,971	+ 17,834
Total Security Holdings.....	1,710,126	- 49,230	- 172,274
U. S. Treasury Bills.....	49,849	- 5,193	+ 19,210
U. S. Treasury Certificates.....	170,058	- 6,908	- 92,548
U. S. Treasury Notes.....	81,887	- 14,529	- 14,837
U. S. Govt. Bonds.....	1,282,391	- 23,444	+ 87,714
Other Bonds, Stocks & Sec.....	125,941	+ 844	+ 3,615
Cash Items in Process of Col.....	252,866	+ 30,712	+ 53,396
Due from Banks.....	164,974*	- 3,989	+ 5,600
Currency & Coin.....	65,282	+ 3,079	+ 5,134
Reserve with F. R. Bank.....	479,337	- 15,894	- 3,122
Other Assets .....	53,803	- 859	+ 4,912
Total Assets .....	3,549,932	- 40,222	+ 27,826
Total Demand Deposits.....	\$2,710,922	- 29,734	+ 25,574
Deposits of Individuals .....	2,001,903	- 25,823	+ 25,696
Deposits of U. S. Gov. ....	67,906	+ 5,771	+ 24,134
Deposits of State & Local Gov.....	228,327	+ 25,515	+ 47,075
Deposits of Banks .....	373,084*	- 17,565	- 15,557
Certified & Officers' Checks.....	39,702	- 17,682	- 7,506
Total Time Deposits.....	605,099	- 1,282	- 10,925
Deposits of Individuals .....	587,237	- 418	+ 9,944
Other Time Deposits.....	17,862	- 864	- 981
Liabilities for Borrowed Money.....	3,000	- 9,400	+ 1,369
All Other Liabilities.....	16,821	- 433	- 2,862
Capital Accounts .....	214,090	+ 677	+ 14,670
Total Liabilities .....	3,549,932	- 40,222	+ 27,826

\*Net Figures, reciprocal balances being eliminated.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	Feb. 1948	% Chg. from Feb. 1947	2 Mos. '48	% Chg. from 2 Mos. '47
Maryland .....	\$19,488,000	+ 124	\$ 38,241,000	+ 28
Dist. of Columbia.....	10,483,000	+ 117	14,431,000	+ 3
Virginia .....	14,908,000	- 8	28,635,000	- 8
West Virginia .....	8,499,000	+ 47	24,961,000	+ 180
North Carolina .....	8,644,000	- 8	17,717,000	- 23
South Carolina .....	6,378,000	+ 51	14,487,000	+ 81
Fifth District .....	\$68,400,000	+ 39	\$138,472,000	+ 21

Source: F. W. Dodge Corp.

**COMMERCIAL FAILURES**

MONTHS	Number of Failures		Total Liabilities	
	Dist.	U.S.	Dist.	U. S.
March 1948 .....	29	477	\$ 559,000	\$17,481,000
February 1948 .....	14	417	170,000	25,619,000
March 1947 .....	9	254	697,000	15,251,000
3 Months 1948.....	49	1,250	\$ 818,000	\$56,065,000
3 Months 1947.....	21	694	1,248,000	43,420,000

Source: Dun & Bradstreet

**DEBITS TO INDIVIDUAL ACCOUNTS**

	(000 omitted)			
	March 1948	% Chg. from Mar. 1947	3 Mos. 1948	% Chg. from 3 Mos. '47
District of Columbia				
Washington .....	\$ 757,351	+ 20	\$ 2,123,848	+ 13
Maryland				
Baltimore .....	1,041,476	+ 17	2,831,130	+ 8
Cumberland .....	20,043	- 2	58,258	- 1
Frederick .....	18,804	0	52,297	+ 2
Hagerstown .....	27,119	+ 10	77,053	+ 8
North Carolina				
Asheville .....	48,848	+ 5	141,640	+ 6
Charlotte .....	234,451	+ 12	678,705	+ 12
Durham .....	91,562	+ 5	261,778	- 5
Greensboro .....	77,589	+ 23	221,291	+ 20
Kinston .....	12,074	+ 17	35,071	- 13
Raleigh .....	111,485	- 2	284,316	- 3
Wilmington .....	34,058	- 2	99,439	+ 1
Wilson .....	12,969	- 5	40,219	- 9
Winston-Salem .....	129,376	+ 12	353,613	+ 1
South Carolina				
Charleston .....	56,041	+ 11	160,690	+ 9
Columbia .....	92,436	- 4	271,741	+ 9
Greenville .....	81,039	+ 12	234,818	+ 14
Spartanburg .....	49,132	+ 10	143,258	+ 19
Virginia				
Charlottesville .....	20,919	+ 2	64,460	+ 5
Danville .....	25,355	+ 8	78,626	- 7
Lynchburg .....	35,718	+ 10	113,375	+ 13
Newport News .....	33,762	+ 13	95,924	+ 13
Norfolk .....	181,586	+ 11	519,439	+ 14
Portsmouth .....	19,641	+ 4	58,280	+ 7
Richmond .....	460,480	+ 14	1,276,588	+ 8
Roanoke .....	35,615	+ 12	243,690	+ 15
West Virginia				
Bluefield .....	44,162	+ 29	126,450	+ 26
Charleston .....	137,494	+ 10	392,874	+ 14
Clarksburg .....	33,276	- 31	92,939	+ 22
Huntington .....	61,047	- 31	171,356	+ 24
Parkersburg .....	27,673	+ 18	75,239	+ 6
District Totals .....	\$ 4,065,580	+ 14	\$11,379,405	+ 9

**COTTON CONSUMPTION AND ON HAND—BALES**

	March 1948	March 1947	Aug. 1 to 1948	Mar. 31 1947
Fifth District States:				
Cotton Consumed .....	441,146	422,369	3,196,796	3,367,679
Cotton Growing States:				
Cotton consumed .....	774,577	767,341	5,555,507	6,069,037
Cotton on hand March 31 in				
consuming establishments..	1,894,671	1,895,897		
storage and compresses....	3,606,929	3,280,521		
United States:				
Cotton Consumed .....	878,714	875,306	6,301,316	6,928,094
Cotton on hand March 31 in				
consuming establishments..	2,286,114	2,234,321		
storage and compresses....	3,676,735	3,339,213		
Spindles active, U. S. ....	21,708,000	21,959,000		

Source: Department of Commerce

**COTTON CONSUMPTION—FIFTH DISTRICT**

	(In Bales)			
	N. Carolina	S. Carolina	Virginia	District
March 1948 .....	239,732	181,265	20,149	441,146
February 1948 .....	209,721	159,782	17,753	387,256
March 1947 .....	227,207	176,195	18,967	422,369
3 Months 1948.....	681,121	517,366	56,340	1,254,827
3 Months 1947.....	693,039	532,870	57,608	1,283,517

Source: Department of Commerce.

**PRICES OF UNFINISHED COTTON TEXTILES**

	March 1948	February 1948	March 1947
Average, 17 constructions .....	87.11	90.90	88.19
Printcloths, average (6).....	110.00	120.72	114.40
Sheetings, average (3).....	77.86	79.63	79.45
Twil (1) .....	79.86	79.86	79.86
Drills, average (4) .....	70.83	69.55	67.97
Sateen (1) .....	97.61	97.61	97.61
Ducks, average (2).....	63.25	63.22	62.54

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

**DEPOSITS IN MUTUAL SAVINGS BANK**

	8 Baltimore Banks		
	Mar. 31, 1948	Feb. 29, 1948	Mar. 31, 1947
Total Deposits .....	\$392,783,344	\$391,579,209	\$385,209,962

MONTHLY REVIEW

BUILDING PERMIT FIGURES

	Total Valuation	
	March 1948	March 1947
<b>Maryland</b>		
Baltimore .....	\$ 2,897,080	\$ 2,602,855
Cumberland .....	40,850	59,595
Frederick .....	61,650	55,850
Hagerstown .....	66,410	239,100
Salisbury .....	733,556	147,045
<b>Virginia</b>		
Danville .....	143,065	233,287
Lynchburg .....	225,670	230,142
Norfolk .....	713,870	413,815
Petersburg .....	131,239	91,100
Portsmouth .....	169,615	50,013
Richmond .....	2,315,118	601,193
Roanoke .....	456,729	275,417
<b>West Virginia</b>		
Charleston .....	1,709,991	837,543
Clarksburg .....	428,982	54,615
Huntington .....	530,965	244,610
<b>North Carolina</b>		
Asheville .....	229,521	202,101
Charlotte .....	1,694,441	708,221
Durham .....	2,866,915	314,675
Greensboro .....	543,045	386,059
High Point .....	620,041	135,625
Raleigh .....	510,620	164,600
Rocky Mount .....	277,200	74,450
Salisbury .....	78,970	57,865
Winston-Salem .....	904,451	395,060
<b>South Carolina</b>		
Charleston .....	303,338	83,725
Columbia .....	1,039,318	222,515
Greenville .....	320,900	92,350
Spartanburg .....	161,258	104,433
<b>District of Columbia</b>		
Washington .....	3,543,728	3,823,021
<b>District Totals</b> .....	\$23,722,936	\$12,450,906
<b>3 Months</b> .....	\$60,780,789	\$41,447,934

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	March 1948	March 1947	% Chg.	3 Mos. 1948	3 Mos. 1947	% Chg.
West Virginia .....	8,476	14,948	-43	37,353	44,440	-16
Virginia .....	1,042	1,710	-39	4,364	5,042	-13
Maryland .....	108	177	-39	375	616	-39
5th Dist. ....	9,626	16,835	-43	42,092	50,098	-16
United States....	34,016	55,455	-39	138,186	165,957	-17
% in Dist. ....	28	30		30	30	

TOBACCO MANUFACTURING

	March 1948	% Chg. from Mar. 1947	3 Mos. 1948	% Chg. from 3 Mos. '47
Smoking & Chewing tobacco (Thousands of lbs.).....	16,774	+ 6	47,067	+ 1
Cigarettes (Thousands) .....	29,154,293	+11	79,781,847	- 2
Cigars (Thousands) .....	470,099	+10	1,391,638	+ 1
Snuff (Thousands of lbs.).....	3,558	+15	10,813	+15

RAYON YARN SHIPMENTS AND STOCKS

	March 1948	February 1948	March 1947
Rayon yarn shipments, lbs.....	67,900,000	62,200,000	62,700,000
Staple fiber shipments, lbs.....	22,900,000	20,400,000	15,500,000
Rayon yarn stocks, lbs.....	8,800,000	8,800,000	6,800,000
Staple fiber stocks, lbs.....	5,400,000	5,300,000	2,500,000

Source: Rayon Organon

WHOLESALE TRADE—198 FIRMS

LINES	Net Sales compared with		Stocks compared with		Ratio March collections to acc'ts
	March 1948	Feb. 1948	Mar. 31 1947	Feb. 29 1948	Mar. 1
	1947	1948	1947	1948	Mar. 1
Auto Supplies (5)*.....	+ 2	+20	+10	+ 2	73
Electrical Goods (6)*.....	+38	+13	+60	+ 9	102
Hardware (8)*.....	+23	+30	+55	- 2	88
Industrial Supplies (3)*.....	+11	+30	....	....	....
Drugs & Sundries (11)*.....	+ 5	+11	+ 4	0	121
Dry Goods (18)*.....	+ 8	+17	+29	+ 8	75
Groceries (58)*.....	0	+11	+13	- 2	172
Paper & Products (6)*.....	+12	+13	....	....	103
Tobacco & Products (7)*.....	+ 9	+12	- 4	+ 4	129
Miscellaneous (76)*.....	+14	+17	+46	0	99
District Average (198)*.....	+11	+16	+31	+ 2	104

Source: Department of Commerce  
\*Number of reporting firms

RETAIL FURNITURE SALES

STATES	Percentage Changes in Mar. and 3 Mos. '48 Compared with	
	March 1947	3 Mos. 1947
Maryland (5)* .....	+12	+10
Dist. of Columbia (6)*.....	-17	- 3
Virginia (20)* .....	- 6	- 3
West Virginia (10)* .....	+ 9	- 1
North Carolina (15)*.....	- 3	- 6
South Carolina (8)*.....	+17	+ 9
District (64)*.....	0	+ 1
<b>Individual Cities</b>		
Baltimore, Md., (5)*.....	+12	+10
Washington, D. C., (6)*.....	-17	- 3
Richmond, Va., (6)*.....	- 8	-10
Charleston, W. Va., (3)*.....	-13	- 8
Charlotte, N. C., (4)*.....	- 9	-15

\*Number of reporting stores

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in March 1948 sales, compared with sales in March '47:	+13	+ 3	+ 3	+13	+ 8
Percentage chg. in 3 mos. sales 1948, compared with 3 mos. in 1947:	+ 8	+ 3	+ 5	+ 7	+ 7
Percentage chg. in stocks on Mar. 31, 1948, compared with Mar. 31, '47:	- 8	+14	+ 2	+14	+ 5
Percentage chg. in outstanding orders Mar. 31, 1948 from Mar. 31, 1947:	-36	-28	-15	+ 8	-23
Percentage chg. in receivables Mar. 31, '48 from those on Mar. 31, '47:	+47	+23	+23	+27	+27
Percentage of current receivables as of Mar. 1, 1948 collected in March:	33	50	48	50	45
Percentage of instalment receivables as of Mar. 1, 1948, collected in Mar.:	19	26	22	29	23
<b>Maryland Dist. of Col. Virginia W. Virginia No. Carolina So. Carolina</b>					
Percentage chg. in March 1948 sales from March 1947 sales, by states:	+ 4	+ 3	+14	+27	+12
Percentage chg. in 3 months 1948 sales from 3 months 1947 sales:	+ 3	+ 5	+ 9	+18	+ 6

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

MAY 31, 1948

## Business Conditions

**E**MPLOYMENT levels in the Fifth District, after allowance for seasonal fluctuations and strikes, have shown little aggregate change since January. Tobacco rehandling has declined seasonally, leaving a considerable unemployment in numerous areas that will largely remain until a new crop is again being processed. Food industries continued to employ fewer people in March where ordinarily February is the seasonal low point. Construction employment fell more than seasonally to February and had not moved back in stride until May. The volume of construction work under way is sufficient to expand construction employment to a new seasonal peak this summer, but this employment will not be as broadly distributed throughout the District this year as last year.

Poor logging conditions lowered lumber employment in the Carolinas, but did not materially affect workers in other states. Furniture employment has leveled off around 17 thousand in Virginia but had been edging upward to over 25 thousand in North Carolina through March. However, some plants manufacturing case goods at the low end of the price scale are reported to be working on a three-day week basis because of a lack of demand resulting from too little price spread between low-end and quality products. It is said these firms will bring out a new line of products in July priced at greater differentials with respect to the quality goods.

Employment at shipyards in Maryland has risen sharply since the termination of a strike last summer. The current level, however, has not reached that of the spring of 1947, but prospects in the industry are conducive of further improvement. Virginia shipyard employment had been inching upward until March when a small lay off was made. Larger cut-backs had been anticipated for some time, but it is now believed that increased contract awards will probably result in some expansion.

Knitting mills and apparel concerns increased employment levels through the spring. Activity should level off until mid-year when some cut-back will probably be experienced unless a marked improvement occurs soon in sales, particularly of knitted goods.

Cotton textile employment has shown little change since November in North and South Carolina, but showed some reduction in Virginia in recent months where there is normally a loss of workers back to farm activities at this time of year. Cotton textile employment both in spinning and weaving mills will be reduced substantially by vacations in the first and second weeks of July. Un-

less there is a marked improvement in the rate of purchase of goods and yarns at present price levels, reduced employment levels will continue beyond the second week of July since few mills are favorably inclined toward inventory accumulation and since costs of neither labor nor cotton are likely to decline beforehand enough to lower prices sufficiently to make a market for the full output of goods and yarns. It is possible that a demand for export or military purchases may appear to ward off reduced employment in the industry but there are few indications as yet that give support to these potentialities.

Employment levels in the paper industry, which held on an even keel through most of 1947, have weakened somewhat this spring despite a continued strong demand for all paper products. This is probably a result of increased labor productivity due to technological improvements.

The growth in rayon production last year and up to now has been due mainly to increased labor productivity resulting from technological improvements since very little change in employment in this industry has occurred in this period. Industrial chemicals in West Virginia show a slow but gradual increase in employment levels, while these industries in Virginia show a stable level for nearly a year.

Bituminous coal production of the District in April improved from the March level on a seasonally adjusted basis, but still remained 24 per cent below the same month last year. The coal strike did not have any noticeable adverse effect on sales of West Virginia reporting department stores. These have shown a steady rising trend after seasonal correction since January, April sales being at an all time high level for these stores.

Cotton consumption in the Fifth District rose 2 per cent in April over March on a seasonally adjusted basis, but the April level was 2 per cent below that month last year. Hours run by the spindles in the District in April, however, showed a gain of 6 per cent over that last year. Orders on hand for both spinners and weavers are running down, and thus far there has been little disposition of consumers to enter into new purchase agreements in sufficient volume to maintain current production levels. There does not appear to be much question of the maintenance of industrial consumption of cotton textiles, except for bags and tire fabrics, but in the apparel uses the physical quantity of sales at retail is receding and prospects do not justify the expectation of offsets to this reduction, when the loss of demand previously in evi-

## FEDERAL RESERVE BANK OF RICHMOND

dence for building inventories and lower exports is taken into account.

Trade levels in the District improved on all fronts in April compared with March on seasonally adjusted figures. Retail furniture sales rose 2 per cent; department store sales rose 1 per cent and all lines of wholesale trade, except dry goods, electrical goods and automotive supplies, rose from 1 to 14 per cent. Wholesale dry goods sales declined 7 per cent and wholesale automotive supplies declined 1 per cent while wholesale electrical goods held at the same level as in March. As the situation appears at this time, the trend of furniture store sales is probably downward, or flat at best; the trend of department store sales is flat; trends of wholesale sales are variable, with drugs and paper and dry goods flat, hardware, electrical goods, automotive and industrial supplies rising, groceries and tobacco falling.

Department store inventories in April showed no change from the peak level of March on a seasonally adjusted basis. Relative to the 1935-39 base period inventories in April were up 240 per cent; April sales relative to the same base were up 221 per cent. This inventory level is too high, according to opinions of several store managers, and efforts are being made to reduce it. In fact it will be reduced in the next few months, if sales hold up reasonably well, for outstanding orders at the end of April declined 21 per cent from March, 53 per cent

from January and were at the lowest level since 1942. Even so outstanding orders at the end of April were still 12 per cent larger than sales in April. Since there is no upward seasonal move in sales from April to May and June, it is probable that further reductions in orders would be necessary to reduce the inventory level.

In April credit sales in 19 department stores of this District accounted for 56.2 per cent of total sales. A year ago credit sales accounted for 52.2 per cent of total sales. Installment sales accounted for 8.3 per cent of sales of these stores in April 1948 and 6.5 per cent in April 1947. Other credit sales accounted for 47.9 per cent of total sales in April 1948 and 45.7 per cent in April 1947. Collections during April 1948 on installment receivables outstanding at the beginning of the month amounted to 22.5 per cent, and 24.8 per cent in April 1947. Collections during April 1948 on other receivables outstanding at the beginning of the month amounted to 44.8 per cent, and in April 1947, 45.1 per cent. It is apparent that as far as department stores are concerned there is no cause for alarm over the credit situation despite the slight lengthening of repayment periods. It is probably true, however, that without the enlarged credit sales, the total level of sales would not be as high as they are at the present time.

Continued on page 7

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

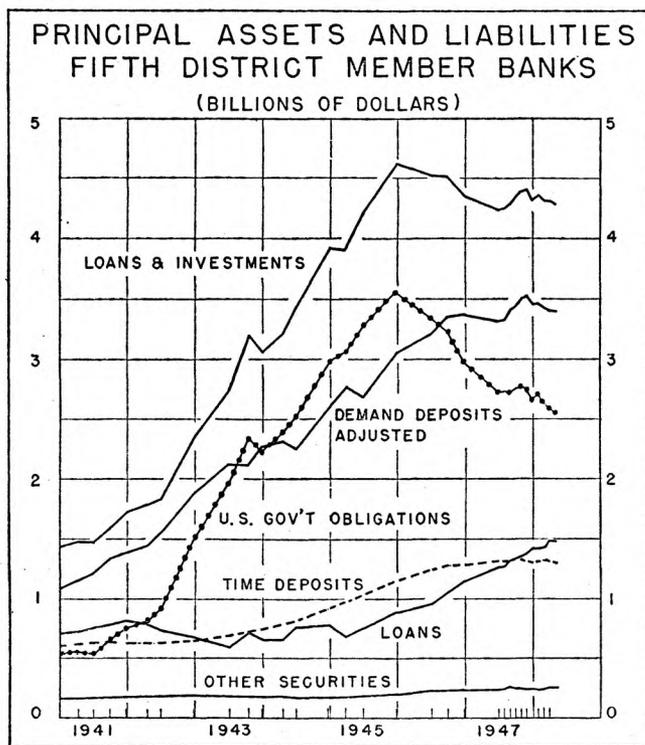
	Apr. 1948	Mar. 1948	Feb. 1948	Apr. 1947	% Change	
					Apr. 1948 from Mar. 48	Apr. 47
Automobile Registration*	.....	140	107	136	.....	.....
Bank Debits .....	313	320	313	270	- 2	+ 16
Bituminous Coal Production*	102	91	159	134	+ 12	- 24
Building Contracts Awarded.....	331	326r	335	296	+ 2	+ 12
Building Permits Issued.....	336	274	236	198	+ 23	+ 70
Business Failures—No. ....	40	61	28	17	- 34	+135
Cigarette Production .....	283p	248r	228r	252	+ 14	+ 12
Cotton Consumption .....	156	153	151	159	+ 2	- 2
Department Store Sales.....	321	317	306	299	+ 1	+ 7
Department Store Stocks.....	340	340	339	302	0	+ 13
Electric Power Production.....	.....	265	252	235	.....	.....
Employment—Mfg. Industries*	.....	135	134	133	.....	.....
Furniture Orders .....	313	320	415	365	- 2	- 14
Furniture Shipments .....	311	307	348	279	+ 1	+ 11
Furniture Unfilled Orders.....	1,211	1,001	912	1,196	+ 21	+ 1
Furniture Sales—Retail .....	271	265r	246r	239	+ 2	+ 13
Gasoline Consumption .....	.....	159	159	173	.....	.....
Life Insurance Sales.....	261	246	231	246	+ 6	+ 6
Wholesale Trade:						
Automotive Supplies** .....	339	341	286	308	- 1	+ 10
Drugs .....	269	265	259	268	+ 2	0
Dry Goods .....	171	184	159	167	- 7	+ 2
Electrical Goods** .....	83	83	88	69	0	+ 20
Groceries .....	262	247	246	278	+ 6	- 6
Hardware .....	142	140	123	114	+ 1	+ 25
Industrial Supplies** .....	358	317	265	317	+ 13	+ 13
Paper and Its Products**.....	167	155	160	200	+ 8	- 17
Tobacco and Its Products**.....	99	87	96	121	+ 14	- 18
Building Contracts Awarded:						
Apartments and Hotels.....	.....	173	681	673	.....	.....
Commercial Construction Contracts.....	.....	304	350	386	.....	.....
Manufacturing Construction Contracts.....	.....	498	664	348	.....	.....
One and Two Family Houses.....	.....	378	347	264	.....	.....
Public Works and Utilities.....	.....	316	225	336	.....	.....
Residential Construction Contracts.....	421	290	446	352	+ 45	+ 20

\*Not seasonally adjusted

\*\*1938-41=100

Area 11. Building prospects no better than a year ago for residential construction—many individuals priced out of the market—Large multiple unit projects absorbing supply of materials and skilled labor, making home building by individuals difficult and expensive.—Some materials shortages present; likely to get worse later on—Buyers expect owner-built houses to increase and prices of old houses to rise slightly, \$7,500 type house is now in adequate supply—no pressure for public housing—no shortage of mortgage money at fair rates of return to investor.

The general import of these comments is that the outlook for the volume of houses built in the spring and summer of 1948 is about the same as in that period of 1947, with some cities better and some worse. Material shortages exist, but are not indicated to materially impede construction progress. Consumer resistance is indicated or implied in most areas, but sufficient demand exists to keep the industry operating at capacity level for sometime yet. No demands or pressures exist for publicly owned housing. Mortgage money is available in all areas, but weaker risks are no longer financed. Interest rates have firmed, and appraisals have tightened.



AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last half of Mar.		Last half of Apr.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	996,366	.94	989,275	.93
Reserve city banks	630,916	.60	628,437	.59
Country banks	365,450	.34	360,838	.34
District of Columbia	917,534	.87	897,779	.85
Reserve city banks	895,905	.85	876,636	.83
Country banks	21,629	.02	21,143	.02
Virginia	1,266,977	1.20	1,259,215	1.19
Reserve city banks	288,737	.27	295,379	.28
Country banks	978,240	.93	963,836	.91
West Virginia	590,631	.56	584,559	.55
North Carolina	833,509	.79	824,426	.78
Reserve city banks	393,017	.37	387,843	.37
Country banks	440,492	.42	436,583	.41
South Carolina	432,335	.41	428,600	.40
Fifth District	5,037,352	4.76	4,983,854	4.70
United States (millions)	105,774	100.0	105,965	100.0

\*Excluding interbank demand deposits

**Business Conditions**

Continued from page 2

With prices of hosiery and cotton textiles generally soft as a result of consumer resistance it will be interesting to note the degree of success attained by labor in securing higher wage rates. Without an increase in

wage rates, even with full employment in manufacturing, the income of the District will probably be downward this year as a result of a decline in farm income and its radiated regional effects.

FEDERAL RESERVE BANK OF RICHMOND

**FEDERAL RESERVE BANK OF RICHMOND**  
(All Figures in Thousands)

ITEMS	May 12, 1948	Chg. in Amt. From 4-14-48	5-14-47
Total Gold Reserves	\$1,064,036	— 20,565	+ 58,937
Other Reserves	18,160	— 2,017	+ 2,564
Total Reserves	1,082,196	— 22,582	+ 61,501
Bills Discounted	12,623	— 91	— 3,996
Industrial Advances	49	+ 3	+ 49
Gov. Securities, Total	1,321,511	— 15,904	— 78,209
Bonds	407,928	+ 28,975	+ 362,425
Notes	127,083	+ 1,965	+ 105,433
Certificates	270,539	— 11,499	— 80,967
Bills	515,951	— 35,345	— 465,100
Total Bills & Securities	1,334,183	— 15,992	— 82,156
Uncollected Items	237,753	— 21,390	— 288
Other Assets	25,070	— 2,566	+ 10,113
Total Assets	2,679,202	— 62,530	— 10,830
Federal Reserve Notes in Cir.	1,614,319	— 13,343	— 49,331
Deposits, Total	823,871	— 277	+ 40,659
Members' Reserves	724,025	+ 2,152	+ 5,527
U. S. Treas. Gen. Acct.	80,287	+ 5,231	+ 45,338
Foreign	16,890	— 3,332	— 10,583
Other Deposits	2,669	— 4,328	+ 377
Def. Availability Items	203,308	— 47,204	— 4,409
Other Liabilities	897	— 94	+ 167
Capital Accounts	36,807	— 1,612	+ 2,084
Total Liabilities	2,679,202	— 62,530	— 10,830

**41 REPORTING MEMBER BANKS—5th DISTRICT**  
(All Figures in Thousands)

ITEMS	May 12, 1948	Chg. in Amt. From 4-14-48	5-14-47
Total Loans	\$ 820,151	— 3,393	+ 125,867
Bus. & Agri.	388,981	— 16,748	+ 53,740
Real Estate Loans	184,489	+ 4,193	+ 45,522
All Other Loans	246,681	+ 9,162	+ 26,605
Total Security Holdings	1,711,753	+ 1,627	— 146,556
U. S. Treasury Bills	54,393	+ 4,544	+ 34,099
U. S. Treasury Certificates	181,834	+ 11,776	— 83,467
U. S. Treasury Notes	75,555	— 6,332	— 15,334
U. S. Gov. Bonds	1,276,095	— 6,295	— 84,895
Other Bonds, Stocks & Sec.	123,876	— 2,065	+ 2,641
Cash Items in Process of Col.	239,151	— 13,685	+ 36,000
Due from Banks	165,454*	+ 480	— 2,009
Currency & Coin	67,929	+ 2,647	+ 6,087
Reserve with F. R. Bank	480,010	+ 673	— 2,883
Other Assets	57,454	+ 3,651	+ 6,002
Total Assets	3,541,932	— 8,000	+ 22,058
Total Demand Deposits	2,698,830	— 12,092	+ 35,161
Deposits of Individuals	1,997,291	— 2,185	+ 2,185
Deposits of U. S. Gov.	71,847	+ 3,941	— 344
Deposits of State & Local Gov.	214,808	— 13,519	+ 25,210
Deposits of Banks	366,291*	— 6,793	+ 1,444
Certified & Officers' Checks	48,593	+ 8,891	+ 9,554
Total Time Deposits	604,518	— 581	— 13,049
Deposits of Individuals	587,155	— 82	— 10,372
Other Time Deposits	17,363	— 499	— 2,677
Liabilities for Borrowed Money	2,000	— 1,000	— 11,610
All Other Liabilities	21,758	+ 4,937	+ 1,258
Capital Accounts	214,826	+ 786	+ 10,298
Total Liabilities	3,541,932	— 8,000	+ 22,058

\*Net Figures, reciprocal balances being eliminated.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	March 1948	% Change from March 1947	3 Mos. '48	% Change from 3 Mos. '47
Maryland	\$34,640,000	+ 17	\$ 72,881,000	+ 22
Dist. of Columbia	12,927,000	+ 139	27,358,000	+ 41
Virginia	17,531,000	— 10	46,166,000	— 8
West Virginia	3,782,000	— 39	28,743,000	+ 90
North Carolina	13,203,000	+ 55	30,920,000	— 2
South Carolina	6,616,000	+ 46	21,103,000	+ 69
Fifth District	\$88,699,000	+ 29	\$227,171,000	+ 21

Source: F. W. Dodge Corporation

**COMMERCIAL FAILURES**

MONTHS	Number of Failures District	U.S.	Total Liabilities District	U.S.
April 1948	17	404	\$ 294,000	\$15,296,000
March 1948	29	477	559,000	17,481,000
April 1947	7	277	358,000	16,080,000
4 Months 1948	66	1,654	1,112,000	71,361,000
4 Months 1947	28	971	1,606,000	59,500,000

Source: Dun & Bradstreet

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

	April 1948	% Change from April 1947	4 Mos. 1948	% Change from 4 Mos. '47
<b>District of Columbia</b>				
Washington	\$ 732,797	+ 19	\$ 2,856,645	+ 14
<b>Maryland</b>				
Baltimore	971,029	+ 15	3,802,159	+ 10
Cumberland	20,360	— 2	78,618	— 2
Frederick	19,760	+ 10	72,057	+ 4
Hagerstown	26,649	+ 9	103,702	+ 8
<b>North Carolina</b>				
Asheville	46,938	+ 13	188,578	+ 7
Charlotte	227,747	+ 20	906,452	+ 14
Durham	96,507	+ 14	358,285	0
Greensboro	74,182	+ 30	296,473	+ 22
Kinston	11,253	+ 15	46,324	+ 7
Raleigh	117,185	+ 36	401,501	+ 6
Wilmington	33,948	+ 4	133,387	+ 2
Wilson	13,923	+ 9	54,147	+ 5
Winston-Salem	123,443	+ 17	477,056	+ 5
<b>South Carolina</b>				
Charleston	51,385	+ 9	212,075	+ 9
Columbia	91,715	+ 16	363,456	+ 11
Greenville	78,971	+ 26	313,789	+ 17
Spartanburg	48,701	+ 28	191,959	+ 21
<b>Virginia</b>				
Charlottesville	21,268	+ 5	85,728	+ 5
Danville	23,923	+ 8	102,549	— 4
Lynchburg	37,610	+ 15	150,985	+ 13
Newport News	26,942	— 1	122,866	+ 10
Norfolk	169,534	+ 9	688,973	+ 13
Portsmouth	19,924	+ 10	78,204	+ 8
Richmond	444,112	+ 15	1,720,700	+ 10
Roanoke	83,100	+ 17	326,790	+ 15
<b>West Virginia</b>				
Bluefield	33,692	+ 8	160,142	+ 22
Charleston	117,923	+ 10	510,797	+ 13
Clarksburg	28,732	+ 9	122,671	+ 19
Huntington	51,918	+ 9	223,274	+ 20
Parkersburg	26,532	+ 11	101,771	+ 7
<b>District Totals</b>	\$3,871,708	+ 16	\$15,251,113	+ 11

**COTTON CONSUMPTION AND ON HAND—BALES**

	April 1948	April 1947	Aug. 1 to April 30 1948	1947
<b>Fifth District States:</b>				
Cotton consumed	420,429	430,183	3,617,225	3,797,862
<b>Cotton Growing States:</b>				
Cotton consumed	731,266	772,399	6,286,773	6,841,436
Cotton on hand April 30 in consuming establishments	1,809,879	1,790,194		
storage and compresses	2,793,467	2,441,948		
<b>United States:</b>				
Cotton consumed	829,730	882,390	7,131,046	7,810,484
Cotton on hand April 30 in consuming establishments	2,195,881	2,504,402		
storage and compresses	2,860,277	2,117,197		
Spindles active, U. S.	21,694,000	21,808,000		

Source: Department of Commerce

**COTTON CONSUMPTION—FIFTH DISTRICT**

(In Bales)

MONTHS	N. Carolina	S. Carolina	Virginia	District
April 1948	226,307	175,225	18,897	420,429
March 1948	239,732	181,265	20,149	441,146
April 1947	228,298	182,066	19,819	430,183
4 Months 1948	907,428	692,591	75,237	1,675,256
4 Months 1947	921,337	714,936	77,427	1,713,700

Source: Department of Commerce.

**PRICES OF UNFINISHED COTTON TEXTILES**

	April 1948	March 1948	April 1947
Average, 17 constructions	83.42	87.11	86.15
Printcloths, average (6)	102.71	110.00	110.41
Sheetings, average (3)	72.08	77.86	79.81
Twill (1)	79.86	79.86	79.86
Drills, average (4)	70.42	70.83	65.03
Sateen (1)	97.61	97.61	97.61
Ducks, average (2)	63.27	63.25	62.54

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

**DEPOSITS IN MUTUAL SAVINGS BANKS**

8 Baltimore Banks

	April 30, 1948	March 31, 1948	April 30, 1947
Total Deposits	\$393,221,652	\$392,783,344	\$386,575,159

**BUILDING PERMIT FIGURES**

	Total Valuation	
	April 1948	April 1947
<b>Maryland</b>		
Baltimore .....	\$11,848,925	\$ 3,331,275
Cumberland .....	68,775	59,075
Frederick .....	299,850	53,915
Hagerstown .....	201,880	91,025
Salisbury .....	338,347	129,247
<b>Virginia</b>		
Danville .....	1,218,062	522,330
Lynchburg .....	399,382	409,225
Norfolk .....	1,202,330	597,255
Petersburg .....	110,600	598,070
Portsmouth .....	160,460	65,702
Richmond .....	1,313,932	795,187
Roanoke .....	1,271,040	389,521
<b>West Virginia</b>		
Charleston .....	518,631	1,091,882
Clarksburg .....	141,910	177,255
Huntington .....	446,141	523,710
<b>North Carolina</b>		
Asheville .....	256,594	166,271
Charlotte .....	791,219	557,424
Durham .....	1,330,102	401,650
Greensboro .....	537,090	1,591,603
High Point .....	200,030	193,381
Raleigh .....	347,907	236,525
Rocky Mount .....	101,650	177,100
Salisbury .....	156,765	54,285
Winston-Salem .....	580,427	297,804
<b>South Carolina</b>		
Charleston .....	231,378	101,065
Columbia .....	387,935	348,090
Greenville .....	635,350	158,560
Spartanburg .....	104,229	165,207
<b>District of Columbia</b>		
Washington .....	5,012,119	4,563,590
District Totals .....	\$30,263,060	\$17,847,269
4 Months .....	\$91,043,849	\$59,295,203

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	1948		Chg.	1947		Chg.
	April	April		4 Mos.	4 Mos.	
West Virginia .....	9,217	11,878	-22	46,811	56,442	-17
Virginia .....	1,170	1,226	- 5	5,398	6,179	-13
Maryland .....	151	135	+12	534	751	-29
Fifth District .....	10,538	13,239	-20	52,743	63,372	-17
United States .....	34,631	41,225	-16	174,138	207,182	-16
% in District .....	30.4	32.1		30.3	30.6	

**TOBACCO MANUFACTURING**

	April		% Change from April 1947	4 Mos.		% Change from 4 Mos. '47
	1948	1947		1948	1947	
Smoking & Chewing tobacco (Thousands of lbs.) .....	17,950		+10	65,017		+ 3
Cigarettes (Thousands) .....	30,036,168		+ 9	109,818,015		+ 1
Cigars (Thousands) .....	449,504		+ 8	1,841,142		+ 2
Snuff (Thousands of lbs.) .....	3,871		+12	14,684		+14

**RAYON YARN SHIPMENTS AND STOCKS**

	April 1948	March 1948	April 1947
Rayon yarn shipments .....	67,200,000	67,800,000	58,700,000
Staple fiber shipments .....	22,300,000	22,600,000	17,900,000
Rayon yarn stocks, lbs. ....	9,100,000	9,400,000	7,400,000
Staple fiber stocks, lbs. ....	3,600,000	4,800,000	2,900,000

Source: Rayon Organon

**WHOLESALE TRADE, 191 FIRMS**

LINES	Net Sales April 1948 compared with		Stocks April 30, 1948 compared with		Ratio April collections to acc'ts outstanding April 1
	April 1947	March 1948	Apr. 30 1947	Mar. 31 1948	
	Auto supplies (4)* .....	+ 8	+18	....	
Electrical goods (8)* .....	+21	+ 2	+50	+10	58
Hardware (9)* .....	+15	- 1	+45	- 2	82
Industrial supplies (4)* .....	+ 3	+ 2	+12	- 7	107
Drugs & sundries (11)* .....	+ 4	- 4	+ 6	+ 2	111
Dry goods (14)* .....	- 4	-12	+20	+ 2	69
Groceries (59)* .....	+ 3	+ 2	+ 6	- 2	166
Paper & products (7)* .....	- 7	- 1	....	....	103
Tobacco products (7)* .....	+ 2	+ 3	0	- 5	152
Miscellaneous (63)* .....	+ 1	-13	+39	- 1	79
District Average (191)* .....	+ 3	- 5	+27	0	94

Source: Department of Commerce.

\*Number of reporting firms.

**RETAIL FURNITURE SALES**

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947	
	April 1948	4 Mos. 1948
Maryland (5)* .....	+19	+12
Dist. of Columbia (6)* .....	+22	+ 3
Virginia (18)* .....	+ 4	- 1
West Virginia (10)* .....	+ 7	+ 1
North Carolina (15)* .....	+ 4	- 4
South Carolina (9)* .....	+18	+ 8
District (63)* .....	+14	+ 4
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	+19	+12
Washington, D. C., (6)* .....	+22	+ 3
Richmond, Va., (6)* .....	- 5	- 9
Charleston, W. Va. (3)* .....	+14	- 1
Charlotte, N. C., (4)* .....	- 6	-12
Columbia, S. C., (3)* .....	+56	+ 8

\*Number of reporting firms.

**DEPARTMENT STORE TRADE**

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in April 1948 sales, compared with sales in April 1947:	0	+ 2	+ 5	- 1	+ 3
Percentage chg. in 4 months' sales 1948, compared with 4 months in '47:	+ 6	+ 3	+ 5	+ 7	+ 6
Percentage chg. in stocks on April 30, '48, compared with April 30, '47:	- 5	+15	+ 7	+19	+ 9
Percentage chg. in outstanding orders April 30, '48 from April 30, '47:	-24	-20	-16	+ 1	-13
Percentage chg. in receivables April 30, '48 from those on April 30, '47:	+41	+20	+20	+23	+24
Percentage of current receivables as of April 1, 1948 collected in April:	30	48	48	49	44
Percentage of instalment receivables as of Apr. 1, '48 collected in April:	17	23	22	27	23

	Maryland	Dist. of Col.	Virginia	W. Virginia	No. Carolina	So. Carolina
Percentage chg. in April '48 sales from April '47 sales, by states:	+ 1	+ 5	+ 2	+ 4	+ 4	0
Percentage change in 4 months' 1948 sales from 4 months' 1947 sales:	+ 3	+ 5	+ 7	+13	+ 5	+ 7

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

JUNE 30, 1948

## Business Conditions

IN a national setting, generally appraised in an optimistic vein, business activity in the Fifth Federal Reserve District presents some notable contrasts. Out of twenty available business indicators for May seven show improvement over April on a seasonally adjusted basis, twelve were lower and one was unchanged. Furthermore industrial operations have worsened in several lines, notably in cotton textiles, hosiery, and work clothing. Trade levels seasonally adjusted are generally lower in May than in April with opposing trends shown in such wholesale lines as automotive and industrial supplies, and electrical goods. Smaller amounts of new insurance were written in May than in April and time deposits of member banks continued to fall for the third consecutive month. Farm income during the first four months of the year was 7 per cent smaller than in those months last year. Coal production in May was up sharply from April, but still failed to equal the output of May 1947, which was due mainly to car shortages. Building construction remains the strongest factor in the District's economy despite a drop of 18 per cent in permits from April to May after seasonal adjustment.

## Trade

Department store sales nationally established an all time high seasonally adjusted figure in May at 308 per cent of the 1935-39 average. The high point in the Fifth District was in December 1947 at 322 per cent of the 1935-39 average. While the national index was rising from 303 in April to 308 in May the Fifth District index was falling from 321 in April to 313 in May, a drop of 2 per cent. Department store stocks in the District declined 3 per cent meanwhile and since dollar stocks are more than three times as large as sales this drop may be evidence of a cautious merchandising policy and an attempt to adjust inventories downward. It has been learned from selected stores that much the same policy is still in evidence at mid-year.

It is probably correct to say that the gain in income payment in the Fifth District has been less rapid in 1947 and thus far in 1948 than for the country as a whole. It must also be noted that the level of department store sales in the Fifth District in May at 313 per cent of the 1935-39 average was still higher than the national figure at 308 per cent of the same base period. Perhaps these are indications that the trade level of the country is catching up with the District and that the District is no longer rising as rapidly as the national total.

Figures for department stores thus far available by the departments do not show many significant declines in dollar sales. There are, however, an increasing number of departments in which sales trends, again in dollars, have been flat for a year or more. Even those departments which have contributed most to the total store increases over the past year or more are experiencing a leveling off.

Furniture store sales in May dropped 2 per cent from the April level on a seasonally adjusted basis, but remained 4 per cent higher than a year ago. Seasonally adjusted sales in the 5 months ended May 1948 were 6 per cent lower than in the last quarter of 1947. In the department stores which report departmentally, furniture sales have been in a flat trend since the spring of 1946. These stores normally handle a somewhat higher quality of furniture than most of the furniture stores reporting in our larger sample. It would seem that the trends shown by these two sets of figures would indicate that the lower priced furniture sales continued to expand through 1947 and have since slid off whereas demand for better grade furniture has held up comparatively well.

## Textiles

Cotton consumption and spindle hours run by the mills of the Fifth District declined 5 and 4 per cent respectively on seasonally adjusted basis from April to May. This has been the result of a run-off of order backlogs, and a cautious purchasing policy on the part of both converters and cutters, which in turn is an outgrowth of similar caution exercised by wholesalers and retailers; by the loss in exports; and by the elimination of demand for inventory building.

There has been very little new business written by the mills since the turn of April and the price structure has considerably weakened. Here in the latter part of June there are just a few indications that goods and yarn prices will level off and that some forward contracting may not be far removed. However, with retailers committing for only a part of their fall requirements it would seem that mill activity would be slow in resuming after the vacation period which is concentrated largely in the first two weeks of July. If the mills do reduce operations this summer to conform with their orders booked, and do not produce for inventory, it is probable that some strength may again be seen in cotton textile prices this winter. Demand at the retail level will probably hold steady in the Fall months particularly

## FEDERAL RESERVE BANK OF RICHMOND

when the lower price of goods finds its reflection in finished products. Lower cotton prices seem probable this fall and winter as the situation now appears and this important element of cost may act as an offset to possible strength in goods and yarn prices under conditions as indicated.

### Construction

Although building permits in the Fifth District in May on a seasonally adjusted basis declined 18 per cent in value from April they were still 30 per cent higher than in May 1947 and 177 per cent above the 1935-39 average. Construction contract awards, which have shown a flattening-off tendency this year, were 230 per cent higher in May than the 1935-39 average and 24 per cent above May last year. The construction volume is the strongest factor in the Fifth District economy at the present time and constitutes the major share of the new capital formation of the District.

Home loans in the Fifth District insured by the Veterans Administration turned up slightly in May after many months of showing steady declines. This was before the Congress had passed a bill providing some access by lenders to a secondary mortgage market in the

RFC. This provision together with FHA insurance under Title II makes it possible that sale of individual homes can be effected without too much difficulty. Financing of rental projects, however, will require private funds, but since the tension in the money market evident in the early part of the year has relaxed, private funds for rental developments may sustain the volume of operations.

### Conclusion

On an overall basis the business situation in the Fifth Federal Reserve District can best be characterized as easier. Trade levels have not been as good as in the nation as a whole. Seasonally adjusted department store sales in May held or rose moderately above April levels in Virginia and the Carolinas but declined in Maryland, District of Columbia and West Virginia. Employment levels in manufacturing industries, aside from seasonal industries, have shown only minor recessions on an overall basis, while construction employment has continued to rise.

The employment level in some manufacturing industries has not given a good indication of factory opera-

Continued on page 6

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	May	Apr.	Mar.	May	% Change	
	1948	1948	1948	1947	May 1948 from Apr. 48	May 47
Automobile Registration*	.....	129	140	131	.....	.....
Bank Debits	326	313	320	290	+ 4	+ 12
Bituminous Coal Production*	182	102	91	188	+ 78	- 3
Building Contracts Awarded	366	324r	326	264	+ 13	+ 39
Apartments and Hotels	.....	872	173	215	.....	.....
Commercial Construction Contracts	.....	382	304	342	.....	.....
Manufacturing Construction Contracts	.....	268	498	478	.....	.....
One and Two Family Houses	.....	321	378	206	.....	.....
Public Works and Utilities	.....	266	316	460	.....	.....
Residential Construction Contracts	314	421	290	215	- 25	+ 46
Building Permits Issued	277	336	274	213	- 18	+ 30
Business Failures—No.	31	40	51	14	- 23	+121
Cigarette Production	226p	271r	248	216	- 17	+ 5
Cotton Consumption	148	156	153	139	- 5	+ 6
Department Store Sales	314	321	317	301r	- 2	+ 4
Department Store Stocks	337	340	340	292	- 1	+ 15
Electric Power Production	.....	256	265	235	.....	.....
Employment—Mfg. Industries*	.....	135	136	132	.....	.....
Furniture Orders	.....	313	320	235	.....	.....
Furniture Shipments	.....	311	307	268	.....	.....
Furniture Unfilled Orders	.....	1211	1001	913	.....	.....
Furniture Sales—Retail	265p	270r	265	256	- 2	+ 4
Gasoline Consumption	.....	.....	179	173	.....	.....
Life Insurance Sales	252	261	246	238	- 3	+ 6
Wholesale Trade:						
Automotive Supplies**	408	339	341	296	+ 20	+ 38
Drugs	253	269	265	244	- 6	+ 4
Dry Goods	172	171	184	154	+ 1	+ 12
Electrical Goods**	89	83	83	90	+ 7	- 1
Groceries	262	262	247	266	0	- 2
Hardware	138	142	140	126	- 3	+ 10
Industrial Supplies**	387	358	317	341	+ 8	+ 13
Paper and Its Products**	153	167	155	191	- 8	- 20
Tobacco and Its Products**	92	99	87	109	- 7	- 16

\*Not seasonally adjusted

\*\*1938-41=100

## FEDERAL RESERVE BANK OF RICHMOND

TABLE III  
SALES AND INVENTORIES BY TYPE OF RETAIL STORE  
FIFTH FEDERAL RESERVE DISTRICT, 1946 AND 1947

Type of Credit Granting Store	Number of Stores	Percentage Change 1946 to 1947		Inventory Turnover Ratio	
		Total Sales	End-of-year Inventories	1946	1947
Automobile .....	19	+65	+22	9.1	12.2
Household Appliance.....	10	+41	+23	4.7	5.3
Hardware .....	12	+18	+41	3.0	2.5
Furniture .....	77	+10	+ 2	3.2	3.4
Department .....	32	+ 4	- 1	4.8	5.0
Men's Clothing .....	17	+ 8	+31	6.1	5.0
Jewelry .....	7	- 1	+11	2.6	2.3
Women's Apparel .....	17	- 3	- 7	6.2	6.4
Automobile Tire & Accessory .....	51	-11	+44	5.0	3.1

## Data on Individual Cities

Paucity of data for various cities in the Fifth District precludes a discussion of trends in retail credit in the cities except in general terms. For the most part the cities displayed the same tendencies that prevailed in the District as a whole—declines in cash sales; increases in credit sales, both charge account and instalment; and increases in accounts receivable, both charge account and instalment.

Automobile sales in Baltimore in 1947 increased 117 per cent over 1946 with a 25 per cent increase in charge account sales and a 204 per cent increase in instalment sales. These increases were somewhat larger than the increase in the District as a whole and were probably caused in part by better deliveries by manufacturers to Baltimore dealers than to dealers in other cities in the District. Contrary to the pattern of the District as a whole, accounts receivable of Baltimore automobile dealers declined 18 per cent from 1946 to 1947. It appears that Baltimore automobile retailers sold a greater percentage of instalment paper acquired than did retailers in other cities in the District.

Furniture sales in the cities of the District followed the same general pattern as the District as a whole. Cash sales reversed their upward trend of the past several years and accounted for a smaller proportion of sales volume. Total sales ranged from an increase of 10 per

cent in Charleston, South Carolina, to an increase of 23 per cent in Charleston, West Virginia. Charge account furniture sales ranged from an increase of 13 per cent in Richmond to an increase of 32 per cent in Charlotte, while instalment sales in the same line ranged from an increase of 13 per cent in Charleston, South Carolina to an increase of 35 per cent in Charlotte.

Trends in department store sales in 1947 for the three cities covered—Washington, Baltimore, and Richmond—are very similar. Total sales increased 4 per cent in Washington, 3 per cent in Baltimore, and 6 per cent in Richmond. The movement away from cash toward credit sales was evidenced in all three cities. Sharp rises in instalment sales of department stores are recorded as this kind of credit rose 34 per cent in Washington, 22 per cent in Baltimore, and 55 per cent in Richmond. By the end of the year, accounts receivable were increasing at a greater rate than sales as evidenced by increases in accounts receivable of 28 per cent in Washington, 16 per cent in Baltimore, and 48 per cent in Richmond.

Data on retail sales and accounts receivable for various cities in the Fifth Federal Reserve District are shown in Table IV.

TABLE IV  
PERCENTAGE CHANGE, 1946 TO 1947, IN SALES AND ACCOUNTS RECEIVABLE BY TYPE OF RETAIL STORE IN SELECTED CITIES—FIFTH FEDERAL RESERVE DISTRICT

(Sales of Credit-Granting Stores are Based on Annual Totals; Accounts Receivable, on end-of-year Data)

Type of Store and Locality	Sales				Accounts Receivable		
	Total	Cash	Charge Acc't	Instalment	Total	Chg. Acc't	Instalment
Automobile (Dist.)	+ 72	+ 75	+ 45	+119	+ 27	+ 3	+ 87
Baltimore	+117	+133	+ 25	+204	- 18	-18	- 14
Furniture (District)	+ 14	- 12	+ 11	+ 25	+ 52	+39	+ 53
Baltimore	+ 16	- 9	+ 15	+ 30	+152	.....	+152
Richmond, Va.	+ 20	0	+ 13	+ 32	+ 64	+34	+ 82
Charlotte, N. C.	+ 21	- 19	+ 32	+ 35	.....	.....	.....
Charleston, S. C.	+ 23	- 42	.....	+ 17	.....	.....	.....
Charleston, S. C.	+ 10	- 12	+ 18	+ 13	.....	.....	.....
Department (Dist.)	+ 4	- 6	+ 11	+ 36	+ 27	+23	+ 46
Washington, D. C.	+ 4	- 6	+ 11	+ 34	+ 28	+20	+ 52
Baltimore, Md.	+ 3	- 8	+ 11	+ 22	+ 16	+14	+ 30
Richmond, Va.	+ 6	- 3	+ 15	+ 55	+ 48	+47	+ 69
Men's Clothing (District)	+ 7	- 7	+ 26	0	+ 39	+39	.....
Richmond, Va.	+ 9	- 6	+ 23	.....	+ 39	+39	.....
Automobile Tire & Accessory (Dist.)	- 11	- 34	- 14	+ 81	+ 62	+10	+ 45
Richmond, Va.	- 7	- 28	- 11	+ 59	+ 63	+14	+151

## Business Conditions

Continued from page 2

tions, for working time has been reduced in some plants; manufacturing, sales yarn, work clothing, furniture, and hosiery. Furthermore the situation confronting these same industries would point to lower production or an accumulation of inventories at the producer level.

ECA funds have improved the foreign demand for cotton and tobacco, somewhat, but few other reflections of this money can as yet be found in this District. Construction is in large volume and will fully occupy available workers through the summer. New contract awards appear to be leveling off, but this will have no retarding effect on the volume of construction expenditures over

the next several months. Car shortages are showing up in the coal fields, and the moving of another large wheat crop will make fewer cars available for hauling lumber.

In contrast to the generally easier tendency in production and trade indicators of the District are continued rises in the trends of bank debits and electric power production. The debits series are no doubt influenced considerably by the activity of the real estate market. In the latter series the effects of full employment may be reflecting a relative gain in consumption by domestic users.

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

JULY 31, 1948

## Business Conditions

**S**PECTACULAR performances during June occurred in department store and furniture sales and building permits in the Fifth Federal Reserve District. Each of these indicators in June established new high levels or equaled previously established records.

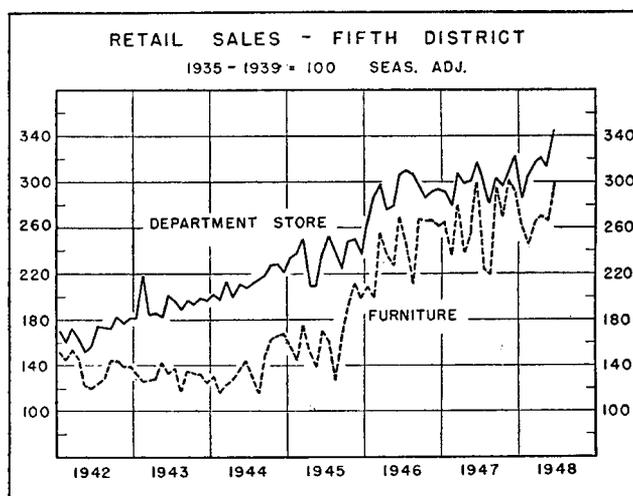
## Trade

Normally there is a decline of 11.4 percent in dollar sales of department stores from May to June, but this year June sales were within 1.5 percent of those in May, and as a consequence the seasonally adjusted index rose 10 percent in this period to a new high level. Details by departments are not yet available, but it is apparent from the strength shown that the incidence must have been store-wide. Strength in department store sales carried over into the first three weeks in July.

Nationally sales of department stores in June rose about 1 percent on a seasonally adjusted basis, and although at a new high level it is still insufficient to give much comfort to those industries in the Fifth District whose operations are retarded for lack of demand. A drop in seasonally adjusted department store inventories of 4 percent in the nation and 8 percent in the Fifth District, however, brings the time closer when an increased amount of new business by cotton and hosiery mills and work clothing factories can be expected, even though store purchasing policy remains conservative.

Operations of furniture factories of this District have been adversely affected in recent months as aggregate demand and supply have for the moment been brought into balance at current prices. Employment level in this industry in North Carolina and Virginia have gradually receded since February or March largely as a result of sales resistance in the lower-medium and cheap lines. Retail furniture sales in the Fifth District in June rose 14 percent after seasonal corrections to the proximity of the peaks made in June and November, 1947. If national figures confirm the strength in demand shown for furniture in the Fifth District it is probable that furniture factories of the District will resume operations at capacity levels. The chart on this page of this Review shows the seasonally adjusted sales of department stores and furniture stores in this District.

Though not contradictory in its indication, the June index of bank debits in the Fifth District did not confirm the strength shown in the trade series, having remained at the same level as in May after seasonal correction. Gains in the adjusted debits indexes occurred in Virginia



and the Carolinas, but these were offset by declines in Maryland and the District of Columbia.

## Building

Building permits rose 59 percent in value on a seasonally adjusted basis from May to June to the highest monthly total of record, which was 42 percent above the recent peak figure of January 1948. There can be no question regarding the strength in the building situation when a gain such as that in June was witnessed. Although mortgage money is reported to be tighter, and the liberal financing permitted under F. H. A. Title VI is no longer available, commercial banks have not hesitated to expand their real estate loans, and it must be evident that other lending sources such as insurance companies and savings and loan associations are likewise expanding loans on real estate mortgages. Real estate loans show a steadily rising trend in the weekly reporting banks of the Fifth District, and of the cities covered by these banks only in Richmond, Norfolk and Charlotte has there been any tendency for real estate loans to level off.

## Cotton Textiles

Cotton consumption in the Fifth Federal Reserve District in June held at May levels on a seasonally corrected basis. Spindle hours run during the month showed much the same result. These operations were made possible by working on order backlogs. New business written during June was meager, and thus far in July there has been no tendency on the part of consuming industries to purchase other than for current fill-in needs. Trade indica-

## FEDERAL RESERVE BANK OF RICHMOND

tions are that production in July and August will be lower than that in the average monthly level in the first half of the year. Prices of goods and yarns which continued to decline during June have largely stabilized in July, and such goods as will be needed for fall will probably be booked in the next two or three weeks. Buying pressure, however, at the domestic level does not seem likely to result in a production level as high as in the first half year.

## Hosiery

Operations are still on a part-time basis in the seamless industry, but continue as high as yarn supplies will permit in the full-fashioned lines. A stoppage at Du Pont's Bell, West Virginia, plant, where nylon materials were manufactured will cause a reduction in August supplies of nylon at hosiery mills. The stoppage, however, has been settled and reduced yarn supplies will be temporary, particularly since a new nylon plant is expected to come in production this month at Chattanooga, Tennessee. Hosiery prices which were weak during the spring months have been holding steady of late. Supplies of hosiery at the retail level are adequate and manufacturers inventories have been rising. Production will

probably stay at reduced levels for another month or more.

## Coal

Bituminous coal production declined 6 percent from May to June on a seasonally adjusted basis. Much of this reduction was due to car shortage and to mine disabilities. July production will be substantially reduced because of the miners holiday. The United Mine Workers new contract gave workers an increase of a dollar a day, and at the same time doubled the welfare fund contribution of the operators from 10 cents a ton of coal mined to 20 cents.

Electric power production seasonally corrected established an all time peak in March in the Fifth District, and while April and May totals have been somewhat below that level there is as yet no indication of a reversal of the rising trend. Savings in the form of new commitments for life insurance continue at a level more than 2½ times the prewar 1935-39 rate. June figures seasonally adjusted were about the same level as in May but below levels of November and December 1947 and much of 1946. Upward tendencies are shown in these figures

Continued on page 6

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
**AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED**

	June 1948	May 1948	Apr. 1948	June 1947	% Change June 1948 from	
					May 48	June 47
Automobile Registration*	.....	106	129	123	.....	.....
Bank Debits	327	326	313	286	0	+ 14
Bituminous Coal Production*	171	189 <sub>r</sub>	104	161	- 10	+ 6
Building Contracts Awarded.....	335	366	324	267	- 8	+ 25
Apartments and Hotels.....	.....	312	872	357	.....	.....
Commercial Construction Contracts.....	.....	461	382	257	.....	.....
Manufacturing Construction Contracts.....	.....	418	268	343	.....	.....
One and Two Family Houses.....	.....	320	321	196	.....	.....
Public Works and Utilities.....	.....	523	266	357	.....	.....
Residential Construction Contracts.....	272	314	421	215	- 13	+ 27
Building Permits Issued.....	441	277	336	275	+ 59	+ 60
Business Failures—No. ....	29	31	40	27	+ 6	+ 7
Cigarette Production	244 <sub>p</sub>	232 <sub>r</sub>	271	238	+ 5	+ 3
Cotton Consumption	148	148	156	140	0	+ 6
Cotton Spindle Hours.....	155	152	158	142	+ 2	+ 9
Department Store Sales.....	344	314 <sub>r</sub>	321	317	+ 10	+ 9
Department Store Stocks.....	311	337	340	270	- 8	+ 15
Electric Power Production.....	.....	254	256	226	.....	.....
Employment—Mfg. Industries*	.....	134	135	131	.....	.....
Furniture Orders	.....	216	313	420	.....	.....
Furniture Shipments	.....	282	311	324	.....	.....
Furniture Unfilled Orders.....	.....	907	1211	910	.....	.....
Furniture Sales—Retail	300	263 <sub>r</sub>	270	299	+ 14	0
Gasoline Consumption	.....	.....	196	176	.....	.....
Life Insurance Sales.....	253	252	261	232	0	+ 9
Wholesale Trade:						
Automotive Supplies**	431	408	339	288	+ 6	+ 50
Drugs	260	253	269	257	+ 3	+ 1
Dry Goods	170	172	171	169	- 1	+ 1
Electrical Goods**	77	89	83	83	- 13	- 7
Groceries	273	262	262	282	+ 4	- 3
Hardware	175	138	142	124	+ 27	+ 41
Industrial Supplies**	391	387	358	346	+ 1	+ 13
Paper and Its Products**	161	153	167	194	+ 5	- 17
Tobacco and Its Products**	93	92	99	107	+ 1	- 13

\*Not seasonally adjusted

\*\*1938-41=100

**FEDERAL RESERVE BANK OF RICHMOND**

will be developed; New York State, for example, distributes part of its personal income tax receipts on the basis of locally assessed property taxes, whereas in Maryland state income tax receipts are shared with counties and municipalities on the basis of the taxable income (differentiated as between investment income and all other income) of the individual residents of the respective counties and municipalities.

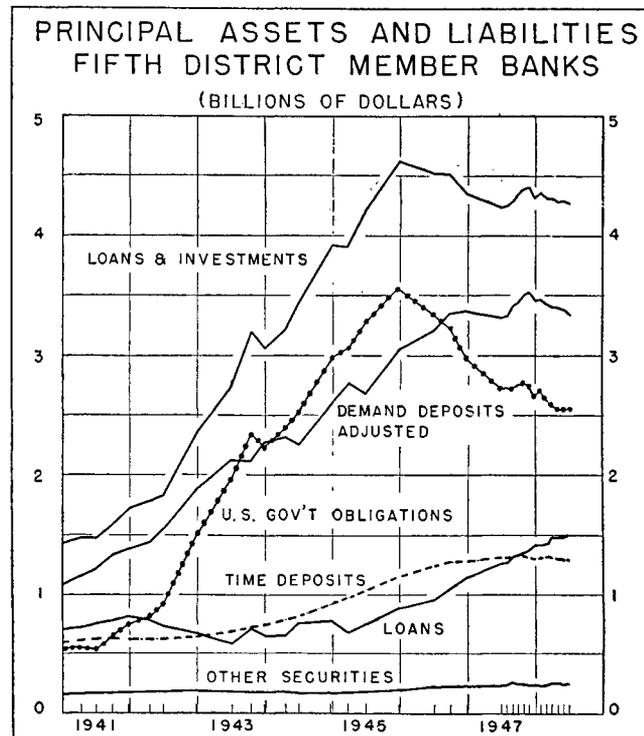
At any rate, it may be expected that municipal interest

in income taxes will continue as long as the finance officers of towns and cities are pressed to match increasing expenditures with adequate revenues. As it has been expressed by one authority, "The income tax is too important and meritorious a means of revenue to be ignored on so large a front of expenditure as State and municipalities represent." (Committee on Intergovernmental Fiscal Relations, in "Federal, State, and Local Government Fiscal Relations".)

**AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS**

	Last Half of May		Last Half of June	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	987,463	.93	998,169	.94
Reserve city banks	627,227	.59	635,073	.60
Country banks	360,236	.34	363,096	.34
District of Columbia	896,966	.84	902,628	.85
Reserve city banks	875,353	.82	880,590	.83
Country banks	21,613	.02	22,038	.02
Virginia	1,270,193	1.20	1,266,748	1.19
Reserve city banks	304,327	.29	301,390	.28
Country banks	965,866	.91	965,358	.91
West Virginia	581,564	.55	586,829	.55
North Carolina	816,310	.77	813,287	.76
Reserve city banks	381,024	.36	378,752	.35
Country banks	435,286	.41	434,535	.41
South Carolina	427,944	.40	420,158	.40
Fifth District	4,980,440	4.69	4,987,819	4.69
United States (millions)	106,223	100.0	106,322	100.0

\*Excluding interbank demand deposits



**Business Conditions**

Continued from page 2

for Virginia and West Virginia; other state figures are flattening off or tending downward.

**Conclusion**

Department store and furniture store sales made an unusually large rise from May to June on seasonally adjusted bases. There have been no developments in the District of a nature that would indicate a substantial improvement in the purchasing ability of the people of the District and, therefore, these trade figures must be looked upon as partly an increased willingness of people to spend for these purposes, and partly because of promotional efforts and price concessions. There is no indica-

tion that fear of rising prices was a motivating factor in these sales increases.

The best impression that can be given of the production outlook for the District is that cotton goods and yarns, hosiery, and work clothing will be below spring levels on a seasonally adjusted basis. Employment levels will ease somewhat in non-seasonal industries. Construction will continue to fully employ available workers. Rayon will continue to expand. Lumber output will back down somewhat, and some prices will ease because of marginal mill production and a cautious inventory policy of retail yards. Bituminous coal output will be limited only by the supply of freight cars and workability of mines.

FEDERAL RESERVE BANK OF RICHMOND  
(All Figures in Thousands)

ITEMS	July 14, 1948	Chg. in Amt. From 6-16-48	7-16-47
Total Gold Reserves	\$1,066,231	+ 54,329	+ 74,476
Other Reserves	14,982	— 341	+ 2,344
Total Reserves	1,081,313	+ 53,988	+ 76,820
Bills Discounted	17,939	+ 1,639	+ 8,411
Industrial Advances	55	— 4	+ 55
Gov. Securities, Total	1,397,666	+ 50,123	— 36,341
Bonds	410,480	+ 9,335	+ 366,349
Notes	127,147	+ 1,493	+ 104,689
Certificates	320,265	+ 34,706	— 82,271
Bills	539,774	+ 4,594	— 425,108
Total Bills & Securities	1,415,660	+ 51,763	— 27,875
Uncollected Items	253,441	— 34,575	+ 15,122
Other Assets	22,944	— 866	+ 6,395
Total Assets	2,773,358	+ 70,310	+ 70,462
Federal Reserve Notes in Cir.	\$1,619,309	+ 10,896	— 32,365
Deposits, Total	876,787	+ 74,030	+ 66,358
Members' Reserves	742,829	+ 10,323	+ 8,715
U. S. Treas. Gen. Acct.	107,982	+ 56,625	+ 54,861
Foreign	20,712	+ 4,214	0
Other Deposits	5,264	+ 3,368	+ 2,782
Def. Availability Items	237,269	— 15,582	+ 32,500
Other Liabilities	808	— 101	+ 254
Capital Accounts	39,185	+ 1,067	+ 3,715
Total Liabilities	2,773,358	+ 70,310	+ 70,462

51 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	July 14, 1948	Chg. in Amt. From 6-16-48	7-16-47
Total Loans	\$ 819,806†	+ 812	+ 119,105
Bus. & Agri.	378,177	+ 3,235	+ 50,651
Real Estate Loans	198,839	+ 4,868	+ 44,995
All Other Loans	253,382	+ 4,771	+ 29,051
Total Security Holdings	1,704,133	— 30,601	— 103,946
U. S. Treasury Bills	49,126	— 38,702	+ 32,122
U. S. Treasury Certificates	218,880	+ 4,933	+ 12,976
U. S. Treasury Notes	68,314	+ 3,928	— 19,016
U. S. Gov. Bonds	1,238,009	+ 2,709	— 138,943
Other Bonds, Stocks & Sec.	129,804	+ 4,387	+ 8,915
Cash Items in Process of Col.	232,970	— 5,168	+ 37,858
Due from Banks	176,372*	+ 13,054	+ 16,158
Currency and Coin	68,342	+ 4,835	+ 7,412
Reserve with F. R. Bank	492,327	+ 4,885	— 3,111
Other Assets	54,958	— 926	+ 5,398
Total Assets	3,548,908	— 13,109	+ 78,874
Total Demand Deposits	\$2,713,188	— 10,688	+ 90,269
Deposits of Individuals	2,023,362	— 35,354	+ 4,632
Deposits of U. S. Gov.	65,580	+ 17,645	+ 36,558
Deposits of State & Local Gov.	196,275	+ 2,995	+ 25,561
Deposits of Banks	385,791*	+ 12,434	+ 20,195
Certified & Officer's Checks	42,180	+ 2,418	+ 3,314
Total Time Deposits	600,752	— 825	— 17,409
Deposits of Individuals	583,965	— 338	— 14,747
Other Time Deposits	16,787	— 487	— 2,662
Liabilities for Borrowed Money	4,000	+ 3,300	— 2,200
All Other Liabilities	17,209	+ 1,699	+ 383
Capital Accounts	213,759	— 3,197	+ 7,840
Total Liabilities	3,548,908	— 13,109	+ 78,874

\*Net Figures, reciprocal balances being eliminated.

†Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	May 1948	% Change from May 1947	5 Mos. '48	% Change from 5 Mos. '47
Maryland	\$30,023,000	+ 1	\$138,218,000	+ 28
Dist. of Columbia	4,668,000	+ 21	35,917,000	+ 13
Virginia	29,016,000	+ 185	89,887,000	+ 7
West Virginia	8,477,000	+ 83	48,778,000	+ 65
North Carolina	16,447,000	+ 14	66,071,000	+ 3
South Carolina	9,454,000	+ 19	39,700,000	+ 46
Fifth District	\$98,085,000	+ 39	\$418,571,000	+ 21

Source: F. W. Dodge Corporation.

COMMERCIAL FAILURES

MONTHS	Number of Failures		Total Liabilities	
	District	U.S.	District	U.S.
June 1948	12	463	\$ 337,000	\$12,163,000
May 1948	16	426	1,080,000	13,814,000
June 1947	11	283	264,000	18,982,000
6 Months 1948	94	2,543	\$2,529,000	\$97,338,000
6 Months 1947	46	1,632	2,161,000	95,808,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	June 1948	% Change from June 1947	6 Mos. 1948	% Change from 6 Mos. '47
District of Columbia				
Washington	\$ 774,433	+ 21	\$ 4,321,358	+ 13
Maryland				
Baltimore	971,300	+ 11	5,703,849	+ 10
Cumberland	22,806	+ 9	121,699	0
Frederick	20,316	+ 17	110,637	+ 7
Hagerstown	27,245	+ 16	157,140	+ 9
North Carolina				
Asheville	54,542	+ 24	297,468	+ 14
Charlotte	234,397	+ 24	1,358,369	+ 15
Durham	98,557	+ 4	554,684	+ 1
Greensboro	72,678	+ 19	438,735	+ 19
Kinston	11,947	+ 22	68,898	— 2
Raleigh	143,111	+ 65	644,341	+ 13
Wilmington	36,503	+ 11	204,421	+ 1
Wilson	12,991	+ 13	80,703	— 3
Winston-Salem	121,541	+ 12	709,560	+ 7
South Carolina				
Charleston	61,073	+ 20	327,932	+ 11
Columbia	91,088	+ 14	543,665	+ 11
Greenville	78,071	+ 9	469,631	+ 16
Spartanburg	43,198	+ 17	280,367	+ 19
Virginia				
Charlottesville	21,410	+ 9	127,853	+ 6
Danville	25,133	+ 8	150,848	— 1
Lynchburg	39,096	+ 16	226,421	+ 13
Newport News	33,550	+ 9	186,890	+ 7
Norfolk	181,666	+ 10	1,055,450	+ 13
Portsmouth	21,157	+ 18	118,657	+ 10
Richmond	505,678	+ 26	2,656,124	+ 12
Roanoke	91,480	+ 30	502,609	+ 17
West Virginia				
Bluefield	48,177	+ 32	246,056	+ 21
Charleston	138,600	+ 21	778,245	+ 13
Clarksburg	33,515	+ 26	186,249	+ 18
Huntington	58,700	+ 24	335,855	+ 19
Parkersburg	27,602	+ 18	155,981	+ 10
District Totals	\$ 4,101,591	+ 18	\$23,120,695	+ 12

COTTON CONSUMPTION AND ON HAND—BALES

	June 1948	June 1947	August 1 to June 30 1948	1947
Fifth District States:				
Cotton consumed	402,173	365,144	4,420,749	4,560,278
Cotton Growing States:				
Cotton consumed	703,819	638,181	7,685,286	8,187,318
Cotton on hand June 30 in consuming establishments..	1,419,938	1,380,611		
storage and compresses..	1,622,049	1,167,002		
United States:				
Cotton consumed	801,142	729,412	8,719,452	9,347,031
Cotton on hand June 30 in consuming establishments..	1,741,450	1,684,658		
storage and compresses..	1,673,619	1,233,283		
Spindles active, U. S.	21,479,000	21,322,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	(In Bales)			District
	N. Carolina	S. Carolina	Virginia	
June 1948	219,469	167,509	15,195	402,173
May 1948	218,832	163,542	18,927	401,351
June 1947	190,147	157,573	17,424	365,144
6 Months 1948	1,345,779	1,028,642	109,359	2,478,780
6 Months 1947	1,318,375	1,044,423	113,318	2,476,116

Source: Department of Commerce

PRICES OF UNFINISHED COTTON TEXTILES

	June 1948	May 1948	June 1947
Average, 17 constructions	77.33	80.54	83.34
Printcloths, average (6)	88.56	96.15	106.82
Sheetings, average (3)	67.08	69.27	73.65
Twill (1)	79.86	79.86	79.86
Drills, average (4)	69.52	70.12	63.07
Sateen (1)	97.61	97.61	97.61
Ducks, average (2)	63.27	63.27	62.54

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

DEPOSITS IN MUTUAL SAVINGS BANKS

	8 Baltimore Banks		
	June 30, 1948	May 31, 1948	June 30, 1947
Total Deposits	\$393,465,624	\$392,812,787	\$387,270,578

FEDERAL RESERVE BANK OF RICHMOND

BUILDING PERMIT FIGURES

	Total Valuation	
	June 1948	June 1947
<b>Maryland</b>		
Baltimore .....	\$ 6,619,260	\$ 6,584,045
Cumberland .....	71,815	91,500
Frederick .....	451,785	294,625
Hagerstown .....	112,074	115,545
Salisbury .....	268,441	280,658
<b>Virginia</b>		
Danville .....	379,953	650,919
Lynchburg .....	523,428	433,298
Norfolk .....	2,674,835	572,560
Petersburg .....	158,039	128,900
Portsmouth .....	164,070	119,255
Richmond .....	3,324,307	912,032
Roanoke .....	591,703	679,547
<b>West Virginia</b>		
Charleston .....	1,719,480	354,645
Clarksburg .....	62,810	84,325
Huntington .....	2,888,325	369,425
<b>North Carolina</b>		
Asheville .....	245,120	914,456
Charlotte .....	2,928,511	982,090
Durham .....	511,625	381,900
Greensboro .....	1,258,000	690,890
High Point .....	329,515	134,110
Raleigh .....	3,119,687	777,469
Rocky Mount .....	181,225	82,800
Salisbury .....	66,640	107,225
Winston-Salem .....	477,872	310,610
<b>South Carolina</b>		
Charleston .....	679,098	260,586
Columbia .....	799,565	194,575
Greenville .....	466,550	69,450
Spartanburg .....	812,195	287,595
<b>District of Columbia</b>		
Washington .....	4,230,254	5,611,074
District Totals .....	\$ 36,116,132	\$ 22,476,109
6 Months .....	\$149,618,305	\$ 99,016,778

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	June	June	% Chg.	6 Mos.	6 Mos.	% Chg.
	1948	1947		1948	1947	
West Virginia .....	15,090	13,680	+10	78,013	87,352	-11
Virginia .....	1,933	1,630	+19	9,514	9,439	+1
Maryland .....	106	164	-35	805	1,079	-25
Fifth District .....	17,129	15,474	+11	88,332	97,870	-10
United States .....	53,208	47,424	+12	283,108	311,070	-9
% in District .....	32.2	32.6		31.2	31.5	

TOBACCO MANUFACTURING

	June	% Chg.	6 Mos.	% Chg.
	1948	from June '47	1948	from 6 Mos. '47
Smoking & chewing tobacco (Thousands of lbs.) .....	16,989	+ 9	97,686	+7
Cigarettes (Thousands) .....	31,700,959	+ 9	172,016,335	+6
Cigars (Thousands) .....	479,949	+11	2,764,582	+2
Snuff (Thousands of lbs.) .....	3,291	+ 1	21,319	+9

Source: Treasury Department.

RAYON YARN SHIPMENTS AND STOCKS

	June 1948	May 1948	June 1947
Rayon yarn shipments, lbs. ....	68,300,000	68,700,000	53,800,000
Staple fiber shipments, lbs. ....	22,400,000	22,000,000	15,400,000
Rayon yarn stocks, lbs. ....	9,500,000	9,500,000	8,400,000
Staple fiber stocks, lbs. ....	4,200,000	4,000,000	6,100,000

Source: Rayon Organon.

WHOLESALE TRADE—175 FIRMS

LINES	Net Sales compared with June 1947		Stocks compared with June 30, 1947		Ratio June collections to acc'ts outstanding June 1
	June 1947	May 1948	June 30 1947	May 31 1948	
	Auto supplies (7)* .....	+40	+ 1	- 5	
Electrical goods (6)* .....	+ 4	- 1	+47	- 2	98
Hardware (8)* .....	+31	+15	+29	+ 1	75
Industrial supplies (3)* .....	+12	+ 1	....	....	....
Drugs & sundries (11)* .....	+10	+ 1	- 1	- 3	113
Dry goods (12)* .....	+ 2	- 9	+24	+ 8	71
Groceries (53)* .....	+ 8	+ 7	+11	0	166
Paper & products (6)* .....	+ 1	+ 7	....	....	103
Tobacco & products (9)* .....	+ 6	+ 6	+ 6	+ 1	147
Miscellaneous (60)* .....	0	+ 2	+22	0	111
District Average (175)* .....	+ 7	+ 3	+19	+ 2	103

Source: Department of Commerce.

\*Number of reporting firms.

RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947	
	June 1948	6 Mos. 1948
Maryland (5)* .....	- 4	+ 8
Dist. of Columbia (5)* .....	+ 9	+ 4
Virginia (16)* .....	+ 7	- 1
West Virginia (10)* .....	+ 5	+ 1
North Carolina (15)* .....	+11	- 1
South Carolina (10)* .....	+33	+ 5
District (61)* .....	+ 5	+ 4
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	- 4	+ 8
Washington, D. C., (5)* .....	+ 9	+ 4
Richmond, Va., (6)* .....	+ 9	- 4
Charleston, W. Va., (3)* .....	+23	0
Charlotte, N. C., (4)* .....	+ 2	- 8
Columbia, S. C., (3)* .....	+30	+ 7

\*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in June 1948 sales, compared with sales in June 1947:				
+13	- 1	+13	+15	+10
Percentage chg. in 6 months sales '48, compared with 6 months in '47:				
+ 7	+ 1	+ 4	+ 9	+ 5
Percentage chg.'s in stocks on June 30, '48, compared with June 30, '47:				
- 6	+14	+ 7	+15	+ 8
Percentage chg. in outstanding orders June 30, '48 from June 30, '47:				
- 3	- 7	+ 2	+10	- 1
Percentage chg. in receivables June 30, '48 from those on June 30, '47:				
+37	+14	+18	+26	+21
Percentage of current receivables as of June 1, '48, collected in June:				
33	48	48	49	45
Percentage of instalment receivables as of June 1, '48, collected in June:				
17	21	22	23	22

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage chg. in June '48 sales from June '47 sales, by states:					
- 1	+13	+18	+23	+12	+ 7
Percentage change in 6 months 1948 sales from 6 months 1947 sales:					
+ 1	+ 4	+ 9	+14	+ 6	+ 5

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

AUGUST 31, 1948

## Business Conditions

DEVELOPMENTS in the Fifth District in July show reductions in production of the major industries in retail trade and in building, but both gains and losses in different lines of wholesale trade after adjustments for seasonal variation. Employment levels in manufacturing industries held steady through June, but in several important industries working time was cut in June and this appears to have been more pronounced in both July and August.

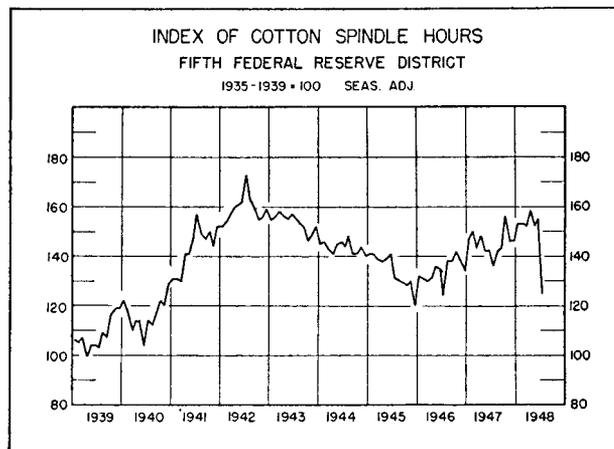
## Production

Output of the District's major industries was reduced during July due in part to worker vacations and in part to lack of demand. A reduction of 5 percent in the seasonally adjusted coal output from June to July was caused both by worker vacations and by lack of freight cars at certain mines. A drop from June to July in seasonally adjusted indexes of 11 percent in cotton consumption and 19 percent in cotton spindle-hours run reflect both longer vacations than are allowed for in computing the seasonally adjusted index and reduced demand.

Vacation periods this year covered a larger portion of the cotton textile industry than heretofore and the July drop is probably somewhat exaggerated. Nevertheless, all current trade indications point to a level of activity this fall considerably below the spring levels. The accompanying chart shows graphically the extent to which mill activity was reduced in July.

Although employment in the lumber and timber industry has held quite steady thus far this year there has been some lessening of activity at sawmills, particularly those small mills which sell undried lumber. Although lumber prices have firmed of late after having shown some weakness around midyear, the market demand is for good dry lumber and the small mills without drying facilities do not face a bright outlook despite the large amount of construction unless export demands become considerably larger than they are now. No complaints have, thus far, been heard regarding car shortages for hauling lumber. This had been expected owing to the shifting of cars to move the wheat crop.

New orders booked by the reporting members of the Southern Furniture Manufacturers Association fell sharply during the first half of the year, but shipments have maintained a good level, though in the second quarter they were lower than earlier in the year. Employment levels have declined appreciably in both North



Carolina and Virginia, with the brunt of the decline coming in Virginia. Retail sales of furniture stores in the Fifth District dropped 14 percent from June to July after seasonal correction. July sales, however, were still 15 percent ahead of July last year.

Apparel industries in the District maintained production through the first half year at something better than seasonal levels. There have been a few indications that lessened activity has occurred recently in some lines such as skirts and pajamas, but the extent of this slackening is not known. It is apparent, however, that all of these industries are exercising a decidedly conservative purchasing policy and this has found its reflection in the cotton goods markets.

Cigarette production in the District fell 9 percent in July compared with June after allowances for seasonal change. The July output was 7 percent smaller than in that month last year. The employment level in cigarette manufacturing continued on a downward trend in Virginia during the first half of 1948 while that in North Carolina has flattened out after having risen for the past two years.

## Trade

Department store sales, seasonally adjusted in the Fifth District, after establishing an all time peak in June declined 2 percent in July to a level 9 percent higher than July 1947 and the highest level of all time except for June. Indications based on sales in the first two weeks of August point to a further decline in the index during that month, which is in contrast with an indicated increase for the country as a whole.

## FEDERAL RESERVE BANK OF RICHMOND

The high sales levels, after seasonal correction in June and July, have permitted stores to work their inventories into a better relationship to current sales volume. It is still store policy to maintain a conservative level of inventories, but the sales experience thus far this summer will probably result in a somewhat more liberalized rate of purchase in the fall months. Anything beyond this will probably be governed by the sales reaction to a somewhat slackened employment situation.

The fall and winter trade outlook must also reckon with stiffer installment credit terms on major household appliances. These terms are about twice as stiff as current practice regarding down-payments, and affect a minority of probably 15 to 20 percent of the transactions which are currently running beyond 18 months. These new regulations on installment credit are likely to have their greatest retarding effect in sales in the furniture field.

Sales of wholesalers in the Fifth District showed mixed changes after seasonal correction from June to July as well as from July 1947 to July 1948. Dry goods sales rose 16 percent from June to July, but July sales were only 1 percent ahead of those last year. Electrical goods sales gained 21 percent in July from June and

stood 7 percent above a year ago. Sales of automotive and industrial supplies declined 16 and 13 percent respectively during the month, but held 23 and 19 percent respectively ahead of a year earlier. Grocery sales in July were 1 percent above June but failed by 4 percent of equaling the July 1947 level. Wholesale sales of paper and its products decreased 9 percent from June to July to a level 15 percent below July 1947.

### Building

June established the peak month for building permits in the Fifth District thus far. July figures seasonally adjusted declined 27 percent from the June level but still remained 15 percent higher than in July a year ago and 25 percent higher than the average for the year 1947.

In the first 6 months of 1948 construction contract awards in the Fifth District amounted to \$525 million, which was \$102 million or 24 percent larger than in the first half of 1947. Of this increase of \$102 million, non-residential accounted for 66 percent, residential 20 percent and public works and utilities 14 percent. The table on page 7 shows that the gains in the first half of 1948 over the same months of 1947 were very substantial in

Continued on page 7

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	July 1948	June 1948	May 1948	July 1947	% Change July 1948 from	
					June 48	July 47
Automobile Registration*	.....	105	106	125	.....	.....
Bank Debts .....	329	327	326	285	+ 1	+ 15
Bituminous Coal Production.....	163	165r	189r	125	- 1	+ 30
Building Contracts Awarded.....	346	335	365	249	+ 3	+ 39
Apartments and Hotels.....	.....	305	312	205	.....	.....
Commercial Construction Contracts.....	.....	478	461	454	.....	.....
Manufacturing Construction Contracts.....	.....	246	418	379	.....	.....
One and Two Family Houses.....	.....	299	320	184	.....	.....
Public Works Utilities.....	.....	453	523	289	.....	.....
Residential Construction Contracts.....	404	271r	313r	212	+ 49	+ 91
Building Permits Issued.....	323	441	277	280	- 27	+ 15
Business Failures—No. ....	35	29	31	45	+ 21	- 22
Cigarette Production .....	224p	245r	232	242	- 9	- 7
Cotton Consumption .....	131	148	148	137	- 11	- 4
Cotton Spindle Hours.....	125	155	152	136	- 19	- 8
Department Store Sales.....	328	335r	313	302	- 2	+ 9
Department Store Stocks.....	308	304	337	272	+ 1	+ 13
Electric Power Productions.....	.....	256	254	235	.....	.....
Employment—Mfg. Industries*	.....	135	135r	130	.....	.....
Furniture Orders .....	.....	276	216	226	.....	.....
Furniture Shipments .....	.....	323	282	215	.....	.....
Furniture Unfilled Orders.....	.....	641	907	602	.....	.....
Furniture Sales—Retail .....	261p	299	263	224	- 13	+ 17
Gasoline Consumption .....	.....	.....	190	182	.....	.....
Life Insurance Sales.....	263	253	252	252	+ 4	+ 4
Wholesale Trade:						
Automotive Supplies** .....	364	431	408	295	- 16	+ 23
Drugs .....	270	260	253	264	+ 4	+ 2
Dry Goods .....	198	170	172	197	+ 16	+ 1
Electrical Goods** .....	93	77	89	87	+ 21	+ 7
Groceries .....	276	273	262	287	+ 1	- 4
Hardware .....	159	175	138	146	- 9	+ 9
Industrial Supplies** .....	342	391	387	287	- 13	+ 19
Paper and Its Products**.....	146	161	153	172	- 9	- 15
Tobacco and Its Products**.....	98	93	92	110	+ 5	- 11

\*Not seasonally adjusted

\*\*1938-41=100

issues for the Fifth District. The District volume shown in the following table as of July 1, 1948 represents an increase of 47 per cent over the amount of planned issues at the same date last year. This is an impressive rise in view of the large volume of bonds marketed during the year ended June 30, 1948 and indicates that the prospect of a continuing large supply of new issues will continue to be a, if not the, dominant factor in the municipal bond market in this District. A comparison of the two tables shows that the total of the proposed issues is almost 5 times as large as the amount of new state and municipal bonds issued in this District during the first half of this year.

**INVENTORY OF PROPOSED  
STATE AND MUNICIPAL BOND ISSUES**  
(Amounts in thousands)

	Total		State & State Agencies		Municipal	
	7-1-48	7-1-47	7-1-48	7-1-47	7-1-48	7-1-47
Maryland	153,850	129,507	1,085	2,000	152,765	127,507
Virginia	54,695	15,625	.....	.....	54,695	15,625
West Virginia	106,383	54,386	97,000	50,000	9,383	4,386
North Carolina	53,372	49,393	15,000	15,000	38,372	34,393
South Carolina	10,706	8,972	5,000	.....	5,706	8,972
Fifth District	379,006	257,833	118,085	67,000	260,921	190,853

Source: *The Bond Buyer*

Despite the fact that Maryland has accounted for about 44 per cent of the total state and municipal bonds issued in the District during the past two years, its share of the proposed issues amounts to 41 per cent and is comprised almost entirely of offerings of local governmental units. Reflecting perhaps the relatively small amount of new state and municipal bonds issued in West Virginia

during the past two years, this State accounts for 28 per cent of the estimated proposed issues for the District and as is shown in the table, an overwhelming proportion of the planned issues will be originated by the State itself. Virginia and North Carolina each plan to issue about 14 per cent of the District total, with the entire amount of the Virginia issues to be made by towns and other subdivisions. On the basis of the estimates shown the bond issues of South Carolina and her political subdivisions will amount to about 3 per cent of the District total and will be divided almost equally between the state and municipalities. It might be noted that although only \$5 million of proposed State and State Agency bonds are shown in the table for South Carolina, that state offered for sale during July \$10 million of bonds to be dated August 15, 1948.

**Holdings of State and Municipal Bonds  
by Individuals**

As a consequence of the curtailment of new state and municipal bond issues during the defense and war periods and the maturing of part of the outstanding issues, a decline in total holdings of these securities in the United States began in the last half of 1940 and continued up to June 30, 1946. Increased new issues after that date raised holdings on June 30, 1947, 6 per cent over those of a year earlier but left the total still 17 per cent under the peak amount held on June 30, 1940. The latest available data on holdings of all categories of investors is shown in the following table.

**DISTRIBUTION OF OWNERSHIP IN THE UNITED STATES  
OF STATE AND MUNICIPAL BONDS**

JUNE 30  
(Billions of dollars)

	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937
Individuals*	\$ 6.8	\$ 6.8	\$ 6.9	\$ 7.1	\$ 7.5	\$ 7.6	\$ 7.9	\$ 8.2	\$ 8.5	\$ 8.7	\$ 8.8
Commercial banks	5.0	4.1	3.8	3.5	3.5	3.6	3.7	3.6	3.2	2.8	2.8
U.S., State & local govts.	2.9	2.9	3.4	4.0	4.4	4.6	4.6	4.3	4.1	4.1	4.0
Insurance Companies	1.1	1.2	1.4	1.6	1.7	2.2	2.2	2.2	2.0	1.9	1.8
Corporations & assoc.	0.7	0.7	0.8	1.0	1.1	1.1	1.1	1.2	1.3	1.1	1.1
Mutual savings banks	0.1	0.1	0.1	0.2	0.2	0.4	0.5	0.6	0.6	0.7	0.8
Total†	16.6	15.7	16.4	17.3	18.5	19.5	20.0	20.0	19.8	19.3	19.3

\*Including unincorporated businesses and trust accounts.

†Sum of details does not necessarily equal totals, due to rounding.

Source: Annual Report of Secretary of Treasury, June 30, 1947.

Because of the advantage afforded by tax exemption to persons in the higher income brackets, holdings of state and local government bonds have been heavily concentrated in the hands of individuals. In 1937, for example, such holdings amounted to almost \$9 billion, about 45 per cent of the total of such securities then outstanding. As shown in the preceding table, however, the total amount owned by individuals began to decline in 1938 and fell off steadily each year until 1947 when approximately the same amount was held as in the preceding year—although that amount was 41 per cent of the total outstanding on June 30, 1947, as compared with 43 per cent a year earlier. Although the proportion of the total held by individuals turned upward to 41 per cent in 1943 from 39 per cent in the previous year and continued to

rise slightly to 43 per cent in 1946, it is interesting to note that at that time absolute as well as relative individual holdings were substantially lower than they were in the earliest year shown in the table. In view of the large increases in income tax rates during this period it might have been expected that the tax-exemption feature would have led to increased holdings by individuals. But as pointed out in a study made by the Federal Reserve Bank of New York (*Monthly Review*, December, 1947) the “very high level of taxation in recent years has greatly reduced the potential accumulation of savings by individuals in the upper income brackets, and thus has apparently reduced this most important single market for municipal securities, although it has strengthened the incentive to invest in tax-exempt securities.”

MONTHLY



REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

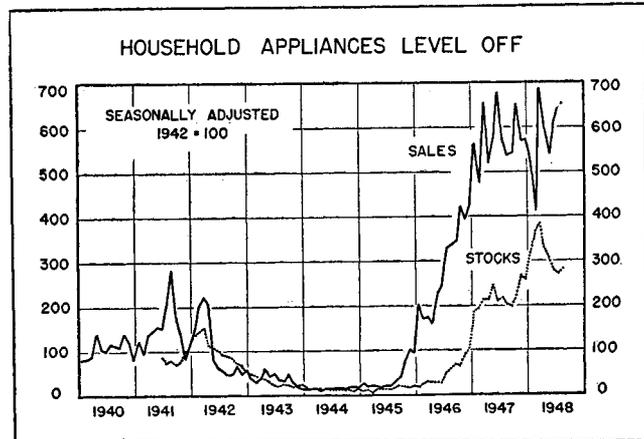
SEPTEMBER 30, 1948

## Business Conditions

**R**EADJUSTMENTS in the levels of business activity are in process in the Fifth Federal Reserve District. Four of the major industries of the District this summer have shifted their status from a seller's market to a buyer's market. These industries are cotton textiles, the District's largest employer, bituminous coal, the second largest employer, lumber, and hosiery, both important sources of livelihood for large numbers of people in this area.

Prices in these industries have been soft and still are not yet stabilized. This is not true of good quality lumber, but does apply to the poorer grades. Prices of numerous cotton goods and yarns have experienced considerable weakness during much of the year to date, but these prices still show much larger increases relative to pre-war than the rank and file of commodities. Off-grade coal, which along with the clean, graded and sized products, had been in very strong demand prior to this summer, now is practically without a market, and some of the better grades of coal require considerable selling effort. A few producers of women's full-fashioned hosiery have again marked prices down recently after some fairly general cuts several months earlier, and this was in the face of a 7 per cent rise in the price of nylon yarn.

There has, however, been nothing in the line of price weakness that formerly was characteristic of many of these commodities, and it is becoming more apparent that, for the time being, at least, adjustments to lower demand are likely to occur more in production than in price. This is only natural where price supports or other inflexible costs have raised the break-even point so that it becomes unprofitable to reduce prices very much in order to continue full production. There may be, however, a strong urge to continue high-level production and a consequent accumulation of inventories even when demand runs short of production, with prices at their high peaks and presumably vulnerable to reaction. This urge may come through a decision to produce and maintain the working force intact rather than shut down or cut hours of labor so much that the workers would seek jobs elsewhere. When jobs are plentiful, as they still are, industry is faced with the real problem of whether to build inventories or cut back and run the risk of losing a trained labor force. This summer, a good part of the hosiery industry in the district tried both approaches: prices were cut and production was continued at a level that resulted in a rise in inventories.



## Trade

Trade levels in the nation are not showing any substantial increase of vitality, but they continue on a fairly high level, with some forward progress. If this situation holds, there is reason to believe that the price adjustments taking place in the Fifth District will not be drastic or continue for a very long period. Department store sales in the Fifth District, which ran inordinately ahead of national levels in June, have since been coming back in line. Seasonally adjusted indices of sales for the District declined in July and again in August, bringing the adjusted level of sales back to where it was in the spring.

While sales continued at a high level in August, there was a drop of 7 per cent in inventories. As a result, the stock-sales ratio, after allowing for seasonal changes, was the lowest of any month this year. Even with retail stores maintaining an ultra-conservative inventory policy, it would seem that some step-up in the rate of purchase would be in order during October and November.

On this page of this *Review* there appears a chart showing seasonally adjusted sales and stocks of major household appliances of those department stores in the Fifth Federal Reserve District which report departmentally. The major household appliance departments consist of refrigerators, washers, ironers, stoves and cabinets. These products had been, in substantial part, responsible for the sharp rise in store sales volume in 1946 and 1947. The chart shows, however, that sales, although remaining at a very high level, are no longer ris-

## FEDERAL RESERVE BANK OF RICHMOND

ing but have leveled off. Furthermore, inventories are no longer rising but have turned down.\*

In the wholesale trades, dry goods and hardware were strong during August. The seasonally adjusted index of dry goods sales in that month rose 30 per cent over the July level to a point 10 per cent ahead of August, 1947. Wholesale hardware sales gained 37 per cent in August over July, on an adjusted basis, and August, 1948 sales were 34 per cent higher than in that month last year. Losses in adjusted sales were experienced in industrial supplies, drugs and electrical goods from July to August, while grocery sales held at July levels.

### Cotton Textiles

The buyer's market still persists in the District's cotton textile industry in all its segments. The movement of industrial goods is somewhat steadier than that of apparel construction, but even here consuming industries have apparently decided to shorten their period of forward coverage and to maintain a more conservative inventory position. An improved demand for bags has brought forth an increase in purchase of bagging ma-

\*This is one series out of 57 major or sub-group departmental items which have similarly been measured in terms of seasonally adjusted index numbers. They run back to 1940 in the case of sales and to June, 1941, in the case of stocks. These are available to those who have need for them.

terials, but the paper competition in this area does not give much hope for other than a temporary spurt. The inventory position of apparel and household textiles apparently has been more substantial than had been believed, business in these lines being slow and mainly for nearby needs. Dry goods sales at wholesale in August, however, give hope that some improvement may be expected in the amount of business written in October and November.

Consumption of cotton in the District's mills recovered more than seasonally from July to August (8 per cent), but the August level was still around 7 per cent lower than in the first four months of the year. The demand for export appears to be running at a steadily declining rate. Moreover, domestic pipelines appear to be full. Under these circumstances, the industry would do well if it could hold its operating rate in the last half of 1948 within 5 or 6 per cent of that in the first half, without accumulating large inventories. Price sluggishness in the industry does not signify urgency of demand.

### Bituminous Coal

Production in the District in August rose 5 per cent, on a seasonally adjusted basis, and stood in that month

Continued on page 9

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Aug. 1948	July 1948	June 1948	Aug. 1947	% Change Aug. 1948 from July 48      Aug. 47	
Automobile Registration* .....	.....	132	105	105	.....	.....
Bank Debits .....	365	329	327	308	+ 11	+ 19
Bituminous Coal Production .....	172	164r	165	163	+ 5	+ 6
Building Contracts Awarded .....	337	347	335	306	- 3	+ 10
Apartments and Hotels.....	.....	190	305	636	.....	.....
Commercial Construction Contracts.....	.....	414	478	339	.....	.....
Manufacturing Construction Contracts.....	.....	453	246	463	.....	.....
One and Two Family Houses.....	.....	434	299	313	.....	.....
Public Works and Utilities.....	.....	259	453	162	.....	.....
Residential Construction Contracts.....	348	404	271	431	- 14	- 19
Building Permits Issued.....	284	323	441	294	- 12	- 3
Business Failures—No. ....	38	35	29	25	+ 9	+ 52
Cigarette Production .....	265	223	245	233	+ 19	+ 14
Cotton Consumption .....	142	131	148	138r	+ 8	+ 3
Department Store Sales.....	315	328	335	283	- 4	+ 11
Department Store Stocks.....	289r	308	304	260	- 6	+ 11
Electric Power Production.....	.....	260	256	249	.....	.....
Employment—Mfg. Industries* .....	.....	133	135	132	.....	.....
Furniture Orders .....	.....	309	276	273	.....	.....
Furniture Shipments .....	.....	211	323	203	.....	.....
Furniture Unfilled Orders.....	.....	584	641	728	.....	.....
Furniture Sales—Retail .....	254	265r	299	219	- 4	+ 16
Gasoline Consumption .....	.....	.....	200	180	.....	.....
Life Insurance Sales .....	255	263	253	230	- 3	+ 11
Wholesale Trade:						
Automotive Supplies** .....	377	364	431	255	+ 4	+ 48
Drugs .....	264	270	260	269	- 2	- 2
Dry Goods† .....	246	189r	175r	223r	+ 30	+ 10
Electrical Goods** .....	88	93	77	74	- 5	+ 19
Groceries .....	277	276	273	271	0	+ 2
Hardware .....	218	159	175	163	+ 37	+ 34
Industrial Supplies** .....	285	342	391	311	- 17	- 8
Paper and Its Products** .....	167	146	161	166	+ 14	+ 1
Tobacco and Its Products** .....	87	98	93	98	- 11	- 11
Cotton Spindle Hours.....	146	125	155	142	+ 17	+ 3

\*Not seasonally adjusted

\*\*1938-41=100

†Seasonal index revised.

of farm, obtaining more off-farm employment, or both. In the case of medium and large family farms and large-scale units, farm management problems consist chiefly of deciding on the most profitable organization of the farm in regard to what crops and livestock to produce and of deciding on the more economical methods of production. Of course, in many cases further enlargement of the farm may be profitable. It is to this relatively small group of farms that the chief benefits of price support and benefit payments go because these farms accounted for about 60 per cent of the value of farm products sold in this District.

### Conclusion

Less than half of the farms in the District are commercial family farms. Over half are small-scale units which produce less than a tenth of the value of products sold. A few farms are large-scale units and are larger than family farms. This small group of large-scale units produced nearly 12 per cent of the value of products sold.

Small-scale units and small family farms make up a class of generally inadequate farms. They are characterized by small cropland acreages, small investments, and low output per worker. In order to raise the level of income on these farms it is necessary that the farms become larger in terms of acreage and investment. It is also necessary that more of these farmers enter other occupations, either on a full or part-time basis, where they can earn higher incomes. Government agricultural programs to raise prices of farm products are of limited benefit to most operators of inadequate farms because of the small amount of farm products sold.

Medium and large family farms and large-scale units include primarily farms with a gross value of products of \$3,000 and up. These farms may be termed adequate. Their adjustment problems consist chiefly of deciding on the most advantageous combination of crops and livestock and on the most profitable methods of production. Price support programs are of considerably more benefit to this group than to others because of the large amount of products sold per farm.

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## Business Conditions

Continued from page 2

at a level 6 per cent ahead of the same month last year. Recent trade estimates indicate a demand for coal in the year 1948 perhaps 20 million tons below the 1947 level. This is not an excessive reduction but it is enough, apparently, to stop the rise in coal prices and may prove to be enough to affect further wage demands. The exports of coal are mainly responsible for the slack in demand. These are running 40 per cent below a year ago and now seem likely to amount to less than 45 million tons, compared with 69 million tons in 1947. Domestic stocks are rising and may continue to rise further, but not at advancing prices. If stocks do not continue to rise the demand for coal will probably fall considerably more than the estimated 20 million tons. Indications from the coal fields are that the small mines, known as "snow-birds", with little or no equipment for cleaning and sizing coal, are closing down for lack of demand for low-grade coal. Strippers, who also are without

cleaning and sizing equipment, are reported to be shutting up.

### Conclusion

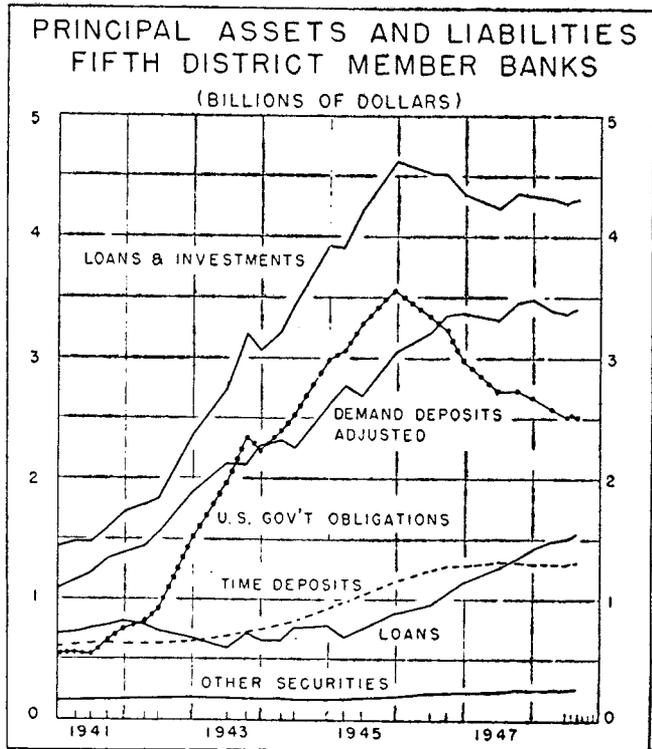
The post-war readjustments have arrived for several of the major industries of the Fifth District. With the present economic forces in general maintaining their vitality for the next 6 months or so, it is not expected that the repercussions of these adjustments on the Fifth District's economy will be severe. There is not likely to be a serious unemployment problem, but moderate cut-backs in working time are likely; in fact they are already operative. With price supports for the major agricultural products of the District in effect, and with these limiting the extent of price reaction in manufactured and semi-manufactured products in the area, it is not likely that the over-all price level of the Fifth District will fall very much in relation to the national price level in the next six or eight months.

FEDERAL RESERVE BANK OF RICHMOND

AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last Half of July		Last Half of August	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,003,565	.94	1,001,939	.94
Reserve city banks	636,854	.60	634,066	.59
Country banks	366,711	.34	367,873	.35
District of Columbia	881,107	.83	877,505	.82
Reserve city banks	858,914	.81	855,232	.80
Country banks	22,193	.02	22,273	.02
Virginia	1,279,308	1.20	1,288,023	1.21
Reserve city banks	303,337	.28	303,054	.29
Country banks	975,971	.92	984,969	.92
West Virginia	602,279	.56	603,043	.56
North Carolina	821,400	.77	825,090	.77
Reserve city banks	380,687	.36	379,705	.35
Country banks	440,713	.41	445,385	.42
South Carolina	418,781	.39	422,309	.40
Fifth District	5,006,440	4.69	5,017,909	4.70
U. S. (millions)	106,671	100.0	106,748	100.0

\*Excluding interbank demand deposits



FEDERAL RESERVE BANK OF RICHMOND  
(All Figures in Thousands)

ITEMS	September 15, 1948	Chg. in Amt. From 8-18-48	9-17-47
Total Gold Reserves.....	\$1,105,360	+ 53,848	+202,350
Other Reserves .....	15,944	— 29	+ 2,846
Total Reserves .....	1,121,304	+ 53,819	+205,196
Bills Discounted .....	15,122	— 7,270	+ 9,091
Industrial Advances .....	44	— 10	+ 14
Govt. Securities, Total.....	1,377,141	— 22,450	—200,721
Bonds .....	549,075	+ 67,856	+505,195
Notes .....	116,081	— 4,559	+ 87,162
Certificates .....	313,494	— 19,565	—114,849
Bills .....	398,491	— 66,182	—678,229
Total Bills & Securities.....	1,392,307	— 29,730	—191,616
Uncollected Items .....	310,329	+ 60,411	— 2,613
Other Assets .....	25,402	+ 418	+ 10,067
Total Assets .....	2,849,342	+ 84,918	+ 21,034
Federal Reserve Notes in Cir.....	\$1,679,157	+ 47,189	— 39,903
Deposits, Total .....	855,656	— 13,468	+ 46,320
Members' Reserves .....	791,236	+ 72,134	+ 22,240
U. S. Treas. Gen. Acct.....	42,185	— 87,725	+ 23,998
Foreign .....	18,610	+ 436	— 255
Other Deposits .....	3,625	+ 1,687	+ 337
Def. Availability Items.....	274,563	+ 50,088	+ 11,412
Other Liabilities .....	628	+ 5	— 523
Capital Accounts .....	39,338	+ 1,104	+ 3,728
Total Liabilities .....	2,849,342	+ 84,918	+ 21,034

51 REPORTING MEMBER BANKS—5th DISTRICT  
(All Figures in Thousands)

ITEMS	September 15, 1948	Chg. in Amt. From 8-18-48	9-17-47
Total Loans .....	\$ 870,719**	+ 23,372	+134,848
Bus. & Agri.....	405,884	+ 19,322	+ 59,927
Real Estate Loans.....	200,631	+ 3,072	+ 45,486
All Other Loans.....	269,903	+ 1,003	+ 35,134
Total Security Holdings.....	1,694,796	— 10,770	—157,618
U. S. Treasury Bills .....	44,126	+ 5,010	+ 13,849
U. S. Treasury Certificates .....	202,773	— 5,921	— 11,898
U. S. Treasury Notes .....	91,916	+ 7,157	— 13,757
U. S. Govt. Bonds .....	1,223,028	— 17,509	—154,069
Other Bonds, Stocks & Sec.....	132,953	+ 493	+ 8,762
Cash Items in Process of Col.....	267,204	+ 54,346	+ 39,024
Due from Banks.....	187,590*	+ 36,516	+ 672
Currency & Coin.....	65,961	+ 1,626	+ 788
Reserve with F. R. Banks.....	525,768	+ 46,622	+ 20,675
Other Assets .....	47,538	+ 528	— 3,415
Total Assets .....	3,659,576	+152,240	+ 34,979
Total Demand Deposits.....	\$2,819,180	+159,834	+ 38,900
Deposits of Individuals .....	2,087,092	+106,899	+ 31,271
Deposits of U. S. Govt. ....	60,727	— 11,631	+ 12,750
Deposits of State & Local Govt. ....	174,101	— 13,514	— 12,144
Deposits of Banks .....	450,061*	+ 74,162	+ 6,219
Certified & Officer's Checks.....	47,199	+ 3,918	+ 804
Total Time Deposits.....	600,983	— 1,461	— 17,509
Deposits of Individuals.....	580,576	— 2,754	— 17,720
Other Time Deposits.....	20,407	+ 1,293	+ 211
Liabilities for Borrowed Money.....	3,700	— 9,000	+ 2,700
All Other Liabilities.....	20,089	+ 1,926	+ 3,547
Capital Accounts .....	215,624	+ 941	+ 7,341
Total Liabilities .....	3,659,576	+152,240	+ 34,979

\*Net Figures, reciprocal balances being eliminated.  
\*\*Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	July 1948	% Chg. from July 1947	7 Mos. '48	% Chg. from 7 Mos. '47
Maryland .....	\$33,852,000	+67	\$192,056,000	+31
Dist. of Columbia.....	8,870,000	+74	50,322,000	+12
Virginia .....	16,506,000	+26	125,150,000	+ 8
West Virginia .....	7,970,000	+40	62,352,000	+26
North Carolina .....	15,709,000	+10	118,965,000	+28
South Carolina .....	6,653,000	+12	56,878,000	+53
Fifth District .....	\$89,560,000	+39	\$605,723,000	+24

Source: F. W. Dodge Corp.

COMMERCIAL FAILURES

MONTHS	Number of Failures District	U.S.	Total Liabilities District	U.S.
August 1948.....	17	439	\$ 283,000	\$ 21,442,000
July 1948.....	11	420	195,000	13,876,000
August 1947.....	11	287	165,000	14,903,000
8 Months 1948.....	122	3,402	\$3,007,000	\$132,656,000
8 Months 1947.....	71	2,218	3,686,000	147,848,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS  
(000 omitted)

	August 1948	% Chg. from Aug. 1947	8 Mos. 1948	% Chg. from 8 Mos. '47
<b>Dist. of Columbia</b>				
Washington .....	\$ 689,863	+15	\$ 5,756,835	+13
<b>Maryland</b>				
Baltimore .....	950,014	+14	7,618,372	+10
Cumberland .....	22,499	+10	169,235	+ 4
Frederick .....	18,094	+ 8	148,310	+ 8
Hagerstown .....	26,249	+ 9	210,860	+ 9
<b>North Carolina</b>				
Asheville .....	48,621	+13	397,942	+14
Charlotte .....	255,094	+34	1,853,288	+18
Durham .....	152,125	+25	814,213	+ 6
Greensboro .....	69,558	+ 9	584,111	+18
Kinston .....	23,396	+48	104,445	+ 8
Raleigh .....	112,019	+22	877,642	+16
Wilmington .....	37,422	+13	628,634	+ 4
Wilson .....	22,942	+39	118,466	+ 3
Winston-Salem .....	131,532	+18	963,443	+ 9
<b>South Carolina</b>				
Charleston .....	58,738	+17	447,076	+13
Columbia .....	88,798	+14	720,462	+12
Greenville .....	74,178	+12	622,799	+16
Spartanburg .....	45,331	+13	367,532	+17
<b>Virginia</b>				
Charlottesville .....	22,031	+ 7	171,780	+ 6
Danville .....	24,915	+17	198,088	+ 2
Lynchburg .....	33,600	— 2	298,489	+11
Newport News .....	32,556	+ 7	251,913	+ 7
Norfolk .....	179,375	+12	1,425,636	+14
Portsmouth .....	17,725	— 2	155,973	+ 8
Richmond .....	528,654	+36	3,666,774	+17
Roanoke .....	74,274	+ 3	666,968	+16
<b>West Virginia</b>				
Bluefield .....	46,437	+30	335,034	+23
Charleston .....	130,995	+12	1,043,677	+13
Clarksburg .....	32,642	+17	253,190	+19
Huntington .....	56,354	+22	454,345	+21
Parkersburg .....	26,031	+ 3	211,344	+ 9
District Totals .....	\$ 4,032,062	+18	\$31,186,876	+13

COTTON CONSUMPTION AND ON HAND—BALES

	August 1948	August 1947
<b>Fifth District States:</b>		
Cotton consumed .....	370,736	359,126
<b>Cotton Growing States:</b>		
Cotton consumed .....	645,214	630,389
Cotton on hand Aug. 31 in consuming establishments .....	999,692	917,675
storage & compresses .....	1,687,498	792,152
<b>United States:</b>		
Cotton consumed .....	728,732	712,864
Cotton on hand Aug. 31 in consuming establishments .....	1,246,848	1,155,481
storage & compresses .....	1,723,616	840,201
Spindles active, U. S. ....	21,352,000	21,188,000

Source: Department of Commerce

COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	(In Bales)			Dist.
	N. Carolina	S. Carolina	Va.	
August 1948.....	197,359	156,591	16,786	370,736
July 1948.....	168,767	135,656	14,482	318,905
August 1947.....	185,047	156,483	17,596	359,126
8 Months 1948.....	1,711,905	1,315,889	140,627	3,168,421
8 Months 1947.....	1,673,788	1,348,559	146,166	3,168,513

Source: Department of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES

	Aug. 1948	July 1948	Aug. 1947
Average, 17 constructions.....	77.06	79.04	90.16
Printcloths, average (6).....	85.40	86.92	116.76
Sheetings, average (3).....	62.99	63.59	74.82
Twill (1).....	91.51	99.71	96.79
Drills, average (4).....	67.77	69.27	66.20
Sateen (1).....	121.96	128.15	121.06
Duck, average (2).....	62.04	63.23	62.54

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

DEPOSITS IN MUTUAL SAVINGS BANKS

	Aug. 31, 1948	July 31, 1948	Aug. 31, 1947
<b>8 Baltimore Banks</b>			
Total Deposits .....	\$392,133,804	\$392,484,523	\$387,111,504

FEDERAL RESERVE BANK OF RICHMOND

BUILDING PERMIT FIGURES

CITIES	Total Valuation	
	August 1948	August 1947
<b>Maryland</b>		
Baltimore	\$ 3,725,950	\$ 3,092,805
Cumberland	104,510	79,850
Frederick	58,865	115,965
Hagerstown	62,885	569,762
Salisbury	147,617	159,350
<b>Virginia</b>		
Danville	112,533	318,212
Lynchburg	246,506	569,590
Norfolk	632,460	2,403,850
Petersburg	162,850	54,450
Portsmouth	117,080	205,900
Richmond	1,832,827	1,070,157
Roanoke	660,508	1,086,743
<b>West Virginia</b>		
Charleston	1,015,282	610,332
Clarksburg	135,405	685,193
Huntington	519,934	547,315
<b>North Carolina</b>		
Asheville	384,424	175,221
Charlotte	1,073,298	1,310,320
Durham	625,666	389,975
Greensboro	551,730	513,196
High Point	745,120	210,256
Raleigh	1,617,128	956,967
Rocky Mount	229,000	421,950
Salisbury	239,100	53,325
Winston-Salem	561,450	455,469
<b>South Carolina</b>		
Charleston	178,976	184,875
Columbia	373,030	1,088,363
Greenville	460,550	71,400
Spartanburg	134,665	242,900
<b>District of Columbia</b>		
Washington	4,162,395	3,986,805
District Totals	\$ 20,871,744	\$ 21,630,496
8 Months	194,032,571	141,087,033

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Aug. 1948	Aug. 1947	% Chg.	8 Mos. 1948	8 Mos. 1947	% Chg.
	West Virginia	15,748	14,759	+ 7	107,771	113,719
Virginia	1,842	1,815	+ 1	13,172	12,319	+ 7
Maryland	106	169	-37	1,116	1,380	-19
Fifth District	17,696	16,743	+ 6	122,059	127,418	- 4
United States	53,450	50,870	+ 5	384,051	401,822	- 4
% in District	33.1	32.9		31.8	31.7	

TOBACCO MANUFACTURING

	Aug. 1948	% Chg. from Aug. 1947	8 Mos. 1948	% Chg. from 8 Mos. '47
	Smoking & chewing tobacco (Thousands of lbs.)	17,978	- 5	130,553
Cigarettes (Thousands)	34,066,601	+17	233,603,698	+ 6
Cigars (Thousands)	505,228	+ 8	3,700,020	+ 2
Snuff (Thousands of lbs.)	3,223	- 2	27,533	+ 7

Source: Treasury Department

AUCTION TOBACCO MARKETING

	Producers' tobacco sales, lbs.		Price per cwt.	
	Aug. 1948	Aug. 1947	1948	1947
South Carolina	77,881,097	47,699,003	\$52.67	\$46.03
North Carolina	146,053,886	59,768,902	51.34	45.12
Total	223,934,983	107,467,905	51.80	45.52

RAYON YARN SHIPMENTS AND STOCKS

	Aug. 1948	July 1948	Aug. 1947
Rayon yarn shipments, lbs.	71,400,000	72,300,000	62,900,000
Staple fiber shipments, lbs.	21,800,000	22,200,000	18,600,000
Rayon yarn stocks, lbs.	10,500,000	9,400,000	7,700,000
Staple fiber stocks, lbs.	4,700,000	4,200,000	6,400,000

Source: Rayon Organon

WHOLESALE TRADE, 186 FIRMS

LINES	Net Sales August 1948 compared with		Stocks August 31, 1948 Compared with	
	Aug. 1947	July 1948	Aug. 31 1947	July 1948
Auto supplies (5)*	+38	+12	+12	+11
Electrical goods (5)*	+17	- 7	+30	- 7
Hardware (11)*	+24	+12	+45	+ 3
Industrial supplies (3)*	+ 9	-14	....	....
Drugs & sundries (12)*	+11	- 3	- 1	0
Dry goods (11)*	+11	+41	+15	- 7
Groceries (55)*	+ 7	- 1	+ 7	+ 2
Paper & products (5)*	+15	+11	....	....
Tobacco & products (7)*	+ 5	-11	+10	- 9
Miscellaneous (72)*	+13	+20	+24	- 6
District Average (186)*	+13	+ 9	+22	- 3

Source: Department of Commerce.

\*Number of reporting firms.

REPORT ON RETAIL FURNITURE SALES

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947	
	Aug. 1948	8 Mos. 1948
Maryland (5)*	+40	+15
Dist. of Columbia (6)*	+12	+ 5
Virginia (18)*	0	0
West Virginia (10)*	+20	+ 6
North Carolina (13)*	+ 7	+ 3
South Carolina (10)*	+ 7	+ 8
District (62)*	+17	+ 7
<b>Individual Cities</b>		
Baltimore, Md., (5)*	+40	+15
Washington, D. C., (6)*	+12	+ 5
Richmond, Va., (6)*	+ 2	- 1
Lynchburg, Va., (3)*	- 8	+ 7
Charleston, W. Va., (3)*	+20	+ 1
Charlotte, N. C., (4)*	- 1	+ 4
Columbia, S. C., (3)*	+ 1	+ 8

\*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in Aug. '48 sales compared with sales in Aug. '47:	+12	+ 6	+ 7	+12
Percentage chg. in 8 mos. sales 1948 compared with 8 mos. in '47:	+ 9	+ 2	+ 5	+10
Percentage chg. in stocks on Aug. 31, '48 compared with Aug. 31, '47:	- 6	+ 6	+11	+19
Percentage chg. in outstanding orders Aug. 31, '48 from Aug. 31, '47:	-18	-13	-12	-19
Percentage chg. in receivables Aug. 31, '48 from those on Aug. 31, '47:	+39	+16	+23	+23
Percentage of current receivables as of Aug. 1, '48 collected in August:	31	58	48	47
Percentage of instalment receivables as of Aug. 1, '48 collected in Aug.:	15	21	23	23

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage change in Aug. 1948 sales from Aug. 1947, by states:	+ 6	+ 7	+13	+18	+ 6
Percentage change in 8 months 1948 sales from 8 months 1947 sales:	+ 2	+ 5	+10	+16	+ 7

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

OCTOBER 31, 1948

### Business Conditions

**T**HE business situation of the Fifth Federal Reserve District in September was little different from that in August. Total production declined further but trade levels improved somewhat. Commodity prices have been falling in the District in contrast to the general price trend in the nation as a whole, partly because of the relative concentration of the District on lines where demand has weakened. This has found its reflection thus far in a relatively slower pace in the trade level of the District than of the Nation but not in a loss of funds to other Districts. The slackening in production activity in important industries in the District, however, may result in a loss of funds from the District in the months ahead.

On a seasonally adjusted basis, declines in production in September as compared with August were shown in coal production, cigarette production, cotton consumption and cotton spindle hours. There was a very slight improvement in building permits and while these are notably below their peak for the year they are still at a high level.

Department store sales rose seven per cent, after adjustment for seasonal, from August to September, a considerable part of which was caused by a rise in sales of women's and misses' apparel. There was just a noticeable pick up in shipments of furniture from the factories of the District in August compared with July, the last figures we have available, but these are well below the peak levels established earlier in the year. Furniture sales at retail, however, established a new peak in September. This no doubt was influenced considerably by promotional activity prior to the reestablishment of Regulation W.

Savings as reflected in sales of life insurance were at essentially the same level in September as in most months of the year. Sales of wholesalers in September on a seasonally adjusted basis improved moderately in most lines. Dry goods, however, declined six per cent below August, and was also six per cent below the same month a year ago. Grocery and hardware sales held even with August levels.

#### Employment

Employment levels in Maryland in September were at the highest point of the year, largely as a result of seasonal activity in the food processing industries. Employment levels in Virginia have remained steady at levels which have prevailed thus far this year. North Carolina employment declined sharply in July, but re-

covered a considerable part of the loss in August. There are indications that some deterioration has taken place in September and October.

Employment levels in the iron and steel industries in Maryland moved upward in both July and August into new high ground. There was, however, no overall gain in Maryland's durable goods industries due to offsets to iron and steel increases in machinery, transportation equipment and non-ferrous metal industries. August employment in Maryland's construction industries declined slightly from the July level, contrary to the usual seasonal tendency.

August witnessed a resumption of the upward trend in employment in the cigarette industry in North Carolina, and a seasonal rise occurred in the same industry in Virginia. North Carolina furniture factories employed a larger number of workers in August than in July, while the employment in that industry in Virginia remained steady in this period.

#### Production

Cotton goods output failed to be sustained in September at August levels after seasonal adjustment. The level of output since September has deteriorated further, and every now and then further cut backs in production activity are announced. Thus far the market demand for products of the textile mills has not been forthcoming in a volume that would appear to justify the current levels of operation. There is still the possibility, however, that a sizeable amount of fill-in purchases may be forthcoming and prevent any further decline in operations in the next two months. The trade expects this and, based on the relationship of inventories of cotton goods to sales in department stores, it may be that the necessary volume of business may be forthcoming in the remainder of the year to sustain current production levels. The degree to which the prices of cotton goods and yarns have fallen would seem to indicate that a larger volume of purchase by both wholesalers and retailers would be a logical expectation in view of their current inventory position. It is doubtful, however, that the reduction in prices has gone far enough to stimulate a domestic consumer demand sufficient to utilize the facilities of the industry at the level that prevailed over the first five months of the year, thus offsetting the substantial loss in exports and the lack of stimulation resulting from the fact that domestic pipelines are filled.

Bituminous coal output in September in the District declined 13 per cent on a seasonally adjusted basis from

## FEDERAL RESERVE BANK OF RICHMOND

August, and was eight per cent smaller than in September 1947. In some sections of the District there are still impediments to production in the nature of labor shortages, car shortages and mine disabilities, but the main factor in a reduced output of coal in September was the slackening of demand. This factor in several mining districts has affected a considerable portion of the capacity of the industry. There has not been much tendency thus far, however, of prices of good quality of coal to decline appreciably.

Mechanization of the deep mines is still being effected as rapidly as possible, and alternative fuels are making their inroads on the coal market. It seems only a question of time, therefore, until competition on a price basis will be necessary to hold on to the present market outlets.

### Furniture

Generally speaking, furniture manufacturers' inventories in this District are not excessive. Most executives who have been in the industry a long time have been cautious about accumulating inventory. There are a few exceptions, however, and there is some feeling in the

industry that these firms may adopt a price cutting policy to dispose of their surplus, thus weakening the market. Most concerns in the District are operating their plants on a three day week, and few of them have any considerable backlogs of orders. Lumber costs have declined about 10 per cent on gum woods and most of the soft woods used.

### Hosiery

The demand for hosiery has been on the weak side through the summer months, and September was no exception. This applies particularly in the seamless end of the business. Demand for women's full fashioned appears to be holding up better than in other segments of the industry, but even so it is down considerably from what it was earlier in the year and prices at the manufacturer's level have weakened further. The seamless demand has been extremely dull, and has found reflection in a substantial cut in the rate of operations. In addition to this, some of the mills have built gray stocks to a level well beyond safety requirements. Even if retailers and wholesalers enter the market for seamless hosiery in a substantial way during November, it is not likely

Continued on page 10

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY 1935-39=100—SEASONALLY ADJUSTED

	Sept. 1948	Aug. 1948	July 1948	Sept. 1947	% Change	
					Sept. 1948 from Aug. 48	Sept. 47
Automobile Registration*	.....	146	132	110	.....	.....
Bank Debits.....	368	365	329	321	+ 1	+15
Bituminous Coal Production.....	149	168r	164	162	-11	- 8
Building Contracts Awarded.....	340	337	347	285	+ 1	+19
Apartments and Hotels.....	.....	385	159r	494	.....	.....
Commercial Construction Contracts.....	.....	292	414	504	.....	.....
Manufacturing Construction Contracts.....	.....	722	453	408	.....	.....
One and Two Family Houses.....	.....	297	431	304	.....	.....
Public Works Utilities.....	.....	243	259	185	.....	.....
Residential Construction Contracts.....	412	346r	404	368	+19	+12
Building Permits Issued.....	292	284	323	300	+ 3	- 3
Business Failures—No.....	55	38	35	37	+45	+49
Cigarette Production.....	233	264	223	240	-12	- 3
Cotton Consumption.....	141	142	131	141	- 1	0
Department Store Sales.....	337	315	328	304	+ 7	+11
Department Store Stocks.....	297	289	308	252	+ 3	+18
Electric Power Production.....	.....	274	260	241	.....	.....
Employment—Mfg. Industries*.....	.....	136	133	133	.....	.....
Furniture Orders.....	.....	264	309	182	.....	.....
Furniture Shipments.....	.....	225	211	194	.....	.....
Furniture Unfilled Orders.....	.....	651	584	684	.....	.....
Furniture Sales—Retail.....	308	256r	265	295	+20	+ 4
Gasoline Consumption.....	.....	.....	197	175	.....	.....
Life Insurance Sales.....	257	255	263	250	+ 1	+ 3
Wholesale Trade:						
Automotive Supplies**.....	397	377	364	315	+ 5	+26
Drugs.....	284	264	270	286	+ 8	- 1
Dry Goods.....	231	246	189	247	- 6	- 6
Electrical Goods**.....	91	88	93	73	+ 3	+25
Groceries.....	277	277	276	289	0	- 4
Hardware.....	219	218	159	153	0	+43
Industrial Supplies**.....	398	285	342	357	+40	+11
Paper and Its Products**.....	168	167	146	181	+ 1	- 7
Tobacco and Its Products**.....	93	87	98	104	+ 7	-11
Cotton Spindle Hours.....	143	146	125	143	- 2	0

\*Not seasonally adjusted.

\*\*1938-41=100.

MONTHLY



REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

NOVEMBER 30, 1948

## Business Conditions

ON balance there was a weakening of business activity in the Fifth Federal Reserve District during October when compared with September on a seasonally adjusted basis, though offsets to this trend were found in the value of building permits issued, in cigarette output, in bituminous coal mined, and in fewer business failures. Trade levels for the most part pointed downward, and department store inventories rose. Further deterioration occurred in the output of cotton goods and yarns, and hosiery production failed to rise by seasonal proportions. Checks drawn against individual deposit accounts failed to rise seasonally in all states but Maryland. Planned savings in the form of new life insurance sales declined, while A to E savings bond redemptions continue to exceed new sales as the chart shows.

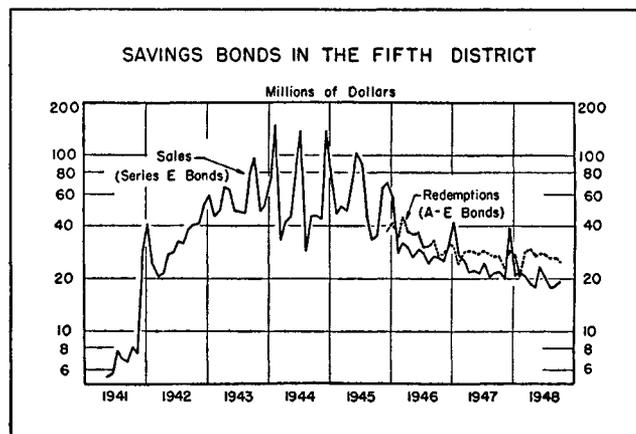
## Department Store Sales

There was a 3 per cent drop in the adjusted index of department store sales from September to October, and this drop was probably mostly responsible for a 5 per cent rise in adjusted inventories in the same period, stores inventory policy being as near hand to mouth as they can make it. The October sales level, however, was still 10 per cent ahead of October, 1947, and the September to October drop does not appear to have reversed the upward trend of sales. Weekly sales figures available for two weeks of November indicate, however, that a further drop in the adjusted index would be seen in that month. This will probably mean a further rise in department store inventories, broader January clearance sales, and a let-down in wholesalers' and manufacturers' orders which are already having adverse effects on production of soft goods.

It is not intended to suggest that the dis-investment of savings bonds indicated in the accompanying chart is being spent for department store merchandise, though in some instances such as major household appliances or even clothing it may be these funds are so used. The purpose of the chart is to show that there is, and has been for some time, a sizeable addition to the purchasing power of the District over and above current income, and directly or indirectly this purchasing power has been an important factor in expanding the entire trade level including that of department store sales.

## Wholesale Sales

Only two of the nine lines of wholesale trade for which statistics are available showed better than seasonal sales gains from September to October. These two were elec-



trical goods and industrial supplies. The other seven lines of wholesale sales declined from 4 to 23 per cent after seasonal correction. It should be further noted that only hardware and industrial supply sales showed substantial gains in October 1948 from October 1947; electrical goods sales were moderately higher and sales of automotive supplies were slightly higher while the other five lines showed sales from 10 to 22 per cent lower. It is interesting to note that wholesalers' sales of both dry goods and groceries were 11 and 14 per cent, respectively, lower in October than a year ago. There were some rather notable price declines in many commodities sold by these houses in this period, and these no doubt contributed to the declines.

## Cotton Textiles

There was a dearth of orders booked by the cotton goods and yarn producers in October, and prices of almost all constructions and counts declined notably. Some mills say a small profit can still be made in most constructions of goods, but it is a thin one. For the time being at least the price structure seems to have stabilized and a fairly good amount of sales were made early in November. Even some export business has reappeared. It does not appear, however, that the volume will be sufficient to raise the level of production, but it may bulk large enough to prevent a further drop.

Cotton consumption in the mills of the Fifth District after seasonal correction was 4 per cent lower in October than in September, and the October level was 10 per cent under that month last year. It appears that the largest declines came in the lighter weight goods, for seasonally adjusted spindle hours run declined 6 per cent

## FEDERAL RESERVE BANK OF RICHMOND

to an October level 13 per cent under the same month last year.

Although cotton goods prices have declined substantially, they are still quite high relative to prices in general. In fact it would seem that they are still too high to stimulate purchases at retail beyond absolute necessities. It is not likely, however, that much further price reductions can be made when there is but little profit left and with cotton cost held high by government support. It is also difficult to see how another wage increase could be made under these conditions.

### Construction

There was a rise of 2 per cent in the seasonally adjusted value of total construction contracts awarded in October over September in this District, but residential awards declined 16 per cent in this period. Relative to a year earlier the total construction awards were up 10 per cent, while the residential awards were down 21 per cent. The weakening in the residential end comes mainly in the one and two family house and arises from a nota-

ble slowing down in the rate of sales which in turn is accompanied by tighter credit conditions. Non-residential building, exclusive of commercial and factory structures, has been the sustaining force in total construction.

The value of building permits issued in reporting cities rose 27 per cent from September to October on a seasonally adjusted basis, but relative to a year ago the gain of 10 per cent in permits was the same as that in contract awards.

### Furniture

Net sales of furniture manufacturers in this District rose nearly 3 per cent from August to September, but this was less than seasonal proportions and the adjusted index fell 3.5 per cent in this period; they continued at a level nearly 12 per cent higher than a year ago. New orders were 4 per cent below sales during September, and unfilled orders declined 5 per cent to a figure representing a little over two months' sales. The employment level in this industry in Virginia and North Carolina appears to have stabilized at levels 6 per cent and 3 per cent respectively below their spring peaks.

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED

	Oct. 1948	Sept. 1948	Aug. 1948	Oct. 1947	% Change Oct. -1948 from	
					Sept. 48	Oct. 47
Automobile Registration*	.....	125	146	125	.....	.....
Bank Debits	345	370c	365	313	- 7	+ 10
Bituminous Coal Production	168	162r	168	171	+ 4	- 2
Building Contracts Awarded	348	340	337	317	+ 2	+ 10
Apartments and Hotels	.....	495	397r	475	.....	.....
Commercial Construction Contracts	.....	377	291r	276	.....	.....
Manufacturing Construction Contracts	.....	291	722	145	.....	.....
One and Two Family Houses	.....	368	301r	411	.....	.....
Public Works and Utilities	.....	299	243	218	.....	.....
Residential Construction Contracts	345	411	346	438	- 16	- 21
Building Permits Issued	372	292	284	338	+ 27	+ 10
Business Failures—No.	40	55	38	11	- 27	+264
Cigarette Production	238	233	264	252	+ 2	- 6
Cotton Consumption	135	141	142	150	- 4	- 10
Department Store Sales	328	337	315	298	- 3	+ 10
Department Store Stocks	311	297	289	281	+ 5	+ 11
Electric Power Production	.....	270	274	246	.....	.....
Employment—Mfg. Industries*	.....	136	136	134	.....	.....
Furniture Orders	292	226	264	324	+ 29	- 10
Furniture Shipments	248	217	225	227	+ 14	+ 9
Furniture Unfilled Orders	741	603	651	914	+ 23	- 19
Furniture Sales—Retail	269	307r	256	270	- 12	0
Gasoline Consumption	.....	.....	.....	179	.....	.....
Life Insurance Sales	249	257	255	257	- 3	- 3
Wholesale Trade:						
Automotive Supplies†	336	397	377	332	- 15	+ 1
Drugs‡	266	284	264	296	- 6	- 10
Dry Goods	202	231	246	228r	- 13	- 11
Electrical Goods†	107	91	88	98	+ 18	+ 9
Groceries	25	277	277	294	- 9	- 14
Hardware	168	219	218	132	- 23	+ 27
Industrial Supplies†	526	398	285	366	+ 32	+ 44
Paper and Its Products†	160	168	167	179	- 5	- 11
Tobacco and Its Products†	89	93	87	114	- 4	- 22
Cotton Spindle Hours	135	143	146	156	- 6	- 13

\*Not seasonally adjusted

†1938-41=100

‡Revised, back figures available on request

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

DECEMBER 31, 1948

### Business Conditions

**C**URTAILMENT of activity was the general tendency in the Fifth Federal Reserve District during November. This applied on balance to production and the several channels of distribution. Unemployment became more noticeable, but in no locality of the District has it assumed important magnitudes. Savings continued to decline as reflected in lower new life insurance sales, in continued net cashing of savings bonds, and in time deposits of the weekly reporting member banks. Employment weaknesses were most noticeable in machinery industries of Maryland, in transportation equipment in both Maryland and Virginia, in the stone, clay, and glass industries of North Carolina, in textile and knitting mill products in Virginia and North Carolina, in woolen and worsted mills of North Carolina, and in the apparel industries of North Carolina. Employment in apparel industries in Virginia and Maryland continued to rise. Other industries showing an upward trend in employment include iron and steel in Maryland and Virginia, food products, and printing and publishing. Farm income in the first ten months of the year has run ahead of the same months last year by 5.6 per cent with Virginia showing a gain of 12.6 per cent, North Carolina a gain of 7.8, and Maryland a gain of 3.9 per cent. West Virginia and South Carolina showed declines of 1.9 per cent and 3.0 per cent respectively.

#### Cotton Textiles

Production in the cotton textile industry declined after seasonal adjustment from October to November. Consumption of cotton by mills of this District fell 6 per cent in this period while spindle hours declined 2 per cent, consumption standing 12 per cent below a year ago and spindle hours, 10 per cent below.

These changes indicate a greater curtailment in heavy yarns than in the lighter ones. The adjusted index of cotton consumption in the Fifth District was at the lowest level since December 1940, and the index of spindle hours run is back near the level of late 1945.

There has been some business done in the cotton goods markets of late, but it does not appear sufficient to maintain the level of operations that prevailed in November. Prices on most constructions have shown a marked degree of stability, and, with production cut-back in the neighborhood of 10 per cent and costs remaining high, there is good reason to believe price sta-

bility will continue for some time. It will probably prove difficult, however, to maintain the current level of domestic demand on the present price level.

Exports of cotton goods picked up notably in October, but this source of demand cannot be counted on to give a fillip to production. Exports in 1948 will run about 40 per cent under 1947, but will remain high by prewar comparison, higher than we can hope to maintain when dollars abroad are not readily obtainable.

#### Lumber

New orders for southern pine have been running below shipments, which in turn have been running below production for eight or nine weeks. Recent rains, however, have slowed the rate of production, but this will hardly be enough to assure a balance in demand and supply. Retail yards are very cautious in their purchases, since they have high priced inventories considerably larger than a year ago. Prices of the best grades of lumber seem to be firmly held, but most other grades have weakened considerably. The demand outlook for lumber in the coming year seems likely to be at a good level if the construction outlook, as optimistically indicated by the Department of Commerce or less favorably indicated by the F. W. Dodge Corporation, proves to be well estimated. The demand for lumber, however, will not be as large as the 1948 level of production, unless, for example, ECA authorizations should take up the slack.

#### Furniture

Furniture manufacturing had much of the wind taken out of its sails this year, and after a more or less continuous let-down since early in the year, the October shipments picked up 14 per cent after seasonal adjustment to a level 9 per cent ahead of a year ago. Although new orders likewise improved from September to October, they were 10 per cent below last year. The level of employment in the furniture industry in both Virginia and North Carolina rose moderately in the same month. Retail sales of furniture stores in this District rose 2 per cent after seasonal adjustment but failed by 9 per cent to equal the level of a year ago. This is a fairly strong performance in the face of weakening trade levels generally, but it must be noted that this improvement in the sales level was for the most part at clearance prices.

## FEDERAL RESERVE BANK OF RICHMOND

### Bituminous Coal

The six-day week, except for the captive mines, has been dropped in all but a few cases, and most strip operations in both northern and southern West Virginia have been closed down for from 30 to 60 days. The drop resulting in wages will be greater than the loss of the sixth day, for that day has been paid at time and a half.

Stocks of coal are at their highest level since prewar and rumors are current that a long miners' holiday may be called soon. If a reduction in output in this manner were to occur, it would take some time before it would have much effect on industry shut-downs. There have been some price reductions in the industry, but in the main the price structure is firmly held.

Production of bituminous coal in the Fifth District in November was 8 per cent below the October level on a seasonally adjusted basis and was 4 per cent below that of November 1947. This is a somewhat better performance than nationally, which is due in part to the fact that the loss of exports through the Hampton Roads ports has been much less than elsewhere.

### Industrial Notes

The Newport News Shipbuilding and Drydock Company was the low bidder on a new \$69 million passenger

liner. This may be sufficient to halt the downward trend in shipyard employment in Virginia.

Sales of the Glenn L. Martin Company in the third quarter of this year amounted to \$15.2 million compared with \$6.8 million a year ago.

Industrial Rayon Company has procured 1200 acres of land at the site of the wartime Point Pleasant Ordnance Works on which it will build a new continuous process rayon plant.

A new fiber on which the duPont Company has been working for a number of years has been named "Orlon". It has been produced on a pilot plant basis at Waynesboro, Virginia, but a new plant will be constructed to produce the fiber on a commercial basis at Camden, South Carolina. The fiber is said to excel any other where outdoor use is designed.

The Chesapeake and Potomac Telephone Company of Virginia has expended \$50 million on new plant facilities since the end of the war and will spend an additional \$45 million in the next few years to meet the demand for telephone service.

### Trade Trends

The seasonally adjusted index of department store sales of the Fifth Federal Reserve District fell 7 per

Continued on page 9

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED

	Nov.	Oct.	Sept.	Nov.	% Change	
	1948	1948	1948	1947	Nov. 1948 from Oct. 48	Nov. 47
Automobile Registration*	.....	127	125	121	.....	.....
Bank Debits.....	337	345	370	318	- 2	+ 6
Bituminous Coal Production*	160	173r	166r	167	- 8	- 4
Building Contracts Awarded.....	284	348	340	331	- 18	- 14
Apartments and Hotels.....	.....	372	495	706	.....	.....
Commercial Construction Contracts.....	.....	447	377	426	.....	.....
Manufacturing Construction Contracts.....	.....	565	291	196	.....	.....
One and Two Family Houses.....	.....	325	368	343	.....	.....
Public Works and Utilities.....	.....	210	299	313	.....	.....
Residential Construction Contracts.....	392	345	411	405	+ 14	- 3
Building Permits Issued.....	277	372	292	280	- 26	- 1
Business Failures — No.....	46	40	55	52	+ 15	- 12
Cigarette Production.....	235	241r	241r	229	- 2	+ 3
Cotton Consumption.....	127	135	141	145	- 6	- 12
Department Store Sales.....	306	330	338	311	- 7	- 2
Department Store Stocks.....	338	311	297	310	+ 9	+ 9
Electric Power Production.....	.....	277	270	234	.....	.....
Employment — Mfg. Industries*.....	.....	135	136	136	.....	.....
Furniture Orders.....	.....	292	226	234	.....	.....
Furniture Shipments.....	.....	248	217	267	.....	.....
Furniture Unfilled Orders.....	.....	741	603	1010	.....	.....
Furniture Sales—Retail.....	274	268	307	302	+ 2	- 9
Gasoline Consumption.....	.....	.....	197	162	.....	.....
Life Insurance Sales.....	241	249	257	246	- 3	- 2
Wholesale Trade:						
Automotive Supplies**.....	382	336	397	308	+ 14	+ 24
Drugs.....	262	266	284	268	- 2	- 2
Dry Goods.....	181	202	231	227	- 10	- 20
Electrical Goods**.....	95	107	91	92	- 11	+ 3
Groceries.....	251	252	277	264	0	- 5
Hardware.....	159	168	219	126	- 5	+ 26
Industrial Supplies**.....	510	526	398	398	- 3	+ 28
Paper and Its Products**.....	154	160	168	196	- 4	- 21
Tobacco and Its Products**.....	91	89	93	105	+ 2	- 13
Cotton Spindle Hours.....	132	135	143	146	- 2	- 10

\* Not seasonally adjusted

\*\* 1938-41=100

## Business Conditions

Continued from page 2

cent from October to November to a level 2 per cent below that of a year ago. The 7 per cent drop in a month, though substantial, has not yet been enough to give an indication of a reversal of upward trend which was reaffirmed this summer. December sales, as indicated by the weekly reporting stores for three weeks, are somewhat mixed, with some stores showing gains over a year ago and others, losses. It is becoming more difficult to sell merchandise and a larger portion of it is moving at clearance prices even before Christmas. What this seems to mean is that, if December volume of sales is maintained at last year's level, notable price reductions will have to be forthcoming at the manufacturers level if trade is to be sustained beyond December.

Department store inventories in this District rose 9 per cent after seasonal correction from October to November and were 9 per cent higher than a year ago. Store purchases appear to have been geared to about a 5 per cent gain over last year in November and December sales. If cancellations have not been made, it is not likely that December sales will be sufficient to prevent another rise of note in inventories at the end of that month. This will mean some large January clearances and a corresponding dearth of orders for manufacturers.

Sales at the wholesale level in most lines weakened in November on a seasonally adjusted basis. Seven of the nine lines for which data are available declined from 2 to 11 per cent from October. All the hard goods lines, however, were still ahead of last year while all of the soft goods lines were below those of last year.

## Bank Loans

Commercial, industrial, and agricultural loans of weekly reporting member banks in the Fifth District rose seasonally this fall to a level moderately above the spring peak. These loans have failed to reach the spring peak in Richmond, Baltimore, and Charlotte. Expansion has been marked more or less continuously since the summer of 1947 in Washington, Roanoke, Lynchburg, Charleston, W. Va., and Huntington, W. Va., but this last city has shown a downward trend since August.

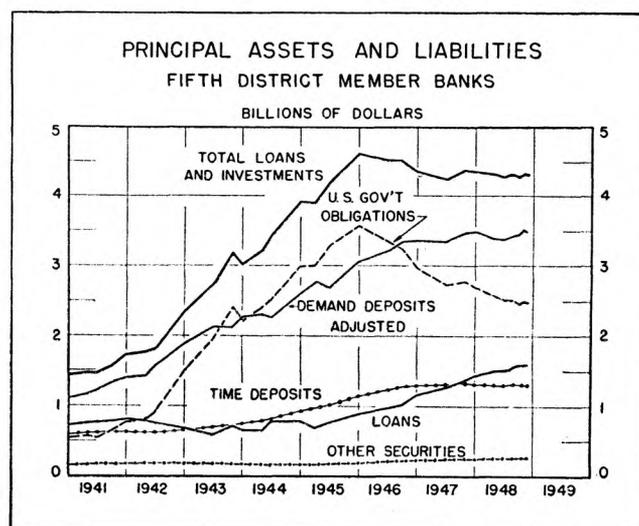
Real estate loans of the weekly reporting banks have continued to grow at a steady rate from the beginning of the new series in July, 1947, through November of this year. In Richmond, Norfolk, Charlotte, Huntington, and South Carolina reporting banks, these loans have either flattened off or shown some decline. Expansion has been marked in Winston-Salem, which includes all branches of Wachovia, Lynchburg, and Washington, while a slower rate of expansion has been noted in Baltimore, Roanoke, and Charleston, W. Va.

The "all other" loan caption, which includes largely consumer loans, has eased off a little since September for all weekly reporting banks in the District after having risen steadily through July and having jumped up rather abruptly in August and September prior to re-introduction of Regulation W. Expansion in these loans was still in evidence in Roanoke and Charleston, W. Va., but in other cities the trend appears to be flat or moderately downward.

AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last Half of Oct.		Last Half of Nov.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,024,171	.94	1,010,590	.93
Reserve city banks	655,413	.60	647,130	.60
Country banks	368,758	.34	363,460	.33
District of Columbia	874,586	.81	880,133	.81
Reserve city banks	852,926	.79	858,495	.79
Country banks	21,660	.02	21,638	.02
Virginia	1,326,959	1.22	1,320,930	1.22
Reserve city banks	310,713	.28	303,307	.28
Country banks	1,016,246	.94	1,017,623	.94
West Virginia	617,864	.57	623,695	.57
North Carolina	854,880	.79	846,947	.78
Reserve city banks	379,967	.35	376,716	.35
Country banks	474,913	.44	470,231	.43
South Carolina	442,700	.41	439,858	.41
Fifth District	5,141,160	4.74	5,122,153	4.72
U. S. (millions)	108,410	100.0	108,522	100.0

\*Excluding interbank demand deposits.



FEDERAL RESERVE BANK OF RICHMOND

FEDERAL RESERVE BANK OF RICHMOND  
(All Figures in Thousands)

ITEMS	Dec. 15, 1948	Chg. in Amt. From 11-17-48	12-17-47
Total Gold Reserves.....	\$1,061,940	- 17,505	+ 58,187
Other Reserves .....	16,712	- 520	+ 1,500
Total Reserves .....	1,078,652	- 18,025	- 51,687
Bills Discounted .....	11,094	- 2,620	+ 4,549
Industrial Advances .....	39	+ 1	+ 5
Govt. Securities, Total .....	1,498,282	+ 4,131	+ 118,633
Bonds .....	721,687	+ 2,848	+ 619,787
Notes .....	52,861	+ 1,023	- 54,695
Certificates .....	385,710	+ 6,151	- 114,389
Bills .....	338,024	+ 12,107	- 332,020
Total Bills & Securities.....	1,504,415	+ 1,512	+ 123,237
Uncollected Items .....	295,714	- 18,262	- 56,423
Other Assets .....	33,983	- 2,855	+ 11,747
Total Assets .....	\$2,912,764	- 37,630	+ 26,874
Federal Reserve Notes in Cir.....	\$1,668,463	- 8,783	- 89,528
Deposits, Total .....	948,686	- 8,668	+ 129,837
Members' Reserves .....	854,023	+ 14,733	+ 95,618
U. S. Treas. Gen. Acct.....	67,186	- 26,041	+ 28,906
Foreign .....	25,147	+ 2,484	+ 5,111
Other Deposits .....	2,330	+ 156	+ 202
Def. Availability Items.....	253,153	- 21,917	- 18,382
Other Liabilities .....	674	+ 67	- 636
Capital Accounts .....	41,788	+ 1,671	+ 5,583
Total Liabilities .....	\$2,912,764	- 37,630	+ 26,874

51 REPORTING MEMBER BANKS—5th DISTRICT  
(All Figures in Thousands)

	Dec. 15, 1948	Chg. in Amt. From 11-17-48	12-17-47
Total Loans .....	\$ 872,464**	- 2,049	+ 75,929
Bus. & Agri.....	413,863	- 680	+ 24,395
Real Estate Loans.....	208,894	+ 637	+ 35,853
All Other Loans.....	260,152	- 2,338	+ 21,126
Total Security Holdings.....	1,628,869	- 33,445	- 165,504
U. S. Treasury Bills .....	60,057	- 12,648	+ 39,092
U. S. Treasury Certificates .....	199,115	+ 4,257	+ 36,363
U. S. Treasury Notes .....	54,635	- 6,504	- 53,839
U. S. Govt. Bonds .....	1,188,627	+ 7,497	- 194,312
Other Bonds, Stocks & Sec.....	126,435	- 2,539	+ 7,192
Cash Items in Process of Col.....	252,838	- 4,858	+ 7,638
Due from Banks.....	178,019*	+ 16,566	- 8,252
Currency & coin.....	69,945	+ 2,922	+ 517
Reserve with F. R. Banks.....	558,048	+ 16,723	+ 51,805
Other Assets .....	49,044	- 447	- 2,883
Total Assets .....	\$ 3,609,227	- 4,582	- 40,750
Total Demand Deposits.....	\$2,791,081	+ 7,961	- 23,080
Deposits of Individuals .....	2,112,199	+ 51,756	+ 8,123
Deposits of U. S. Govt.....	44,095	- 15,209	+ 15,235
Deposits of State & Local Govt. ....	178,820	+ 7,213	- 381
Deposits of Banks .....	406,103*	+ 32,142	- 43,059
Certified & Officer's Checks.....	49,864	- 3,657	- 2,998
Total Time Deposits.....	579,004	- 15,478	- 24,893
Deposits of Individuals.....	558,394	- 15,423	- 25,695
Other Time Deposits .....	20,610	- 55	+ 802
Liabilities for Borrowed Money.....	500	- 700	+ 1,700
All Other Liabilities.....	17,551	+ 1,208	- 1,085
Capital Accounts .....	221,091	+ 2,427	+ 10,008
Total Liabilities .....	\$ 3,609,227	- 4,582	- 40,750

\*Net Figures, reciprocal balances being eliminated.  
\*\*Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	Oct. 1948	% Chg. from Oct. 1947	10 Mos. 1948	% Chg. from 10 Mos. '47
Maryland .....	\$25,902,000	- 21	\$287,202,000	+ 24
Dist. of Columbia.....	4,874,000	+ 4	62,417,000	- 3
Virginia .....	16,103,000	+ 26	174,130,000	+ 7
West Virginia .....	6,871,000	+ 194	84,201,000	+ 42
North Carolina .....	17,536,000	+ 20	163,598,000	+ 24
South Carolina .....	8,134,000	+ 61	77,028,000	+ 47
Fifth District .....	\$79,420,000	+ 10	\$848,576,000	+ 21

Source: F. W. Dodge Corp.

COMMERCIAL FAILURES

MONTHS	Number of Failures		Total Liabilities	
	Dist.	U.S.	Dist.	U.S.
November 1948.....	15	460	\$ 412,000	\$ 24,416,000
October 1948.....	19	461	\$ 435,000	101,060,000
November 1947.....	17	313	392,000	16,345,000
11 Months 1948.....	178	4,721	\$4,365,000	\$355,479,000
11 Months 1947.....	8	3,159	4,474,000	195,549,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

	(000 omitted)			
	Nov. 1948	% Chg. from Nov. 1947	11 Mos. 1948	% Chg. from 11 Mos. '47
<b>Dist. of Columbia</b>				
Washington .....	\$ 746,760	+ 13	\$ 7,972,058	+ 12
<b>Maryland</b>				
Baltimore .....	1,054,096	+ 17	10,753,853	+ 11
Cumberland .....	21,532	+ 7	234,162	+ 2
Frederick .....	18,599	- 14	207,282	+ 5
Hagerstown .....	25,582	+ 7	290,247	+ 8
<b>North Carolina</b>				
Asheville .....	49,196	+ 10	551,561	+ 12
Charlotte .....	244,479	+ 12	2,601,280	+ 17
Durham .....	105,668	- 27	1,277,387	+ 3
Greensboro .....	80,626	+ 20	819,443	+ 18
Kinston .....	15,394	- 30	195,902	+ 5
Raleigh .....	114,202	+ 3	1,247,621	+ 14
Wilmington .....	32,451	0	381,656	+ 4
Wilson .....	27,216	- 22	261,113	+ 2
Winston-Salem .....	136,666	+ 8	1,994,045	+ 9
<b>South Carolina</b>				
Charleston .....	59,643	+ 25	630,672	+ 15
Columbia .....	101,554	+ 22	1,014,594	+ 12
Greenville .....	80,893	+ 13	867,908	+ 14
Spartanburg .....	51,453	+ 3	518,815	+ 13
<b>Virginia</b>				
Charlottesville .....	22,930	+ 10	239,955	+ 5
Danville .....	37,450	- 17	351,456	+ 8
Lynchburg .....	37,194	- 4	410,211	+ 7
Newport News .....	31,787	+ 8	346,931	+ 6
Norfolk .....	176,265	+ 7	1,970,923	+ 11
Portsmouth .....	20,917	+ 6	217,925	+ 8
Richmond .....	481,048	+ 20	5,233,927	+ 16
Roanoke .....	94,754	+ 21	940,690	+ 15
<b>West Virginia</b>				
Bluefield .....	47,268	+ 15	482,844	+ 22
Charleston .....	146,174	+ 8	1,471,290	+ 12
Clarksburg .....	32,195	+ 7	351,085	+ 15
Huntington .....	61,994	+ 23	640,844	+ 20
Parkersburg .....	26,522	+ 2	293,723	+ 7
District Totals .....	\$ 4,182,508	+ 11	\$44,171,433	+ 12

COTTON CONSUMPTION AND ON HAND—BALES

	Nov. 1948	Nov. 1947	Aug. 1 to Nov. 1948	Nov. 1947
<b>Fifth District States:</b>				
Cotton consumed .....	351,854	381,469	1,451,792	1,527,859
<b>Cotton Growing States:</b>				
Cotton consumed .....	616,692	672,686	2,539,877	2,669,986
Cotton on hand Nov. 30 in consuming establishments..	1,440,724	1,599,797		
storage & compresses .....	8,383,373	5,308,704		
<b>United States:</b>				
Cotton consumed .....	685,166	759,866	2,848,924	3,029,912
Cotton on hand Nov. 30 in consuming establishments..	1,653,888	1,848,480		
storage & compresses.....	8,434,988	5,363,345		
Spindles active, U. S.....	21,231,000	21,438,000		

Source: Department of Commerce

COTTON CONSUMPTION—FIFTH DISTRICT

	(In Bales)			
	N. Carolina	S. Carolina	Virginia	District
November 1948.....	184,116	152,459	15,279	351,854
October 1948.....	186,346	153,126	16,090	355,562
November 1947.....	205,780	157,827	17,862	381,469
11 Months 1948.....	2,282,072	1,780,081	187,324	4,249,477
11 Months 1947.....	2,301,258	1,836,117	197,288	4,334,663

Source: Department of Commerce

PRICES OF UNFINISHED COTTON TEXTILES

	Nov. 1948	Oct. 1948	Nov. 1947
Average, 17 constructions.....	66.43	68.32	97.15
Printcloths, average (6).....	72.26	73.82	130.55
Sheetings, average (3).....	58.63	59.65	75.73
Twill (1) .....	68.63	75.88	110.20
Drills, average (4).....	58.96	61.86	69.74
Sateen (1) .....	94.87	95.64	128.15
Duck, average (2) .....	60.30	60.30	61.91

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

Source: Department of Agriculture.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks			
	Nov. 30, 1948	Oct. 31, 1948	Nov. 30, 1947
Total Deposits .....	\$390,149,888	\$393,025,958	\$388,799,340

**BUILDING PERMIT FIGURES**

	Total Valuation	
	Nov. 1948	Nov. 1947
<b>Maryland</b>		
Baltimore .....	\$ 4,298,340	\$ 4,728,880
Cumberland .....	42,525	65,725
Frederick .....	37,600	64,775
Hagerstown .....	40,178	24,185
Salisbury .....	85,077	87,980
<b>Virginia</b>		
Danville .....	201,243	79,234
Lynchburg .....	88,961	218,347
Norfolk .....	552,845	779,670
Petersburg .....	79,720	209,315
Portsmouth .....	586,540	64,735
Richmond .....	1,117,384	1,070,112
Roanoke .....	330,351	373,751
<b>West Virginia</b>		
Charleston .....	519,433	374,094
Clarksburg .....	73,940	55,168
Huntington .....	252,853	302,705
<b>North Carolina</b>		
Asheville .....	112,034	135,356
Charlotte .....	889,740	1,558,470
Durham .....	210,999	928,554
Greensboro .....	371,690	405,485
High Point .....	246,178	169,535
Raleigh .....	417,600	511,400
Rocky Mount .....	48,550	304,850
Salisbury .....	82,850	124,600
Winston-Salem .....	359,284	366,794
<b>South Carolina</b>		
Charleston .....	202,865	110,082
Columbia .....	581,550	392,025
Greenville .....	1,115,700	208,200
Spartanburg .....	64,020	93,080
<b>Dist. of Columbia</b>		
Washington .....	4,371,409	3,742,892
District Totals .....	\$ 17,376,459	\$ 17,549,949
11 Months .....	\$257,419,519	\$203,298,740

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Nov.		% Chg.	11 Mos.		% Chg.
	1948	1947		1948	1947	
West Virginia .....	14,426	14,460	0	152,054	158,485	- 4
Virginia .....	1,470	1,775	-17	17,712	17,867	- 1
Maryland .....	78	152	-49	1,392	1,828	-24
Fifth District .....	15,974	16,387	- 3	171,158	178,180	- 4
United States .....	48,485	52,689	- 8	534,406	565,881	- 6
% in District .....	32.9	31.1		32.0	31.5	

**TOBACCO MANUFACTURING**

	Nov.		% Chg. from Nov. 1947	11 Mos.		% Chg. from 11 Mos. '47
	1948	1947		1948	11 Mos. '47	
Smoking & Chewing tobacco (Thousands of lbs.) .....	16,330		+ 8	186,626		0
Cigarettes (Thousands) .....	29,259,469		+ 7	324,054,977		+ 4
Cigars (Thousands) .....	563,755		+12	5,328,602		+ 3
Snuff (Thousands of lbs.) .....	3,198		+ 7	37,961		+ 3

Source: Treasury Department

**AUCTION TOBACCO MARKETING**

	Producers' tobacco sales, lbs.		Price per cwt.	
	Nov. 1948	Nov. 1947	1948	1947
No. Carolina (Flue-cured) .....	57,088,044	148,910,985	\$43.25	\$41.60
No. Carolina (Burley) .....	1,956,640	0	50.14	0
Virginia (Flue-cured) .....	27,307,032	48,550,701	43.19	37.79
Virginia (Fire-cured) .....	1,359,610	0	31.36	0
Virginia (Burley) .....	1,080,986	0	45.85	0
Virginia (Sun-cured) .....	50,122	0	24.95	0
District Total, November .....	88,842,434	197,461,686	43.26	40.66
So. Carolina entire season .....	110,496,131	133,593,928	50.30	41.79
No. Carolina season to 11-30 .....	725,821,005	837,023,022	50.43	42.73
Va. season to 11-30 .....	128,418,862	117,594,668	49.90	40.05
District, season to 11-30 .....	964,735,998	1,088,211,618	50.35	42.32

**RAYON YARN SHIPMENTS AND STOCKS**

	Nov. 1948	Oct. 1948	Nov. 1947
	Rayon yarn shipments, lbs. ....	71,400,000	71,800,000
Staple fiber shipments, lbs. ....	21,500,000	21,900,000	21,400,000
Rayon yarn stocks, lbs. ....	10,100,000	10,100,000	8,200,000
Staple fiber stocks, lbs. ....	4,900,000	4,700,000	5,500,000

Source: Rayon Organon

**WHOLESALE TRADE, 181 FIRMS**

LINES	Net Sales Compared with		Stock Compared with	
	Nov. 1947	Oct. 1948	Nov. 30 1947	Oct. 31 1948
Auto supplies (5)* .....	+21	+10	0	+13
Electrical goods (7)* .....	+11	- 9	+33	+ 1
Hardware (9)* .....	+15	-11	+42	+21
Industrial supplies (4)* .....	+18	- 3	+11	- 8
Drugs & sundries (10)* .....	+ 8	- 1	- 1	0
Dry goods (12)* .....	-17	-18	+23	- 7
Groceries (59)* .....	+ 3	- 1	- 1	- 2
Paper & products (4)* .....	-12	-12	.....	.....
Tobacco & products (6)* .....	+13	+ 1	+31	+ 6
Miscellaneous (65)* .....	+ 8	- 4	+24	+ 2
District Average (181)* .....	+ 5	- 6	+21	+ 4

Source: Department of Commerce.

\*Number of reporting firms.

**REPORT ON RETAIL FURNITURE SALES**

STATES	Percentage comparison of sales in periods named with sales in same periods in 1947	
	Nov. 1948	11 Mos. 1948
Maryland (5)* .....	0	+12
Dist. of Columbia (6)* .....	+ 9	+ 5
Virginia (18)* .....	- 9	- 3
West Virginia (8)* .....	-24	- 3
North Carolina (13)* .....	-16	+ 1
South Carolina (9)* .....	-15	+ 3
District (59)* .....	- 5	+ 5
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	0	+12
Washington, D. C., (6)* .....	+ 9	+ 5
Richmond, Va., (6)* .....	+ 2	- 1
Lynchburg, Va., (3)* .....	-19	- 2
Charleston, W. Va., (3)* .....	-27	- 8
Charlotte, N. C., (3)* .....	-30	- 8

\*Number of reporting firms.

**DEPARTMENT STORE TRADE**

	Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in Nov. 1948 sales compared with sales in Nov. 1947:	-2	0	0	-1	0
Percentage chg. in 11 months sales 1948 compared with 11 mos. in 1947:	+ 8	+ 3	+ 5	+ 9	+ 6
Percentage chg. in stocks on Nov. 30, 1948 compared with Nov. 30, 1947:	- 2	+10	+13	+11	+ 9
Percentage chg. in outstanding orders Nov. 30, '48 from Nov. 30, '47:	-40	-31	-46	-38	-40
Percentage chg. in receivables Nov. 30, '48 from those on Nov. 30, '47:	+18	+15	+21	+13	+18
Percentage of current receivables as of Nov. 1, '48 collected in Nov.:	35	51	48	51	47
Percentage of instalment receivables as of Nov. 30, '48 collected in Nov.:	16	24	23	24	22
<b>Maryland Dist. of Col. Virginia W. Va. N. Carolina S. Carolina</b>					
Percentage chg. in Nov. 1948 sales from Nov. 1947 sales, by States:	+ 1	0	- 3	- 1	+ 5
Percentage chg. in 11 months 1948 sales from 11 months 1947 sales:	+ 3	+ 5	+ 8	+14	+ 6

MONTHLY



REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

JANUARY 31, 1949

## Business Conditions

IN a setting characterized by uneasiness on the part of business, as a result of unemployment, falling commodity prices, and selective production cutbacks districtwise and nationally, the performance of department store sales in December and early January has been moderately reassuring. In the Fifth Federal Reserve District sales of department stores in December after seasonal correction rose 13 per cent above the adjusted November level and stood 5 per cent higher than in December 1947.

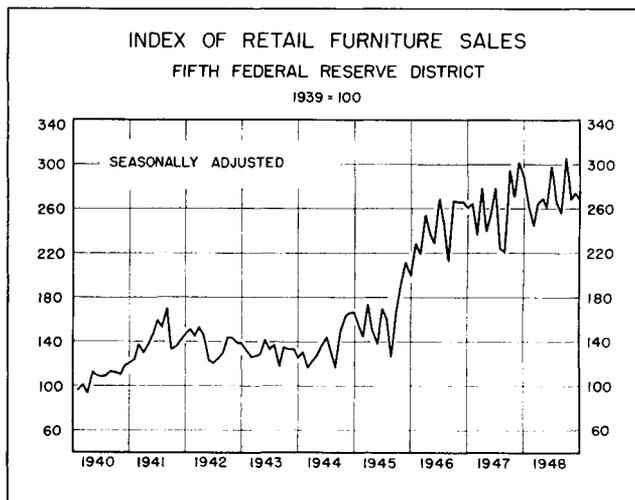
Considerable apprehension had been in evidence with respect to the general business outlook as a result of poor trade returns of November. The December sales of department stores have moderated but not altogether allayed these fears. In fact, department store sales in December appear, in the absence of concrete data, to have done better than retail trade as a whole and particularly sales of durable goods. In appraising these sales figures, however, it must be remembered that clearance prices prevailed both before and after Christmas which seems to indicate that there is nothing wrong with the economy that a good price adjustment wouldn't correct.

## Automotive Trade

In the Fifth Federal Reserve District, for the first time since the war, there is a very noticeable change in the character of the automobile market. Higher priced cars in many instances can be purchased on the spot and delivery is not so far removed on medium priced cars. It is not uncommon for a dealer to call a dozen or more names on his waiting list before delivery of a car is made. Although this is normally a slow season of the year, the weather in this area has been unusually open yet used cars are not moving anyway near like they have been over the past several years at this season. Some comments from the automobile trade attribute the current slack in used car sales and in some cases in new car sales to the credit restrictions of Regulation W, but the fact remains that installment credit was still rising as of the latest record, and the purpose of the regulation was to restrain the unwholesome expansion of this type of credit and its consequence on the price level. New passenger car registrations in the Fifth District were still trending upward through November the latest month for which data are available.

## Wholesale Trade

In contrast to the snap-back in December of department store sales, the majority of the wholesale trade lines show losses in December when compared with November



after seasonal correction, which indicates that retailers are pulling to shore, and probably reflect an unwillingness of banks to finance what they may consider excessive inventories. Outstanding among these losses were automotive and industrial supply wholesalers' sales which dropped 44 per cent and 12 per cent respectively. Sales of wholesale drug and electrical goods firms were down 9 per cent and 6 per cent respectively. Gains were made in adjusted sales in this period by hardware, paper, and tobacco firms while grocery wholesalers' sales showed no change. It is interesting to note that of the nine lines of wholesale trade for which data have been compiled only the hardware and industrial supply firms show December 1948 sales higher than a year earlier.

## Construction

December represented the first real indication of a break in the high level of construction in this area. Construction contract awards in that month were down 14 per cent on a seasonally adjusted basis from November, and 20 per cent below December 1947. Residential contract awards seasonally adjusted fell 27 per cent from November to December to a level 10 per cent below December 1947. This reflects possibly two things—first, that most of the urgent housing needs have been met by additions already made to the supply, and second, that a sufficient number of buyers or renters are not available at prevailing prices and rentals. It appears at this time that whatever construction volume ensues in 1949 that a larger proportion will be accounted for by public works, utilities, and public schools.

Continued on page 8

## FEDERAL RESERVE BANK OF RICHMOND

## Business Conditions

Continued from page 1

## Production

Bituminous coal output seasonally adjusted fell 1 per cent from November to December to a level 7 per cent below last year. Some of the producing areas are in poorer shape than others with operating rates running from 10 per cent to 20 per cent below capacity chiefly because of the lack of a market.

Cigarette production dropped 11 per cent on a seasonally adjusted basis from November to December to a figure 7 per cent below December 1947. This is the lowest level of output this industry has seen since December 1945.

Electric power production reflecting both productive activity and commercial and residential use in November showed what appears to be another break in the upward trend that has prevailed since the end of the war. As yet the movement is not decisive.

Furniture shipments of Southern manufacturers seasonally adjusted, which had returned to the peak made early in 1948 by October of the same year, receded moderately in November. These shipments will probably fall further in both December and January owing to some setback in retail sales, but due mainly to heavy retail in-

ventories. The furniture mart in Chicago early in January did not result in much new business for manufacturers, but the New York show later in the same month opened up a fair volume of business which may be enough to prevent a further decline in output from present levels at least for the time being.

Both the District's cotton consumption and the number of hours run by active spindles seasonally adjusted rebounded in December from the November levels, the former by 9 per cent and the latter by 2 per cent. Both series in December were, however, 8 per cent below December 1947. Prices of cotton goods and yarns are still not settled and the production rate is probably above the rate of incoming and forward orders. Trade information believes consumers to be low on stock, but no large business has thus far been forthcoming. As a consequence, manufacturers are accumulating some inventories and from all appearances it looks as though the consuming trades expect the manufacturer to continue to carry them or else gear production so as to meet the ebb and flow of orders.

Latest employment data indicate a decline in activity of the machinery and transportation equipment industries

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
**AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED**

	Dec. 1948	Nov. 1948	Oct. 1948	Dec. 1947	% Change	
					Dec. 1948 Nov. 48	from Dec. 47
Automobile Registration*	.....	147	127	134	.....	.....
Bank Debits.....	324	337	345	309	- 4	+ 5
Bituminous Coal Production.....	158	165	173	170	- 4	- 7
Building Contracts Awarded.....	244	283r	348	305	- 14	- 20
Commercial Construction Contracts.....	263	368	447	431	- 29	- 39
Manufacturing Construction Contracts.....	223	117	565	236	+ 91	- 6
Public Works and Utilities.....	164	163	210	349	+ 1	- 53
Residential Construction Contracts.....	284	391r	345	314	- 27	- 10
Apartments and Hotels.....	230	420	372	386	- 45	- 40
One and Two Family Houses.....	328	423	325	352	- 22	- 7
Building Permits Issued.....	267	277	372	342	- 4	- 22
Business Failures—No.....	49	46	40	33	+ 7	+ 48
Cigarette Production.....	203	227	241	218	- 11	- 7
Cotton Consumption.....	140	129r	135	153	+ 9	- 8
Cotton Spindle Hours.....	134	132	135	146	+ 2	- 8
Department Store Sales***	346	306	330	330	+ 13	+ 5
Department Store Stocks.....	335	339	311	325	- 1	+ 3
Electric Power Production.....	.....	265	277	245	.....	.....
Employment—Mfg. Industries*	.....	134	135	136	.....	.....
Furniture Orders***	.....	233	299	287	.....	.....
Furniture Shipments***	.....	309	316	311	.....	.....
Furniture Unfilled Orders***	.....	544	691	775	.....	.....
Furniture Sales—Retail.....	268	273r	268	290	- 2	- 8
Gasoline Consumption.....	.....	.....	183	184	.....	.....
Life Insurance Sales.....	231	241	249	271	- 4	- 15
Wholesale Trade:						
Automotive Supplies**	213	382	336	289	- 44	- 26
Drugs.....	238	262	266	253	- 9	- 6
Dry Goods***	180	181	202	216	- 1	- 17
Electrical Goods**	89	95	107	94	- 6	- 5
Groceries.....	252	251	252	270	0	- 7
Hardware.....	163	159	168	135	+ 3	+ 21
Industrial Supplies**	448	510	526	422	- 12	+ 6
Paper and Its Products**	163	154	160	213	+ 6	- 23
Tobacco and Its Products**	105	91	89	116	+ 15	- 9

\* Not seasonally adjusted

\*\* 1938-41=100

\*\*\* Revised Series—back figures available on request

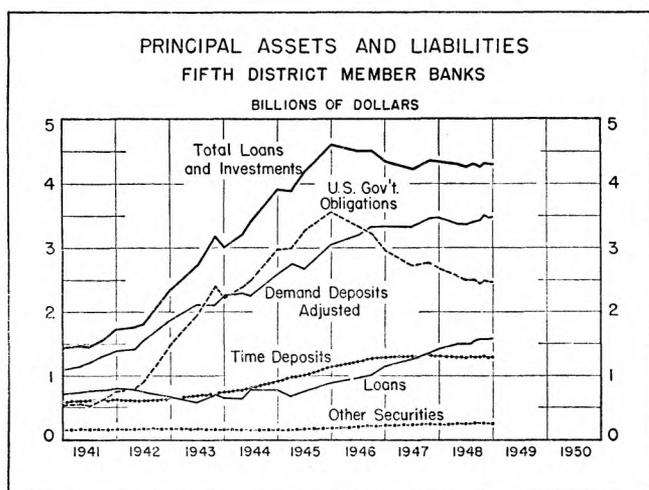
in Maryland; a slight pick up in Virginia shipbuilding; a reduction in lumbering in North Carolina; a leveling off following some months' drop in furniture activity in North Carolina and in Virginia; a reversal of a persistent upward trend in apparel in Virginia; continued downward trend in knitting mills of North Carolina; continued upward trend in printing and publishing in the three states; and a slow but steady decline in chemical and allied products industries of Maryland and North Carolina. It cannot be said at this time whether some of the declines in employment reflect greater labor efficiency or whether they find direct reflection in the level of production.

### Bank Debts

Bank debts, which are the aggregate value of checks drawn against each individual account in the reporting

banks except those indicating transfers of funds between banks, have shown a consistently rising trend in this District on a seasonally adjusted basis for many years, reached a peak in September this year, declined 7 per cent to October, declined another 2 per cent to November, and still another 4 per cent to December. This is hardly sufficient to indicate a downward trend in aggregate spending of the area but like the electric power figures it is at least a temporary change in direction. Sales of life insurance in the District also have shown a drop since September that is something more than an incidental variation.

Evidence thus far in this District points to a lower level of business activity in general in the early months of 1949 as compared with the same months of 1948.



### AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS

	Last Half of Nov.		Last Half of Dec.	
	\$ thousands	% of U.S.	\$ thousands	% of U.S.
Maryland	1,010,590	.93	1,013,019	.93
Reserve city banks	647,130	.60	649,061	.60
Country banks	363,460	.33	363,958	.33
District of Columbia	880,133	.81	891,404	.82
Reserve city banks	858,495	.79	869,686	.80
Country banks	21,638	.02	21,718	.02
Virginia	1,320,930	1.22	1,310,503	1.20
Reserve city banks	303,307	.28	297,881	.27
Country banks	1,017,623	.94	1,012,622	.93
West Virginia	623,695	.57	621,713	.57
North Carolina	846,947	.78	844,696	.77
Reserve city banks	376,716	.35	377,636	.34
Country banks	470,231	.43	467,060	.43
South Carolina	439,858	.41	439,043	.40
Fifth District	5,122,153	4.72	5,120,378	4.70
U. S. (millions)	108,522	100.0	109,028	100.00

\* Excluding interbank demand deposits.

FEDERAL RESERVE BANK OF RICHMOND

**FEDERAL RESERVE BANK OF RICHMOND**  
(All Figures in Thousands)

ITEMS	January 18, 1949	Change in 12-15-48	Amt. From 1-14-48
Total Gold Reserves	\$1,039,535	- 22,405	- 33,396
Other Reserves	25,491	+ 8,779	+ 76
Total Reserves	1,065,026	- 13,626	- 33,320
Bills Discounted	12,936	+ 1,842	+ 5,837
Industrial Advances	71	+ 32	+ 49
Govt. Securities, Total	1,426,231	- 67,051	+ 4,218
Bonds	683,503	- 38,184	+ 463,991
Notes	32,115	- 20,746	- 65,168
Certificates	406,480	+ 20,770	+ 1,427
Bills	304,133	- 28,891	- 396,032
Total Bills & Securities	1,439,238	- 65,177	+ 10,104
Uncollected Items	231,773	- 63,941	- 25,373
Other Assets	53,229	+ 19,246	+ 14,749
Total Assets	2,789,266	- 123,498	- 33,840
Federal Reserve Notes in Cir.	\$1,622,104	- 46,359	- 88,225
Deposits, Total	913,687	- 34,999	+ 47,346
Members' Reserves	842,526	- 11,497	+ 67,560
U. S. Treas. Gen. Acct.	33,937	- 33,249	- 33,330
Foreign	32,904	+ 7,757	+ 14,451
Other Deposits	4,320	+ 1,990	1,385
Def. Availability Items	212,583	- 40,570	+ 2,496
Other Liabilities	569	- 105	+ 419
Capital Accounts	40,323	- 1,465	+ 4,962
Total Liabilities	2,789,266	- 123,498	- 33,840

**51 REPORTING MEMBER BANKS—5th DISTRICT**  
(All Figures in Thousands)

ITEMS	January 19, 1949	Change in 12-15-48	Amt. From 1-14-48
Total Loans	\$ 863,400**	- 9,064	+ 61,707
Bus. & Agri.	412,468	- 1,395	+ 25,809
Real Estate Loans	201,788	- 2,106	+ 27,879
All Other Loans	256,809	- 3,843	+ 15,684
Total Security Holdings	1,656,413	+ 27,544	- 123,619
U. S. Treasury Bills	81,289	+ 21,232	+ 51,604
U. S. Treasury Certificates	198,505	- 610	+ 42,526
U. S. Treasury Notes	44,418	- 10,217	- 64,744
U. S. Govt. Bonds	1,204,821	+ 16,124	- 160,290
Other Bonds, Stocks & Sec.	127,380	+ 945	+ 7,325
Cash Items in Process of Col.	236,172	- 16,666	+ 11,354
Due from Banks	150,891*	- 27,128	- 66,293
Currency & coin	64,977	- 4,968	- 1,360
Reserve with F. R. Banks	543,636	- 14,412	+ 27,967
Other Assets	48,533	- 511	+ 4,070
Total Assets	3,564,022	- 45,205	- 94,314
Total Demand Deposits	\$2,738,239	- 52,842	- 75,548
Deposits of Individuals	2,052,733	- 59,466	- 66,504
Deposits of U. S. Govt.	46,982	+ 2,887	+ 12,989
Deposits of State & Local Govt.	178,923	+ 103	+ 8,505
Deposits of Banks	401,791*	- 4,312	- 40,690
Certified & Officer's Checks	57,810	+ 7,946	+ 10,152
Total Time Deposits	588,539	+ 9,535	- 18,760
Deposits of Individuals	567,121	+ 8,727	- 20,414
Other Time Deposits	21,418	+ 808	+ 1,654
Liabilities for Borrowed Money	550	+ 50	- 950
All Other Liabilities	17,577	+ 26	- 7,344
Capital Accounts	219,117	- 1,974	+ 8,288
Total Liabilities	3,564,022	- 45,205	- 94,314

\* Net Figures, reciprocal balances being eliminated.  
\*\*Less losses for bad debts.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	November 1948	% Chg. from Nov. 1947	11 Mos. '48	% Chg. from 11 Mos. '47
Maryland	\$14,540,000	+16	\$311,742,000	+24
Dist. of Columbia	3,459,000	-41	65,876,000	-6
Virginia	11,470,000	-15	185,600,000	+5
West Virginia	3,664,000	+42	87,865,000	+41
North Carolina	12,273,000	-38	175,871,000	+16
South Carolina	4,605,000	-35	81,633,000	+38
Fifth District	\$60,011,000	-15	\$908,587,000	+18

Source: F. W. Dodge Corp.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	December 1948	% Chg. from Dec. 1947	12 Mos. '48	% Chg. from 12 Mos. '47
Maryland	\$14,343,000	-21	\$326,085,000	+21
Dist. of Columbia	6,104,000	-29	71,980,000	-9
Virginia	13,958,000	-3	199,558,000	+4
West Virginia	3,087,000	+5	90,952,000	+39
North Carolina	12,496,000	+31	188,367,000	+17
South Carolina	6,948,000	-60	88,581,000	+16
Fifth District	\$56,936,000	-20	\$965,523,000	+14

Source: F. W. Dodge Corp.

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

	December 1948	% Chg. from Dec. 1947	12 Mos. 1948	% Chg. from 12 Mos. 1947
Dist. of Columbia				
Washington	\$ 801,534	+ 4	\$ 8,773,622	+ 11
Maryland				
Baltimore	1,111,993	+ 3	11,865,846	+ 10
Cumberland	21,794	-11	255,956	+ 1
Frederick	18,673	- 5	225,955	+ 4
Hagerstown	29,999	+ 8	320,246	+ 8
North Carolina				
Asheville	55,697	0	607,258	+ 11
Charlotte	254,462	+ 5	2,855,742	+ 16
Durham	87,388	-18	1,364,775	+ 1
Greensboro	83,122	- 1	902,565	+ 16
Kinston	13,777	- 5	209,679	+ 4
Raleigh	119,612	+ 7	1,367,233	+ 3
Wilmington	33,499	- 2	415,155	+ 13
Wilson	17,829	-16	278,942	+ 1
Winston-Salem	128,795	- 3	1,522,840	+ 8
South Carolina				
Charleston	63,740	+ 8	694,412	+ 14
Columbia	98,887	+ 4	1,113,481	+ 11
Greenville	88,566	+ 5	956,474	+ 13
Spartanburg	51,541	- 7	570,356	+ 11
Virginia				
Charlottesville	25,959	- 1	265,914	+ 4
Danville	30,165	-21	381,621	+ 5
Lynchburg	44,802	+ 1	455,013	+ 7
Newport News	37,772	+15	384,703	+ 7
Norfolk	219,432	+10	2,190,355	+ 11
Portsmouth	25,410	+13	243,335	+ 8
Richmond	564,311	+12	5,798,238	+ 16
Roanoke	106,710	+14	1,047,400	+ 15
West Virginia				
Bluefield	63,699	+23	546,543	+ 22
Charleston	192,406	+15	1,663,696	+ 12
Clarksburg	38,127	- 2	389,212	+ 13
Huntington	71,792	+ 7	712,636	+ 19
Parkersburg	32,590	+14	326,313	+ 8
District Totals	\$ 4,534,083	+ 5	\$48,705,516	+ 11

**COTTON CONSUMPTION AND ON HAND—BALES**

	December 1948	December 1947	Aug. 1 to 1948	Dec. 31 1947
<b>Fifth District States:</b>				
Cotton consumed	340,715	371,697	1,782,507	1,899,556
<b>Cotton Growing States:</b>				
Cotton consumed	602,034	661,535	3,141,911	3,331,521
Cotton on hand Dec. 31 in consuming establishments	1,429,957	1,863,030		
storage and compresses	8,765,368	5,441,132		
<b>United States:</b>				
Cotton consumed	680,670	754,847	3,529,594	3,784,759
Cotton on hand Dec. 31 in consuming establishments	1,649,284	2,162,114		
storage and compresses	8,811,478	5,499,200		
Spindles active, U. S.	20,776,000	21,420,000		

Source: Department of Commerce.

**COTTON CONSUMPTION—FIFTH DISTRICT**

(In Bales)

	N. Carolina	S. Carolina	Virginia	District
December 1948	176,853	150,750	13,112	340,715
November 1948	184,116	152,459	15,279	351,854
December 1947	196,554	158,766	16,377	371,697
12 Months 1948	2,458,925	1,930,831	200,436	4,590,192
12 Months 1947	2,497,812	1,994,833	213,665	4,706,360

Source: Department of Commerce.

**PRICES OF UNFINISHED COTTON TEXTILES**

	Dec. 1948	Nov. 1948	Dec. 1947
Average, 17 constructions	65.78	66.43	100.29
Printcloths, average (6)	72.16	72.26	133.87
Sheetings, average (3)	58.25	58.63	80.23
Twill (1)	67.58	68.63	116.15
Drills, average (4)	57.70	58.96	72.77
Sateen (1)	91.81	94.87	128.15
Ducks, average (2)	60.23	60.30	62.88

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

Source: Department of Agriculture.

**DEPOSITS IN MUTUAL SAVINGS BANKS**

8 Baltimore Banks

	Dec. 31, 1948	Nov. 30, 1948	Dec. 31, 1947
Total Deposits	\$391,089,969	\$390,149,888	\$389,933,193

**BUILDING PERMIT FIGURES**

	Dec. Valuation Figures		Annual Valuation Figures	
	1948	1947	1948	1947
<b>Maryland</b>				
Baltimore	\$ 1,464,530	\$ 3,318,360	\$ 57,874,475	\$ 45,186,665
Cumberland	16,300	42,450	806,945	998,005
Frederick	66,050	48,075	1,469,770	967,235
Hagerstown	82,085	63,545	1,293,882	2,045,977
Salisbury	64,766	236,365	2,324,809	1,853,288
<b>Virginia</b>				
Danville	52,305	302,602	4,528,390	4,112,696
Lynchburg	352,035	162,642	3,772,116	3,483,134
Norfolk	1,568,015	579,010	15,474,415	15,639,415
Petersburg	87,574	103,409	1,311,722	2,064,529
Portsmouth	54,370	32,759	2,037,336	1,332,171
Richmond	1,820,988	2,481,782	21,422,010	16,343,053
Roanoke	821,915	496,548	7,223,388	7,468,255
<b>West Virginia</b>				
Charleston	312,886	415,205	9,627,508	6,565,972
Clarksburg	14,400	39,638	1,525,728	1,457,750
Huntington	115,350	167,587	7,818,411	4,663,416
<b>North Carolina</b>				
Asheville	101,661	86,060	2,936,442	2,858,017
Charlotte	632,404	882,435	17,526,831	10,495,106
Durham	98,400	431,900	8,742,480	5,611,382
Greensboro	280,110	886,297	10,305,339	8,614,211
High Point	91,085	335,780	4,160,856	2,802,826
Raleigh	311,310	233,784	9,034,854	5,442,416
Rocky Mount	112,750	193,300	1,656,825	2,152,250
Salisbury	32,360	58,800	1,108,630	1,009,639
Winston-Salem	302,950	1,357,623	6,025,737	6,046,547
<b>South Carolina</b>				
Charleston	135,535	118,523	4,386,309	1,878,336
Columbia	576,465	295,705	6,677,558	5,193,736
Greenville	671,803	83,200	7,187,653	1,880,865
Spartanburg	80,210	342,099	2,637,525	1,887,631
<b>District of Columbia</b>				
Washington	3,817,878	4,348,109	50,660,065	51,028,309
District Totals	\$14,138,490	\$18,083,592	\$271,558,009	\$221,082,332

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Dec.		% Chg.	12 Mos.		% Chg.
	1948	1947		1948	1947	
West Virginia	13,997	14,631	-4	166,051	173,116	-4
Virginia	1,433	1,912	-25	19,145	19,779	-3
Maryland	115	155	-26	1,507	1,983	-24
Fifth District	15,545	16,698	-7	186,703	194,878	-4
United States	49,045	55,852	-12	594,000	630,624	-6
% in District	31.7	29.9		31.4	30.9	

**TOBACCO MANUFACTURING**

	% Change from		% Change from	
	Dec. 1948	Dec. 1947	12 Mos. 1948	12 Mos. '47
Smoking & Chewing tobacco (Thousands of lbs.)	13,062	-1	199,688	0
Cigarettes (Thousands)	24,675,118	-1	348,730,095	+4
Cigars (Thousands)	440,267	-2	5,768,869	+3
Snuff (Thousands of lbs.)	3,430	+36	41,391	+5

Source: Treasury Department.

**AUCTION TOBACCO MARKETING**

	Producers' tobacco sales, lbs.		Price per cwt.	
	Dec. 1948	Dec. 1947	1948	1947
No. Carolina (Flue-cured)	1,638,006	32,004,621	\$39.50	\$36.00
No. Carolina (Burley)	9,085,866	8,014,387	46.63	42.50
Virginia (Flue-cured)	1,832,312	18,239,878	37.95	35.07
Virginia (Fire-cured)	3,998,707	3,354,802	32.15	27.54
Virginia (Burley)	7,419,590	8,515,671	46.40	46.30
Virginia (Sun-cured)	1,153,160	551,254	29.94	26.78
District Total, December	25,127,641	70,680,613	42.39	37.26
So. Carolina, entire season	110,496,131	133,593,928	50.30	41.79
N. Carolina season to 12-31-48	736,544,877	877,042,030	50.36	42.48
Virginia season to 12-31-48	142,822,631	148,256,273	48.90	39.46
District, season to 12-31-48	989,863,639	1,158,892,231	50.14	42.02

**COMMERCIAL FAILURES**

MONTHS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
December 1948	22	531	\$ 531,000	\$ 31,731,000
November 1948	15	460	\$ 412,000	24,416,000
December 1947	15	317	165,000	25,499,000
12 Months 1948	200	5,252	\$4,896,000	\$387,210,000
12 Months 1947	123	3,476	4,639,000	221,048,000

Source: Dun & Bradstreet.

**WHOLESALE TRADE, 181 FIRMS**

LINES	Net Sales compared with		Stock compared with	
	Dec. 1947	Nov. 1948	Dec. 31 1947	Nov. 1948
Auto supplies (5)*	-34	-43	+7	+10
Electrical goods (8)*	-2	-7	+27	+1
Hardware (10)*	+4	-12	+35	+13
Industrial supplies (4)*	-14	-22	+3	+6
Drugs & sundries (8)*	+2	-6	-3	-1
Dry goods (11)*	-18	-24	+32	-7
Groceries (52)*	+1	-7	-3	-9
Paper & paper products (6)*	-14	-8		
Tobacco & products (5)*	-5	+10	+34	-5
Miscellaneous (72)*	-8	-15	+13	+11
District Totals (181)*	-4	-11	+18	+5

Source: Department of Commerce.  
\* Number of reporting firms.

**RETAIL FURNITURE SALES**

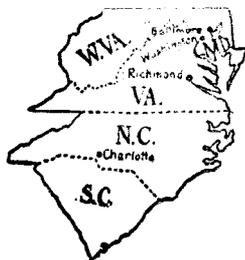
STATES	Percentage comparison of sales in periods named with sales in same periods in 1947	
	Dec. 1948	12 Mos. 1948
Maryland (5)*	-4	+10
Dist. of Columbia (6)*	+3	+5
Virginia (18)*	-9	-4
West Virginia (6)*	-8	0
North Carolina (12)*	-12	-2
South Carolina (10)*	-5	+2
District (57)*	-5	+4
<b>Individual Cities</b>		
Baltimore, Md., (5)*	-4	+10
Washington, D. C., (6)*	+3	+5
Richmond, Va., (6)*	-8	-2
Lynchburg, Va., (3)*	-6	+2
Charleston, W. Va., (3)*	-8	-8
Charlotte, N. C., (3)*	-29	-10
Columbia, S. C., (3)*	+58	+12

\*Number of reporting firms.

**DEPARTMENT STORE TRADE**

Richmond	Baltimore	Washington	Other Cities	District
Percentage chg. in December '48 sales compared with sales in Dec. '47:				
0	-2	+5	+5	+2
Percentage chg. in 12 mos. sales '48 compared with 12 mos. in '47:				
+7	+3	+5	+8	+5
Percentage chg. in stocks on Dec. 31, 1948 compared with Dec. 31, 1947:				
-15	+7	+3	+4	+2
Percentage chg. in outstanding orders Dec. 31, 1948 from Dec. 31, 1947:				
-41	-48	-52	-38	-49
Percentage chg. in receivables Dec. 31, '48 from those on Dec. 31, '47:				
+11	+11	+18	+9	+14
Percentage of current receivables as of Dec. 1, '48 collected in Dec.:				
34	48	44	50	44
Percentage of instalment receivables as of Dec. 31, '48 collected in Dec.:				
16	21	20	26	20
Maryland Dist. of Col. Virginia W. Virginia No. Carolina So. Carolina				
Percentage chg. in Dec. 1948 sales from Dec. 1947 sales, by States:				
-1	+5	0	+10	+3
Percentage change in 12 months 1948 sales from 12 months 1947 sales:				
+3	+5	+7	+14	+6

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

FEBRUARY 28, 1949

## Business Conditions

What appeared to be strength in the trade demand as reflected seasonally adjusted department store sales in December was not confirmed by the January sales level. Rather it appears that demand was inadequate to move goods accumulated for the Christmas trade at regular mark-ups, hence the more widespread and more substantial mark-downs in these two months.

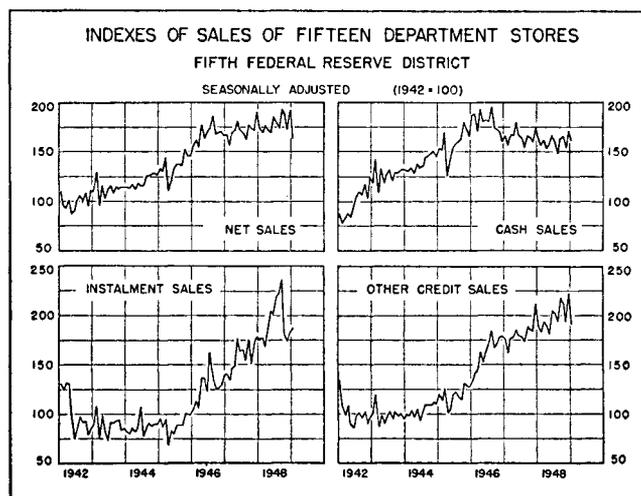
The chart on this page shows the growing reliance on instalment and other credit sales in maintaining the total sales level, and it is significant to the total store sales outlook that the instalment sales have turned down. This drop in instalment sales in department stores represented in the chart is due mainly to a reduction in demand for major household appliances. This change in demand does not appear to be greatly influenced by moderately tighter credit terms; for if this were true, the sales of furniture would seem to have been likewise affected, and this was not the case.

The real question concerning the trade trends over the next several months are: Will the stores be able to replace inventories at prices which the consumer will accept and still purchase the goods necessary to hold the employment level in the producing factories? Does the consumer reaction in recent months indicate that a lower price of goods is necessary to move a level of production as high as that of 1948? These questions cannot be answered now, but the sales performance in the next two or three months should give a much clearer outlook.

January sales of department stores seasonally adjusted dropped 12 per cent from the December level, and while January sales were still 4 per cent ahead of January, 1948, that month on a seasonally adjusted basis was the lowest of the year. The January, 1949, seasonally adjusted sales were below the November level which was lower than any other month of 1948 save January. Stores in this District, however, were successful in bringing down their inventories by the end of January, 1949, to a level more in line with sales than was the case in either November or January, 1948. Thus, if the sales level can be maintained even at the reduced seasonally adjusted levels of January, outstanding orders will probably rise somewhat.

## Textiles

The consequences of the January showing at depart-



ment stores, not only in the Fifth District but in the country as a whole, have been felt in several of the major manufacturing industries of the Fifth District, and as of the 23rd of February there had apparently been little improvement. In fact, it may be that the situation had deteriorated further in the cotton textile, hosiery and other knit goods, and apparel industries, despite rather optimistic anticipation in each.

Although the price structure in cotton goods has held quite firm on the majority of constructions, new business has lacked exuberance at a time when purchases for the spring season should have run heavy. Yarn prices are still unsettled, and business is below expectations. The seasonally adjusted index of cotton consumption for the Fifth District declined 10 per cent from December to January to a level 16 per cent below January, 1948, and below the November level which was the low month of 1948.

Price weakness has continued in women's nylon hose, and numerous retail promotions have been made on unbranded 51 gauge 15 denier first quality goods at one dollar a pair and in some cases even less. The full-fashioned end of the industry seems quite optimistic about the outlook, but the seamless end has much excess capacity and may be in for a siege of price cutting.

Prices of rayon broad woven goods, which had remained firm during the period when cotton goods were falling sharply, have recently been marked down by some of the large producers, and deliveries of rayon yarn to mills have halted its upward trend of many years standing.

## FEDERAL RESERVE BANK OF RICHMOND

## Construction

Construction contract awards for the Fifth District fell 3 per cent more than is normally seasonal from December to January to a level 27 per cent below January, 1948, and 28 per cent below the monthly average for 1948. Building permits in value in 29 cities of the District fell 13 per cent on an adjusted basis from December to January and fell 38 per cent under January permit valuation a year ago. Of the 29 cities reporting building permits, 13 showed mainly moderate increases in valuation from a year ago while 16 cities showed mainly substantial losses. Outstanding among the cities showing large declines were Baltimore, Norfolk, Roanoke, Charleston, W. Va., Greensboro, Raleigh, and Washington, D. C. New home loans guaranteed by the Veterans Administration continued their downward trend through December in all states of the Fifth District.

## Lumber and Furniture

Production and employment in the lumber industry of the District has been falling in recent months beyond the normal expectation of the season, and numerous small mills have ceased operations. Part of this is due to the unwillingness of retail yards to accumulate in-

ventories for spring requirements, and this, in turn, has been a result of the weakening in prices of some grades of lumber. Another part of the sag in production is due to some easing in demand from consumption sources. If the construction volume in the Fifth District does not improve by more than seasonal average from that of the last three months, the lumber demand in this District will be off appreciably from last year.

The latest figures available on furniture manufacture are for December when factory sales were 34 per cent under those a year earlier and finished inventories were 130 per cent above. Employment levels in the industry declined through the summer of 1948 but showed signs of stabilizing in the fall. January, 1949, figures in Virginia indicate a further downward movement, being 2 per cent below December and 10 per cent below a year ago. New orders from retailers were received late in January and early in February which are reported to have saved some of the smaller manufacturers from financial difficulty and prevented large scale layoffs in the larger plants.

Retail furniture sales seasonally adjusted have held up remarkably well in this District despite the drops in the last two months. Trade information would indicate

Continued on page 9

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT**  
**AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED**

	Jan. 1949	Dec. 1948	Nov. 1948	Jan. 1948	% Change	
					Jan. 1949 from Dec. 48	Jan. 48
Automobile Registration*	.....	146	147	126	.....	.....
Bank Debits .....	318	324	337	302	- 2	+ 5
Bituminous Coal Production.....	154	159	166	170	- 3	- 9
Building Contracts Awarded .....	236	243r	283	324	- 3	- 27
Commercial Construction Contracts.....	437	263	368	503	+ 66	- 13
Manufacturing Construction Contracts .....	171	223	117	311	- 23	- 45
Public Works and Utilities.....	208	164	163	401	+ 27	- 48
Residential Construction Contracts.....	250	283r	391	358	- 12	- 30
Apartments and Hotels .....	188	230	420	260	- 18	- 28
One and Two Family Houses.....	281	328	423	398	- 14	- 29
Building Permits Issued.....	232	267	277	375	- 13	- 38
Business Failures—No. ....	43	49	46	11	- 12	+291
Cigarette Production .....	224	211	227	219	+ 6	+ 2
Cotton Consumption .....	126	140	129	150	- 10	- 16
Cotton Spindle Hours .....	127	134	132	153	- 5	- 17
Department Store Sales***.....	305	346	306	292	- 12	+ 4
Department Store Stocks.....	318	335	339	335	- 6	- 6
Electric Power Production.....	.....	276	265	257	.....	.....
Employment—Mfg. Industries* .....	.....	.....	.....	.....	.....	.....
Furniture Orders***.....	.....	257	238	340	.....	.....
Furniture Shipments***.....	.....	204	314	378	.....	.....
Furniture Unfilled Orders***.....	.....	526	537	818	.....	.....
Furniture Sales—Retail .....	271	273	273	262	- 1	+ 3
Gasoline Consumption .....	.....	.....	.....	.....	.....	.....
Life Insurance Sales.....	226	231	241	276	+ 1	- 18
Wholesale Trade:						
Automotive Supplies** .....	280	213	382	317	+ 31	- 12
Drugs .....	267	238	262	276	+ 12	- 3
Dry Goods*** .....	114	180	181	175	- 37	- 35
Electrical Goods** .....	96	89	95	105	+ 8	- 9
Groceries .....	241	252	251	263	- 4	- 8
Hardware .....	145	163	159	140	- 11	+ 4
Industrial Supplies** .....	399	448	510	330	- 11	+ 21
Paper and Its Products**.....	134	163	154	170	- 18	- 21
Tobacco and Its Products**.....	97	105	91	100	- 8	- 3

\* Not seasonally adjusted

\*\* 1938-41=100

\*\*\* Revised Series—back figures available on request

**Business Conditions**

Continued from page 2

that the chief difficulties at the manufacturers' level at this time are (1) that retailer inventories have caught up with sales and demand on manufacturers for further inventory accumulation is not a reasonable expectation, and (2) that consumer price resistance and new styles have resulted in clearances of old styles and poorer quality goods, which has found reflection in a lower level of orders. Thus far the retail sales of furniture in this District give no indication that serious trouble is facing the industry.

**Employment**

Employment in manufacturing industries has been receding moderately since the middle of 1948 in non-seasonal industries. Virginia figures for January, 1949, and North Carolina figures for December indicate this downward tendency is still in evidence. Both durable and non-durable goods industries in the aggregate show downward tendencies, the durable goods fall being due

to machinery, transportation equipment and lumber industries, the non-durable goods fall being due to cotton textile, knitting mill, and paper industries. In addition to the lower level of employment many concerns are operating fewer hours a week.

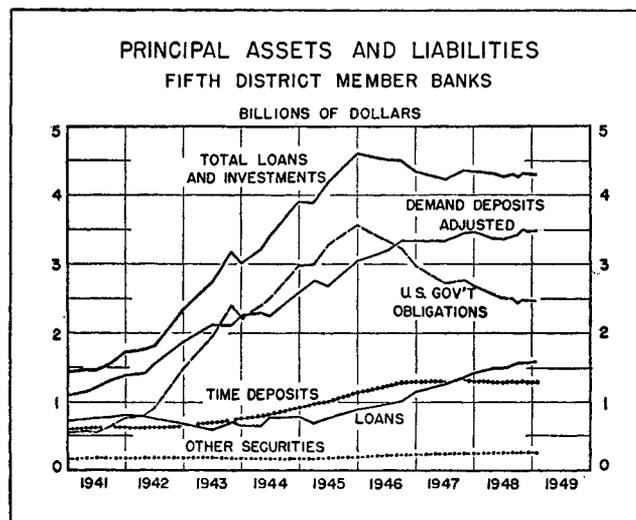
Virginia manufacturing employment in January was down 5,000 from December and 7,300 below January, 1948, durable and non-durable goods showing almost equal numerical declines but in percentage they were respectively 5.5 per cent and 2.5 per cent. North Carolina employment in manufacturing industries in December declined 2,000 or 0.5 per cent from November, and 13,500 or 3.5 per cent from December, 1947.

The Employment Security Commission of North Carolina report for January indicates a further drop in employment and states that lay-offs and curtailed operating schedules had not abated in textiles, lumbering, and seasonal industries.

**AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS**

	\$ thousands	% of U.S.	\$ thousands	% of U.S.
	Last Half of Dec.		Last Half of Jan.	
Maryland	1,013,019	.93	1,020,733	.95
Reserve city banks	649,061	.60	640,850	.60
Country banks	363,958	.33	379,883	.35
District of Columbia	891,404	.82	903,763	.84
Reserve city banks	869,686	.80	881,766	.82
Country banks	21,718	.02	21,997	.02
Virginia	1,310,503	1.20	1,301,179	1.21
Reserve city banks	297,881	.27	296,375	.28
Country banks	1,012,622	.93	1,004,804	.93
West Virginia	621,713	.57	618,483	.57
North Carolina	844,696	.77	824,817	.76
Reserve city banks	377,636	.34	370,895	.34
Country banks	467,060	.43	453,922	.42
South Carolina	439,043	.40	436,529	.40
Fifth District	5,120,378	4.70	5,105,504	4.73
U. S. (millions)	109,028	100.0	107,944	100.0

\* Excluding interbank demand deposits.



FEDERAL RESERVE BANK OF RICHMOND

**FEDERAL RESERVE BANK OF RICHMOND**  
(All Figures in Thousands)

ITEMS	February 16,	Change in Amt. From	
	1949	1-18-49	2-18-48
Total Gold Reserves	\$1,051,506	+11,971	— 2,881
Other Reserves	24,855	— 636	+ 3,210
Total Reserves	1,076,361	+11,335	+ 329
Bills Discounted	16,364	+ 3,428	+ 6,244
Industrial Advances	68	— 3	+ 22
Govt. Securities, Total	1,431,798	+ 5,567	+ 71,672
Bonds	641,517	—41,986	+278,738
Notes	24,430	— 7,685	— 82,955
Certificates	427,505	+21,025	+145,328
Bills	338,346	+34,213	—269,439
Total Bills & Securities	1,448,230	+ 8,992	+ 65,450
Uncollected Items	246,437	+14,664	—22,125
Other Assets	50,556	— 2,673	+ 10,573
Total Assets	2,821,584	+32,318	+ 54,227
Federal Reserve Notes in Cir.	\$1,591,735	—30,369	— 80,336
Deposits, Total	961,521	+47,834	+127,570
Members' Reserves	837,804	— 4,722	+118,465
U. S. Treas. Gen. Acct	84,131	+50,194	— 9,787
Foreign	35,452	+ 2,548	+17,444
Other Deposits	4,134	— 186	+ 1,448
Def. Availability Items	225,578	+12,995	+ 1,505
Other Liabilities	620	+ 51	— 122
Capital Accounts	42,130	+ 1,807	+ 5,610
Total Liabilities	2,821,584	+32,318	+ 54,227

51 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	February 16,	Change in Amt. From	
	1949	1-19-49	2-18-48
Total Loans	\$ 855,497**	— 7,903	+ 54,177
Bus. & Agri.	411,600	— 868	+ 21,634
Real Estate Loans	199,616	— 2,172	+ 24,071
All Other Loans	252,113	+ 4,696	+ 16,304
Total Security Holdings	1,668,706	+12,293	—110,754
U. S. Treasury Bills	101,460	+20,171	+ 43,663
U. S. Treasury Certificates	183,662	—14,843	+ 29,735
U. S. Treasury Notes	44,043	— 375	— 60,061
U. S. Govt. Bonds	1,212,527	+ 7,706	—129,147
Other Bonds, Stocks & Sec.	127,014	— 366	+ 6,056
Cash Items in Process of Col.	221,337	—14,835	+17,297
Due from Banks	147,225*	— 3,666	— 3,586
Currency and Coin	61,495	— 3,482	— 1,463
Reserve with F. R. Banks	551,192	+ 7,556	+ 77,493
Other Assets	48,400	— 133	— 7,202
Total Assets	3,553,852	—10,170	+ 25,962
Total Demand Deposits	\$2,719,999	—18,240	+ 42,728
Deposits of Individuals	2,036,829	—15,904	+ 33,133
Deposits of U. S. Govt.	73,277	+26,295	+ 21,463
Deposits of State & Local Govt.	183,555	+ 4,832	— 1,884
Deposits of Banks	375,983	—25,808	— 4,974
Certified & Officer's Checks	50,355	— 7,455	+ 5,010
Total Time Deposits	587,850	— 689	—19,737
Deposits of Individuals	566,211	— 910	—22,020
Other Time Deposits	21,639	+ 221	+ 2,283
Liabilities for Borrowed Money	7,000	+ 6,450	— 6,050
All Other Liabilities	18,887	+ 1,310	+ 1,104
Capital Accounts	220,116	+ 999	+ 7,917
Total Liabilities	3,553,852	—10,170	+ 25,962

\* Net Figures, reciprocal balances being eliminated.

\*\*Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	January 1949	January 1948	% Change
Maryland	\$13,641,000	\$18,753,000	— 27
Dist. of Col.	3,860,000	3,948,000	— 2
Virginia	17,315,000	13,727,000	+ 26
West Virginia	1,841,000	16,465,000	— 89
North Carolina	7,971,000	9,070,000	— 12
South Carolina	6,340,000	8,109,000	— 22
Fifth District	\$50,968,000	\$70,072,000	— 27

Source: F. W. Dodge Corp.

RAYON SHIPMENTS AND STOCKS

	December 1948	November 1948	December 1947
Rayon yarn shipments	75,000,000	70,400,000	62,100,000
Staple fiber shipments	21,200,000	21,300,000	22,200,000
Rayon yarn stocks	11,100,000	12,300,000	7,700,000
Staple fiber stocks	4,600,000	5,400,000	4,000,000

Source: Rayon Organon.

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	January 1949	January 1948
Dist. of Columbia		
Washington	\$ 722,773	\$ 736,173
Maryland		
Baltimore	942,534	963,568
Cumberland	20,005	20,390
Frederick	16,333	17,406
Hagerstown	26,604	27,023
North Carolina		
Asheville	51,104	50,478
Charlotte	233,079	240,427
Durham	89,453	96,005
Greensboro	74,950	78,342
Kinston	14,545	13,278
Raleigh	108,447	94,632
Wilmington	32,541	36,566
Wilson	15,060	17,005
Winston-Salem	119,556	121,098
South Carolina		
Charleston	61,273	58,994
Columbia	93,510	91,410
Greenville	84,635	82,289
Spartanburg	49,451	51,811
Virginia		
Charlottesville	24,971	26,412
Danville	26,007	30,920
Lynchburg	39,006	41,072
Newport News	32,601	34,371
Norfolk	183,963	184,516
Portsmouth	19,632	21,400
Richmond	485,850	427,770
Roanoke	92,255	84,847
West Virginia		
Bluefield	46,306	45,383
Charleston	147,165	135,475
Clarksburg	32,935	33,895
Huntington	68,623	61,132
Parkersburg	27,560	26,242
District Totals	\$3,982,727	\$3,950,330

COTTON CONSUMPTION AND ON HAND—BALES

	January 1949	January 1948	Aug. 1 to Jan. 31 1949	Jan. 31 1948
Fifth District States:				
Cotton consumed	345,622	426,979	2,128,129	2,326,535
Cotton Growing States:				
Cotton consumed	607,398	763,287	3,749,309	4,094,768
Cotton on hand Jan. 31 in consuming establishments	1,412,900	1,898,403		
storage and compresses	8,169,635	5,045,649		
United States:				
Cotton consumed	674,463	860,704	4,204,057	4,645,463
Cotton on hand Jan. 31 in consuming establishments	1,627,055	2,229,229		
storage and compresses	8,213,189	5,105,438		
Spindles Active, U. S.	20,927,000	21,471,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

	No. Carolina	So. Carolina	Virginia	District
January 1949	181,157	148,439	16,026	345,622
December 1948	176,853	150,750	13,112	340,715
January 1948	232,222	176,319	18,438	426,979

Source: Department of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES

	January 1949	December 1948	January 1948
Average, 17 constructions	65.04	65.78	99.25
Printcloths, average (6)	71.27	72.16	129.83
Sheetings, average (3)	58.26	58.25	81.69
Twill, average (1)	64.90	67.58	116.15
Drills, average (4)	57.01	57.70	73.18
Sateen (1)	89.52	91.81	128.15
Ducks, average (2)	60.41	60.23	63.16

Note: The above prices are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

DEPOSITS IN MUTUAL SAVINGS

8 Baltimore Banks

	Jan. 31, 1949	Jan. 31, 1948	Dec. 31, 1948
Total Deposits	\$391,302,897	\$390,743,417	\$391,089,969

**BUILDING PERMIT FIGURES**

	Total Valuation	
	Jan. 1949	Jan. 1948
<b>Maryland</b>		
Baltimore	\$ 942,400	\$ 3,976,810
Cumberland	30,650	43,260
Frederick	63,100	182,675
Hagerstown	45,405	42,750
Salisbury	77,423	43,970
<b>Virginia</b>		
Danville	126,847	211,749
Lynchburg	153,470	108,715
Norfolk	387,445	1,974,120
Petersburg	95,756	12,900
Portsmouth	116,795	147,140
Richmond	1,141,477	1,026,688
Roanoke	382,317	1,002,438
<b>West Virginia</b>		
Charleston	420,555	1,011,261
Clarksburg	42,750	12,665
Huntington	222,292	105,825
<b>North Carolina</b>		
Asheville	100,517	177,260
Charlotte	1,478,850	900,695
Durham	537,999	457,090
Greensboro	334,225	1,425,810
High Point	136,430	342,766
Raleigh	209,805	702,485
Rocky Mount	70,367	70,450
Salisbury	41,500	30,400
Winston-Salem	288,123	299,066
<b>South Carolina</b>		
Charleston	392,695	134,789
Columbia	224,885	260,390
Greenville	902,200	281,600
Spartanburg	258,110	106,100
<b>District of Columbia</b>		
Washington	3,517,050	5,541,570
<b>District Totals</b>	<b>\$12,741,438</b>	<b>\$20,633,437</b>

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	January 1949	January 1948	% Change
West Virginia	13,825	15,595	- 11
Virginia	1,394	1,789	- 22
Maryland	77	159	- 52
Fifth District	15,296	17,543	- 13
United States	47,170	55,780	- 16
% in District	32.4	31.5	

Source: Bureau of Mines.

**TOBACCO MANUFACTURING**

	January 1949	January 1948	% Change
Smoking & Chewing tobacco (Thousands of lbs.)	14,679	15,689	- 7
Cigarettes (Thousands)	28,005,601	27,275,272	+ 3
Cigars (Thousands)	438,286	461,398	- 5
Snuff (Thousands of lbs.)	3,536	3,898	- 9

**COMMERCIAL FAILURES**

MONTHS	Number of Failures		Total Liabilities	
	District	U.S.	District	U.S.
January 1949	24	566	\$530,000	\$19,159,000
December 1948	22	531	531,000	31,731,000
January 1948	6	356	89,000	12,965,000

Source: Dun & Bradstreet.

**WHOLESALE TRADE, 180 FIRMS**

LINES	Net Sales January 1949 compared with		Stock Jan. 31, 1949 compared with	
	Jan. 1948	Dec. 1948	Jan. 31 1948	Dec. 31 1948
Auto Supplies (6)*	-19	+16	+14	- 5
Electrical Goods (8)*	- 8	-14	+22	+ 3
Hardware (9)*	- 8	+ 3	+35	- 1
Industrial Supplies (4)*	- 4	0	+ 7	+12
Drugs & Sundries (8)*	+ 6	+15	0	+ 2
Dry Goods (10)*	-34	-16	- 2	+ 7
Groceries (50)*	-10	- 1	+ 1	+ 6
Paper & Products (6)*	-17	- 1		
Tobacco & Products (8)*	- 2	-20	+13	- 9
Miscellaneous (71)*	- 6	+19	+ 2	- 6
District Average (180)*	- 8	+ 4	+12	- 1

Source: Dept. of Commerce.

\* Number of reporting firms.

**RETAIL FURNITURE SALES**

STATES	% Change January 1949 from January 1948
Maryland (5)*	- 5
District of Columbia (6)*	+26
Virginia (18)*	- 7
West Virginia (9)*	-33
North Carolina (12)*	-13
South Carolina (9)*	-19
Fifth District (59)*	- 3
<b>INDIVIDUAL CITIES</b>	
Baltimore, Md. (5)*	- 5
Washington, D. C. (6)*	+26
Lynchburg, Va. (3)*	+ 4
Richmond, Va. (6)*	- 5
Charleston, W. Va. (3)*	+24

\* Number of reporting stores.

**DEPARTMENT STORE TRADE**

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Jan. 1949 sales, compared with sales in Jan. '48:	- 6	- 3	+ 2	+ 2	- 1
Perctge. change in stocks on Jan. 31, 1949, compared with Jan. 31, '48:	-16	+ 1	- 4	- 3	- 4
Perctge. change in outstanding orders Jan. 31, 1949, from Jan. 31, '48:	-32	-39	-44	-27	-39
Perctge. chg. in receivables Jan. 31, 1949, from those on Jan. 31, '48:	+ 6	+14	+23	+11	+16
Percentage of current receivables as of Jan. 1 collected in January:	34	47	43	44	42
Percentage of instalment receivables as of Jan. 1 collected in January:	15	19	18	20	18
Maryland Dist. of Col.	Virginia	W. Virginia	No. Carolina	So. Carolina	
Percentage change in Jan. 1949 sales from Jan. 1948 sales, by States:	- 3	+ 2	- 4	+ 4	- 7
					+ 6

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

MARCH 31, 1949

### Business Conditions

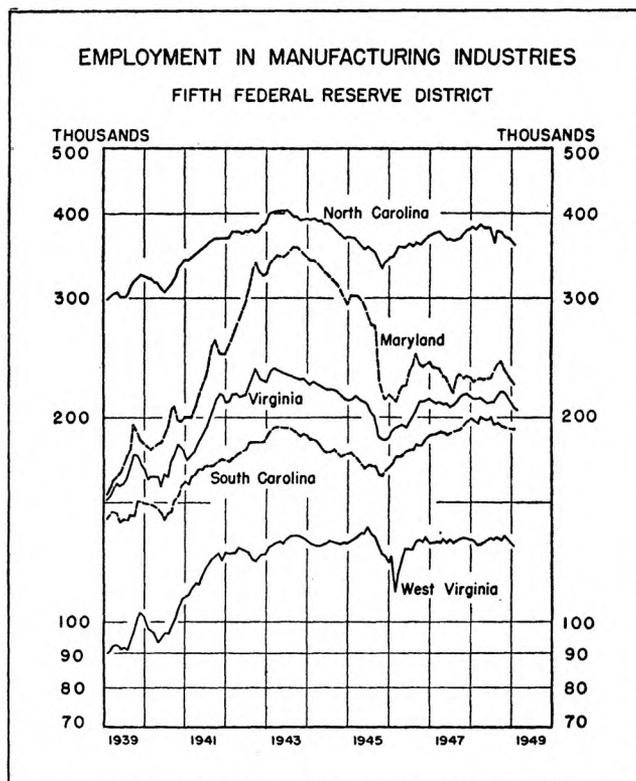
**T**HE trend of business in the Fifth Federal Reserve District in February was about a stand-off between gains and losses. In major lines of production small gains were recorded from January to February after allowance for the usual seasonal tendency, while trade levels, seasonally adjusted, were mainly downward in the same period.

Evidence thus far in March indicates that the February improvement in production was only a temporary respite in the downward trend which has prevailed for the past several months, and that the March level of output will be below that of February, on a seasonally adjusted basis. Production cut-backs, increased unemployment, and reduction of working hours have been prominent in cotton textile mills, cigarette factories, rayon yarn mills, paper mills and garment factories during March, while the coal mine shut-down has furloughed numerous railroad workers in addition to the miners.

Whether the production situation will begin to improve before long or deteriorate further is a question of the proper interpretation of why the current fall is taking place. An explanation that seems plausible is that products of the Fifth District are in supply (i. e., production has overtaken demand), prices are softening and wholesalers and retailers are attempting to work with smaller inventories since deliveries presumably can be effected in a short time. If this is a correct appraisal, then it would be in keeping to expect some improvement in the next few months, or by fall at least, provided the level of retail trade does not fall by more than small proportions in the interim. If, on the other hand, there is a basic weakening in the consumer's ability to purchase, (1) because incomes of a sufficient number of people had not kept pace with the price rise, (2) because large numbers of people had already spent money they had saved in the past, or because (3) large numbers of people have already extended their credit to practical limits, then it should be expected that the level of retail trade would fall something more than by small proportions and that a still lower level of production would be seen in the Fifth District.

#### Trade

The trade level in the Fifth District and, for that matter, all along the Eastern Seaboard, has held up bet-

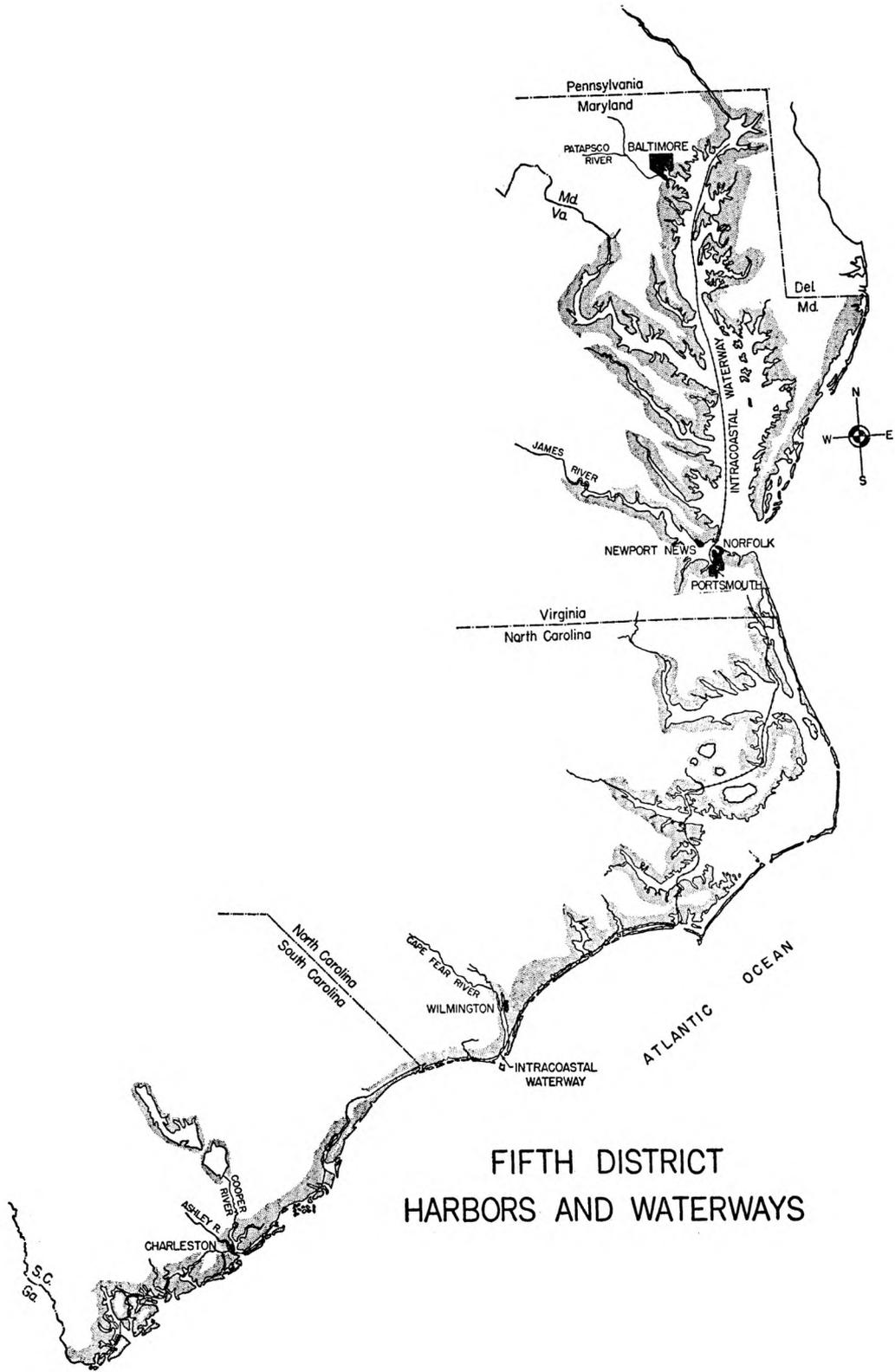


ter than in the rest of the country. This could mean that the weakness nationally in January and February might be attributable to the bad weather in the West.

Department store sales in the Fifth District declined only 1 per cent from January to February, after seasonal correction, to a level 4 per cent below February, 1948. Outstanding orders of department stores in this District rose 8 per cent, after seasonal adjustment, from January to February, but were still 24 per cent under the same period a year ago. Retail furniture sales in February fell 3 per cent below January, after seasonal adjustment, but held at a level 7 per cent above February, 1948. Most lines of wholesale trade, seasonally adjusted, continued a downward trend through February, thus giving further evidence that retailers are still shortening their inventory positions. While the declines from January to February in seasonally adjusted wholesale sales were, for the most part, moderate, those of electrical goods and hardware firms ran 13 and 12

Continued on page 8

FEDERAL RESERVE BANK OF RICHMOND



FIFTH DISTRICT  
HARBORS AND WATERWAYS

## FEDERAL RESERVE BANK OF RICHMOND

torted by large out-shipments of coal, it appears that there is a better balance between exports and imports for the port of Baltimore than for Hampton Roads. Thus, as previously noted, in 1947 exports through Hampton Roads totaled 19 million long tons and imports, 2 million long tons, whereas exports through Baltimore totaled 14 million long tons and imports, 8 million long tons.

In considering the external factors affecting the future outlook for foreign commerce through the District ports, a major factor is their competitive position relative to all other ports in the United States. Traditionally, the major part of the United States foreign trade has been handled by the North Atlantic ports. Post-war data indicate, as previously noted, that the Fifth District ports have made relative gains in the handling of U. S. foreign commerce. However, these gains may be simply the result of the overflow from the North Atlantic ports due to the unprecedented level of foreign commerce, or they may possibly represent a more permanent claim on a major share of the

U. S. total foreign commerce as a result of the extension of facilities and active solicitation of trade by the port authorities and the railroads feeding the Fifth District ports.

Thus, in terms of commodities it seems probable that leaf tobacco and coal shipments to foreign markets will continue to go through Fifth District ports. Likewise, these ports may attract a larger proportion of cotton textiles and manufactured tobacco products now shipped through the port of New York.

Finally, it should be noted that the potential growth of the District's ports rests, at least in part, on their ability to recapture the domestic trade apparently lost in the wartime period. Therefore, in conclusion, the future outlook for these four leading ports of the Fifth District depends upon the changes in the level and directional flow of foreign and domestic trade and the competitive position of the District ports in terms of service and facilities as compared with other ports in the United States.

### Business Conditions

Continued from page 1

per cent, respectively. Only hardware and industrial supply firms recorded February sales larger than sales of a year ago.

The real trend of retail trade may be obscured during March and April by the shift of Easter from late March, last year, to April 17 of this year. Thus current weekly reports showing fair-sized losses from a year earlier are due in part to a late Easter.

#### Production

Both cotton consumption and the number of hours run by active cotton spindles in the District during February showed a 2 per cent improvement over January, on a seasonally adjusted basis, but in each case the level of activity was 15 per cent under a year ago. Normally, there is a seasonal rise in cotton mill activity from February to March, but trade and labor market information indicate this will not be the case this year. Rather, there is a widening of curtailments which is showing up in both reduced employment and shortening of working hours.

Cigarette output in the District improved 5 per cent from January to February after allowance for the normal seasonal variation. February production was 1 per cent smaller than in that month last year. The growth in cigarette output in the District in the last few years has been effected mainly in North Carolina, the Virginia output having remained relatively stable. This seems to be another case of an industry moving closer to the raw material.

Furniture shipment data by manufacturers located mainly in this area are available for January. Those shipments which declined 35 per cent from November

to December fell only 2 per cent from December to January, to a level 28 per cent below January, 1948, on a seasonally adjusted basis. The year-to-year change in manufacturers' shipments of furniture of 28 per cent in January compares with a national decrease in retail furniture store sales of 12 per cent in this period and with a 7 per cent gain in Fifth District furniture store sales.

Lumber production in the area ran ahead of shipments, which in turn were running above new orders through February. Some change appeared around the middle of March, when new orders exceeded both production and shipments. However, production and shipments are running moderately below those of a year ago. These figures place the lumber situation in too favorable a light, for they represent the large mills which have continued to operate, while many of the small mills have closed down. Lumber prices have weakened somewhat further in recent weeks.

Construction placed under contract in February in the District normally falls 5 per cent below that placed in January. In February of this year, total construction contract awards rose 4 per cent, thus raising the seasonally adjusted index 10 per cent. Total awards in February, however, were 22 per cent under those of February, 1948. Residential construction contract awards, on a seasonally adjusted basis, rose 11 per cent from January to February, but in the latter month were 38 per cent under those of a year ago. The spread of unemployment and reduction of working hours is likely to cause a downward trend in residential construction in this area. Such a trend is already in evidence in factory buildings and could extend to commercial buildings with

any considerable decline in trade levels. Commercial building has been sustained at peak levels in this area for the past three years.

Bituminous coal output, seasonally adjusted, in the Fifth District during February continued the downward trend which has been in evidence since October. All sources of shipments through the ports of Baltimore, Hampton Roads, and Charleston thus far this year are below levels of a year ago. However, the Hampton Roads ports are handling a larger proportion of the small export trade this year than last year. Coal prices have fallen moderately in the past month but the strike in March has reduced stocks to a point where the price situation may hold firm temporarily. The bituminous coal industry, however, is undergoing a period of adjustment in fitting production to a reduced market demand, and lower prices are about the only satisfactory way yet devised to accomplish this end. Lower prices find their reflection in the elimination of high-cost mines from production. Lower prices also seem desirable in order for the industry to maintain its long-run competitive position.

The cotton textile industry stepped up output somewhat more than seasonally from January to February, but the February level was 15 per cent under the level for that month last year. Lay-offs and shorter work weeks have become more widespread in this industry in March, and retailers' and wholesalers' purchases of cotton goods have improved very little thus far. There has been considerable shifting of looms from constructions showing price weakness, to those where prices are more firmly held. Prices of ducks, drills, osnaburgs, sheetings, and jeans have been marked down from  $\frac{1}{4}$  of a cent to  $2\frac{1}{2}$  cents in the month, to March 18, and there is still an insufficient amount of business to maintain current production.

The price situation in hosiery appears, for the time being, to have stabilized, and some in the trade seem reasonably hopeful that improvement in production may occur by April. Others feel, however, that the spring season can be written off but that fall prospects are likely to be good. Both employment levels and the hours worked per week in the industry held steady in January and February, but were considerably under those of a year ago. Hours worked per week in the full-fashioned branch in North Carolina in January were 37.2, while seamless mills were running 31.9 hours.

The rayon yarn industry has announced production cut-backs at several plants in the District, arising from lack of orders from converters, cutters and weavers. Producers' stocks of rayon yarns have been rising notably and little or no idea is ventured as to the level of stocks held by the weaving and fabricating trades. Therefore, little idea can be expressed regarding the duration of the cut-back.

### Other Business Indicators

Bank debits, which had fallen quite sharply on a seasonally adjusted basis from October through January, recovered 3 per cent in February to a level 5 per cent ahead of February, 1948. This is somewhat difficult to explain since trade levels generally and payrolls which normally have an important influence on debits, were falling in this period.

Business failures, seasonally adjusted, rose 5 per cent from January to February, to a level 61 per cent above that of a year ago. Failures, however, are still running less than half of what they were in the pre-war years, 1935 to 1939, but the upward trend is persistent.

Electric power production, reflecting both the temperate winter in the District and the slower manufacturing activity, fell 3 per cent from December to January. This index has shown a flat trend since last August. The January output of electric energy was 4 per cent higher than that of a year ago.

Employment in manufacturing industries of the District, charted on page 1, shows moderate reductions from the peak levels of last fall in all states. This, of course, does not tell the entire story regarding manufacturing production, for hours of labor in many industries have been reduced in recent months even more than employment. There are several interesting things about the chart on page 1. The first is that employment in manufacturing industries of North Carolina in January, 1949, shows the least gain over the 1939 average of any of the District states. The second is that South Carolina is showing a secular growth in employment, whereas all other Fifth District states seem to have stabilized the post-war levels of employment as far as secular trend is concerned. The third is that West Virginia, during and since the war, has shown the greatest degree of manufacturing employment stability of any Fifth District state.

FEDERAL RESERVE BANK OF RICHMOND

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	March 16, 1949	Change in 2-16-49	Amt. From 3-17-48
Total Gold Reserves	\$1,053,896	+ 2,390	— 34,680
Other Reserves	20,173	— 4,682	— 1,167
Total Reserves	1,074,069	— 2,292	— 35,847
Bills Discounted	13,218	— 3,146	— 6,991
Industrial Advances	45	— 23	+ 16
Govt. Securities, Total	1,380,228	— 51,570	+ 57,128
Bonds	615,602	— 26,015	+ 249,042
Notes	21,894	— 2,536	— 93,323
Certificates	416,238	— 11,267	+ 137,646
Bills	326,594	— 11,752	— 236,237
Total Bills & Securities	1,393,491	— 54,739	+ 50,153
Uncollected Items	278,182	+ 31,745	— 9,907
Other Assets	38,906	— 11,650	+ 11,353
Total Assets	2,784,648	— 36,936	+ 15,752
Federal Reserve Notes in Cir.	\$1,580,900	— 10,835	— 70,498
Deposits, Total	909,510	— 52,011	+ 76,949
Members' Reserves	845,163	+ 7,359	+ 95,723
U. S. Treas. Gen. Acct.	24,276	— 59,855	— 28,586
Foreign	35,873	+ 421	+ 13,000
Other Deposits	4,198	+ 65	— 3,188
Deferred Availability Items	249,874	+ 24,296	+ 3,209
Other Liabilities	664	+ 44	— 100
Capital Accounts	43,700	+ 1,570	+ 6,192
Total Liabilities	2,784,648	— 36,936	+ 15,752

51 REPORTING MEMBER BANKS 5th DISTRICT

(All Figures in Thousands)

ITEMS	March 16, 1949	Change in 2-16-49	Amt. From 3-17-48
Total Loans	\$ 852,563**	— 2,934	+ 24,978
Bus. & Agri.	409,642	— 1,958	— 934
Real Estate Loans	196,484	— 3,132	+ 18,965
All Other Loans	254,352	+ 2,239	+ 14,862
Total Security Holdings	1,680,764	+ 12,058	— 78,592
U. S. Treasury Bills	103,381	+ 1,921	+ 48,339
U. S. Treasury Certificates	186,385	+ 2,723	+ 9,419
U. S. Treasury Notes	44,726	+ 683	— 51,690
U. S. Govt. Bonds	1,216,581	+ 4,054	— 89,254
Other Bonds, Stocks & Sec.	129,691	+ 2,677	+ 4,594
Cash Items in Process of Col.	232,089	+ 10,752	+ 9,935
Due from Banks	165,501*	+ 18,276	— 3,462
Currency & Coin	61,437	— 58	— 766
Reserve with F. R. Banks	554,563	+ 3,371	+ 59,332
Other Assets	49,375	+ 975	— 5,287
Total Assets	3,596,292	+ 42,440	+ 6,138
Total Demand Deposits	\$2,759,915	+ 39,916	+ 19,209
Deposits of Individuals	2,045,631	+ 8,802	+ 17,905
Deposits of U. S. Govt.	91,725	+ 18,448	+ 29,590
Deposits of State & Local Govt.	191,433	+ 7,878	— 11,379
Deposits of Banks	382,413*	+ 6,430	— 8,236
Certified & Officer's Checks	48,713	— 1,642	— 8,671
Total Time Deposits	588,335	+ 485	— 18,046
Deposits of Individuals	567,377	+ 1,166	— 20,278
Other Time Deposits	20,958	— 681	+ 2,232
Liabilities for Borrowed Money	4,900	— 2,100	— 7,500
All Other Liabilities	21,470	+ 2,583	+ 4,216
Capital Accounts	221,672	+ 1,556	+ 8,259
Total Liabilities	3,596,292	+ 42,440	+ 6,138

\*Net Figures, reciprocal balances being eliminated.

\*\*Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	Feb. 1949	% Change from Feb. 1948	2 Mos. 1949	% Change from 2 Mos. 1948
Maryland	\$20,339,000	+ 4	\$ 33,980,000	—11
Dist. of Columbia	4,625,000	—56	8,485,000	—41
Virginia	13,233,000	—11	30,548,000	+ 7
West Virginia	1,516,000	—32	3,362,000	—87
North Carolina	7,414,000	—14	15,385,000	—13
South Carolina	6,036,000	— 5	12,376,000	—15
Fifth District	\$53,163,000	—22	\$104,136,000	—25

Source: F. W. Dodge Corp.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Feb. 28, 1949	Jan. 31, 1949	Feb. 29, 1948
Total Deposits	\$390,970,880	\$391,302,897	\$391,579,209

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	February 1949	February 1948	2 Months 1949	2 Months 1948
Dist. of Columbia				
Washington	\$ 668,049	\$ 630,324	\$1,390,822	\$1,366,497
Maryland				
Baltimore	831,293	826,086	1,773,827	1,789,654
Cumberland	18,181	17,825	38,186	38,215
Frederick	15,648	16,087	31,981	33,493
Hagerstown	23,424	22,911	50,028	49,934
North Carolina				
Asheville	41,789	42,314	92,893	92,792
Charlotte	214,765	203,827	447,844	444,254
Durham	76,329	74,211	165,782	170,216
Greensboro	69,657	65,360	144,607	143,702
Kinston	12,735	9,719	27,280	22,997
Raleigh	108,318	78,199	216,765	172,831
Wilmington	27,768	28,815	60,309	65,881
Wilson	12,830	10,245	27,890	27,250
Winston-Salem	103,803	103,140	223,359	224,238
South Carolina				
Charleston	53,877	45,655	115,150	104,649
Columbia	83,384	87,895	176,894	179,305
Greenville	70,739	71,490	165,374	153,779
Spartanburg	42,363	42,315	91,814	94,126
Virginia				
Charlottesville	19,299	17,129	44,270	43,541
Danville	21,774	22,351	47,781	53,271
Lynchburg	32,013	33,585	71,019	74,657
Newport News	28,265	27,791	60,866	62,162
Norfolk	156,509	153,337	340,472	337,853
Portsmouth	17,736	17,239	37,368	38,639
Richmond	427,929	388,338	913,779	816,108
Roanoke	78,264	73,228	170,519	158,075
West Virginia				
Bluefield	40,706	36,905	87,012	82,288
Charleston	124,042	119,905	271,207	255,380
Clarksburg	25,852	26,768	58,787	60,663
Huntington	53,119	49,177	121,742	110,309
Parkersburg	23,194	21,324	50,754	47,566
District Totals	\$3,523,654	\$3,363,495	\$7,506,381	\$7,313,825

COTTON CONSUMPTION AND ON HAND—BALES

	February 1949	February 1947	Aug. 1 to Feb. 1949	Aug. 1 to Feb. 1948
Fifth District States:				
Cotton consumed	329,372	369,702	2,457,501	2,696,237
Cotton Growing States:				
Cotton consumed	574,577	693,920	4,323,886	4,788,678
Cotton on hand Feb. 28 in consuming establishments	1,401,677	1,894,200		
storage & compresses	7,461,960	4,408,512		
United States:				
Cotton consumed	640,182	785,677	4,844,239	5,431,140
Cotton on hand Feb. 28 in consuming establishments	1,617,962	2,244,151		
storage & compresses	7,500,407	4,474,308		
Spindles active, U. S.	20,758,000	21,485,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

	No. Carolina	So. Carolina	Virginia	District
February 1949	176,850	140,063	12,459	329,372
January 1949	181,157	148,439	16,026	329,596
February 1948	209,820	159,882	17,753	369,702
2 Months 1949	358,007	288,502	28,485	646,509
2 Months 1948	442,042	336,201	36,191	814,434

Source: Department of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES

	Feb. 1949	Jan. 1949	Feb. 1948
Average, 17 constructions	64.55	65.04	96.22
Printcloths, average (6)	70.33	71.27	121.76
Sheetings, average (3)	58.23	58.26	80.62
Twill (1)	63.60	64.90	116.15
Drills, average (4)	56.57	57.01	73.16
Sateen (1)	87.99	89.52	123.15
Ducks, average (2)	61.46	60.41	63.22

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

Source: Department of Agriculture.

**BUILDING PERMIT FIGURES**

February 1949

	February 1949	Total Valuation February 1948
<b>Maryland</b>		
Baltimore .....	\$ 2,902,415	\$ 1,420,575
Cumberland .....	33,115	7,260
Frederick .....	4,450	13,450
Hagerstown .....	111,290	28,345
Salisbury .....	426,865	66,815
<b>Virginia</b>		
Danville .....	100,215	164,032
Lynchburg .....	349,515	335,942
Norfolk .....	493,795	1,721,365
Petersburg .....	70,620	49,750
Portsmouth .....	109,600	62,110
Richmond .....	1,252,664	1,263,182
Roanoke .....	381,625	130,208
<b>West Virginia</b>		
Charleston .....	1,096,594	414,580
Clarksburg .....	131,835	28,060
Huntington .....	155,675	743,915
<b>North Carolina</b>		
Asheville .....	117,940	85,452
Charlotte .....	1,580,900	726,488
Durham .....	704,055	921,095
Greensboro .....	507,310	1,343,579
High Point .....	123,243	490,975
Raleigh .....	303,410	361,165
Rocky Mount .....	107,150	51,000
Salisbury .....	77,245	61,325
Winston-Salem .....	317,538	411,377
<b>South Carolina</b>		
Charleston .....	505,275	280,880
Columbia .....	1,166,805	231,025
Greenville .....	450,150	597,200
Spartanburg .....	95,480	44,794
<b>Dist. of Columbia</b>		
Washington .....	2,809,405	4,318,472
<b>District Totals</b> .....	<b>\$16,486,179</b>	<b>\$16,424,416</b>
<b>2 Months</b> .....	<b>\$29,227,617</b>	<b>\$37,057,853</b>

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Feb. 1949	Feb. 1948	% Change	2 Mos. 1949	2 Mos. 1948	% Change
West Virginia .....	12,608	13,578	- 7	26,433	29,173	- 9
Virginia .....	1,280	1,450	-12	2,674	3,239	-17
Maryland .....	77	123	-37	154	282	-45
Fifth District .....	13,965	15,151	- 8	29,261	32,694	-11
United States .....	44,458	50,395	-12	91,628	106,175	-14
% in District .....	31.4	30.1		31.9	30.8	

Source: Bureau of Mines.

**TOBACCO MANUFACTURING**

	February 1949	% Change from Feb. 1948	2 Mos. 1949	% Change from 2 Mos. '48
Smoking & Chewing tobacco (Thousands of lbs.) .....	14,005	- 5	28,684	- 6
Cigarettes (Thousands) .....	25,358,189	+ 9	53,363,790	+ 5
Cigars (Thousands) .....	410,170	-11	848,456	- 8
Snuff (Thousands of lbs.) ....	3,133	- 7	6,669	- 8

Source: Treasury Department.

**COMMERCIAL FAILURES**

MONTHS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
February 1949 .....	23	635	\$ 518,000	\$27,567,000
January 1949 .....	24	566	530,000	19,159,000
February 1948 .....	14	417	170,000	25,619,000
2 Months 1949 .....	47	1,251	1,048,000	46,726,000
2 Months 1948 .....	20	773	259,000	38,584,000

Source: Dun & Bradstreet

**WHOLESALE TRADE, 190 FIRMS**

LINES	Net Sales February 1949 compared with		Stock Feb. 28, 1949 compared with	
	Feb. 1948	Jan. 1949	Feb. 29 1948	Jan. 31 1949
Auto supplies (9)* .....	- 7	- 9	+14	- 1
Electrical goods (8)* .....	- 3	- 4	+18	- 2
Hardware (8)* .....	- 5	-13	+41	- 1
Industrial supplies (4)* .....	+21	+ 6	+23	+ 9
Drugs & Sundries (7)* .....	+ 5	-13	+ 3	+ 4
Dry Goods (12)* .....	0	+23	- 2	+ 3
Groceries (60)* .....	+ 3	-10	- 3	+ 1
Paper & products (5)* .....	-13	-13	.....	.....
Tobacco & products (8)* .....	+ 5	+ 1	+ 1	- 7
Miscellaneous (69)* .....	- 1	+ 1	+ 8	- 3
District Totals (190)* .....	- 1	- 4	+11	0

Source: Department of Commerce.

\*Number of reporting firms.

**REPORT ON RETAIL FURNITURE SALES**

Percentage comparison of sales in periods named with sales in same periods in 1948

STATES	Feb. 1949	2 Mos. 1949
Maryland (5)* .....	+13	+ 4
Dist. of Columbia (6)* .....	+25	+26
Virginia (19)* .....	+ 3	- 2
West Virginia (10)* .....	-21	-26
North Carolina (13)* .....	-19	-15
South Carolina (10)* .....	-19	-16
District (63)* .....	+ 6	+ 2
<b>INDIVIDUAL CITIES</b>		
Baltimore, Md., (5)* .....	+13	+ 4
Washington, D. C., (6)* .....	+25	+26
Richmond, Va., (6)* .....	+17	+ 6
Lynchburg, Va., (3)* .....	- 2	+ 1
Charleston, W. Va., (3)* .....	-13	+ 3
Charlotte, N. C., (3)* .....	-36	-30
Columbia, S. C., (3)* .....	+30	+24

\*Number of reporting firms.

**DEPARTMENT STORE TRADE**

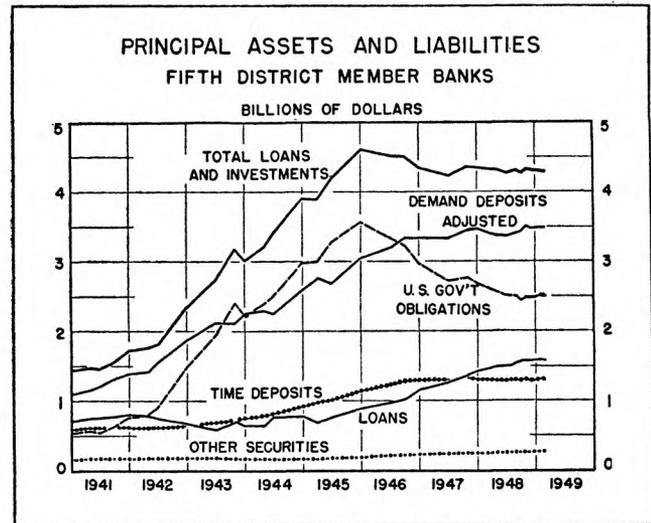
	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Feb. 1949 sales compared with sales in Feb. '48:	- 2	- 4	+ 8	- 4	0
Percentage change in 2 mos. sales 1949 compared with 2 mos. in 1948:	- 4	- 3	+ 5	- 2	0
Perctg. change in stocks on Feb. 28, 1949 compared with Feb. 29, 1948:	-16	- 3	- 7	+ 2	- 6
Perctg. change in outstanding orders Feb. 28, 1949 from Feb. 29, 1948:	-21	-27	-23	-28	-24
Perctg. change in receivables Feb. 28, 1949 from those on Feb. 29, 1948:	+ 3	+ 8	+21	+ 9	+12
Percentage of receivables as of February 1, 1949 collected in February:	32	47	44	43	42
Percentage of instalment receivables as of Feb. 1, 1949 collected in Feb.:	15	20	19	20	19
Maryland Dist. of Col. Virginia W. Virginia N. Carolina S. Carolina					
Percentage change in Feb. 1949 sales from Feb. 1948 sales, by States:	- 4	+ 8	- 2	- 1	- 1
Percentage change in 2 months 1949 from 2 months 1948 sales:	- 4	+ 5	- 3	+ 2	- 3

**FEDERAL RESERVE BANK OF RICHMOND**

**AVERAGE DAILY TOTAL DEPOSITS\* OF MEMBER BANKS**

	\$ thousands		% of U.S.	
	Last Half of Jan.	Last Half of Feb.	Last Half of Jan.	Last Half of Feb.
Maryland	1,020,733	1,009,323	.95	.94
Reserve city banks	640,850	630,877	.60	.59
Country banks	379,883	378,446	.35	.35
District of Columbia	903,763	916,854	.84	.86
Reserve city banks	881,766	894,516	.82	.84
Country banks	21,997	22,338	.02	.02
Virginia	1,301,179	1,304,084	1.21	1.22
Reserve city banks	296,375	307,117	.28	.29
Country banks	1,004,804	996,967	.93	.93
West Virginia	618,483	614,757	.57	.58
North Carolina	824,817	804,951	.76	.75
Reserve city banks	370,895	361,762	.34	.34
Country banks	453,922	443,189	.42	.41
South Carolina	436,529	428,717	.40	.40
Fifth District	5,105,504	5,078,686	4.73	4.75
U. S. (millions)	107,944	106,912	100.0	100.0

\*Excluding interbank demand deposits.



**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT  
AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED**

	Feb. 1949	Jan. 1949	Dec. 1948	Feb. 1948	Feb. 1949 from Jan. 49	Feb. 48
Automobile Registration <sup>1</sup>	.....	134	146	107	.....	.....
Bank Debits	329	318	324	313	+ 3	+ 5
Bituminous Coal Production	148	154	159	162	- 4	- 9
Building Contracts Awarded	260	236	243	335	+10	-22
Residential Construction Contracts	277	250	283	446	+11	-38
Building Permits Issued	237	232	267	236	+ 2	0
Business Failures — No.	45	43	49	28	+ 5	+61
Cigarette Production	225	214r	211	228	+ 5	- 1
Cotton Consumption	128	126	140	151	+ 2	-15
Cotton Spindle Hours	130	127	134	153	+ 2	-15
Department Store Sales <sup>3</sup>	299	301r	346	308	- 1	- 3
Department Store Stocks	304	316r	335	339	- 4	-10
Electric Power Production	.....	267	276	252	.....	.....
Employment — Mfg. Industries <sup>1</sup>	.....	130	132	134	.....	.....
Furniture Orders <sup>3</sup>	.....	204	257	311	.....	.....
Furniture Shipments <sup>3</sup>	.....	199	204	287	.....	.....
Furniture Unfilled Orders <sup>3</sup>	.....	488	526	749	.....	.....
Furniture Sales — Retail	264	271	273	246	- 3	+ 7
Gasoline Consumption	.....	.....	193	159	.....	.....
Life Insurance Sales	243	226	231	231	+ 8	+ 5
Wholesale Trade:						
Automotive Supplies <sup>2</sup>	265	280	213	286	- 5	- 7
Drugs	259	267	238	259	- 3	0
Dry Goods <sup>3</sup>	157	114	180	176	+38	-11
Electrical Goods <sup>2</sup>	84	96	89	88	-13	- 5
Groceries	236	241	252	246	- 2	- 4
Hardware	127	145	163	123	-12	+ 3
Industrial Supplies <sup>2</sup>	394	399	448	265	- 1	+49
Paper and Its Products <sup>2</sup>	132	134	163	160	- 1	-18
Tobacco and Its Products <sup>2</sup>	96	97	105	96	- 1	0

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> 1938-41=100.

<sup>3</sup> Revised Series—back figures available on request.

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

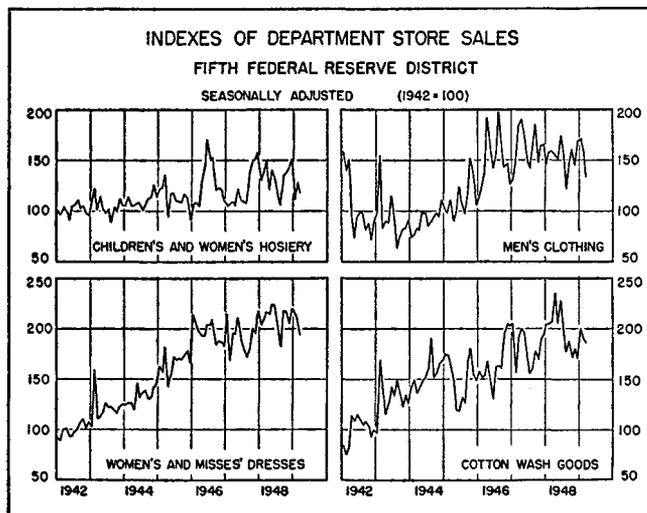
APRIL 30, 1949

### Business Conditions

**B**USINESS conditions in the Fifth Federal Reserve District during March, as measured by the available seasonally adjusted statistics, showed no unanimity of movement; some rose, some fell, and some were unchanged, but the underlying situation, based on employment trends, weakened further. Total building contract awards in March rose 1 per cent more than seasonal from February, but residential awards failed to rise by seasonal proportions and the adjusted index fell 17 per cent in the same period. Total awards in March, however, were 19 per cent below a year ago, while residential awards were down 21 per cent. Coal production fell 43 per cent from February to March, mainly because of the work holiday. Cigarette production, adjusted, gained 12 per cent over February and was 2 per cent above last year. Cotton consumption held at February levels after seasonal adjustment, but was 16 per cent under a year ago. Seasonally adjusted spindle hours operated, however, decreased 2 per cent from February and were also 16 per cent below a year ago. Department store sales did not rise by seasonal proportions from February to March, and the adjusted index fell 3 per cent to a level 4 per cent under March, 1948. Adjusted life insurance sales gained 5 per cent from February to March, in which month sales exceeded those of a year ago by 4 per cent. There were gains and losses in wholesalers' adjusted sales from February to March, but all lines showed smaller sales than a year ago except groceries, which were at the same level.

#### Textiles

The outstanding development in this District has been the very substantial curtailment at cotton and rayon mills which got under way toward the end of March and gained momentum in April. There had been a considerable amount of loom shifting in the cotton-goods industry from one construction to another during February and March, but steady erosion of the price structure prevailed throughout this period. When it became obvious that no price above the cost of production would induce a better volume of business, mills began curtailing and the process is still under way. About the only product in which anything resembling volume is still attainable is the 80 square print cloths. Some mills continue to operate five days a week on three shifts, but many have dropped to four days, and a few are down to three days. In some cases third shifts have been eliminated or materially reduced.



The effects of these curtailments, which mainly concern the Carolinas, can be seen in the seasonally adjusted sales of department stores and the sales of Series E savings bonds as follows:

#### MARCH—PERCENT CHANGE FROM YEAR AGO

	Department Store Sales	Series E Savings Bond Sales
Maryland	- 8.6	+ 16.3
District of Columbia	+ 6.6	+ 4.8
Virginia	+ 2.2	+ 4.6
West Virginia	+ 1.3	+ 15.2
North Carolina	- 15.9	- 4.0
South Carolina	- 15.5	- 2.4

Unlike the cotton textile producers, who have cut prices drastically before curtailing, the rayon yarn producers are leaving their price structure basically intact except for competitive adjustments, and are meeting the slack in demand by curtailment of operations. March shipments of the industry dropped 29 per cent from a year earlier, bringing the first quarter 13 per cent under last year. Staple fiber production is being cut most, with acetate filament next. Viscose filament yarn producers in April were scheduled to operate at 81 per cent of capacity and staple fiber at 50 per cent. It is probable that acetate output is off about one-third. Quite a number of rayon weaving mills in this area are now operating on a short week for the first time in their history. Some mills which had been running six days, three shifts, have cut to five days, three shifts; some which had been running five days, three shifts, have cut to four days, three shifts; and there are a few mills on a three-day, three-shift basis.

## FEDERAL RESERVE BANK OF RICHMOND

Unless the inventories of both cottons and rayons in the intermediate stages of production are very much higher than the market assumes, it is fairly safe to predict that the supply, cut back as it now stands, will bring a supply-demand balance in a very few months. With the price situation as it was late in April, it is also becoming increasingly obvious that there will be no further declines of consequence in gray cotton goods until a lower price of raw cotton occurs, or until lower cost resulting from greater labor efficiency can be passed on.

### Hosiery

There is a perceptible improvement of late in the hosiery business but this has been centered mainly in 51 gauge, 15 denier women's full fashioned; other types of hosiery have not done as well. In the men's hosiery industry around Hickory, North Carolina, according to the Daily News Record, about half of the small mills are shut down, while the larger mills are operating at about three-fourths of capacity, and none of the mills in this area has written any fall business to speak of. In the High Point, North Carolina, area the Daily News Record reports men's hosiery mills are averaging about 60 per cent of normal capacity with some mills running 75 per cent and others 50 per cent.

Sales of women's hosiery in department stores in the nation in February were 8 per cent lower than a year ago; in the Fifth District the decrease was 7 per cent. The latest figures for the industry are for February, which show mill shipments 13.6 per cent below a year earlier, with women's full-fashioned down 5.5 per cent; total women's down 10.2 per cent; men's half hose and slack socks down 15.6 per cent; crew and athletic socks down 14.5 per cent; bundle goods down 7.8 per cent; children's and infants' hose down 16.7 per cent; and anklets down 16.0 per cent.

### Lumber

There has been some improvement in the demand for lumber from the mills of this area, but it is no more than seasonal. New orders for the large mills have been running moderately ahead of shipments and prices have temporarily stabilized, but employment trends are down because many small mills are closing down. With new residential construction commitments running under those of a year ago in both the District and the nation there is a strong feeling in the consuming industries that by summer real price weakness in lumber will be seen. This outlook is primarily responsible for the conservative inventory policy being exercised by retail yards.

Continued on page 7

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED

	Mar. 1949	Feb. 1949	Jan. 1949	Mar. 1948	% Change—Latest Mo. Previous Month	Year Ago
Automobile Registration <sup>1</sup> .....	.....	117	134	140	— 13	+ 9
Bank Debits.....	332	329	318	320	+ 1	+ 4
Bituminous Coal Production.....	85	148	152	92	— 43	— 8
Building Contracts Awarded.....	263	260	236	326	+ 1	— 19
Commercial Construction Contracts.....	346	348	437	304	— 1	+ 14
Manufacturing Construction Contracts.....	286	188	171	498	+ 52	— 43
Public Works and Utilities Contracts.....	219	259	208	316	— 15	— 31
Residential Construction Contracts.....	230	277	250	290	— 17	— 21
Apartments and Hotels.....	278	308	188	173	— 10	+ 61
One and Two Family Houses.....	263	248	281	378	+ 6	— 30
Building Permits Issued.....	222	237	232	274	— 6	— 19
Business Failures — No.....	101	45	43	61	+124	+ 66
Cigarette Production.....	254	227 <sup>r</sup>	214	248	+ 12	+ 2
Cotton Consumption.....	128	128	126	153	0	— 16
Cotton Spindle Hours.....	128	130	127	152	— 2	— 16
Department Store Sales <sup>3</sup> .....	290	299	301	303	— 3	— 4
Department Store Stocks.....	315	304 <sup>r</sup>	316	340	+ 4	— 7
Electric Power Production.....	.....	270	267	265	+ 1	+ 7
Employment — Mfg. Industries <sup>1</sup> .....	.....	128	129	136	— 1	— 4
Furniture Orders <sup>3</sup> .....	.....	209	204	354	+ 2	— 33
Furniture Shipments <sup>3</sup> .....	.....	217	199	295	+ 9	— 24
Furniture Unfilled Orders <sup>3</sup> .....	.....	444	488	784	— 9	— 41
Furniture Sales — Retail.....	250	264	271	265	— 5	— 6
Gasoline Consumption.....	.....	197	197	179	+ 2	+ 11
Life Insurance Sales.....	256	243	226	246	+ 5	+ 4
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	283	265	280	341	+ 7	— 17
Drugs.....	256	259	267	265	— 1	— 3
Dry Goods <sup>3</sup> .....	151	157	114	196	— 4	— 23
Electrical Goods <sup>2</sup> .....	71	84	96	83	— 15	— 14
Groceries.....	247	236	241	247	+ 5	0
Hardware.....	133	127	145	140	+ 5	— 5
Industrial Supplies <sup>2</sup> .....	279	394	399	317	— 29	— 12
Paper and Its Products <sup>2</sup> .....	134	132	134	155	+ 2	— 14
Tobacco and Its Products <sup>2</sup> .....	84	96	97	87	— 13	— 3

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> 1938-41=100.

<sup>3</sup> Revised Series—back figures available on request.

## Business Conditions

Continued from page 2

### Bituminous Coal

The March level of production in this District was down 43 per cent from February, on a seasonally adjusted basis, but only 8 per cent below March, 1948. In both years work stoppages were in effect at the mines. This year it was estimated that miners would lose \$68 million in wages due to the shut-down. About \$18-\$20 million of this can be allocated to the Fifth District. Operators in the tri-state area, which includes Pennsylvania and West Virginia, confronted with increasing trouble, both labor and consumer, have adopted a four-point policy which they intend to carry out. This policy is to:

1. Cut prices.
2. Cut production costs.
3. Hunt new markets.
4. Resist union efforts to increase labor costs.

The price-cutting policy to maintain coal as a competitive fuel has already begun, and it is expected that further cuts will be made later on.

### Furniture

Shipments of furniture factories in this area show a decline from January to February, but not as much as the usual seasonal. February shipments, however, compare unfavorably with those of February 1948, being down 31 per cent. New orders received were at the same level as shipments, and with adjusted furniture sales in this District at retail in March off 5 per cent from February, and 6 per cent below a year ago, it does not seem probable that nearby improvement in furniture manufacturing would be seen. Employment in the industry in Virginia during March continued the downward trend that has been in evidence in this state for more than a year.

### Department Store Sales

The trend of department store sales in the Fifth District continued down in March, declining 3 per cent from February on a seasonally adjusted basis. April sales as represented by weekly reporting stores indicate a further decline in the index for that month. While these weekly figures showed gains over last week in the four

weeks to April 16, owing to the shift of Easter from March 28 in 1948 to April 17 in 1949, it appears doubtful whether total April sales will exceed April 1948 sales sufficiently to hold the adjusted index at the March level.

Downward trends since October are noted in women's and misses' apparel and accessories, piece goods and major household appliances, china and glassware, and basement sales of men's and boys' wear. Small wares show a slow up-trend, and sporting goods have leveled off at a high plateau. Basement store total sales give some evidence of leveling, while basement sales of women's and misses' ready-to-wear continue on an up-trend. Sales of linens and domestics have maintained a flat trend for the past two years. Floor coverings, though trending down for the past three months, are still at a very high level, while draperies, curtains, upholstery, etc., have been in an upward trend since the middle of 1948.

### Agriculture

Cash farm income in the Fifth District in the first two months of 1949 was still ahead of a year ago, despite the downward trend of farm prices on a countrywide basis. The January-February total of \$195.5 million was 8.3 per cent above those months last year, but the largest gains were made in crop marketings in Maryland and South Carolina. Income in these months in livestock and products was below that of last year in Virginia and North Carolina, but the District total shows a small increase.

Prospective plantings of major crops in the District show a gain in 1949 when compared with 1948 of 5 per cent in tobacco; 11 per cent in cotton; 22 per cent in oats; and 5 per cent in barley. Hay acreage in 1949 is indicated at the same level as in 1948, while all other crops show reduced acreages ranging from 3 per cent in sorghums to 15 per cent in peanuts.

Unless the season turns unusually bad, the increased acreages of the two principal cash crops—cotton and tobacco—will likely bring a little larger income this year because of larger production which could offset a slightly lower price support for cotton.



**PROSPECTIVE PLANTINGS OF SPECIFIED CROPS IN 1949 COMPARED WITH THOSE IN 1948  
FIFTH DISTRICT BY STATES**

Crop	North Carolina			South Carolina		
	1948	Indicated 1949	1949 as % of 1948	1948	Indicated 1949	1949 as % of 1948
	1000 Acres		Per Cent	1000 Acres		Per Cent
Tobacco*.....						
Flue-cured (Type 11).....	233.0	245.0	105	-----	-----	-----
(Type 12).....	290.0	304.0	105	-----	-----	-----
(Type 13).....	71.0	75.0	106	103.0	109.0	106
Total (Types 11-13).....	594.0	624.0	105	103.0	109.0	106
Va. Fire-cured						
(Type 21).....	-----	-----	-----	-----	-----	-----
Burley (Type 31).....	10.0	10.3	103	-----	-----	-----
Maryland (Type 32).....	-----	-----	-----	-----	-----	-----
Va. Sun-cured						
(Type 37).....	-----	-----	-----	-----	-----	-----
Total Tobacco.....	604.0	634.3	105	103.0	109.0	106
Cotton.....	725	805	111	1,133	1,250	110
Corn, All.....	2,248	2,158	96	1,422	1,394	98
Oats**.....	356	449	126	606	788	130
Barley**.....	41	43	105	26	25	96
Hay, All*.....	1,230	1,205	98	500	515	103
Peanuts***.....	305	259	85	29	24	84
Soybeans***.....	384	353	92	60	60	100
Cowpeas***.....	55	50	91	144	130	90
Sorghums**.....	45	45	100	35	32	91
Irish Potatoes**.....	71	64	90	19	17	90
Sweet Potatoes.....	49	47	96	42	40	95
Total (12 Crops).....	6,113.0	6,112.3	100	4,119.0	4,384.0	106

\* Acreage harvested.

\*\* Includes Acreage planted in preceding fall.

\*\*\* Grown alone for all purposes.

Sources: USDA, BAE, Crop Production (Washington, March 1949); Cotton data from the Fairchild Survey published in The Daily News Record, February 3, 1949.

## NATIONAL SUMMARY OF BUSINESS CONDITIONS

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

Industrial output continued to decline in March and apparently also in April. Value of department store trade remained below the corresponding period of last year. Prices of industrial commodities generally declined in March and April with sharp reductions in metal scrap and nonferrous metals. Prices of most farm products and foods showed little change.

### Industrial Production

Industrial production declined further in March, and the Board's seasonally adjusted index was 184 per cent of the 1935-39 average. This compares with 189 in February and with the postwar peak rate of 195 in October and November 1948. Output of manufactures declined about 2 per cent in March and work stoppages at coal mines for two weeks sharply reduced minerals production. Although coal output was restored in April, present indications are that total industrial output has declined further.

Activity in the machinery and iron and steel fabricating industries showed a substantial additional decline in March. In the automobile industry activity was maintained at a high level as reductions in output

of trucks and of automotive parts were offset by an increase in the number of passenger cars assembled. Production of iron and steel and nonferrous metals, on the other hand, increased further in March. Open hearth steel production was up 2 per cent to a new record level, but output of electric steel declined 5 per cent from the February peak rate. During the first three weeks of April, however, steel production has been scheduled about 4 per cent below the March rate. Lumber production increased in March from the reduced rate reached in February.

Output of nondurable goods receded about 3 per cent in March, reflecting chiefly marked reductions in activity in the textile, paper, and chemical industries. Rayon production and deliveries to textile mills were sharply curtailed in March, and, according to trade reports, have been reduced considerably further in April. Activity in the woolen and worsted industry has also declined substantially from the February rate, according to preliminary indications. Paperboard production in March and the first half of April was about 6 per cent below the February rate and 15 per cent

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

MAY 31, 1949

## Business Conditions

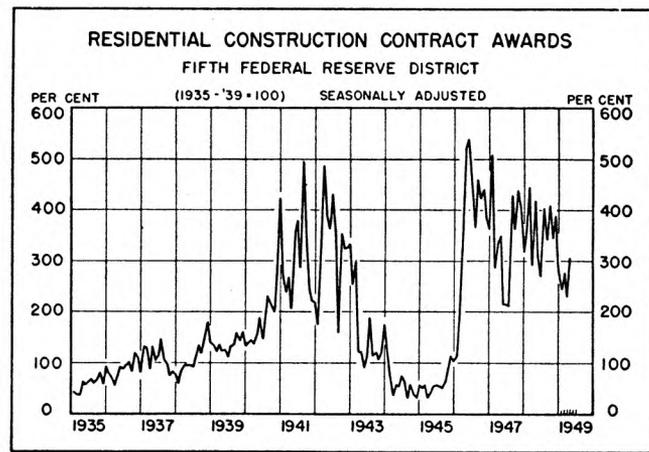
ON the plus side of the Fifth District economy in March or April, wherever figures were available, were continued gains in the registrations of new automobiles, a seasonal recovery of moderate proportions in sales of department stores together with a fairly marked gain in construction contract awards in the District of Columbia. On the minus side have been the continued reductions in employment and curtailment of manufacturing output on a broad front. Then too, the distribution through wholesalers, which is still mainly on the decline, gives a less favorable impression than the sales at the retail level. Production curtailment which has been in evidence for some months was accentuated in April particularly in the textile industry and fabricating satellites.

There are relatively few areas in the District where employment levels have been sustained and unemployment totals are beginning to approach the stage where concern must be felt about them. Business interests in quite a number of areas in the District were anticipating an improvement in the labor situation from probable seasonal gains in construction employment. Those in quite a number of other areas, however, recognize the fact that seasonal employment expansion in this industry had not occurred as of the turn of May.

## Textiles

Although the level of production has fallen somewhat in almost all of the manufacturing industries in this District that in textiles has been particularly marked. The consumption of cotton and the number of hours run by cotton spindles in April this year showed a decline of 15 per cent on a seasonally adjusted basis from March in both cases and both likewise were 29 per cent under April a year ago. Trade reports would seem to indicate that there has been some further reduction during the first half of May. Further weakening has occurred in the cotton goods price structure but this has not been of any sizeable proportion. The drop in the operations in the cotton goods industry has thus far in May been about as sharp as in any previous depression for which figures are available.

Textile curtailment has not been confined to the cotton goods industry in this District; both rayon and woollens have likewise been affected. In April



the shipments of rayon filament yarn were 27 per cent below those of that month a year ago while staple fiber shipments were down 68 per cent in the same period. Employment in woolen and worsted mills in North Carolina showed a drop of 30 per cent from a year ago, and it is highly probable that the drop in output of goods has been somewhat greater than this.

After adjustments for seasonal variation the sales of cotton goods items in department stores do not give strong indication that a serious drop in consumer takings has thus far occurred, and yet at the manufacturing level the output of cotton goods is down nearly a third. From the amount of this drop in production it would seem that the bottom of curtailment had been reached and that almost regardless of what happens to the business situation nationally there is likelihood that some improvement may be seen in the output of the cotton textile industry by fall. Rayon yarn producers have curtailed even further, and a similar prospect would hold for this industry.

## Furniture

After taking account of seasonal variation there has been a barely noticeable improvement in manufacturing operations of this industry. It is still, however, shipping products valued at 26 per cent less than a year ago, but sales at the retail level are holding up fairly well. Employment in this industry had shown a tendency to stabilize in April.

## FEDERAL RESERVE BANK OF RICHMOND

### Hosiery

The hosiery industry has recently experienced another series of price cuts, and these will undoubtedly keep the wholesalers' and retailers' purchases close to a spot basis through summer. The industry's shipments in March improved notably, but this was essentially seasonal and the level continued more than 10 per cent under a year ago. The full-fashioned end of the business, despite the weakness in prices, shipped 7 per cent more goods in March than a year ago, the drop being accounted for by the seamless branch.

There are still some new plants and extensions being projected, and several others have gone into production in the past month. These are mainly in the higher gauges of women's hosiery.

### Bituminous Coal

Coal output in this District showed a very marked rise after seasonal adjustment from March to April. The latter figure was 70 per cent higher than in April 1948. This is due mainly to the fact that the strike period in 1948 was of considerably longer duration than it was this year. Current figures reported weekly would seem to indicate that the going level of production at the present time is 12 to 15 per cent less than a year ago for the District as a whole.

Contract negotiations with the Southern operators got under way on May 25, and preliminary indications did not lend much hope to an early settlement of the wage problem. It is very possible that the anticipation of labor difficulties may cause production in the next month to remain higher than it would otherwise be. There is little doubt, however, whether through labor stoppage or loss of demand, that the output in 1949 will be considerably lower than in 1948.

### Construction

The index of total construction contract awards in April was 38 per cent higher than in March after seasonal correction and 12 per cent above a year ago. Aside from a gain of about \$5 million in contract awards in Virginia in April this year as compared with last year, the entire increase in the District index was caused by the award of a Government office building in the District of Columbia amounting to \$22 million. Thus, the sharp rise shown in the seasonally adjusted index in April can hardly be considered a reversal of the downward trend which has been in evidence in this district since last October.

Residential awards, however, rose 32 per cent after seasonal correction from March to April, but April

Continued on page 14

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED

	Apr. 1949	Mar. 1949	Feb. 1949	Apr. 1948	% Change—Latest Mo. Previous Month	% Change—Latest Mo. Year Ago
Automobile Registration <sup>1</sup> .....	.....	174	114	144	+ 53	+ 9
Bank Debits .....	312	332	329	313	- 6	- 0
Bituminous Coal Production .....	179	93 <sup>r</sup>	150	105	+ 92	+ 70
Building Contracts Awarded: .....	363	263	260	324	+ 38	+ 12
Commercial Construction Contracts.....	1305	346	348	382	+277	+242
Manufacturing Construction Contracts.....	414	286	188	268	+ 45	+ 54
Public Works and Utilities.....	245	219	259	266	+ 12	- 8
Residential Construction Contracts: .....	304	230	277	421	+ 32	- 28
Apartments and Hotels .....	428	278	308	872	+ 54	- 51
One and Two Family Houses.....	292	263	248	321	+ 11	- 9
Building Permits Issued .....	291	222	237	336	+ 31	- 13
Business Failures — No. ....	128	101	45	40	+ 27	+220
Cigarette Production .....	226	256 <sup>r</sup>	227	271	- 12	- 17
Cotton Consumption .....	111	128	128	156	- 13	- 29
Cotton Spindle Hours .....	112	128	130	158	- 13	- 29
Department Store Sales <sup>2</sup> .....	304	290	299	327	+ 5	- 7
Department Store Stocks .....	324	315	304	340	+ 3	- 5
Electric Power Production .....	.....	277	270	256	+ 3	+ 5
Employment — Mfg. Industries <sup>1</sup> .....	.....	126	128	135	- 2	- 7
Furniture Orders <sup>3</sup> .....	.....	248	209	262	+ 19	- 30
Furniture Shipments <sup>3</sup> .....	.....	219	217	288	+ 1	- 26
Furniture Unfilled Orders <sup>3</sup> .....	.....	438	444	697	- 1	- 44
Furniture Sales — Retail .....	235	250	264	270	- 6	- 13
Life Insurance Sales .....	249	256	243	261	- 3	- 5
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	260	283	265	339	- 8	- 23
Drugs .....	268	256	259	269	+ 5	0
Dry Goods <sup>2</sup> .....	156	151	157	188	+ 3	- 17
Electrical Goods <sup>2</sup> .....	77	71	84	83	+ 8	- 7
Groceries .....	238	247	236	262	- 4	- 9
Hardware .....	124	133	127	142	- 7	- 13
Industrial Supplies <sup>2</sup> .....	255	279	394	358	- 9	- 29
Paper and Its Products <sup>2</sup> .....	125	134	132	167	- 7	- 25
Tobacco and Its Products <sup>2</sup> .....	89	84	96	99	+ 6	- 10

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> 1938-41=100.

<sup>3</sup> Revised Series—back figures available on request.

FEDERAL RESERVE BANK OF RICHMOND

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major farm organizations and in the farm press. For example, the *Farm Journal* in its issue of June, 1949 said:

A new regime of rigid controls would arise. Government, and not farmers, would be running agriculture. The scheme would skid the nation down another slide on the decline to Statism.

The Brannan farm program is a far-reaching proposal to secure, through government action, certain objectives of importance to all people in this District. It and the program now in effect should be carefully studied so that government programs in agriculture will make a maximum contribution toward high levels of efficient production and full employment.

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### Business Conditions

Continued from page 2

this year was 28 per cent under a year ago. It seems quite likely that a figure somewhere in the neighborhood of a 25 per cent drop would be the best expectation for 1949 residential construction in comparison with 1948.

#### Trade

Average daily department store sales seasonally adjusted and corrected for the shift in the date of Easter rose 5 per cent from March to April but were 7 per cent under April a year ago. Department store stocks seasonally corrected rose 3 per cent from March to April and were 5 per cent less than a year ago. Stocks for the last four months have been higher in relation to their prewar base than sales which is another way of saying that the stock-sales ratio has been rising in this period. The chief cause of the decline in store sales from a year ago has been a reduction in the unit volume of high ticket items such as household appliances and floor coverings, etc.

While a number of the soft goods lines are showing some reductions in sales under a year ago, there is little evidence in the seasonally adjusted figures that a downward trend in these items is thus far in evidence.

In fact, it is probable that many items, owing to price reductions, are selling currently in larger quantity than a year ago.

Sales of retail furniture stores declined 6 per cent on a seasonally adjusted basis from March to April to a level 13 per cent below April 1948. There is some evidence that the household appliances are responsible for the greater part of this decline, and this is documented by one or two reports from retail furniture firms together with the figures shown departmentally in our department store sales index, both sources of which indicate that furniture is holding up much better than other lines sold in these stores.

On a seasonally adjusted basis wholesale sales of drug, dry goods, electrical goods, and tobacco firms improved from March to April. Only the drug trade equalled its level of a year ago. All other lines show reductions ranging from 7 to 29 per cent. This is a fairly good indication that the period of readjustment at the retail level has not yet been completed and probably indicates that a further adjustment in both prices and sales volume is likely to be experienced at the retail level.

FEDERAL RESERVE BANK OF RICHMOND  
(All Figures in Thousands)

ITEMS	May 18, 1949	Chg. in Amt. From	
		4-13-49	5-12-48
Total Gold Reserves.....	\$1,083,798	+ 15,806	+ 19,762
Other Reserves .....	18,857	+ 1,969	+ 697
Total Reserves .....	1,102,655	+ 17,775	+ 20,459
Bills Discounted .....	23,097	+ 11,515	+ 10,474
Industrial Advances .....	38	— 22	— 11
Govt. Securities, Total.....	1,265,087	—116,243	— 56,424
Bonds .....	541,848	— 41,678	+133,920
Notes .....	23,053	— 1,637	—104,030
Certificates .....	431,263	—10,860	+160,724
Bills .....	268,923	—62,068	—247,038
Total Bills & Securities.....	1,288,222	—104,750	— 45,961
Uncollected Items .....	227,215	+ 33,923	— 10,538
Other Assets .....	31,330	— 3,825	+ 6,260
Total Assets .....	2,649,422	— 56,877	— 29,780
Federal Reserve Notes in Cir.....	1,544,545	— 20,286	— 69,774
Deposits, Total .....	844,727	— 69,158	+ 20,856
Members' Reserves .....	748,148	— 74,200	+ 24,123
U. S. Treas. Gen. Acct.....	70,687	+ 14,645	— 9,600
Foreign .....	23,932	— 5,733	+ 7,042
Other Deposits .....	1,960	— 3,870	— 709
Def. Availability Items.....	216,264	+ 34,718	+ 12,956
Other Liabilities .....	592	— 214	— 305
Capital Accounts .....	43,294	— 1,937	+ 6,487
Total Liabilities .....	2,649,422	— 56,877	— 29,780

51 REPORTING MEMBER BANKS—5th DISTRICT  
(All Figures in Thousands)

ITEMS	May 18, 1949	Chg. in Amt. From	
		4-13-49	5-12-48
Total Loans .....	\$ 828,134**	— 17,790	+ 7,983
Bus. & Agri. ....	379,779	— 23,787	+ 9,202
Real Estate Loans.....	192,659	— 770	+ 1,170
All Other Loans.....	263,861	— 6,811	+ 17,180
Total Security Holdings.....	1,644,453	+ 14,151	— 67,300
U. S. Treasury Bills .....	61,800	+ 2,816	+ 7,407
U. S. Treasury Certificates .....	180,776	+ 4,301	+ 1,058
U. S. Treasury Notes .....	39,670	— 3,005	— 35,885
U. S. Govt. Bonds .....	1,228,072	+ 9,439	— 48,023
Other Bonds, Stocks & Sec.....	134,135	+ 600	+ 10,259
Cash Items in Process of Col.....	206,184	— 25,460	— 32,997
Due from Banks.....	150,840*	— 21,762	— 14,614
Currency & Coin.....	62,727	— 2,812	— 5,202
Reserve with F. R. Banks.....	492,780	— 36,306	+ 12,770
Other Assets .....	49,797	+ 2,060	— 7,657
Total Assets .....	3,434,915	— 87,919	—107,017
Total Demand Deposits.....	\$2,573,231	— 97,038	—125,599
Deposits of Individuals .....	1,951,999	— 72,740	— 45,292
Deposits of U. S. Govt. ....	43,454	— 33,961	— 28,393
Deposits of State & Local Govt. ....	188,619	+ 29,402	— 26,189
Deposits of Banks .....	344,443*	— 23,821	— 21,848
Certified & Officer's Checks.....	44,716	+ 4,082	— 3,877
Total Time Deposits.....	607,359	— 207	+ 2,841
Deposits of Individuals.....	570,767	— 9,355	— 16,388
Other Time Deposits.....	36,592	+ 9,148	+ 19,229
Liabilities for Borrowed Money.....	12,925	+ 9,775	+ 10,925
All Other Liabilities.....	18,143	— 1,345	— 3,615
Capital Accounts .....	223,257	+ 896	+ 8,431
Total Liabilities .....	3,434,915	— 87,919	—107,017

\*Net Figures, reciprocal balances being eliminated.

\*\*Less losses for bad debts.

CONSTRUCTION CONTRACTS AWARDED

STATES	April 1949	% Change	
		from April 1948	% Change from 4 Mos. '48
Maryland .....	\$ 29,243,000	— 17	\$ 83,263,000
Dist. of Columbia.....	26,953,000	+ 593	42,747,000
Virginia .....	19,970,000	+ 36	71,225,000
West Virginia .....	6,402,000	— 45	13,198,000
No. Carolina .....	13,103,000	— 30	42,172,000
So. Carolina .....	8,874,000	— 3	27,611,000
Fifth District .....	\$104,545,000	+ 12	\$280,216,000

Source: F. W. Dodge Corp.

DEPOSITS IN MUTUAL SAVINGS BANKS

8 Baltimore Banks

	Apr. 30, 1949	Mar. 31, 1949	Apr. 30, 1948
Total Deposits .....	\$393,725,241	\$393,801,914	\$393,221,652

DEBITS TO INDIVIDUAL ACCOUNTS  
(000 omitted)

	April 1949	April 1948	4 Mos.	
			1949	1948
<b>Dist. of Columbia</b>				
Washington .....	\$ 718,597	\$ 732,797	\$ 2,905,618	\$ 2,856,645
<b>Maryland</b>				
Baltimore .....	911,529	971,029	3,699,284	3,802,159
Cumberland .....	21,126	20,360	81,092	78,618
Frederick .....	18,714	19,760	68,876	72,057
Hagerstown .....	26,351	26,649	104,555	103,702
<b>North Carolina</b>				
Asheville .....	43,746	46,938	184,345	188,578
Charlotte .....	219,072	227,747	904,683	906,452
Durham .....	72,219	96,507	327,699	358,285
Greensboro .....	70,690	74,182	291,685	296,473
Kinston .....	11,575	11,253	52,530	46,324
Raleigh .....	131,082	117,185	501,196	401,501
Wilmington .....	30,302	33,948	122,992	133,387
Wilson .....	18,531	13,928	60,562	54,147
Winston-Salem .....	114,476	123,443	471,496	477,056
<b>South Carolina</b>				
Charleston .....	60,627	51,385	237,011	212,075
Columbia .....	96,624	91,715	380,347	363,456
Greenville .....	74,582	78,971	314,527	313,789
Spartanburg .....	42,021	48,709	181,216	191,959
<b>Virginia</b>				
Charlottesville .....	21,046	21,268	87,438	85,728
Danville .....	21,246	23,923	91,982	102,549
Lynchburg .....	35,685	37,610	144,141	150,985
Newport News .....	31,166	26,942	128,627	122,866
Norfolk .....	169,817	169,534	694,810	688,973
Portsmouth .....	19,802	19,924	76,548	73,204
Richmond .....	430,387	444,112	1,892,158	1,720,700
Roanoke .....	87,838	83,100	353,278	326,790
<b>West Virginia</b>				
Bluefield .....	39,869	33,692	182,853	160,142
Charleston .....	124,096	117,923	539,077	510,797
Clarksburg .....	27,164	28,732	115,922	122,671
Huntington .....	57,507	51,918	235,141	223,274
Parkersburg .....	25,010	26,532	102,430	101,771
District Totals .....	\$ 3,822,497	\$ 3,871,708	\$15,534,119	\$15,251,113

COTTON CONSUMPTION AND ON HAND—BALES

	April 1949	April 1948	Aug. 1 to April 30	
			1949	1948
<b>Fifth District States:</b>				
Cotton consumed .....	300,321	420,456	3,126,784	3,557,940
<b>Cotton Growing States:</b>				
Cotton consumed .....	535,474	731,545	5,507,673	6,295,950
Cotton on hand April 30 in consuming establishments..	1,234,966	1,796,742		
storage & compresses.....	5,839,696	2,794,282		
<b>United States:</b>				
Cotton consumed .....	597,031	829,960	6,162,162	7,141,067
Cotton on hand April 30 in consuming establishments..	1,448,450	2,182,969		
storage & compresses.....	5,871,447	2,861,102		
Spindles active, U. S.....	19,801,000	21,695,000		

Source: Department of Commerce.

COTTON CONSUMPTION—FIFTH DISTRICT

	N. Carolina	S. Carolina	Virginia	District
April 1949 .....	152,070	138,730	9,521	300,321
March 1949.....	194,238	160,421	14,303	368,962
April 1948 .....	226,334	175,225	18,897	420,456
4 Months 1949.....	704,315	587,653	52,309	1,344,277
4 Months 1948.....	908,161	692,739	75,237	1,676,137

Source: Department of Commerce.

PRICES OF UNFINISHED COTTON TEXTILES

	April 1949	March, 1949	April, 1948
Average, 17 constructions.....	62.56	63.70	88.13
Printcloths, average (6).....	66.91	68.93	103.30
Sheetings, average (8).....	56.79	57.56	72.08
Twill (1) .....	63.14	63.35	116.15
Drills, average (4).....	56.19	56.32	72.86
Sateen (1) .....	83.63	87.22	128.15
Ducks, average (2).....	60.10	60.41	63.27

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustment for salable waste.

Source: Department of Agriculture.

FEDERAL RESERVE BANK OF RICHMOND

BUILDING PERMIT FIGURES

	Total Valuation	
	April 1949	April 1948
<b>Maryland</b>		
Baltimore	\$ 5,166,520	\$11,848,925
Cumberland	70,220	68,775
Frederick	79,730	299,850
Hagerstown	140,910	201,880
Salisbury	137,717	338,347
<b>Virginia</b>		
Danville	354,627	1,218,062
Lynchburg	803,651	399,382
Norfolk	951,761	1,202,330
Petersburg	113,409	110,600
Portsmouth	162,370	160,460
Richmond	1,829,979	1,313,932
Roanoke	1,743,922	1,271,040
<b>West Virginia</b>		
Charleston	354,045	518,631
Clarksburg	74,750	141,910
Huntington	665,050	446,141
<b>North Carolina</b>		
Asheville	244,287	256,594
Charlotte	1,124,974	791,219
Durham	202,295	1,330,102
Greensboro	2,460,126	537,090
High Point	163,971	200,030
Raleigh	1,622,929	347,907
Rocky Mount	128,853	101,650
Salisbury	134,292	156,765
Winston-Salem	921,959	580,427
<b>South Carolina</b>		
Charleston	80,839	281,378
Columbia	689,298	387,935
Greenville	414,990	635,350
Spartanburg	109,100	104,229
<b>Dist. of Columbia</b>		
Washington	4,710,709	5,012,119
District Totals	\$25,656,383	\$30,263,060
4 Months	\$74,142,385	\$91,043,849

REPORT ON RETAIL FURNITURE SALES

Percentage comparison of sales in periods named with sales in same periods in 1948

STATES	April 1949	4 Mos. 1949
	Maryland (5)*	-12
Dist. of Col. (6)*	-17	+14
Virginia (19)*	-13	-7
West Virginia (9)*	-17	-42
North Carolina (13)*	-20	-19
South Carolina (10)*	-13	-14
District (62)*	-15	-7
<b>Individual Cities</b>		
Baltimore, Md., (5)*	-12	-7
Washington, D. C., (6)*	-17	+14
Richmond, Va., (6)*	-9	-2
Lynchburg, Va. (8)*	+3	+1
Charleston, W. Va., (3)*	-14	-3
Charlotte, N. C., (3)*	-33	-30
Columbia, S. C., (3)*	-26	+1

\*Number of reporting firms.

WHOLESALE TRADE, 177 FIRMS

LINES	Net Sales April 1949 compared with		Stock April 30, 1949 compared with	
	Apr. 1948	Mar. 1949	Apr. 30 1948	Mar. 31 1949
Auto supplies (6)*	-23	+9	---	---
Electrical goods (5)*	-10	+10	+7	+3
Hardware (12)*	-14	-10	+18	-5
Industrial supplies (8)*	-39	-17	---	---
Drugs & sundries (11)*	-1	-1	+1	-1
Dry goods (11)*	-11	-5	-9	-2
Groceries (51)*	-8	-8	+1	0
Paper & products (5)*	-24	-14	---	---
Tobacco & products (5)*	0	-3	+16	+12
Miscellaneous (68)*	+3	-16	-4	-1
District Totals (177)*	-11	-9	+3	-2

Source: Department of Commerce.

\*Number of reporting firms.

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	April 1949	April 1948	% Chg.	4 Mos. 1949	4 Mos. 1948	% Chg.
	West Virginia	16,081	9,345	+72	50,527	47,085
Virginia	1,722	1,306	+32	5,252	5,635	-7
Maryland	69	146	-53	281	544	-48
Fifth District	17,872	10,797	+66	56,060	53,264	+5
United States	46,703	35,151	+33	172,647	176,576	-2
% in District	38.3	30.7		32.5	30.2	

Source: Bureau of Mines

RAYON YARN SHIPMENTS AND STOCKS

	April 1949	March 1949	April 1948
Rayon yarn shipments	48,900,000	57,800,000	67,200,000
Staple fiber shipments	7,000,000	7,800,000	22,300,000
Rayon yarn stocks	43,900,000	32,900,000	9,100,000
Staple fiber stocks	19,100,000	16,200,000	3,600,000

Source: Rayon Organon.

TOBACCO MANUFACTURING

	April 1949	% Change from Apr. 1948	4 Mos. 1949	% Change from 4 Mos. '48
	Smoking & chewing tobacco (Thousands of lbs.)	15,056	-16	60,469
Cigarettes (thousands)	27,324,800	-15	111,865,095	0
Cigars (thousands)	428,452	-5	1,734,057	-6
Snuff (thousands of lbs.)	3,337	-14	13,767	-6

Source: Treasury Department.

COMMERCIAL FAILURES

MONTHS	Number of Failures		Total Liabilities	
	District	U.S.	District	U.S.
April 1949	54	878	\$2,152,000	\$ 31,945,000
March 1949	48	849	1,102,000	97,444,000
April 1948	17	404	294,000	15,296,000
4 Months 1949	149	2,978	\$4,302,000	\$176,115,000
4 Months 1948	66	1,654	1,112,000	71,361,000

Source: Dun & Bradstreet

DEPARTMENT STORE TRADE

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in April 1949 sales compared with April 1948:	+9	+5	+9	+8	+8
Percentage chg. in 4 months sales 1949 compared with 4 months in 1948:	-3	-4	+4	-3	-1
Percentage chg. in stocks on April 30, '49 compared with April 30, '48:	-8	-2	0	-8	-2
Percentage chg. in outstanding orders April 30, '49 from April 30, '48:	-18	-36	-23	-48	-23
Percentage chg. in receivables Apr. 30, '49 from those on Apr. 30, '48:	+3	+4	+15	-1	+8
Percentage of current receivables as of Apr. 1, '49 collected in April:	32	48	47	46	44
Percentage of instalment receivables as of April 1, '49 collected in April:	16	21	21	24	21
<b>Maryland Dist. of Col. Virginia W. Virginia N. Carolina S. Carolina</b>					
Percentage chg. in April 1949 sales from April 1948 sales, by States:	+5	+9	+7	+16	+1
Percentage change in 4 months 1949 from 4 months 1948 sales:	-5	+4	-3	+1	-9

## MONTHLY



## REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

JUNE 30, 1949

## Business Conditions

**B**USINESS ACTIVITY in the Fifth Federal Reserve District, for the most part, enjoyed a respite during May from the downward trend which had been in evidence since the fall of 1948. Trade figures in particular made a favorable showing with department store, furniture store, and most lines of wholesale trade showing better than normal seasonal performance in May over April. Bank debits, bituminous coal production, public works and utility and residential building contract awards, building permits, cigarette production, and life insurance sales all showed better than seasonal performance in May as compared with April. Cotton consumption by mills of the Fifth District in May showed no change from April after seasonal correction. New passenger automobiles registered in the District in April were 39 per cent higher than a year ago, while business failures in May fell 54 per cent from April on a seasonally adjusted basis.

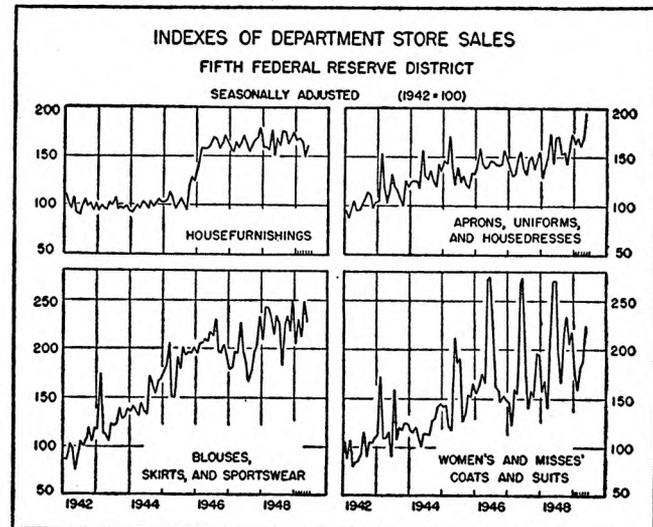
The underlying situation, however, indicates that further curtailment of economic activity in the District would be seen before a period of sustained improvement is witnessed. The employment situation continued to deteriorate in May with declines from the previous month recorded in a large majority of the manufacturing industries. Reduction in hours of labor has had about the same effect on pay rolls as the decline in employment levels.

## Cotton Textiles

Although cotton consumption in the mills of the Fifth District in May showed no change from the April level after adjustment for seasonal variation, the mills of Virginia and North Carolina showed increases in this period which were offset by declines in South Carolina. From the peak levels around May 1948 the declines in cotton consumption have occurred most in Virginia mills followed in order by those in North Carolina and South Carolina.

Summer vacations have been announced by numerous mills, and there appears to be a larger number of them shutting down for more than one week than was the case last year.

The goods and yarns market has been showing strong resistance to further price declines; and while purchases have been held to a minimum and mainly for nearby delivery, there has been some broadening of forward purchases of selected constructions. Next month will mark a year that the industry operations have been sliding, and it would seem that if there has been a considerable vol-



ume of hidden inventories, these could have been pushed into consumption channels by this time since the measurable sources of consumption at the retail level have shown no perceptible weakness in this period. It would seem in view of these considerations together with the sharp cut-back in output that a measure of recovery in production would be in order this fall. The degree of recovery, however, must take into account the fact that further shifting is taking place from cotton to rayon tire cord.

## Rayon

Shipments of rayon filament yarn and staple fiber in May for the United States were 9 per cent higher than in April, but 35 per cent below May 1948. Relative to a year ago filament yarn shipments in May were down 25 per cent while staple fiber shipments were down 65 per cent. In the first five months of 1949 Viscose filament yarns were down 9 per cent and acetate filament yarns down 22 per cent from like months last year, while Viscose staple was down 46 per cent and acetate staple down 62 per cent in the same period. This would seem to indicate that the areas of Front Royal, Va.; Nitro and Parkersburg, W. Va.; Narrows and Waynesboro, Va. where staple fiber is produced may have cut back more substantially than in other rayon producing areas.

Rayon prices for both viscose and acetate during May were reduced in a range of from 1 cent to 10 cents a pound depending on the denier of the yarn. These declines were followed by a drop of 3 to 6 per cent in dis-

## FEDERAL RESERVE BANK OF RICHMOND

solving wood pulp price on June 1st. This is an important element of cost in rayon production. High tenacity viscose yarns used for making tire cords were already competitive with cotton for this purpose and the lowered rayon prices seem likely to continue the trend toward rayon usage. In the first five months of 1949 high tenacity viscose and cupra rayon yarn shipments were 15 per cent higher than in like months of 1948 whereas other viscose and cupra yarn shipments were down 29 per cent bringing the total of these yarns down only 9 per cent.

### Furniture

Although furniture shipments of southern manufacturers in April were about the same as in March after seasonal correction, new orders likewise adjusted fell 29 per cent in this period thus indicating some further drop in output and shipments. Trade opinion points toward a dearth of new business until the July furniture shows have been held. Based on the retail sales of furniture thus far this year it would appear that some improvement in operations would be a reasonable expectation this fall.

Furniture store sales in the Fifth District rose 17 per cent on a seasonally adjusted basis from April to May to a level 4 per cent ahead of May 1948. Sales in the first five months were 1 per cent behind last year. In the first four months of 1949 the furniture departments of those

stores reporting departmentally throughout the United States showed sales only 4 per cent under similar months last year. This makes it look like either retail furniture sales are in for a considerably bigger drop, or manufacturers sales are in for a rise, or some of both.

### Lumber

Employment in this industry is still declining and hours of labor are likewise falling. Together they indicate a reduction in the output of between 20 and 25 per cent from a year ago. Although southern pine prices have been fairly steady for the past month, west coast fir has weakened, and this will probably have a similar effect on southern pine. The southern hardwood market is soft with furniture factories buying very little stock, and the flooring factories cutting back operations.

### Construction

New construction contract awards seasonally adjusted in May moved somewhat contrary to trends shown thus far this year in the Fifth District. Commercial building awards, which in the first five months were 57 per cent ahead of a year ago, declined 56 per cent on a seasonally adjusted basis from April to May. Contract awards for factory buildings, which fell 46 per cent in the first five months decreased 68 per cent from April to May after seasonal adjustment.

Continued on page 9

### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-39=100—SEASONALLY ADJUSTED

	May 1949	Apr. 1949	Mar. 1949	May 1948	% Change—Latest Month	
					Prev. Mo.	Year Ago
Automobile Registration <sup>1</sup> .....	.....	179	163	106	+ 10	+ 39
Bank Debits .....	328	312	332	326	+ 5	+ 1
Bituminous Coal Production .....	187	179	93	190	+ 4	- 2
Building Contracts Awarded: .....	287	363	263	365	- 21	- 21
Commercial Construction Contracts .....	573	1305	346	461	- 56	+ 24
Manufacturing Construction Contracts .....	133	414	286	418	- 68	- 68
Public Works and Utilities .....	252	245	219	523	+ 3	- 52
Residential Construction Contracts .....	315	304	230	313r	+ 4	+ 1
Apartments and Hotels .....	334	428	278	312	- 22	+ 7
One and Two Family Houses .....	312	292	263	320	+ 7	- 3
Building Permits Issued .....	342	285r	222	277	+ 20	+ 23
Business Failures — No. ....	59	128	101	31	- 54	+ 90
Cigarette Production .....	255	232r	256	232	+ 10	+ 10
Cotton Consumption .....	111	111	128	148	0	- 25
Cotton Spindle Hours .....	115	112	128	152	+ 3	- 24
Department Store Sales <sup>3</sup> .....	317	307	290	322	+ 3	- 2
Department Store Stocks .....	304	315r	305r	325r	- 3	- 6
Electric Power Production .....	.....	258	277	254	- 7	+ 1
Employment — Mfg. Industries <sup>1</sup> .....	.....	125	127	135	- 2	- 7
Furniture Orders <sup>3</sup> .....	177	172	241r	241	+ 3	- 27
Furniture Shipments <sup>3</sup> .....	200	217	218r	262	- 8	- 24
Furniture Unfilled Orders <sup>3</sup> .....	253	297	402r	668	- 15	- 62
Furniture Sales — Retail .....	274	234r	250	263	+ 17	+ 4
Gasoline Consumption .....	.....	.....	203	190	+ 6	+ 13
Life Insurance Sales .....	253	249	256	252	+ 2	0
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	344	260	283	408	+ 32	- 16
Drugs .....	266	268	256	253	- 1	+ 5
Dry Goods <sup>3</sup> .....	166	156	151	198	+ 6	- 16
Electrical Goods <sup>2</sup> .....	90	77	71	89	+ 17	+ 1
Groceries .....	246	238	247	262	+ 3	- 6
Hardware .....	139	124	133	138	+ 12	+ 1
Industrial Supplies <sup>2</sup> .....	248	255	279	387	- 3	- 36
Paper and Its Products <sup>2</sup> .....	129	125	134	153	+ 3	- 16
Tobacco and Its Products <sup>2</sup> .....	85	89	84	92	- 4	- 8

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> 1938-41=100

<sup>3</sup> Revised Series—back figures available on request.

## Business Conditions

Continued from page 2

Public works and utilities contract awards were 31 per cent below a year ago in the first five months of the year; in May the adjusted index was up 3 per cent from April. Residential contract awards rose 4 per cent from April to May on a seasonally adjusted basis, whereas in the first five months of the year they were 23 per cent under a year earlier. Educational buildings which had been generally given an excellent prospect earlier this year showed contract awards in the first five months 39 per cent under the same period last year. Total construction contract awards in May were down 21 per cent from April after seasonal correction and 21 per cent under a year ago. In the first five months of the year total awards were down 16 per cent from similar months last year.

### Automobile Registrations

New passenger cars were still moving to users in the Fifth District in substantial numbers in April this year when new registrations were 39 per cent above that month last year and 79 per cent higher than the 1935-39 average. In the first four months of 1939 new passenger car registrations in the Fifth District were 18 per cent higher than in like months of 1948 with West Virginia showing a gain of 31 per cent, North Carolina a gain of 26 per cent, South Carolina a gain of 23 per cent, Virginia a gain of 15 per cent, Maryland a gain of 11 per cent, and the District of Columbia a loss of 4 per cent.

### Department Store Sales

Consumer purchases at the department stores in the Fifth District have been in good volume thus far this year even though somewhat below a year ago. The average daily unadjusted index through May averaged 2 per cent under a year ago in dollar sales which probably means that the physical quantity of goods sold has been somewhat higher than a year ago because of declines in prices. In May these sales rose 3 per cent from April after seasonal correction to a level only 2 per cent under a year ago.

For the most part, the decline in sales thus far in 1949 has been the high ticket items of housefurnishings such as major appliances and floor coverings. The chart on page one shows the seasonally adjusted sales of three departments which have been doing fairly well along with the nine departments which form the housefurnishings grouping. The contrasts in trends can readily be seen on this chart. There are additional departments other than the housefurnishings group which show sales occasionally running under the same month a year ago, but when these sales are seasonally adjusted, there are few instances where distinct downward trends are in evidence.

The index of department store stocks, which has recently been revised to take account of the seasonal shifts of a return to a buyer's market fell 3 per cent from April to May to a level 6 per cent below May 1948. In view of the drop in prices it does not appear on an overall basis that the physical quantity of department store stocks is below a year ago. Thus, department stores in this area have not contributed substantially to the reduction in production at the manufacturing level as a result of an inventory reduction.

Bank loans of all member banks in the Fifth District fell 2.9 per cent from December 29, 1948 to May 25, 1949. Member banks in West Virginia, however, show a gain in loans in this period of 3.3 per cent while District of Columbia member banks show a gain of 1.7 per cent. North Carolina member banks show the largest loan drop of 8.7 per cent in the period under review, with South Carolina member banks showing a drop of 6.0 per cent, Maryland member banks a drop of 5.7 per cent and Virginia member banks a drop of 0.5 per cent.

In the weekly reporting banks indications are that the chief causes of the loan drop are the commercial, industrial, and agricultural loans. There has been very little drop in real estate loans of these banks since the year end while "Other" loans which are largely consumer loans have risen.

FEDERAL RESERVE BANK OF RICHMOND

**FEDERAL RESERVE BANK OF RICHMOND**  
(All Figures in Thousands)

ITEMS	June 15 1949	Change in 5-18-49	Amt. From 6-16-48
Total Gold Reserves	\$1,059,052	— 24,746	+ 47,050
Other Reserves	18,122	— 735	+ 2,799
Total Reserves	1,077,174	— 25,481	+ 49,849
Bills Discounted	11,349	— 11,748	+ 4,951
Industrial Advances	30	— 8	— 29
Govt. Securities, Total	1,249,315	— 15,772	— 98,223
Bonds	516,819	— 25,029	+ 115,674
Notes	23,053	— 0	— 102,601
Certificates	452,370	+ 21,107	+ 166,811
Bills	257,073	— 11,850	— 278,107
Total Bills & Securities	1,260,694	— 27,258	— 103,203
Uncollected Items	254,130	+ 26,915	— 33,886
Other Assets	25,690	— 5,640	+ 1,880
Total Assets	2,617,688	— 31,734	— 85,360
Federal Reserve Notes in Cir.	\$1,539,373	— 5,172	— 69,400
Deposits, Total	806,130	+ 38,597	+ 3,373
Members' Reserves	780,661	+ 32,513	+ 48,655
U. S. Treas. Gen. Acct.	513	— 70,174	— 51,844
Foreign	22,545	— 1,887	+ 6,047
Other Deposits	2,411	+ 451	+ 515
Def. Availability Items	227,133	+ 10,869	— 25,718
Other Liabilities	632	+ 40	— 277
Capital Accounts	44,420	+ 1,126	+ 6,302
Total Liabilities	2,617,688	— 31,734	— 85,360

**51 REPORTING MEMBER BANKS—5th DISTRICT**  
(All Figures in Thousands)

ITEMS	June 15 1949	Change in 5-18-49	Amt. From 6-16-48
Total Loans	\$ 799,556**	— 28,578	— 19,438
Bus. & Agri.	357,285	— 22,494	— 24,127
Real Estate Loans	192,868	+ 209	+ 3,897
All Other Loans	257,695	+ 6,166	+ 9,084
Total Security Holdings	1,673,275	+ 28,822	— 61,459
U. S. Treasury Bills	80,485	+ 18,685	— 7,343
U. S. Treasury Certificates	193,845	+ 13,069	— 20,102
U. S. Treasury Notes	40,595	+ 925	— 31,647
U. S. Govt. Bonds	1,221,070	+ 7,002	— 14,230
Other Bonds, Stocks & Sec.	137,280	+ 3,145	+ 11,863
Cash Items in Process of Col.	232,513	+ 26,329	— 5,625
Due from Banks	171,351*	+ 20,511	+ 8,033
Currency and Coin	62,965	+ 238	— 542
Reserve with F. R. Banks	519,201	+ 26,421	+ 31,759
Other Assets	48,667	— 1,130	— 7,217
Total Assets	3,507,528	+ 72,613	— 54,489
Total Demand Deposits	\$2,643,126	+ 69,895	— 80,760
Deposits of Individuals	2,040,350	+ 88,351	— 18,366
Deposits of U. S. Govt.	32,864	— 10,590	— 15,071
Deposits of State & Local Govt.	154,645	— 33,974	— 44,625
Deposits of Banks	371,851*	+ 27,438	— 1,476
Certified & Officer's Checks	43,386	+ 1,330	— 1,212
Total Time Deposits	613,669	+ 6,310	+ 12,092
Deposits of Individuals	568,602	+ 2,165	— 15,701
Other Time Deposits	45,067	+ 8,475	+ 27,793
Liabilities for Borrowed Money	4,525	— 8,400	+ 3,825
All Other Liabilities	21,400	+ 3,257	+ 2,492
Capital Accounts	224,808	+ 1,551	+ 7,852
Total Liabilities	3,507,528	+ 72,613	— 54,489

\* Net Figures, reciprocal balances being eliminated.  
\*\* Less losses for bad debts.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	May 1949	% Chg. from May 1948	5 Mos. 1949	% Chg. from 5 Mos. 1948
Maryland	\$22,983,000	—23	\$106,246,000	—23
Dist. of Columbia	8,615,000	+82	51,362,000	+43
Virginia	18,081,000	—38	89,256,000	—1
West Virginia	4,501,000	—46	17,699,000	—64
North Carolina	15,863,000	—3	58,135,000	—12
South Carolina	6,970,000	—26	34,581,000	—12
Fifth District	\$77,063,000	—21	\$357,279,000	—15

Source: F. W. Dodge Corp.

**DEPOSITS IN MUTUAL SAVINGS BANKS**  
8 Baltimore Banks

	May 31, 1949	April 30, 1949	May 31, 1948
Total Deposits	\$393,504,008	\$393,725,241	\$392,812,787

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

	May 1949	May 1948	5 Mos. 1949	5 Mos. 1948
District of Columbia				
Washington	\$ 760,575	\$ 690,280	\$ 3,666,193	\$ 3,546,925
Maryland				
Baltimore	940,594	930,390	4,639,878	4,732,549
Cumberland	20,907	20,275	101,999	98,893
Frederick	16,506	18,264	85,382	90,321
Hagerstown	24,961	26,193	129,516	129,895
North Carolina				
Asheville	41,919	54,348	226,264	242,926
Charlotte	217,302	217,520	1,121,985	1,123,972
Durham	87,806	97,842	415,505	456,127
Greensboro	66,091	70,584	357,776	366,057
Kinston	11,730	10,627	64,260	56,951
Raleigh	113,624	99,729	614,826	501,230
Wilmington	30,885	34,531	153,877	167,918
Wilson	10,915	13,565	71,477	67,112
Winston-Salem	116,553	110,963	588,049	588,019
South Carolina				
Charleston	54,022	54,784	291,033	266,859
Columbia	96,036	89,121	476,383	452,577
Greenville	70,794	77,771	385,321	391,560
Spartanburg	39,948	45,210	221,164	237,169
Virginia				
Charlottesville	20,947	20,715	108,385	106,443
Danville	19,211	23,166	111,193	125,715
Lynchburg	32,418	36,340	176,559	187,325
Newport News	29,694	30,444	158,321	153,310
Norfolk	163,778	184,811	858,588	873,784
Portsmouth	18,381	19,296	94,929	97,500
Richmond	458,660	429,746	2,350,818	2,150,446
Roanoke	86,509	84,339	439,877	411,129
West Virginia				
Bluefield	43,269	37,737	226,122	197,879
Charleston	133,528	128,848	672,605	639,645
Clarksburg	27,979	30,063	143,901	152,734
Huntington	50,092	53,881	285,233	277,155
Parkersburg	23,513	26,608	125,943	128,379
District Totals	\$3,829,147	\$3,767,991	\$19,363,266	\$19,019,104

**COTTON CONSUMPTION AND ON HAND—BALES**

	May 1949	May 1948	Aug. 1 to 1949	May 31 1948
Fifth District States:				
Cotton consumed	301,252	401,349	3,428,036	3,969,289
Cotton Growing States:				
Cotton consumed	521,525	693,963	6,029,198	6,989,913
Cotton on hand May 31 in consuming establishments	1,089,010	1,645,944		
storage and compresses	5,054,045	2,169,927		
United States:				
Cotton consumed	580,078	785,516	6,742,240	7,926,583
Cotton on hand May 31 in consuming establishments	1,277,423	2,006,769		
storage and compresses	5,079,999	2,232,911		
Spindles active, U. S.	19,862,000	21,723,000		

Source: Department of Commerce.

**COTTON CONSUMPTION—FIFTH DISTRICT**

	N. Carolina	S. Carolina	Virginia	District
May 1949	157,237	134,215	9,800	301,252
April 1949	152,070	138,730	9,521	300,321
May 1948	218,880	163,542	18,927	401,349
5 Months 1949	861,552	721,868	62,109	1,645,529
5 Months 1948	1,127,041	856,281	94,164	2,077,486

Source: Department of Commerce.

**PRICES OF UNFINISHED COTTON TEXTILES**

	May 1949	April 1949	May 1948
Average, 17 constructions	61.27	62.56	85.18
Printcloths, average (6)	64.42	66.91	96.62
Sheetings, average (3)	55.65	56.79	69.27
Twill (1)	62.47	63.17	116.15
Drills, average (4)	56.11	56.19	72.41
Sateen (1)	81.06	83.63	128.15
Ducks, average (2)	60.10	60.10	63.27

Note: The above figures are those for the approximate quantities of cloth obtainable from a pound of cotton with adjustments for salable waste.

Source: Department of Agriculture.

**BUILDING PERMIT FIGURES**

	Total Valuation	
	May 1949	May 1948
<b>Maryland</b>		
Baltimore .....	\$ 5,841,510	\$ 4,433,130
Cumberland .....	46,890	124,040
Frederick .....	291,902	53,750
Hagerstown .....	297,050	223,035
Salisbury .....	67,413	150,492
<b>Virginia</b>		
Danville .....	420,325	1,437,354
Lynchburg .....	419,216	219,235
Norfolk .....	1,772,349	1,271,640
Petersburg .....	113,443	55,000
Portsmouth .....	143,794	135,912
Richmond .....	2,136,891	834,757
Roanoke .....	662,193	396,016
<b>West Virginia</b>		
Charleston .....	379,802	451,804
Clarksburg .....	150,510	321,855
Huntington .....	436,793	592,244
<b>North Carolina</b>		
Asheville .....	660,647	301,910
Charlotte .....	1,805,626	2,695,013
Durham .....	666,685	429,625
Greensboro .....	672,275	1,111,025
High Point .....	611,795	344,623
Raleigh .....	351,225	393,545
Rocky Mount .....	145,143	252,800
Salisbury .....	129,455	111,875
Winston-Salem .....	2,134,559	504,759
<b>South Carolina</b>		
Charleston .....	132,580	147,272
Columbia .....	769,986	389,895
Greenville .....	982,650	1,391,800
Spartanburg .....	96,655	156,597
<b>District of Columbia</b>		
Washington .....	5,388,275	3,527,321
District Totals .....	\$ 27,727,637	\$ 22,458,324
5 Months .....	\$101,870,022	\$113,502,173

**RETAIL FURNITURE SALES**

States	Percentage comparison of sales in periods named with sales in same periods in 1948	
	May 1949	5 Mos. 1949
	Maryland (5)* .....	+ 3
Dist. of Col. (6)* .....	+ 6	+12
Virginia (19)* .....	- 1	- 5
West Virginia (10)* .....	+17	-12
North Carolina (12)* .....	- 8	-14
South Carolina (10)* .....	+ 2	-11
District (62)* .....	+ 3	- 3
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	+ 3	- 4
Washington, D. C., (6)* .....	+ 6	+12
Richmond, Va., (6)* .....	+ 8	+ 1
Lynchburg, Va., (3)* .....	-15	- 4
Charleston, W. Va., (3)* .....	- 6	- 4
Charlotte, N. C., (3)* .....	-11	-25
Columbia, S. C., (3)* .....	- 8	- 1

\*Number of reporting firms.

**WHOLESALE TRADE, 176 FIRMS**

LINES	Net Sales		Stock	
	May 1949 compared with		May 31, 1949 compared with	
	May 1948	April 1949	May 31 1948	April 30 1949
Auto supplies (8)* .....	-10	+12	-10	- 8
Electrical goods (7)* .....	- 2	+ 5	-12	-11
Hardware (11)* .....	-10	+ 4	- 3	-18
Industrial supplies (3)* .....	-45	- 4	.....	.....
Drugs & sundries (11)* .....	+ 4	- 5	+ 1	+ 2
Dry goods (12)* .....	-12	+ 1	-17	- 4
Groceries (55)* .....	- 4	+ 2	- 1	- 4
Paper & products (6)* .....	-14	+ 3	.....	.....
Tobacco & products (5)* .....	+ 5	- 4	+ 4	- 4
Miscellaneous (58)* .....	- 3	+ 2	+ 4	0
District Totals (176)* .....	- 5	+ 1	- 5	- 7

Source: Department of Commerce.

\* Number of reporting firms.

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	May 1949	May 1948	% Chg.	5 Mos. 1949	5 Mos. 1948	% Chg.
West Virginia .....	16,114	15,940	+ 1	66,641	63,025	+ 6
Virginia .....	1,697	2,044	-17	6,949	7,679	-10
Maryland .....	46	168	-73	327	712	-54
Fifth District .....	17,857	18,152	- 2	73,917	71,416	+ 4
United States .....	47,470	56,583	-16	220,117	233,159	- 6
% in District .....	37.6	32.1	.....	33.6	30.6	.....

Source: Bureau of Mines.

**RAYON YARN SHIPMENTS AND STOCKS**

	May 1949	April 1949	May 1948
Rayon Yarn shipments .....	51,300,000	47,800,000	69,900,000
Staple fiber shipments .....	7,700,000	6,200,000	23,700,000
Rayon Yarn stocks .....	50,200,000	44,200,000	8,700,000
Staple fiber stocks .....	20,600,000	19,100,000	3,700,000

Source: Rayon Organon

**TOBACCO MANUFACTURING**

	May 1949	% Change from May 1948	5 Mos. 1949	% Change from 5 Mos. '48
Smoking & Chewing tobacco (Thousands of lbs.) .....	17,051	+ 9	77,520	- 4
Cigarettes (Thousands) .....	30,892,727	+ 8	142,757,822	+ 2
Cigars (Thousands) .....	428,357	- 4	2,162,414	- 5
Snuff (Thousands of lbs.) .....	3,311	- 1	17,078	- 5

Source: Treasury Department.

**COMMERCIAL FAILURES**

MONTHS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
May 1949 .....	30	776	\$ 746,000	\$ 28,374,000
April 1949 .....	54	877	2,152,000	31,930,000
May 1948 .....	16	426	1,080,000	13,814,000
5 Months 1949 .....	179	3,753	\$5,048,000	\$204,474,000
5 Months 1948 .....	82	2,080	2,192,000	85,175,000

Source: Dun & Bradstreet

**DEPARTMENT STORE TRADE**

	Richmond	Baltimore	Washington	Other Cities	District
Percentage change in May 1949 sales compared with May 1948:					
	+ 2	- 5	+ 1	- 3	- 2
Percentage change in 5 mos. sales 1949 compared with 5 mos. in 1948:					
	- 2	- 4	+ 3	- 3	- 1
Percentage chg. in stocks on May 31, 1949 compared with May 31, '48:					
	- 5	- 2	- 1	- 8	- 3
Percentage chg. in outstanding orders May 31, 1949 from May 31, '48:					
	-31	-39	-35	-63	-37
Percentage chg. in receivables May 31, 1949 from those on May 31, '48:					
	+ 6	+ 2	+14	- 1	+ 7
Percentage of current receivables as of May 1, 1949 collected in May:					
	33	48	48	47	44
Perctge. of instalment receivables as of May 1, 1949 collected in May:					
	15	21	20	23	20
Maryland Dist. of Col. Virginia W. Va. N. Caro. S. Faro.					
Percentage change in May 1949 sales from May 1948 sales, by States:					
	- 5	+ 1	- 1	+ 1	- 3
Percentage change in 5 months 1949 from 5 months 1948 sales:					
	- 5	+ 3	- 2	+ 1	- 9

# MONTHLY



# REVIEW

## FEDERAL RESERVE BANK OF RICHMOND

RICHMOND 13, VIRGINIA

AUGUST 31, 1949

### Business Conditions

**B**USINESS activity in the Fifth Federal Reserve District reached a low for the year in July, but if one is to judge by the evidences of improved business sentiment, the outlook for the remainder of the year lends itself to considerably more optimism. A quick return to the high production levels of 1948 does not appear to be in the offing, but there have been healthy gains in some industries and a leveling off or further curtailment in the rest. It may well be that the "back of the recession" in the Fifth District has been "broken" and that considerable recovery is in prospect for the fall months.

#### Textiles in the Lead Again

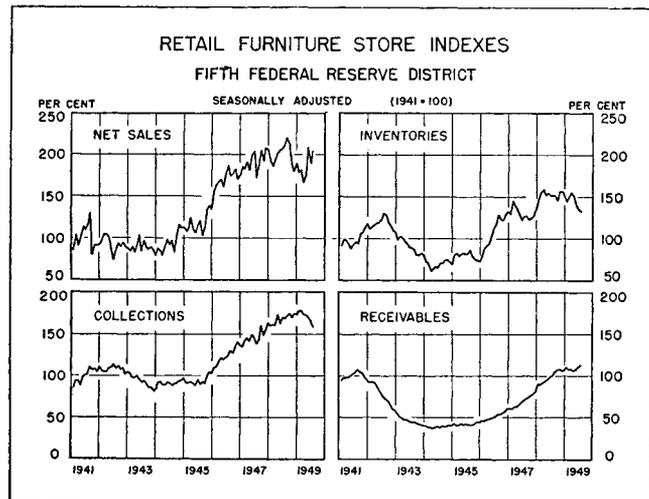
Textile industries had been the bellwether in the nationwide recession; they are again moving upward and may prove to be the bellwether in the recovery. This can be stated with emphasis regarding the Fifth Federal Reserve District, for despite the fact that the textile industries are located in Southside Virginia and the Carolinas they account for nearly a third of all manufacturing in the District.

Cotton consumption and spindle hours run in that industry had shown signs of stabilizing in May and June, and had it not been for the expanded vacation shutdowns in July, which reduced cotton usage by 22 per cent and spindle hours 24 per cent from a year ago, some recovery might have been apparent in that month.

Late in July it became apparent that most of the fluff in the textile industry's price structure had been washed out, and buyers all along the line re-entered the market to purchase goods and yarns. Buying has been substantial in a broad list of products, and forward coverage, which had been mainly absent for months, has extended to the year-end. The results of this new business have been an expanding work week in many mills and the recalling of some previously laid-off employees. It appears that the August rate of operations in cotton textiles will be back to the levels established early this year.

Operations in the rayon fabrics industry have also improved, and this has expanded the deliveries of rayon yarn from the mills. In fact, with widespread vacation shutdowns in the consuming trades in July, rayon deliveries in that month rose 10.5 per cent over those in June. Stocks of rayon yarn at the mills are still high by recent comparison and may cause some lag in production.

Hosiery production is likely to be higher in the last half of 1949 than in the first half. Some improvement



had been shown in the seamless end of the business in June when the man-hours of operation in North Carolina mills rose 3.1 per cent over May. There have been a few price increases of branded products in the full-fashioned line and the outlook for the industry as a whole is brighter.

#### Furniture Manufacturing Improves

The level of operations in the southern furniture industry in June was down nearly to prewar proportions, and some further downward adjustment when July figures become available would not be unexpected owing to vacation shutdowns. However, new business late in July and thus far in August appears to be accumulating to the point where some improvement in operations in the next few months seem probable. This improvement finds its reflection in a higher level of purchases of hardwood by the furniture factories and a stronger price tone which has been injected into this market.

The chart on this page indicates the considerable strength shown in sales of furniture at the retail level in the Fifth District, together with a liquidation of inventories at the same source. Recovery in retail furniture sales in July was due wholly to an increase in credit sales. It is obvious that the collection period of receivables has been extended considerably. Nevertheless, the demand at retail is holding at a good level and should find its reflection in a high level of manufacturing operations.

Department store sales on a seasonally adjusted basis rose 5 per cent from June to July to a level 1 per cent

## FEDERAL RESERVE BANK OF RICHMOND

above July, 1948. Department store inventories at the same time declined 3 per cent seasonally adjusted from June to July to a level 7 per cent below July, 1948. Our seasonally adjusted department store index shows a low point this year in January; since that time the trade level has in the main been in a rising trend. In fact, the July figure is approaching the peak established in the fall of 1948.

Even though year to year changes in figures in numerous departments have been for the past several months showing reductions from a year ago, it is difficult to find in the seasonally adjusted figures any semblance of recession in most of these departments. Large ticket items, such as major household appliances, floor coverings, as well as piece goods, are at a level considerably below their seasonally adjusted peaks, but most soft goods departments are either showing a flat trend or a rising one. The trend of inventories in most departments is either flat or declining.

With the exception of a small gain in wholesale hardware sales, all lines of wholesale trade deteriorated further in July. There is some indication, however, that the

situation has been reversing itself in August. Relative to a year ago, July sales in most wholesale lines show substantial reductions.

## Bituminous Coal Down

In the first half of 1949 bituminous coal output in the Fifth District declined 3.7 per cent from the same period a year ago. The decline in United States coal output in the same period was 10.7 per cent. This better-than-national performance in the Fifth District coal industry had been going on for some years prior to the war. It is apparent that the trend has been resumed since coal has again come in supply.

The three-day work week adopted by the United Mine Workers, however, may have the effect of preventing the Fifth District coal output from continuing a better-than-national showing. At the current rate of consumption, coal stocks are being reduced about 10 million tons a month. It would seem that, by November, the mine workers might find it expedient to permit the mines to run at full time. The price of bituminous coal, which had been declining since spring, leveled off around mid-

Continued on page 6

**BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT  
AVERAGE DAILY, 1935-1939=100—SEASONALLY ADJUSTED**

	July 1949	June 1949	May 1949	July 1948	% Change—Latest Month	
					Prev. Mo.	Year Ago
Automobile Registration <sup>1</sup> .....	.....	180	197	132	— 9	+ 71
Bank Debits .....	316	320	328	329	— 1	— 4
Bituminous Coal Production .....	90	121r	181	165	— 26	— 45
Building Contracts Awarded, Total .....	344	334r	287	347	+ 3	— 1
Commercial Construction Contracts .....	294	266	573	414	+ 11	— 29
Manufacturing Construction .....	259	138	133	453	+ 88	— 43
Public Works and Utilities .....	345	303	252	259	+ 14	+ 33
Residential Construction Contracts .....	350	440r	314	404	— 20	— 13
Apartments and Hotels .....	417	1145	334	159	— 64	+162
One and Two Family Houses .....	299	285	312	431	+ 5	— 31
Building Permits Issued .....	396	479	342	323	— 17	+ 23
Business Failures — No. ....	112	69	59	35	+ 62	+220
Cigarette Production .....	211p	248r	247	223	— 15	— 5
Cotton Consumption .....	102	115	111	131	— 11	— 22
Cotton Spindle Hours .....	100	119	115	125	— 16	— 20
Department Store Sales <sup>3</sup> .....	326	311	315	324	+ 5	+ 1
Department Store Stocks <sup>3</sup> .....	302	311	303	325	— 3	— 7
Electric Power Production .....	.....	250	253	260	— 1	— 2
Employment — Mfg. Industries <sup>1</sup> .....	.....	125r	125	133	0	— 7
Furniture Mfrs.: Orders <sup>3</sup> .....	.....	127	175	576	— 27	— 27
Furniture Mfrs.: Shipments <sup>3</sup> .....	.....	162	202	250	— 20	— 35
Furniture Mfrs.: Unfilled Orders <sup>3</sup> .....	.....	202	252	733	— 20	— 57
Furniture — Retail: <sup>3</sup> <sup>4</sup> .....	.....	.....	.....	.....	.....	.....
Net Sales .....	205	189	209	211	+ 8	— 3
Cash .....	233	260	265	287	— 10	— 19
Credit .....	178	163	183	177	+ 9	+ 1
Receivables .....	113	111	108	101	+ 2	+ 12
Collections .....	159	166	170	169	— 4	— 6
Inventories .....	132	134	140	151	— 1	— 13
Life Insurance Sales .....	239	242	253	263	— 1	— 9
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	371	380	344	364	— 2	+ 2
Drugs .....	264	270	266	270	— 2	— 2
Dry Goods .....	104	128	166	189	— 19	— 45
Electrical Goods <sup>2</sup> .....	68	73	90	93	— 7	— 27
Groceries .....	260	259	246	276	0	— 6
Hardware .....	125	122	139	159	+ 2	— 21
Industrial Supplies <sup>2</sup> .....	219	296	248	342	— 26	— 36
Paper and Its Products <sup>2</sup> .....	116	135	129	146	— 14	— 21
Tobacco and Its Products <sup>2</sup> .....	78	82	85	98	— 5	— 20

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> 1938-41 = 100.

<sup>3</sup> Revised Series—back figures available on request.

<sup>4</sup> 1941 = 100.

## FEDERAL RESERVE BANK OF RICHMOND

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States in 1948 from the 1947 level. (It should be noted that 1947 was an unusual year in terms of non-availability of timber from traditional sources.) Declines in various categories include softwood lumber, 59 per cent; hardwood lumber, 45 per cent; railway ties, 90 per cent; veneers, 55 per cent; plywood, 87 per cent.

With regard to the outlook, the Department of Commerce stated:

It is expected that imports of timber and lumber from dollar areas will remain on a reduced scale through June 1952, whereas receipts from European sources will be larger. In this connection, much importance is attached to the efforts being made to provide certain eastern European timber-exporting countries with timber cutting, hauling, and other equipment needed to increase their output.<sup>5</sup>

Informed contacts in the Fifth District reveal that since the war the United Kingdom has purchased very little lumber from this area. Several representatives of the lumber industry in the District report that, although at one time the export market with the United Kingdom was important, during the past few years there have been few, if any, exports of lumber from this area to the United Kingdom.

### Paper and Allied Products

The British Government's statement noted that imports of paper and pulp from dollar areas might have to

<sup>5</sup>Office of International Trade, U. S. Department of Commerce, "World Trade in Commodities, Lumber and Allied Products, United Kingdom Timber Trade in 1948," Vol. VII, No. 6 (Washington, May 1949).

be cut as much as a third. But this apparently will have little, if any, effect on export prospects of the Fifth District since this category of product in the Fifth District already has a very low priority in terms of British imports.

In part, this industry has been operating under the British Token Import Plan which permits U. S. manufacturers, or their authorized agents, with established prewar trade connections in the United Kingdom to export to that area token shipments of specified commodities. Under this plan, District manufacturers have been permitted to export annually to the United Kingdom an amount of each approved commodity not to exceed 20 per cent of the value of each manufacturer's average annual shipments of such commodity during the base years, 1936, 1937, and 1938.

Other District industries affected by the Token Import Plan include manufactured tobacco and cotton textiles. The annual quotas for 1949 for certain items coming within these categories may be cited as follows: cigarettes, \$58,200; manufactured smoking tobacco and plug tobacco, \$28,600; woven cotton piece goods of all kinds, \$32,350; other miscellaneous cotton fabrics (e.g., cotton ribbon, embroideries, sewing thread, etc.), \$10,082. The 1949 annual quota for these two groups thus totals only \$130,232, and the British Government is not committed to an annual expenditure for these items in excess of that amount. Since it is doubtful if any import licenses could be obtained for items of manufactured tobacco or cotton textiles not under the Token Plan, it is obvious that the latest sterling-dollar crisis will have little or no effect upon these industries.

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## Business Conditions

Continued from page 2

year and may show some rise this fall and winter under current operating conditions.

### Strong Spots

After a poor spring start, the construction industry in this District has made a rather substantial gain. In fact, the July level of contract awards on a seasonally adjusted basis was back near the peak levels established in 1948. This is due in the main to a substantial increase in commercial building, "other" residential building, and to apartments and hotels. Manufacturing buildings, one and two-family houses, public works and utilities, and educational buildings have thus far in 1949 shown a substantial drop from the same period of 1948. Expectations earlier in the year that educational buildings and

public works and utilities would be sustaining factors in the building situation have not proven to be correct.

The situation over the District, however, is somewhat spotty. The gain in commercial buildings has been due almost wholly to the District of Columbia; and the gain in apartments and hotels has come largely in the District of Columbia, North Carolina, and to a lesser extent in South Carolina.

Employment in the trade and service industries has held up remarkably well in most areas of the District. The trade level in the District is holding better than in most other sections of the United States. Resumption of cotton, rayon, and hosiery mill activity came just in time to prevent distress in the southern part of the District. Bank loans are again rising, and the business climate in this area hints strongly of improvement.

# Monthly Review



SEPTEMBER - OCTOBER 1949

## Business Conditions

**M**ARKED improvement has characterized business conditions in the Fifth Federal Reserve District. Most industries have either shown a leveling off or an increase in total employment, thus reversing the trend of employment which prevailed in the District from August 1948 to July 1949. More important than improvement in numbers employed has been the large-scale return to a 40-hour week.

Construction activity in the Fifth District showed a more than seasonal rise during August, while farm income prospects were weakened somewhat by lower tobacco prices and extensive boll-weevil damage to the cotton crop.

Two important question-marks have arisen: First, the series of European currency devaluations, led by the British on September 18, and the enhanced competition which these portend; second, the series of labor-management difficulties which have occurred in cardinal industries, whose beclouding effect is already showing up in the bituminous coal industry. Manifestly, existent or prospective paralyzing strikes exert a powerfully bearish influence, whereas even a patched-up industrial peace would exert a powerfully bullish influence on both national and District economies.

### Cotton Mills at Year's High

Rapid recovery in the operations of cotton mills in this District occurred in August when cotton spindle-hours run rose 29 per cent from July more than is normally seasonal to the year's highest level and within 12 per cent of August 1948 operations.

New business was booked in sufficient quantities to increase current output and create a rising level through the remainder of the year. Many firms have booked certain constructions well into the first quarter of 1950.

Prices of all goods constructions and yarn counts have risen from the year's lows—in some cases these rises have amounted to several cents, and these increases have brought some mills back into production.

With the export market for goods and yarns again weakening, it is not likely that total demand can carry mill operations to the level attained in the first half of 1948. August operations on a seasonally adjusted basis were 15 per cent under this level.

Devaluation of the British and other currencies should not have much effect on domestic cotton goods

markets in the short run unless Lancashire manufacturers maintain prices and concentrate on this country's markets; in that event, combed yarn fabrics will feel the brunt of the competition. Immediate effects of these devaluations on United States exports of cotton goods may be felt especially in the Canadian and South African markets, but even there such exports should not decline too sharply due to foreign inability to supply the needs of those countries within a relatively few months. The same conclusion can be drawn concerning other countries to which our cotton goods exports are now going, though in the long run, somewhat keener competition will be offered by foreign producers. There is the possibility that the world market may broaden in coming months so that our industry may not actually witness much loss in physical units, particularly if price adjustments are offered to meet the new competition.

### Hosiery Conditions Better

The hosiery business has improved notably in the last thirty days, with chain and mail order houses showing increased purchases. Independent stores have continued a greater degree of caution in their amount of coverage, but even here there has been a pick-up. Recovery has been marked in the seamless which was the segment of the industry most depressed and in which, therefore, a greater degree of recovery was to be expected.

The price structure in these types of goods has firmed, but the existence of many over-age machines has handicapped price improvement. The industry has shown a substantial scrapping of these over-age machines, but there are still enough left on the lines to prevent improvement in prices at the present level of demand.

### Rayon Recovers Most of Loss

Rayon shipments in August rose 22 per cent above July and regained approximately three-fourths of the decline from December 1948 to May 1949. Demand from converters and fabricators has been extremely active and represents in part a replenishment of inventories at these levels.

### Also in this Issue:

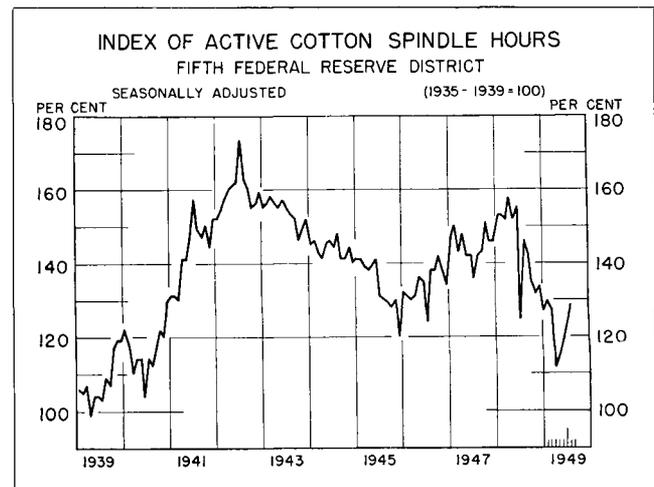
<i>Fifth District Income Changes</i> .....	Page 3
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## FEDERAL RESERVE BANK OF RICHMOND

Rayon yarn mills in the District have resumed operations on a 40-hour week and most of the lay-offs have been recalled. The processors of rayon yarns are not likely to be caught again in the inventory position in which they found themselves at the end of 1948; and their rate of purchase will probably be geared much more closely to the consumer demand than was true in either 1947 or 1948.

### Furniture Output Improves

Considerable improvement has been witnessed in the new business written by furniture factories in this area. Though the latest available data on shipments (July) do not show this improvement to have been very substantial, they do indicate that expanded production can be expected in the next several months. This is suggested by improved demand from furniture factories for hardwood lumber.



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### BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT AVERAGE DAILY, 1935-1939=100—SEASONALLY ADJUSTED

	August 1949	July 1949	June 1949	August 1948	% Change—Latest Mo. Prev. Mo. Year ago	
Automobile Registration <sup>1</sup> .....	.....	205	180	146	+ 14	+ 55
Bank Debits.....	350	316	320	365	+ 11	- 4
Bituminous Coal Production.....	122	90	121	170	+ 36	- 28
Building Contracts Awarded, Total.....	453	343r	334	337	+ 32	+ 34
Commercial Construction Contracts.....	336	294	266	291	+ 14	+ 15
Manufacturing Construction Contracts.....	179	259	138	722	- 31	- 75
Public Works and Utilities.....	213	344r	303	243	- 38	- 12
Residential Construction Contracts.....	660	349r	440	346	+ 89	+ 91
Apartments and Hotels.....	1474	417	1145	397	+253	+271
One and Two Family Houses.....	313	299	285	301	+ 5	+ 4
Building Permits issued.....	387	396	479	284	- 2	+ 36
Business Failures—No.....	60	112	69	38	- 46	+ 58
Cigarette Production.....	250p	208r	248	264	+ 20	- 5
Cotton Consumption.....	129	102	115	142	+ 26	- 9
Cotton Spindle Hours.....	129	100	119	146	+ 29	- 12
Department Store Sales <sup>3</sup> .....	305	326	311	327	- 6	- 7
Department Store Stocks <sup>3</sup> .....	295	302	311	322	- 2	- 8
Electric Power Production.....	.....	252	250	274	+ 1	- 3
Employment—Mfg. Industries <sup>1</sup> .....	..	119r	121r	136	- 2	- 11
Furniture Mfrs.: Orders <sup>3</sup> .....	..	401	127	365	+216	- 30
Furniture Mfrs.; Shipments <sup>3</sup> .....	..	187	162	250	+ 15	- 25
Furniture Mfrs.: Unfilled Orders <sup>3</sup> .....	..	396	202	756	+ 96	- 46
Furniture—Retail: <sup>3</sup> <sup>4</sup>						
Net Sales.....	194	208r	189	220	- 7	- 12
Cash.....	231	236r	260	294	- 2	- 21
Credit.....	169	181r	163	187	- 7	- 10
Receivables.....	116	113	111	105	+ 3	+ 10
Collections.....	167	160r	166	172	+ 4	- 3
Inventories.....	142	126r	134	151	+ 13	- 6
Gasoline Consumption.....	.....	.....	.....	.....	.....	.....
Household Appliance Store Sales <sup>1</sup> .....	101p	96p	112	114	+ 5	- 11
Life Insurance Sales.....	247	239	242	255	+ 3	- 3
Wholesale Trade:						
Automotive Supplies <sup>2</sup> .....	363	371	380	377	- 2	- 4
Drugs.....	263	264	270	264	0	0
Dry Goods.....	156	104	128	246	+ 50	- 37
Electrical Goods <sup>2</sup> .....	57	68	73	88	- 16	- 35
Groceries.....	252	260	259	277	- 3	- 9
Hardware.....	169	125	122	218	+ 35	- 22
Industrial Supplies <sup>2</sup> .....	216	219	296	285	- 1	- 24
Paper and Its Products <sup>2</sup> .....	120	116	135	167	+ 3	- 28
Tobacco and Its Products <sup>2</sup> .....	68	78	82	87	- 13	- 22

<sup>1</sup> Not seasonally adjusted.<sup>2</sup> 1938-41=100<sup>3</sup> Revised Series—back figures available on request.<sup>4</sup> 1941=100

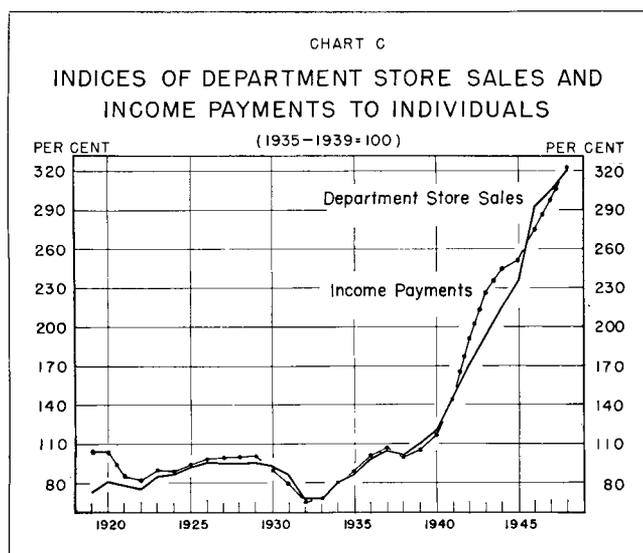
## FEDERAL RESERVE BANK OF RICHMOND

TABLE 5  
PER CAPITA INCOME IN THE FIFTH FEDERAL  
RESERVE DISTRICT

	Per Capita Income	Per Cent of U. S.	Per Capita Income	Per Cent of U. S.	Per Capita Income	Per Cent of U. S.
	1948	1948	1947	1940	1929	1920
Maryland .....	\$1,546	110	110	124	103	108
Dist. of Columbia .....	1,691	120	123	188	175	188
Virginia .....	1,159	82	82	78	62	72
West Virginia .....	1,133	80	79	69	68	88
North Carolina .....	930	66	68	55	45	57
South Carolina .....	865	61	60	50	37	61
Fifth District .....	1,149	81	82	78	65	79

### Income and Trade

Income levels are obviously important to all those engaged in business enterprise. Hence Chart C is included to show both income payments and department store sales in the Fifth District.



The chart shows a close correspondence in sales of department stores in this District to income levels. Certain discrepancies appear, as in the price inflation following the first World War and probably accounted for in part by the inadequacy of our department store figures and in part by the accumulation of savings by people in this area at that time. The divergence from 1942 through 1945 is accounted for by the fact that income payments were growing rapidly due to fuller employment and increasing wages whilst goods available for purchase were unavailable in quantities commensurate with the rise in income while prices were controlled. The result was a great increase in liquid saving, reflected both in growth of time deposits of banks and in the holdings of War Savings Bonds.

### Conclusion

The District's proportion of national income payments has declined slightly in recent years. For the near future, it is likely that there will be little change in the Fifth District's share of national income payments, even assuming further price reductions. This evaluation is based on the assumption that prices of commodities produced in the Fifth District—and especially of such farm products as cotton and tobacco, in view of the price support program—will not repeat the very large drops of the 1920-1930 period in comparison with prices in the economy as a whole.

## Business Conditions

Continued from page 2

### Construction Strong

A strong upward surge in residential construction, chiefly in apartments and hotels, carried the Fifth District August index of building contract awards on a seasonally adjusted basis 32 per cent higher than in July. This achieved a new high postwar level and was 34 per cent higher than in August 1948. Only factory buildings, public works and utilities moved contrary to the uptrend. Factory building awards fell 31 per cent, seasonally adjusted from July to August, and were 75 per cent smaller than a year ago.

For the year to date, construction contract awards in the Fifth District have aggregated \$656 million, an amount only 5 per cent smaller than in the same period last year. If the present uptrend continues, 1949 will exceed the high level of 1948.

### Trade Levels Ease

Department store sales (for the 94 stores which re-

port in the Fifth District) have given evidence of considerable stability. For the first eight months, dollar sales declined a mere 2 per cent, as compared with the same period of 1948. When adjusted for changes in the average price level, this means that physical sales volume is running ahead of last year and is considerably better than the national department store sales figures, which, for the first eight months of this year, were 6 per cent under the same period of last year.

On a month-to-month basis, furniture store sales are down 12 per cent, and household appliance store sales are down 11 per cent. Sales of most wholesalers, though considerably below a year ago, showed improvement from July to August on a seasonally adjusted basis. Dry goods and hardware both showed marked increases in this period, and moderate improvement was reported in paper; but other lines showed further deterioration between July and August.

Continued on page 10

## FEDERAL RESERVE BANK OF RICHMOND

Considering the District as a whole, FHA real-estate loans comprised 9.7 per cent of the total in 1945 and 6.2 per cent in 1949. Except in Maryland, where a small increase occurred, the share of the Farmers Home Administration declined in each state. FHA loans are most important in South Carolina where they comprised 13.2 per cent of the total in 1949 and least important in Virginia and Maryland where only 3.1 and 2.8 per cent, respectively, were made or guaranteed by the Farmers Home Administration.

**TABLE 2**  
**FARM-MORTGAGE DEBT: TOTAL OUTSTANDING AND PROPORTIONS HELD BY PRINCIPAL LENDER GROUPS JANUARY 1 FIFTH DISTRICT BY STATES, 1945-1949**

Year and Area	Total	Proportions Held By				
		Farm Credit Administration	Farmers Home Administration	Life Insurance Companies	Insured Banks	Others*
	1000 Dollars	Per Ct.	Per Ct.	Per Ct.	Per Ct.	Per Ct.
<b>Fifth District</b>						
1945	232,557	28.7	9.7	6.1	16.4	39.1
1946	237,208	23.7	9.4	6.3	17.2	43.4
1947	264,746	18.2	7.6	5.7	21.7	46.8
1948	288,658	15.5	6.8	5.5	24.9	47.3
1949	305,580	14.2	6.2	5.8	25.3	48.5
<b>Maryland**</b>						
1945	40,627	17.0	2.4	4.0	21.3	55.3
1946	39,975	14.5	2.4	4.4	22.3	56.4
1947	43,883	11.2	2.9	3.4	28.4	54.1
1948	48,781	9.2	2.8	4.5	34.0	49.5
1949	50,449	8.6	2.8	5.7	30.4	52.5
<b>Virginia</b>						
1945	61,765	28.7	5.5	6.2	21.7	37.9
1946	64,685	22.6	5.0	9.1	21.7	41.6
1947	72,256	16.2	3.9	9.3	27.0	43.6
1948	78,123	13.0	3.5	8.8	31.8	42.9
1949	87,265	10.6	3.1	8.6	31.8	45.9
<b>West Virginia</b>						
1945	18,658	35.6	9.1	2.6	24.9	27.8
1946	17,870	31.1	9.5	2.6	26.3	30.5
1947	20,229	23.6	8.0	1.9	35.9	30.6
1948	21,601	19.8	7.3	1.8	42.2	28.9
1949	22,585	17.5	6.6	1.8	44.8	29.3
<b>North Carolina</b>						
1945	73,917	26.2	12.4	8.7	13.3	39.4
1946	76,810	21.5	11.1	7.4	14.6	45.4
1947	87,836	17.0	8.4	6.1	17.1	51.4
1948	95,041	15.6	7.5	5.8	18.1	53.0
1949	96,252	15.8	7.0	6.2	19.9	51.1
<b>South Carolina</b>						
1945	37,590	42.6	19.1	5.0	4.5	28.8
1946	37,868	36.1	20.8	3.2	5.3	34.6
1947	40,542	29.3	17.4	2.6	7.6	43.1
1948	45,112	24.3	14.9	2.2	9.5	49.1
1949	49,029	21.4	13.2	2.3	10.0	53.1

\* Includes loans held by joint-stock land banks, savings banks, individuals, and miscellaneous lenders.

\*\* Includes District of Columbia.

Sources: Bureau of Agricultural Economics and Federal Deposit Insurance Corporation.

The decline in both the dollar amount and relative share of FHA real-estate loans reflects the favorable prices and high farm production of the last few years. Many borrowers were able to repay their loans in full or reduce them to the extent that they became eligible for other mortgage credit. Another factor is the conservative loan followed by the Farmers Home Administration and its county loan committees during a period of rapidly rising land prices.

In the Fifth District, as in most other states, farm real-estate loans by individuals and others comprise an important part of the total. On January 1, 1949 nearly half of the total farm-mortgage debt was held by this group, while in 1945 the proportion was only 39 per cent. Lending on real estate by individuals was least important in 1949 in West Virginia where it accounted for 29 per cent of the total, but in the other states from 46 to 53 per cent was held by this group. The attractiveness of farm mortgages as investments for individuals increases as farm income rises and probably accounts for a large part of the increase in the share of individuals. Some increase is probably also due to farm sales wherein the seller was willing to accept a mortgage for part of the price.

### Conclusion

On balance, the present farm credit situation in this District can be considered satisfactory. Banks and other lenders are apparently providing adequate amounts of both short and long-term credit, although they are probably laying somewhat greater stress on the actual and prospective income of the borrower, which is a logical and prudent development. In this connection, both farmers and lenders are reminded that it is possible for a well-planned farm loan to maintain or increase net farm income above what it would otherwise have been, and that a loan made on the basis of a comprehensive farm plan, developed in cooperation by the farmer and the lender, will usually be profitable for both.

### Business Conditions

Continued from page 6

Inventories of department stores after seasonal correction declined 2 per cent from July to August but furniture store inventories rose 18 per cent in this period after seasonal correction.

The setbacks recorded in both furniture store and department store sales from July to August should not cause too much concern and do not indicate a change in trend which has been upward since spring. Sales levels in both types of stores have been running much higher in this District than the operations of their supplying

industries. Automobile sales are still strong—for July, sales established a record in this District, though August sales in three States are lower than those in July.

### Conclusion

The business outlook in the Fifth Federal Reserve District has improved markedly except for the shipbuilding and bituminous coal industries. Indications are that business will exhibit a rising trend during the remainder of this year—if the beclouding factor of labor troubles is removed, or compromised for the time being.