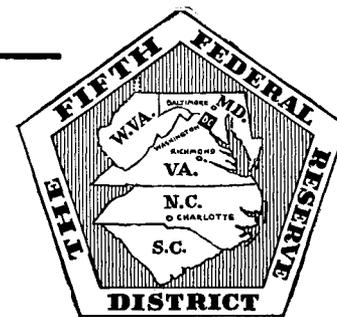
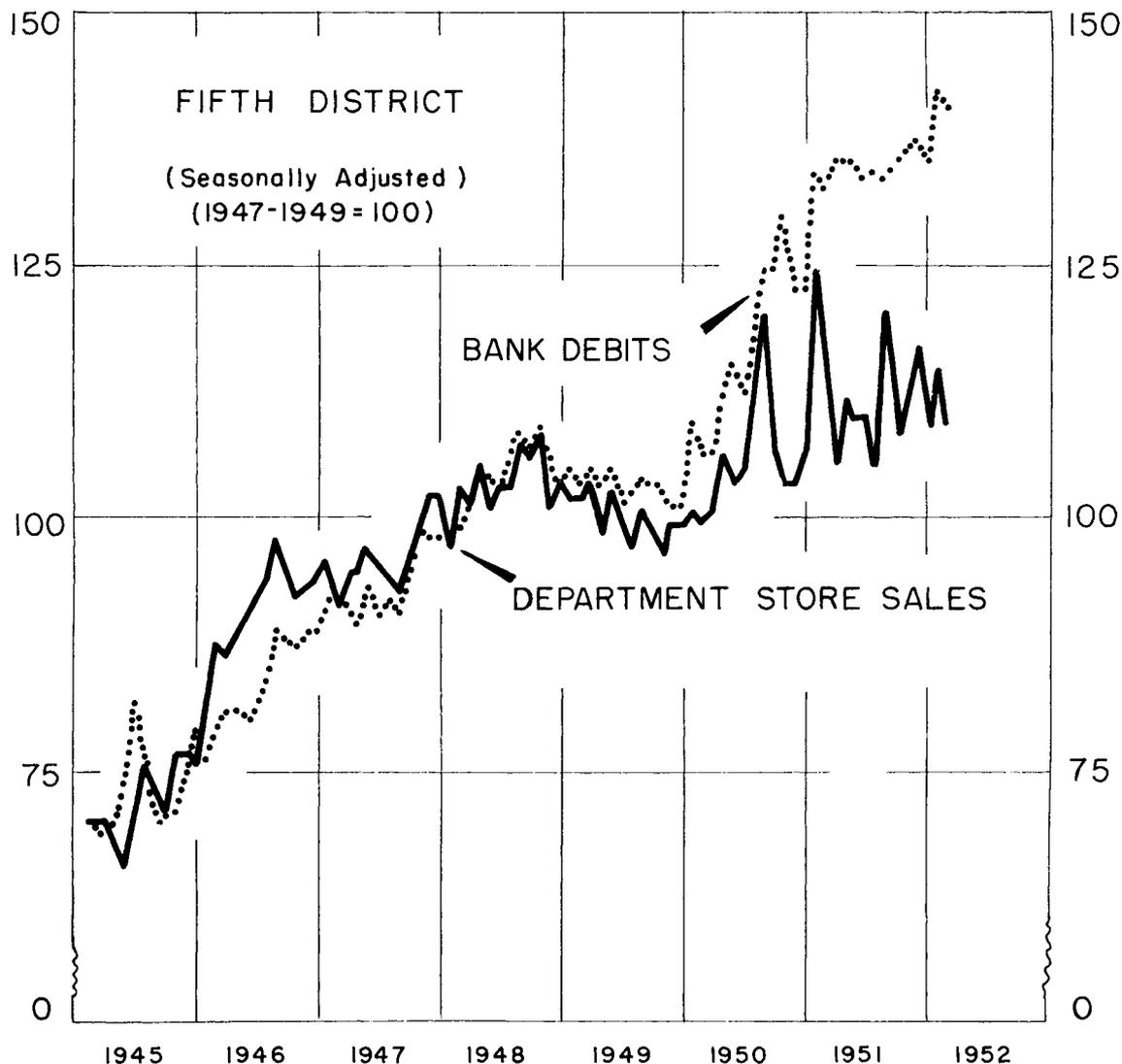


Monthly Review



April 1952



Important in the economic outlook is the rate of spending. Two indicators of expenditures in the Fifth District are shown in the above chart. No attempt is made to project these into the future, but attention should be called to the upward trends in evidence in both. These indicators are discussed in "Business Conditions and Prospects," beginning on page 3.

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Department Store Sales

DEPARTMENT stores in the Fifth District during the first eleven months of 1953 sold \$663 million worth of merchandise, equalling 1952's record. The volume represented rather substantial increases in sales in stores in South Carolina, moderate increases in West Virginia, and very small increases in Virginia and North Carolina, offset by declines in the two largest sales areas of the District—Maryland and the District of Columbia. Sales of South Carolina stores in the first eleven months of 1953 rose 8.7% over similar months of 1952. West Virginia sales rose 2.9%, North Carolina, 0.6%, and Virginia, 0.3%. The drop in the District of Columbia, occasioned by reductions in Federal Government employment, amounted to 2.6%, and in Maryland 1.9%.

Columbia, South Carolina was the bellwether city in department store sales gains, with a rise of 4.6%, followed in turn by Winston-Salem, North Carolina, up 3.8%; Lynchburg, Virginia, up 3.7%; Charleston, West Virginia, up 3.6%; Roanoke, Virginia, up 2.9%; Greenville, South Carolina, up 2.4%; Charleston, South Carolina, up 2.1%; and Norfolk-Portsmouth, Virginia, up 1.1%. Asheville, North Carolina showed no change from the year before. All other reporting cities showed losses ranging from 1.1% in Raleigh, North Carolina to 5.8% in downtown Washington, D. C.

Nineteen of the larger department stores of the District, which report departmentally and accounted for 41% of total sales in the District in the eleven months of 1953, showed sales down 2.8%. All major departments of these stores showed decreased sales with the exception of the nonmerchandising departments, which showed a gain of 1.6%. The largest loss in the group occurred in house furnishings (accounting for 23% of total store sales)—down 5.8%, with furniture and bedding down 7.8%, major appliances down 3.7%, and radios, televisions, phonographs, etc., down 13.4%. Women's accessories, responsible for 17% of the store volume in the eleven-month period, had a decline of 2.1%. Women's apparel departments, accounting for 16.5% of the 1953 volume, were down 4%. Piece goods and household textiles were 3.1% lower, small wares down 0.9%, men's and boys' wear off 0.8%, and

miscellaneous upstairs departments off 1.3%. The main store volume was down 3.3% and the basement departments off 0.5%.

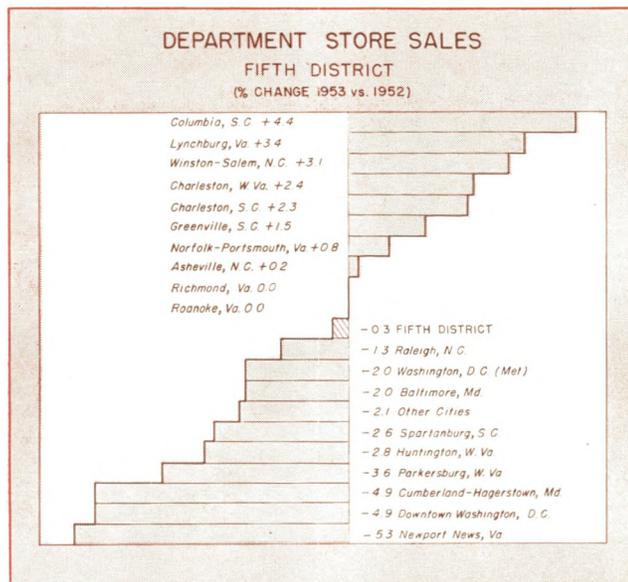
Twenty-seven stores, accounting for 44% of the sales volume in the first eleven months of 1953, showed a sales decrease of 2.6% from the same period of 1952. Cash sales in these stores, accounting for 39% of the total sales volume, were down 3.8%. Charge account sales, accounting for 47.6% of the sales volume, were down 1.4%. Instalment sales, accounting for 14% of the store sales in 1953, were down 3.3%.

Total receivables in the first eleven months of 1953 averaged 8.1% higher than in the same months of 1952, with instalment receivables up 16.3% and other receivables up 1.6%. Collections rose during 1953 but the rise was not commensurate with the increase in receivables. Total collections were up 3.4%, instalment collections up 7.1%, and other collections up 2.4%. Average outstanding orders in eleven months of 1953 were 2% under the same months of 1952.

Department store stocks at the end of November were up 3% over the year before. In the major departments, piece goods and household textiles showed stocks at the end of November off 4% from a year ago,

with small wares up 6%, women's and misses' accessories up 4%, women's and misses' apparel up 4%, men's and boys' wear up 6%, home furnishings down 3%, miscellaneous departments up 16%, and the basement store up 3%. Interestingly, inventories in the large ticket items such as furniture, household appliances, and televisions showed substantial decreases.

Department stores of this District have been making a strong effort to keep a proper inventory position relative to the times. They have been successful in removing some of the fluff that was in evidence at midyear. This was accomplished by shortening commitments and reducing the number of units purchased during the last half year. At the year end inventories of all reporting stores were only 3% higher than a year ago, and outstanding orders were down 24%, signifying intentions to pare inventories still further. This has reduced demand on textile and apparel manufacturers of the District.



Department Store Sales

THE national economy has undergone a moderate recession in 1954 and a major influence in holding the dip to moderate proportions has been the fact that consumers continued to spend so heavily on goods and services. Actually, from January through September national consumer outlays for goods and services were at an annual rate of \$232.8 billion, an unforecasted gain of \$2.6 billion over 1953. During the same period, combined durable and nondurable goods sold at an annual rate of \$148.6 billion, less than a 1% decline from the 1953 period; and nondurable goods purchases were running at an annual rate of \$120 billion, or 1% over a year ago.

Department store sales in the same period, while maintaining historically a high level, were down 3.3% over the previous year—both for the nation and for the Fifth Federal Reserve District.

In the long run, however, consumer outlays on nondurable goods and department store sales in the Fifth District have shown about the same performance. Between 1945 and 1953 consumer outlays in the United States on nondurable goods rose at an annual compound rate of 6.3%. Sales of Fifth District department stores in the same period rose at an annual compound rate of 6.6%.

Department store sales in this District reached their highest point in the second quarter of 1953 when the index (average daily seasonally adjusted) stood 24% above the 1947-49 base period. The third quarter of 1953 was 4.8% below the peak second quarter, while the fourth quarter was up a little from the third quarter and 4.0% under the second quarter peak. The lowest quarterly level came in the first quarter of 1954 when the decline from the peak quarter amounted to 5.7%. The 1954 second quarter level rose to 1953's fourth quarter, and the third quarter 1954 level fell from the second quarter but did not quite reach the low level of the 1954 first quarter. Preliminary figures indicate an October adjusted index up sharply from September, a bit above the August level, and a moderate increase over October 1953.

State and City Experience

In West Virginia the slump in the bituminous coal industry and the lessened demand for durable goods has been primarily responsible for a decline of 9% in department store sales in the first nine months of 1954 over the same months of 1953. North Carolina and Virginia showed declines of 5% in this period, a reflection of lower employment levels characteristic of most lines in these states as well as of poorer returns from agriculture, particularly in North Carolina.

South Carolina department store sales in the first nine months of this year were down 3% from a year

ago but this state's sales are fairly heavily weighted with stores in Columbia and Charleston where sales have done moderately well thus far this year. Charleston showed an increase of 1% (first nine months compared with the same months last year) and Columbia an increase of 2%.

Sales in Maryland experienced a decline of 1% and the city of Baltimore showed the same decline as the state. In the Cumberland-Hagerstown, Maryland area, where industrial operations have been more adversely affected, sales were off 9% in the period under review, with Hagerstown showing a decline of 5% and Cumberland a more substantial drop. Department store sales in the Washington metropolitan area gained 1% but stores in downtown Washington declined 2%.

In cities where figures can be cited without disclosing individual store operations, four showed increases in the first nine months compared with the same months of 1953. These were: Winston-Salem, North Carolina, up 3%; Columbia, South Carolina, up 2%; and Charleston, South Carolina, and Washington metropolitan area, both up 1%.

Eight cities showed losses between 1% and 5% in the period under review. These include Hagerstown, Maryland, down 5%; Lynchburg, Virginia; Roanoke, Virginia; Greenville, North Carolina; Raleigh, North Carolina; and Asheville, North Carolina, each down 4%; Richmond, and downtown Washington, each down 2%; and Baltimore, down 1%.

Seven cities showed department store sales down more than 5% in the period. They include: the Cumberland-Hagerstown area; Parkersburg, West Virginia; Newport News, Virginia; and Spartanburg, South Carolina, each down 9%. Charleston, West Virginia, was down 8% and other cities not reported separately were off 8%. Huntington, West Virginia, declined 7% and the Norfolk-Portsmouth, Virginia, area 6%. The record shows that most of the smaller cities have not fared as well as the large cities.

The seasonally adjusted department store sales figures averaged quarterly show some interesting comparisons at the state level. The peak quarter for the District was the second quarter of 1953. Maryland, District of Columbia, Virginia and West Virginia peaked in the same quarter. In North Carolina the peak was in the first quarter of 1953 and in South Carolina it was in the third quarter of 1953. Changes in department store sales between the peak quarter of 1953 and the low quarter of 1954 show fairly wide variations. The District as a whole was down 7.4%, West Virginia down 12.6%, North Carolina down 9.9%, South Carolina down 15.6%, Maryland down 7.1%, Virginia down 10.5%, and the District of Columbia down 4.7%. Department store sales in the third quarter 1954 had re-

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covered 1.7% from the low quarter of the recession, but those in Maryland were at their lowest in the third quarter and sales in West Virginia had dropped back to the low level of the first quarter. South Carolina showed a 15.2% recovery from the low quarter to the third quarter; the District of Columbia 4.1%; Virginia 3.3%; and North Carolina 1.0%.

What Has Been Selling

Stores reporting departmentally are heavily weighted with reports from Baltimore, Richmond, and Washington, and these stores have enjoyed better total sales than the District. For example, in the first nine months of 1954 this group showed a sales increase of 1.6% compared with a decline of 3.3% for all reporting stores.

Progress departmentally has been quite irregular. In the first nine months of 1954 furs and piece goods sold very well, and furs led all other departments with a gain of 17% over a year ago. Fur sales in the first quarter, however, were 11% smaller than in the same quarter last year. In the second quarter, following a reduction in Federal excise taxes, there was an increase of 42%, and the third quarter showed a good gain of 12%.

Piece goods have done very well this year. Woolen yard goods sales in nine months were up 13% from last year, with the bulk of the increase concentrated in the second quarter. Cotton yard goods did equally well, with an increase of 12.4% in the nine months, with the first quarter up 20%, the second quarter 6%, and the third quarter 12%. Silks, velvets, and synthetics showed a moderate 6% gain for the nine months, with first and second quarters up 7% and the third quarter up 3%.

Toys and games had a nine months' increase of 11%, with the bulk of it in the first quarter, apparently representing unsold clearances from Christmas; the second and third quarters still showed better increases than total store sales.

Major household appliances have also done quite well this year, with an increase of 8% in nine months and the best record established in the first quarter of the year when price clearances were an important stimulating factor. The second and third quarters both continued above last year, although the gains have been decreasing.

Other departments showing sales increases between 5 and 10% a year include silverware and jewelry; corsets and brassieres; blouses, skirts and sportswear; boys' wear; men's and boys' shoes and slippers; radio, phonograph, television, music and musical instruments; and candy.

On the other side, sales declines for nine months of 1954 compared with 1953 were found in laces, trimmings, embroideries and ribbons, with a slide of 13%

which was fairly consistent in each of the three quarters. Women's coats and suits, a very important department in most stores, showed a nine months' decline of 9%, with the first quarter off 16%, the second quarter 2% and the third quarter 10%. Art needlework, of little significance in dollar terms, showed a nine months' decline of 7% with the second quarter bearing the drop. Books and magazines declined 5%; 7% in the first quarter, 4% in the second quarter, and 3% in the third quarter. Furniture and bedding sales slipped 4% in the nine months, with the first quarter down 6%, the second 8%, and the third up 3%. The third quarter of 1954 was the best quarter in both years.

Other departments showed small gains and losses for the nine months but their sales generally remained stable in the two periods.

Fairly strong upward trends, running back to 1952 and in some cases earlier, are shown in men's furnishings; boys' clothing and furnishings; men's and boys' shoes and slippers; housewares; cotton wash goods; notions; toilet articles; drugs and sundries; stationery; blouses, skirts and sportswear; juniors' and girls' wear; infants' wear; women's and children's shoes; neckwear, scarfs and handkerchiefs; millinery (though the current season has been poor); and corsets and brassieres.

Departments showing downward trends, at least since 1952, include women's and misses' coats and suits; children's and women's hosiery; furniture; major household appliances; radio, television, musical instruments; laces, trimmings, embroideries, ribbons; art needlework; sporting goods and cameras.

Inventories and Credit

Department store inventories in the Fifth District reached a peak in August 1953. Between then and February 1954 inventory liquidation amounted to 13%; since February inventories have trended upward (seasonally adjusted), with a gain of nearly 7% between February and September. Outstanding orders, which were sharply down from mid-1953 to early 1954, have shown some improvement. It appears that the inventory accumulation this year has been required for current sales purposes.

Although the trend of instalment sales in District stores has been downward, these have been more than offset by the rise in other credit sales. Cash sales have been maintained at a relatively stable level. Instalment receivables, which rose substantially between the Summer of 1952 and the middle of 1953, have since leveled off. Open book credit has continued to trend upward but at a much slower rate than that in vogue between 1950 and 1952. No dangerous situation appears in department store credit since collection ratios have been maintaining a steady pace for the past two years.