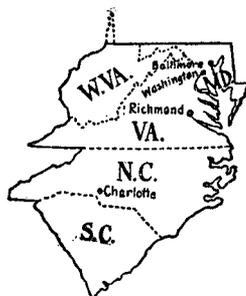


MONTHLY REVIEW

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.

Commercial and Industrial Loans of Fifth District Member Banks

A survey of commercial and industrial loans of member banks of the Fifth Federal Reserve District placed the estimated volume of such loans on November 20 at \$497 million. Schedules of these loans were furnished by 125 member banks of the District, including the majority of the larger banks, and on the basis of these reports estimates have been prepared to cover the loans of this type of all Fifth District member banks. Information has thus been made available with regard to the types of banks holding the greater volume of such loans, the characteristics of the borrowers, the terms on which the loans were made, and the type of security held against their payment.

SCOPE OF THE SURVEY

The survey was a part of a nationwide study undertaken by the Federal Reserve banks in an effort to obtain accurate information relative to the present nature of commercial and industrial lending by member banks. It was realized that the war years had brought changes in these loans and the postwar spurt of lending activity increased the importance of the loans and the desirability of obtaining up-to-date knowledge of their characteristics. Analyses of the position of bank credit in the economy will be greatly aided and the position of bankers in meeting uninformed criticism will undoubtedly be strengthened through having definite facts relative to their accommodation of the needs of trade and industry. In addition, individual banks may well benefit from close study of the lending practices of banks in the aggregate and a comparison of their own policies with those of other banks.

All member banks with deposits of more than \$50 million as of June 29, 1946, were requested to participate in the survey, while a sample of banks with total deposits of less than this amount, selected on a partly random basis, were also requested to participate. It was through the cooperation of these participating banks that the survey was made possible. Table I shows the distribution of the banks in the survey by size groups and the relationship of their commercial and industrial loans as of June 29, 1946, to those of Fifth District member banks in their respective size groups.

Table I

NUMBER OF BANKS AND VOLUME OF COMMERCIAL LOANS IN SAMPLE BANKS COMPARED WITH ALL MEMBER BANKS IN FIFTH DISTRICT

Bank size groups (Measured by total deposits in millions of dollars)	Number of member banks			Commercial and industrial loans outstanding, June 29, 1946		
	In district	In survey sample	Per cent in sample	All member banks in district	Sample banks	Per cent in sample
Over 100	12	12	100	131.8	131.8	100
10-100	92	53	58	136.9	82.0	60
2-10	235	42	18	40.1	6.9	17
Under 2	136	18	13	5.9	.8	13
Total	475	125	26	314.7	221.5	70

Banks with deposits in excess of \$100 million reported and described all of their loans in amounts of \$1 million or more and every sixth loan of less than that amount. Banks with deposits of from \$10 million to \$100 million reported and described all loans in excess of \$100,000

and every sixth loan of less than that amount, while banks with deposits of less than \$10 million described all of their commercial and industrial loans, regardless of size.

The information thus provided has been projected to cover the loans of all member banks of the District, this projection being done through relating the dollar value of reported loans to the total of commercial and industrial loans sampled and through relating the total commercial and industrial loans of participating banks to those of all member banks of the Fifth District.

CHARACTERISTICS OF LENDING BANKS

The distribution of commercial and industrial loans as among banks of various sizes is given in table II.

Table II

COMMERCIAL AND INDUSTRIAL LOANS BY SIZE OF BANK
Fifth District Member Banks
Estimated—November 20, 1946

Banks holding total deposits (in millions of dollars)	Dollar volume of loans		Number of loans	
	\$000	% of total	Number	% of Total
Over 100	222,307	44.8	8,290	19.5
10-100	198,896	40.0	20,364	47.9
2-10	68,647	13.8	10,879	25.6
Under 2	7,044	1.4	2,964	7.0
Total	496,894	100.0	42,497	100.0

As may be seen, the 12 largest banks of the District while holding only 19.5 per cent of total commercial and industrial loans, held 44.8 per cent of the total dollar volume. At the other extreme were the banks of less than \$2 million total deposits; 136 banks of this group held 7 per cent of total loans of this type whose dollar amount was only 1.4 per cent of the total. Table III expresses these relationships in terms of averages, which it must be remembered describe no typical or model bank but are simply statistical expressions of data on a comparable basis.

Table III

AVERAGE SIZE AND AVERAGE NUMBER OF COMMERCIAL AND INDUSTRIAL LOANS HELD BY BANKS OF EACH SIZE GROUP
Fifth District Member Banks
Estimated—November 20, 1946

Banks holding total deposits (in millions of dollars)	Average No. of C. & I. loans held by each bank	Average size of C. & I. loans held
Over 100	691	\$26,816
10-100	221	9,767
2-10	46	6,810
Under 2	22	2,877
All banks	89	\$11,692

An examination of the distribution of commercial and industrial loans by the size of the cities in which the lending banks are located (Table IV) reveals a further concentration of dollar volume of loans in the banks of the larger cities. Banks in cities of more than 100,000 population held more than one-half of these loans measured in dollars although only one-third of the total number.

Table IV
COMMERCIAL AND INDUSTRIAL LOANS BY SIZE OF CITY IN WHICH LENDING BANKS ARE LOCATED

Fifth District Member Banks
Estimated—November 20, 1946

Population of city in which lending banks located (1940 census)	Dollar amount		Number of loans	
	\$000	% of total	No.	% of total
Under 1,000	7,074	1.4	2,223	5.2
1,000- 4,999	29,573	6.0	5,419	12.8
5,000- 24,999	43,091	8.7	6,944	16.4
25,000- 49,999	45,509	9.2	5,444	12.8
50,000- 99,999	108,041	21.7	8,080	19.0
100,000-499,999	110,313	22.2	4,259	10.0
500,000 and over	153,293	30.8	10,128	23.8
Total	496,894	100.0	42,497	100.0

CHARACTERISTICS OF BORROWERS

Table V shows estimated commercial and industrial loans by the business of borrowers. It may be seen that among Fifth District Borrowers, the group described as "Other," consisting principally of the service industries, comprise the most important major classification in dollar amount of loans.

Table V
COMMERCIAL AND INDUSTRIAL LOANS BY BUSINESS OF BORROWER

Fifth District Member Banks
Estimated—November 20, 1946

BUSINESS OF BORROWER	Dollar volume of loans		Number of loans	
	\$000	% of total	No.	% of total
Total business	496,894	100.0	42,497	100.0
Manufacturing and mining—total	110,518	22.2	6,282	14.8
1. Food, liquor, tobacco	26,662	5.4	1,069	2.5
2. Textile, apparel, leather	23,519	4.7	792	1.9
3. Iron, steel, nonferrous metals and their products; electrical and other machinery; automobiles and other transportation equipment and parts	18,999	3.8	963	2.3
4. Petroleum, coal, chemicals, rubber	11,381	2.3	836	2.0
5. All other (including lumber; furniture; paper; printing and publishing; stone; clay; glass)	29,957	6.0	2,622	6.2
Wholesale trade—total	106,573	21.4	6,018	14.2
1. Food, liquor, tobacco, drugs	58,333	11.7	2,406	5.7
2. Apparel, dry goods, shoes, related raw materials	16,430	3.3	718	1.7
3. Home furnishings; furniture; electrical appliances; hardware; machinery; metal products; lumber; building materials; plumbing and heating equipment	19,499	3.9	1,697	4.0
4. Automobiles and parts; petroleum	3,618	0.7	501	1.2
5. All other (including farm feed, fuel, jewelry, paper)	8,693	1.7	696	1.6
Retail trade—total	105,073	21.1	15,587	36.7
1. Food, liquor, tobacco, restaurants, drug stores	28,043	5.6	4,920	11.6
2. Apparel, dry goods, shoes, department stores, mail-order houses, variety stores, general stores	32,668	6.6	2,735	6.4
3. Home furnishings, furniture, electrical appliance stores; hardware and farm implement dealers; lumber building material dealers; plumbing and heating equipment dealers	17,025	3.4	3,096	7.3
4. Automobile dealers, auto accessory stores, filling stations	15,240	3.1	2,596	6.1
5. All other (including farm feed, fuel dealers, jewelry stores)	12,098	2.4	2,240	5.3
Other—total	174,487	35.1	14,591	34.3
1. Transportation companies (railroad, etc.), communications companies, other public utilities	39,313	7.9	3,160	7.4
2. Services (including hotels; repair services; amusements; personal and domestic services; medical, legal and other professional services)	21,616	4.4	4,260	10.0
3. Building and road construction, contractors and sub-contractors	38,508	7.7	2,553	6.0
4. Sales finance companies	28,892	5.8	445	1.0
5. All other (including forestry, fishing, real estate)	46,157	9.3	4,173	9.8

Owing to rounding, details may not add to totals.

Retail trade establishments, however, were the largest borrowers in terms of number of loans although dollar-wise their borrowings were the smallest of the four major groups.

The manufacturing and mining category entitled "All other" showed the greatest borrowings of the manufacturing and mining group, undoubtedly due to the heavy weight of lumber and related manufacturing industries in this District. As might have been expected, food processors, distillers, and tobacco manufacturers were substantial borrowers, as were the group of industries containing textile manufacturers. Trade establishments showed substantial variations as between wholesale and retail, part of which were due to the overlapping subclassification within the two groups. Wholesale establishments dealing in food, liquor, tobacco, and drugs accounted for 5.7 per cent of loans amounting to 11.7 per cent of the dollar volume, while retail establishments dispensing the same goods made 11.6 per cent of total loans which amounted in dollars to 5.6 per cent of the total dollar volume. Conversely in the field of apparel, dry goods, and shoes, retail establishments borrowed roughly twice as much as wholesale establishments, the number of advances being nearly quadrupled. As mentioned, the inclusion of other types of goods in the retail outlets handling these goods would provide a statistical basis for such a variation as well as the economic factors involved.

Among the service activities, transportation companies, communications companies, and other public utilities ranked as the major borrowers from a dollar standpoint, closely followed by building and road construction contractors and subcontractors. Hotels, repair services, personal, domestic and professional services were high in number of loans but of distinctly secondary importance in the service industries insofar as dollar volume was concerned.

The variations in the relation of number of loans to dollar volume is explained to a large extent by the variations in size of the typical organization in the various lines of endeavor. Table VI presents the distribution of loans among the various sized borrowers in the major classifications of borrowers by type of business. It may be seen that the dollar volume of loans in the manufacturing and mining category tended toward some concentration among the larger-sized borrowers, whereas wholesale trade

Table VI
COMMERCIAL AND INDUSTRIAL LOANS BY SIZE AND BUSINESS OF BORROWER

Fifth District Member Banks
Estimated—November 20, 1946

Business of borrower	(Thousands of dollars) Total assets of borrower					Total
	Under 50	50-250	250-750	750-5,000	Over 5,000	
Total	74,418	144,300	92,158	88,532	86,619	496,894
Manufacturing & mining	8,570	27,399	25,550	29,771	18,273	110,518
Wholesale trade	8,805	31,537	30,049	23,621	11,237	106,573
Retail trade	29,853	35,878	10,427	5,710	20,367	105,073
Other	26,960	49,435	26,132	29,430	36,742	174,487

Owing to rounding and omission of unclassified loans, details will not add to totals.

showed a decided concentration among the borrowers whose total assets range from \$50,000 to \$5 million. Retail trade establishments with total assets of less than \$250,000 were the recipients of more than half the funds loaned to such establishments; the large amount shown for

borrowers with assets of more than \$5 million was accounted for almost entirely by the chain organizations and large single units of the first two subgroups of borrowers of the retail trade category. Similarly, the borrowings of large transportation, communications and public utilities companies and of sales finance companies conceal in the aggregate figures the fact that well over half of the dollar volume of loans to other service establishments were to units with total assets of less than \$250,000.

MATURITIES

More than two-thirds of the dollar volume of commercial and industrial loans held on November 20 fell within the six-months-or-less category while more than three-quarters were to mature within one year, the traditional maturity limit of bank credit. Longer maturities are reflected in the maturity schedule (Table VII), and it is of interest to note that loans for periods longer than five years constituted nearly 10 per cent of total commercial and industrial loans.

Table VII

COMMERCIAL AND INDUSTRIAL LOANS BY MATURITIES

Fifth District Member Banks
Estimated—November 20, 1946

MATURITY	(Thousands of dollars)	Per cent of total
Demand	87,128	17.5
Less than 90 days	118,750	23.9
90 days to 6 months	136,043	27.4
6 months 1 day to 9 months	26,617	5.4
9 months 1 day to 1 year	12,190	2.4
1 year 1 day to 2 years	22,637	4.6
2 years 1 day to 3 years	15,228	3.1
3 years 1 day to 4 years	9,187	1.8
4 years 1 day to 5 years	21,224	4.3
5 years 1 day to 10 years	44,959	9.0
Over 10 years	2,931	0.6
Total	496,894	100.0

There were substantial variations in maturities among the several classifications of business. On the basis of the percentage of total loans maturing within one year, manufacturing and mining concerns stood about at the average but showed variations among the various subgroups from 68 per cent for the miscellaneous industries to 93 per cent for petroleum, coal, chemical and rubber producers. Wholesale trading concerns showed reasonable consistency about an average of 92 per cent maturing within one year, while retail trading establishments showed wide fluctuations from 66 per cent for food, liquor, tobacco, restaurants, and drug stores to 90 per cent for the miscellaneous retail outlets. Among other borrowers, the long-term borrowings of the large concerns in transportation, communications, and other public utilities reduced the importance of their under-one-year loans to 40 per cent of the total, followed by the 55 per cent of the hotel, amusements, domestic, personal, and professional service group. Table VIII presents the group aggregate percentages.

Table VIII

COMMERCIAL AND INDUSTRIAL LOANS MATURING WITHIN ONE YEAR AS PERCENTAGE OF TOTAL COMMERCIAL AND INDUSTRIAL LOANS

Fifth District Member Banks
Estimated—November 20, 1946

Business of borrower:	
Manufacturing and mining	73.4
Wholesale trade	92.1
Retail trade	78.7
Other	67.9
Total	76.6

INTEREST RATES

Interest rates on commercial and industrial loans ranged from 0.5 per cent to 7 per cent, but more than three-fourths of the dollar volume of such loans were made at rates of from 1.5 per cent to 4 per cent. On the basis of interest rates relative to maturities loans on November 20 fell into two rather well defined groups, those with maturities of less than two years and those over two years; table IX presents the distribution by this division.

Table IX

COMMERCIAL AND INDUSTRIAL LOANS BY RATE OF INTEREST OR DISCOUNT CHARGED

Fifth District Member Banks
Estimated—November 20, 1946

Interest rate charged: (per cent)	Loans with maturities of two years or less		Loans with maturities of more than two years		All loans	
	\$000	% of total	\$000	% of total	\$000	% of total
0.5	1,153	0.3			1,153	0.2
0.6 - 0.9	40	*			40	*
1.0	14,881	3.7			14,881	3.0
1.1 - 1.4	2,239	0.6			2,239	0.4
1.5	77,609	19.2	4,025	4.3	81,634	16.4
1.6 - 1.9	10,889	2.7	3,069	3.3	13,958	2.8
2.0	33,891	8.4	7,676	8.2	41,567	8.4
2.1 - 2.4	1,748	0.4	2,249	2.4	3,997	0.8
2.5	20,390	5.1	8,602	9.2	28,998	5.8
2.6 - 2.9	2,080	0.5	910	1.0	2,990	0.6
3.0	54,285	13.5	8,768	9.4	63,053	12.7
3.1 - 3.4	615	0.1	460	0.5	1,075	0.2
3.5	13,504	3.3	3,304	3.5	16,808	3.4
3.6 - 3.9	1,162	0.3	546	0.6	1,708	0.3
4.0	92,352	22.9	37,956	40.6	130,308	26.2
4.1 - 4.4	44	*	1,660	1.8	1,704	0.3
4.5	9,587	2.4	8,186	8.7	17,773	3.6
4.6 - 4.9			334	0.3	334	0.1
5.0	29,873	7.4	3,830	4.1	33,703	6.8
5.5	48	*	307	0.3	355	0.1
6.0	36,011	8.9	1,646	1.8	37,657	7.6
7.0	210	0.1			210	0.1
Unclassified	754	0.2			754	0.2
TOTAL	403,366	100.0	93,528	100.0	496,894	100.0

*Less than 0.05 per cent

As may be seen, short-term borrowers paid rates ranging from 0.5 per cent to 7 per cent, the greatest dollar volume of loans being made at 4 per cent. Second in importance dollarwise, although representing a small number of large loans, was the rate of 1.5 per cent. Loans with maturities of longer than two years showed a smaller range, 1.5 per cent to 6 per cent, and a heavy concentration at the rate of 4 per cent.

Rates appear to have been more directly related to the size of the loan than to the maturity. Loans of less than \$1,000 were, in point of numbers, heavily concentrated at 6 per cent while loans greater than \$1,000 and less than \$100,000 showed a similar numerical concentration at 5 per cent. Within the latter group, however, the general level of rates moved downward as the size of loan increased. In the case of loans from \$1,000 to \$4,999, for example, more than 60 per cent were made at rates of 5 per cent or greater, while more than 90 per cent of the loans of from \$50,000 to \$99,999 were made at rates of 5 per cent or less.

Loans of \$100,000 or more were made at rates substantially below those charged for smaller loans. The rate of 1.5 per cent was the modal rate for this group, and while some few loans were shown at rates in excess of 4 per cent, the vast majority were made at rates equal to or considerably less than that rate.

In general, the rate of interest charged showed some relation to the type of security furnished, but the relationship was not a fixed one by any means. Nearly a third

of the total volume of unsecured loans were made at 1.5 per cent, while the remainder were scattered throughout the range of rates. Similarly, loans with endorsers or comakers showed concentrations at 4 per cent, yet covered a range of rates from 1 per cent to 7 per cent. Some types of security did show consistency of rates, but the typical size of loan associated with the security may well have been of equal or greater importance in determining the rates. Trust receipts and assignments of title, for example, tended strongly toward the higher rates, but the comparatively small loans for which such security was generally used also were typified by the higher rates charged. Warehouse receipts as security were generally accompanied by low interest rates, predominantly under 4 per cent, but were used almost entirely to secure loans of substantial amounts.

As might have been expected, loans secured by United States Government bonds were made at low rates, slightly more than one-half the dollar volume being at rates of 1.5 per cent or less. There was a steady upward progression of rates from these obligations through other bonds, listed stocks, and unlisted stocks, loans against the last being generally concentrated between 3 per cent and 5 per cent. Loans secured by cash value of life insurance and savings accounts were made for the most part at 3 per cent or 4 per cent, although there were some few made at greater or smaller rates. Chattel mortgages on inventory and equipment were accompanied generally by rates of 4 per cent or more, although here again there were exceptions in that some such loans were made at lower rates. More than two-fifths of the loans made against the security of plant and other real estate were made at 4 per cent; the remainder were distributed from 2 per cent to 6 per cent.

SECURITY

Slightly more than 55 per cent of total commercial and industrial loans were made without pledge of tangible

security, that is, upon the credit of the borrower and/or one or more endorsers or comakers. The frequency of unsecured loans was greater among the larger loans made, and the position of endorsers or comakers became of less importance as the size increased; some 92 per cent of the loans of more than \$500,000 and less than \$1 million were made with no security or endorsement. There was, however, remarkable consistency among loans of less than \$25,000 in the extent to which such loans were made unsecured or on the basis of endorsement or comaker's signature.

Among borrowers of less than \$1,000, the pledge of equipment through the assignment of title or a chattel mortgage was the most prevalent form of security given. The assignment of claims—accounts receivable, savings accounts, cash value of life insurance, and the like—ranked next, while unidentified assignments of equipment and inventory were third. Plant and real estate played a minor role in securing loans of this size.

As the size of the loan increased, however, the relative importance of these items changed. Plant and other real estate became of primary importance as security and inventory and marketable securities—including United States Government obligations—increased in significance, while equipment and claims against others dwindled in weight.

Table X gives the distribution by size of loan and general type of security. The importance of plant and real estate may be noted, as well as of liens against equipment and inventory. Nearly equal numbers of loans were made against securities and against the assignment of claims, but the average dollar size of the former was considerably greater. Guarantees and participations covered a small percentage of total loans, although the dollar amount was substantial.

Table X
COMMERCIAL AND INDUSTRIAL LOANS BY SIZE OF LOAN
AND TYPE OF SECURITY
Fifth District Member Banks
Estimated—November 20, 1946

SIZE OF LOAN (\$): Type of Security:	Number of Loans										Total
	Under 500	500- 999	1,000- 4,999	5,000- 9,999	10,000- 24,999	25,000- 49,999	50,000- 99,999	100,000- 499,999	500,000- 999,999	1,000,000- and over	
Unsecured	1,413	1,241	4,255	1,838	1,821	800	614	572	69	8	12,631
Endorsed or comaker	1,198	1,107	4,480	1,682	1,559	490	218	112	....	1	10,847
Equipment & inventory	292	251	636	158	67	23	28	20	....	....	1,475
Equipment	747	642	1,645	276	136	40	13	15	....	....	3,514
Inventory	55	127	388	254	299	125	93	52	....	....	1,393
Plant & other real estate	145	243	1,950	1,194	1,142	538	222	145	6	1	5,586
Securities	48	118	1,140	491	505	199	93	83	....	1	2,678
Assignment of claims	324	314	1,194	375	293	145	56	31	....	....	2,732
RFC guarantees or participations; V, V-T, and T loans	.....	.....	18	21	116	51	33	33	....	2	274
Other	190	142	490	128	121	22	17	1	....	....	1,111
Unclassified	35	45	117	41	30	.....	.....	3	....	....	271
Total	4,447	4,230	16,313	6,458	6,089	2,433	1,387	1,067	75	13	42,512
Note: Includes G. I. loans as follows:	72	138	743	80	22	12	.....	.....	....	....	1,067

The Use of Index Numbers

1. The Department Store Sales Index

Index numbers of business activity are made primarily for the purpose of giving the user a tool to follow progress of some particular activity and of facilitating comparisons of like and unlike statistical time series. Monthly index numbers, when necessary, are corrected for differences in business days and recognized holidays, and adjusted for seasonal variation. These adjustments are made for the purpose of giving the user as nearly as possible the true rates of changes and the direction of movement, in the absence of seasonal influence.

Our calendar varies in length from 28 to 31 days, and some months have four Sundays and others five. Some months have one or more recognized holidays in which some businesses close down, and other months have no holidays. Established practice causes greater activity in some months than in others, as for examples, winter reduces the amount of construction that can be done, holiday customs result in large retail sales in November and December, and the seasonal nature of crop growing accelerates many activities in the fall and decelerates them thereafter. Therefore in order to get a true impression of the rate and direction of change, index numbers must be adjusted for variation in business days and for seasonal variation.

The construction of an index number is an important consideration. It is particularly so in those cases where the index is constructed from sample data rather than a universe of data, for the sample must be made in such a manner that it gives a true measure of the universe.

A more important function of index numbers, however, is the interpretation of economic significance which may be derived from their use. The Research Department of the Federal Reserve Bank of Richmond has constructed index numbers of various statistical series bearing on economic activity in the Fifth Federal Reserve District. These indexes are constructed for our own use in appraising the economic changes that take place. They are, however, published currently in the *Monthly Review* and back figures will be sent to those who have need for them.

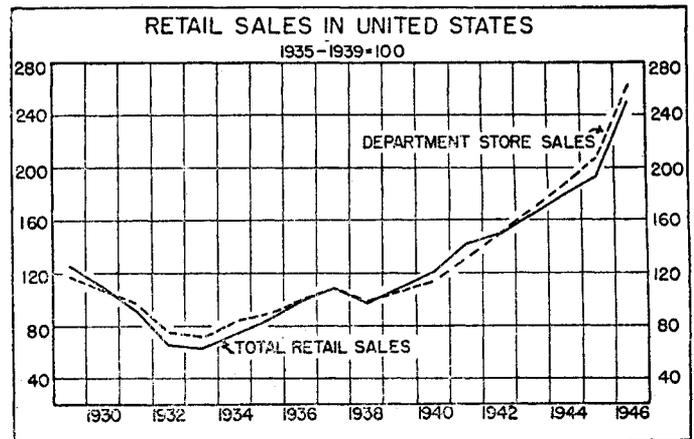
DEPARTMENT STORE SALES AND INVENTORIES

Returning again to the economic significance of the index numbers, let us take a specific case to illustrate the point. Of what use are the department store sales and inventories indexes?

Department store sales give the most current indication of the state of trade. Monthly index numbers of department store sales are available within about 24 days following the month of record. Supplementary weekly indexes which can be used to get an approximation of the monthly figures are available within one week of their advent.

Department store sales, despite the fact that they account for only about 10 per cent of total retail sales, give an up-to-date working indication of the direction of movement of total retail sales as the accompanying chart shows.

The importance of this characteristic of department store sales is of particular significance at the present time for the big questions in interpretive economics for the current year are: Will retail trade levels together with exports continue to rise sufficiently to make a market at



current prices for the steadily rising output of farms and factories? Are a large number of consumers priced out of the market as a result of the sharp increase in commodity prices during and following OPA control? Is there a large enough quality market in the higher income groups to clear the market of increasing production at current or even higher prices? In the event that large numbers of consumers are priced out of the market, or may be when rent controls are relaxed or eliminated, and if these consumers will be needed to clear the market of its output this year, will commodity prices adjust downward to reestablish these people as customers without the necessity of reducing the production of goods? In other words, what happens to retail trade in the months ahead will give considerable clue as to whether or not there will be a business recession this year. It was mainly the rapid rise in the level of trade following the end of the war that made many of the well publicized forecasts of a business recession go astray. Is the character of demand for goods still strong enough to again make recessionary forecasts in error? This question will not be answered here, but much insight on the question will be found in the direction taken by retail trade. Department store sales indexes are the most current set of statistics measuring an important segment of this field.

Department store sales, as the foregoing chart shows, however, do not measure total retail trade with precision. This is, for the most part, due to the wider amplitude of movement of sales of durable goods which are not heavily represented in department store sales. Since the non-durable goods ordinarily account for more than three-fourths of the total retail trade, large variations in durable goods sales have never influenced the total retail trade level such that it moved in the opposite direction from non-durable goods sales. It is not likely, therefore, that department store sales, which are representative of the non-durable group, would decline while total retail trade was rising or vice versa even though there may be variance in their rates of change. For example, total retail trade in 1946 rose 30 per cent over that of 1945, while department store sales rose 27 per cent in the same period.

It will require some experience in using the index numbers of department store sales before proficiency can be obtained in spotting a change in the trend. Despite the daily average and seasonal adjustments made in the index, there is considerable variability from month to month in its movement; so much so in fact that often several months are required before a change in direction becomes obvious. A chart of the adjusted index is helpful in giving a perspective of the trend that is difficult to observe from the figures alone.

SALES AND INVENTORIES

On the large chart extending across the page are shown the monthly sales and inventories of department stores in the Fifth Federal Reserve District. This chart shows that the sales and inventories have again come into the relationship that had prevailed for some years prior to the war. Or stated in another way, the aggregate inventory-sales ratio at the end of 1946 was the same as had prevailed for a considerable number of years prior to the war. This prewar period referred to, however, was in a period in which business was still in depression. Attention should also be called to the fact that from 1923 to 1929 the inventory line on the chart was considerably higher than the sales line which means that the inventories represented a larger number of days' supply of goods than in later prewar years.

In the 1929-1932 period when the inventory-sales ratios were falling, it was the consensus that the growth of truck transportation with store-door delivery, and the greater speed of delivery by rail as a result of a lower volume of traffic made it possible to carry a smaller number of days' supply of goods in inventory. This thesis should be questioned as to whether it was a result of the character of demand or whether it was more efficient transportation as contended.

Although on an aggregate basis department store inventories at the end of 1946 had returned to the same relationship that prevailed in the 1935-39 period, there are still many departments in stores with inadequate stocks of goods to meet the sales demand. Then, too, some thought must be given to the thesis that in a buyer's market a

much larger selection of goods must be made available to attract and maintain the sales volume. If credence can be placed in this view then a likely development would be a rise in the inventory line to a level above sales as was characteristic of the 1923-29 period.

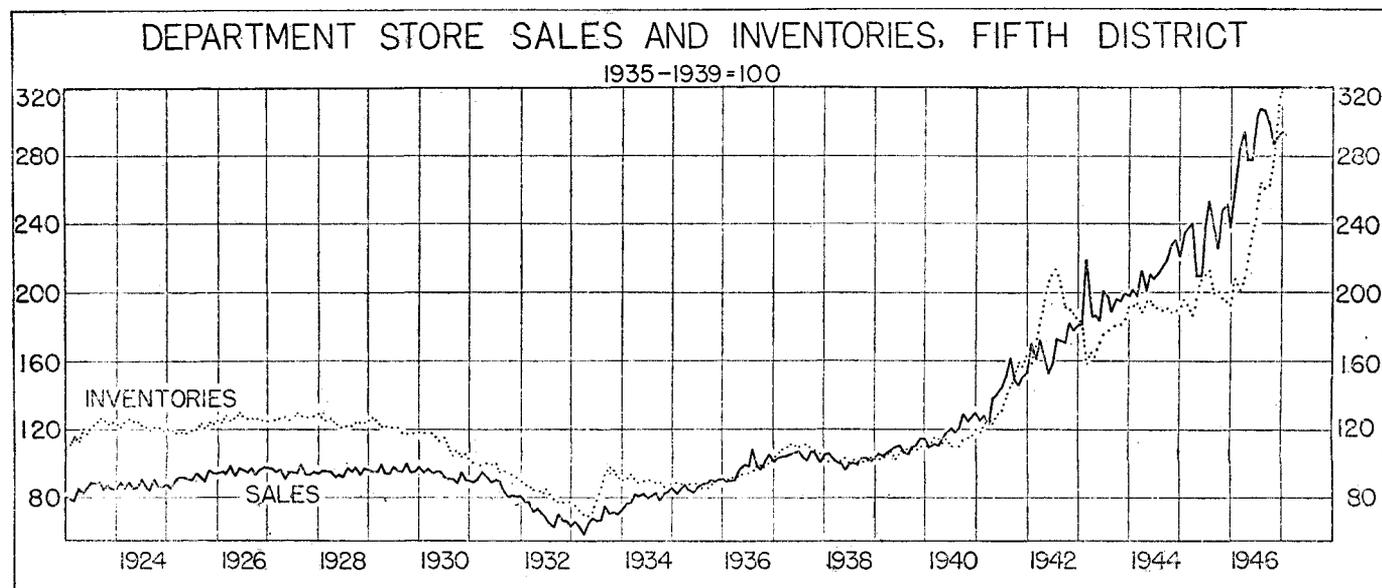
FIFTH DISTRICT SALES

Department store sales in the Fifth District rose considerably faster in the early years of the war period than department store sales in the Nation, slowed down to the same pace in the later war years, and have fallen behind since the war ended. This more rapid growth in the District than in the Nation in the early war years, we attribute to the speed of recovery occasioned by Government expenditures and to the large in-migration of defense workers and later to military personnel. Government expenditures on military installations and on war production facilities were of much greater relative importance to the Fifth District than to the Nation in the first three years of the war. In this period also agricultural prices rose much more substantially than prices in general. The combination of these factors and others gave department store sales in the Fifth District a lead over the Nation and pushed them to a level that has not yet been matched, despite the fact that the District's rate of increase has since fallen behind the national pace.

STATE INDEXES

The largest department store sales increases in the Fifth District during the war period occurred in South Carolina, Virginia, and North Carolina. These were the areas in which the greatest increases occurred in military personnel, they were the areas where the greatest increases in agricultural income were recorded, and they were the areas where the greatest increase occurred in the relative wage rates.

The accompanying table shows that each state in the Fifth District showed department store sales levels higher relative to the base period than such sales in the Nation in each of the war years, excepting West Virginia in 1942 and 1943, and the District of Columbia in 1946. The second part of the table, which gives the ratios of the state



and Fifth District indexes to the United States average, shows:

1. That Maryland and the District of Columbia sales rose faster than the national average up through 1942, and failed to maintain the pace thereafter.
2. That Virginia sales rose faster than those of the Nation through 1944; maintained the pace in 1945; and fell somewhat below in 1946.
3. That West Virginia sales rose slightly faster than the national average from 1939 through 1941; fell below in 1942 and 1943; ran slightly ahead in 1944 and 1945; and maintained the pace in 1946.
4. That North Carolina sales maintained the national pace from 1939 through 1942; and has each year since run ahead.
5. That South Carolina sales substantially exceeded the national pace from 1939 through 1944; and have failed to maintain it since.
6. That the Fifth District index of department store sales rose faster than the national index of department store sales from 1939 through 1942; maintained the national pace in 1943; exceeded it slightly in 1944; and has fallen behind in 1945 and 1946.

DEPARTMENT STORE SALES

1935-39=100

	Md.	D. C.	Va.	W. Va.	N. C.	S. C.	5th Dist.	U. S.
1939	109	107	111	109	108	112	109	106
1940	120	118	124	123	116	125	120	114
1941	144	143	148	145	136	157	144	133
1942	174	173	177	148	150	206	171	149
1943	193	181	208	166	185	260	194	168
1944	206	193	240	187	211	295	215	186
1945	223	211	266	217	237	311	237	207
1946	273	249	330	277	307	360	289	263

Ratios of State and District to U. S. Average

	Md.	D. C.	Va.	W. Va.	N. C.	S. C.	5th Dist.	U. S.
1939	1.03	1.01	1.05	1.03	1.02	1.06	1.03	1.03
1940	1.05	1.04	1.09	1.08	1.02	1.10	1.05	1.05
1941	1.08	1.06	1.11	1.09	1.02	1.18	1.08	1.08
1942	1.17	1.16	1.19	.99	1.01	1.38	1.15	1.15
1943	1.15	1.08	1.24	.99	1.10	1.55	1.15	1.15
1944	1.11	1.04	1.29	1.01	1.13	1.59	1.16	1.16
1945	1.08	1.02	1.29	1.05	1.14	1.50	1.14	1.14
1946	1.04	.95	1.25	1.05	1.17	1.37	1.10	1.10

Banking

In keeping with the downward trend which commenced last March, total loans and investments of weekly reporting member banks of the Fifth Federal Reserve District decreased \$24 million to \$1,873 million during the four-week period ended February 12. Total loans increased to \$474 million, a gain of \$1 million during the four-week period. Commercial, industrial, and agricultural loans increased \$6 million to \$254 million, while loans to banks increased to \$1 million and "other" loans increased from \$99 million to \$100 million. Real estate loans showed no change. Loans to brokers and dealers for purchasing or carrying securities decreased \$4 million to \$4 million and loans to others for purchasing or carrying securities decreased from \$43 million to \$39 million.

United States Government obligations reached a low point of \$1,314 million from \$1,340 million January 15, the lowest point, with the exception of \$1,310 million January 1, since July 1944. Treasury bills began to pull up to their former level after heavy liquidation the first of February. Certificates of indebtedness continued a decline from the January high. Note and bond holdings fell off slightly.

HOLDINGS OF U. S. GOVERNMENT OBLIGATIONS WEEKLY REPORTING MEMBER BANKS—5th DISTRICT

Date	(Millions of dollars)				
	Bills	C. of I.	Notes	Bonds	Total
January 15	21	194	91	1,031	1,337
22	8	195	90	1,032	1,325
29	4	188	89	1,037	1,318
February 5	18	182	89	1,028	1,317
12	16	179	88	1,028	1,311

Fifth District member bank reserves showed a decline of \$45 million during the four-week period ended February 12. Treasury transactions accounted for the most con-

sistent losses, the greatest loss of \$62 million, occurring during the week ended January 29. This was partly offset by increases of \$15 million in Federal Reserve credit extended locally and in commercial and financial transactions. Federal Reserve credit extended locally during the week of February 5 declined \$20 million, while Treasury transactions withdrew \$17 million. Commercial and financial transactions brought in \$35 million during the week, substantially offsetting the decline in reserve balances. The week ended February 12 showed increases of \$29 million from commercial and financial transactions and \$2 million from currency transactions. However, these gains were more than offset by decreases of \$29 million in Federal Reserve credit extended locally and \$5 million in Treasury transactions, bringing a net decline in reserve balances for the week of \$3 million.

FACTORS AFFECTING MEMBER BANK RESERVES, FIFTH DISTRICT

Factors increasing (+) or decreasing (—) reserves:	Changes for 4 weeks ended February 12, 1947 (Millions of dollars)
Reserve bank credit extended locally	— 20
Commercial and financial transactions	+ 86
Treasury transactions	—123
Currency transactions	+ 11
Other factors	+ 1
Net change in reserve balances	— 45

Average daily deposits of Fifth District member banks declined in dollar amounts from the last half of December 1946 to the last half of January 1947, but held the same position relative to total deposits of all member banks in the United States. Maryland showed a gain relative to the United States while the District of Columbia and West Virginia showed losses. Virginia, North Carolina, and South Carolina showed no change relative to the nation, although they showed losses in dollar amounts.

AVERAGE DAILY TOTAL DEPOSITS* OF MEMBER BANKS

	Last half of December		Last half of January	
	\$ millions	% of U. S.	\$ millions	% of U. S.
Maryland	1,017	.96	1,011	.97
Reserve city banks	649	.61	644	.62
Country banks	368	.35	367	.35
District of Columbia	921	.87	896	.86
Reserve city banks	900	.85	875	.84
Country banks	21	.02	21	.02
Virginia	1,303	1.24	1,300	1.24
Reserve city banks	293	.28	296	.28
Country banks	1,010	.96	1,004	.96
West Virginia	554	.53	542	.52
North Carolina	842	.80	838	.80
Reserve city banks	362	.34	364	.35
Country banks	480	.46	474	.45
South Carolina	429	.41	426	.41
Fifth District	5,067	4.80	5,013	4.80

*Excluding interbank demand deposits.

Details may not add to totals due to rounding.

ASSETS AND LIABILITIES OF FIFTH DISTRICT
MEMBER BANKS

Commencing with the last Wednesday of January 1947, member banks of the Federal Reserve System—other than weekly reporting member banks—supply information monthly as to their loans and investments that, together with information available in the Reserve banks as to deposits, borrowings, and reserves, provides the basis for a balance sheet statement of member banks as of that date. Estimates are made for missing items, which in all cases are either of small amount, as cash in vault, or of a relatively stable nature, as capital accounts, and the completed balance sheet statement as of the last Wednesday of the month will be published in the *Monthly Review*.

The published statements will be as shown below, but the data will also be compiled on other bases including a

state breakdown of the published report and a distribution by size groups on a state basis. These will be made available to any bank desiring them. Requests for inclusion on the mailing list should be made to the Research Department of this Bank, specifying which statements are desired.

ASSETS AND LIABILITIES OF MEMBER BANKS

Fifth Federal Reserve District

January 29, 1947

Preliminary

(Thousands of dollars)

ITEMS	All Member Banks	Reserve City Member Banks	Country Member Banks
ASSETS			
1. Loans and investments	4,355,807	1,975,397	2,380,410
a. Loans and discounts	1,154,340	511,630	643,362
b. U. S. Gov't obligations	2,971,340	1,376,281	1,595,059
c. Other securities	229,475	87,486	141,989
2. Reserves, cash, and bank balances	1,386,687	659,723	726,964
a. Reserve with F. R. Bank	700,560	385,426	315,134
b. Cash in vault*	123,659	43,501	85,158
c. Demand balances with banks in U. S.	363,824	100,269	263,555
d. Other bank balances*	2,563	251	2,312
e. Cash items in process of collection	191,081	130,276	60,805
3. Other assets*	65,764	33,808	31,956
4. Total assets*	5,808,258	2,668,928	3,139,330
LIABILITIES AND CAPITAL			
5. Gross demand deposits	4,126,140	2,038,953	2,087,187
a. Deposits of banks	451,694	327,726	123,968
b. War loan accounts	126,521	58,584	67,937
c. Other demand deposits	3,547,925	1,652,643	1,895,282
6. Time deposits	1,294,467	443,645	850,822
7. TOTAL DEPOSITS	5,420,607	2,482,598	2,938,009
8. Borrowings from F. R. Bank	22,600	17,600	5,000
9. Other liabilities*	23,150	11,793	11,357
10. Total capital accounts*	341,901	156,937	184,964
11. Total liabilities and capital accounts*	5,808,258	2,668,928	3,139,330

*Estimated.

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

	Jan. 1947	Dec. 1946	Nov. 1946	Jan. 1946	% Change	
					Jan. 1947 from Dec. 46	Jan. 46
Bank Debits	278	281	287	228	- 1	+ 22
Bituminous Coal Production* (a)	147	121	109	156	+ 21	- 6
Building Contracts Awarded	304	266	296	171	+ 14	+ 78
Building Permits Issued	216	195	200	185	+ 11	+ 17
*Cigarette Production	242	220r	237r	211	+ 10	+ 15
Cotton Consumption (b)	160	154r	152	138	+ 4	+ 16
Department Store Sales	291	293	290	262	- 1	+ 11
Department Store Stocks	312	319	298	207	- 2	+ 51
Electric Power Production	.....	213	215	208	.....	.....
Furniture Sales—Retail	263	261	266	229	+ 1	+ 15
Life Insurance Sales	238	209	229	201	+ 14	+ 18
Wholesale Trade:						
Automotive Supplies**	331	272	293	173	+ 22	+ 91
Drugs	248	252	268	246	- 2	+ 1
Dry Goods	148	193	216	158	- 23	- 6
Electrical Goods**	77	70	60	51	+ 10	+ 51
Groceries	267	274	272	249	- 3	+ 7
Hardware	121	119	112	102	+ 2	+ 19
Industrial Supplies**	289	268	269	215	+ 8	+ 34
Paper and Its Products**	155	178	169	133	- 13	+ 17
Tobacco and Its Products**	132	125	111	112	+ 6	+ 18
*Business Failures	9	4	12	7	+125	+ 29

*Not seasonally adjusted

**1938-41=100

(a) Index completely revised

(b) Seasonal index revised to 1944.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	February 12	Chg. in Amt. from	
	1947	1-15-47	2-13-46
Total Gold Reserves.....	\$1,061,894	— 1,317	+ 91,918
Other Reserves	21,113	— 6,500	— 6,156
Total Reserves	1,083,007	— 7,817	+ 85,762
Bills Discounted	27,008	+ 17,169	+ 21,293*
Industrial Advances	0	0	— 39
Gov. Securities, Total.....	1,398,440	— 15,013	— 35,535
Bonds	46,417	— 75	— 12,874
Notes	21,890	— 36	— 65,880
Certificates	426,923	— 28,534	— 64,231
Bills	903,210	+ 13,632	+ 107,450
Total Bills & Securities.....	1,425,448	+ 2,156	— 14,281
Uncollected Items	252,974	+ 31,205	+ 102,933
Other Assets	41,226	— 6,059	— 9,441
Total Assets	2,802,655	+ 19,485	+ 164,973
Fed. Res. Notes in Cir.....	\$1,723,766	— 29,068	+ 31,504
Deposits, Total	786,674	— 26,804	— 2,398
Members' Reserves	692,914	— 45,658	— 16,037
U. S. Treas. Gen. Acct.....	66,292	+ 29,461	+ 22,553
Foreign	24,347	— 9,786	— 8,987
Other Deposits	3,121	— 821	+ 73
Def. Availability Items.....	257,181	+ 75,135	+ 130,449
Other Liabilities	589	— 131	+ 38
Capital Accounts	34,445	+ 353	+ 5,380
Total Liabilities	2,802,655	+ 19,485	+ 164,973

41 REPORTING MEMBER BANKS—5th DISTRICT

(All Figures in Thousands)

ITEMS	February 12	Chg. in Amt. from	
	1947	1-15-47	2-13-46
Total Loans	\$ 478,249	+ 117	+ 78,294
Bus. & Agri.....	254,262	+ 5,928	+ 78,855
Real Estate Loans.....	80,105	+ 102	+ 30,665
All Other Loans.....	143,882	— 5,913	— 31,226
Total Security Holdings.....	1,399,208	— 24,999	— 447,252
U. S. Treasury Bills	16,386	— 4,670	— 57,856
U. S. Treasury Certificates	178,801	— 14,924	— 241,897
U. S. Treasury Notes	87,602	— 3,632	— 120,533
U. S. Gov. Bonds	1,028,388	— 2,196	— 41,179
Obligations Gov. Guaranteed.....	3,185	0	+ 3,036
Other Bonds, Stocks & Sec.....	84,846	+ 423	+ 11,177
Cash Items in Process of Col.....	153,291	— 4,500	+ 33,277
Due from Banks.....	119,814*	— 28,375	— 42,887
Currency & Coin.....	40,788	— 416	+ 2,055
Reserve with F. R. Bank.....	327,181	— 24,315	— 11,739
Other Assets	74,171	+ 1,469	— 1,693
Total Assets	2,592,702	— 81,019	— 389,945
Total Demand Deposits.....	\$1,937,159	— 102,353	— 442,298
Deposits of Individuals	1,365,883	— 68,433	+ 41,483
Deposits of U. S. Gov.....	74,521	+ 12,982	— 439,096
Deposits of State & Local Gov.....	99,261	— 14,616	+ 17,447
Deposits of Banks	364,290*	— 32,348	— 67,453
Certified & Officers' Checks....	33,204	+ 62	+ 5,321
Total Time Deposits.....	397,065	+ 3,936	+ 33,106
Deposits of Individuals.....	380,086	+ 4,109	+ 29,796
Other Time Deposits.....	17,029	— 173	+ 3,310
Liabilities for Borrowed Money..	16,700	+ 16,200	+ 11,900
All Other Liabilities.....	93,574	+ 940	— 5,785
Capital Accounts	148,204	+ 258	+ 13,132
Total Liabilities	2,592,702	— 81,019	— 389,945

*Net figures, reciprocal balances being eliminated.

COMMERCIAL FAILURES

MONTHS	Number Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1947.....	5	202	\$344,000	\$15,193,000
December 1946.....	2	141	175,000	17,105,000
January 1946.....	4	80	27,000	4,872,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

(000 omitted)

	January 1947	% Chg. from January 1946
District of Columbia		
Washington	\$ 688,420	+ 11
Maryland		
Baltimore	937,025	+ 16
Cumberland	20,572	+ 13
Frederick	18,354	+ 27
Hagerstown	25,401	+ 23
North Carolina		
Asheville	47,252	+ 25
Charlotte	218,579	+ 47
Durham	105,331	+ 33
Greensboro	65,747	+ 28
Kinston	16,115	+ 53
Raleigh	92,462	+ 39
Wilmington	34,869	+ 3
Wilson	18,323	+ 46
Winston-Salem	129,122	+ 44
South Carolina		
Charleston	52,682	+ 13
Columbia	78,779	+ 24
Greenville	71,324	+ 31
Spartanburg	39,749	+ 36
Virginia		
Charlottesville	23,096	— 4
Danville	38,893	+ 69
Lynchburg	35,798	+ 25
Newport News	30,088	+ 22
Norfolk	148,394	+ 12
Portsmouth	18,869	+ 9
Richmond	402,262	+ 15
Roanoke	74,150	+ 26
West Virginia		
Bluefield	33,708	+ 25
Charleston	116,405	+ 23
Clarksburg	28,923	+ 25
Huntington	49,410	+ 17
Parkersburg	25,752	+ 29
District Totals	\$3,685,854	+ 20

COTTON CONSUMPTION AND ON HAND—BALES

	January 1947	January 1946	Aug. 1 to Jan. 31 1947	1946
Fifth District States:				
Cotton consumed	458,133	394,382	2,492,414	2,150,383
Cotton Growing States:				
Cotton consumed	832,394	715,079	4,561,315	3,896,993
Cotton on hand Jan. 31 in				
consuming establishments	1,916,704	2,043,792		
storage and compresses	5,169,188	9,848,932		
United States:				
Cotton consumed	947,036	811,219	5,203,863	4,405,030
Cotton on hand Jan. 31 in				
consuming establishments	2,259,002	2,366,311		
storage and compresses	5,234,705	9,970,340		
Spindles active, U. S.....	21,919,368	21,244,218		

COTTON CONSUMPTION—FIFTH DISTRICT

(In Bales)

MONTHS	N. Carolina	S. Carolina	Va.	Md.	Dist.
January 1947.....	245,033	189,301	20,071	3,728	458,133
December 1946.....	186,531	156,110	17,517	3,513	363,671
January 1946.....	211,929	162,575	16,855	3,023	394,382

PRICES OF UNFINISHED COTTON TEXTILES

	Jan. 1947	Dec. 1946	Jan. 1946
Average, 7 constructions	83.34	79.66	45.04
Printcloths, average (6).....	105.88	96.72	47.84
Sheetings, average (3).....	73.23	70.64	40.85
Twill (1)	75.61	75.61	47.51
Drills, average (4).....	65.90	65.90	40.80
Sateen (1)	97.61	97.61	63.19
Ducks, average (2).....	62.54	62.54	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

	Total Valuation	
	January 1947	January 1946
Maryland		
Baltimore	\$ 1,759,075	\$ 1,693,890
Cumberland	41,200	77,045
Frederick	64,380	44,585
Hagerstown	31,590	398,059
Salisbury	139,533	80,707
Virginia		
Danville	99,700	491,685
Lynchburg	265,761	148,295
Norfolk	386,615	795,415
Petersburg	62,800	43,450
Portsmouth	68,815	101,881
Richmond	1,916,175	717,443
Roanoke	100,103	231,804
West Virginia		
Charleston	1,019,804	250,179
Clarksburg	33,608	13,650
Huntington	279,640	298,725
North Carolina		
Asheville	93,618	60,611
Charlotte	418,122	1,007,123
Durham	211,475	223,390
Greensboro	298,570	218,861
High Point	125,905	49,165
Raleigh	415,565	333,143
Rocky Mount	187,600	53,650
Salisbury	30,750	57,600
Winston-Salem	308,320	146,690
South Carolina		
Charleston	162,340	222,239
Columbia	211,375	327,432
Greenville	437,700	68,480
Spartanburg	62,277	171,985
District of Columbia		
Washington	2,700,084	1,768,956
District Totals	\$11,885,500	\$10,145,588

CONSTRUCTION CONTRACTS AWARDED

STATES	Dec. 1946	% Change		12 Mos. '46	% Change	
		from Dec. 1945	from Dec. '45		from Dec. '45	from 12 Mos. '45
Maryland	\$16,972,000	+127		\$297,933,000	+193	
Dist. of Col.	4,307,000	+43		61,633,010	+48	
Virginia	17,100,000	+101		192,895,000	+71	
West Virginia	5,885,000	...		72,171,000	+182	
No. Carolina	10,120,000	-14		180,285,000	+124	
So. Carolina	7,432,000	+113		119,020,000	+442	
Fifth Dist.	\$61,816,000	+83		\$923,938,000	+141	

Source: F. W. Dodge Corp.

RETAIL FURNITURE SALES

STATES	% Change Jan. 1947 from Jan. 1946
Maryland (5)*	+9
District of Columbia (5)	+1
Virginia (20)*	+14
West Virginia (10)*	+10
North Carolina (13)*	+33
South Carolina (12)*	+25
Fifth District (66)*	+12
Individual Cities	
Baltimore, Md. (5)*	+9
Washington, D. C. (6)*	+1
Lynchburg, Va. (3)*	+7
Richmond, Va. (5)*	+19
Charleston, W. Va. (3)*	-13
Charlotte, N. C. (3)*	+63
Columbia, S. C. (4)*	+24

*Number of reporting stores

**DEPOSITS IN MUTUAL SAVINGS BANK
8 Baltimore Banks**

	Jan. 31, 1947	Dec. 31, 1946	Jan. 31, 1946
Total Deposits	\$381,241,159	\$379,018,153	\$349,006,460

TOBACCO MANUFACTURING

	Jan. 1947	Jan. 1946	% Chg.
Smoking & Chewing tobacco (Thousands of lbs.)	16,689	17,046	-2
Cigarettes (Thousands)	28,450,767	25,225,795	+13
Cigars (Thousands)	510,264	468,592	+9
Snuff (Thousands of lbs.)	3,434	3,759	-9

WHOLESALE TRADE, 207 FIRMS

LINES	Net Sales compared with		Stock compared with		Ratio Jan. collections to acct's outstanding Jan. 1
	Jan. 1946	Dec. 1946	Jan. 31, 1946	Dec. 31, 1946	
Auto Supplies (12)*	+23	+15	+104	+4	141
Drugs & Sundries (10)*	+9	+8	+18	+8	135
Dry Goods (8)*	+14	+24	+105	+11	92
Electrical Goods (5)*	+56	-7	+84	+14	111
Groceries (66)*	+10	+9	+44	0	172
Hardware (13)*	+24	+27	+47	+7	93
Industrial Supplies (7)*	+31	+29	+61	+6	100
Paper & Products (7)*	+26	+13	...	...	107
Tobacco & Products (9)*	+13	-1	+45	0	58
Miscellaneous (70)*	+21	0	+50	+7	130
Dist. Avg. (207)*	+17	+9	+53	+5	126

Source: Department of Commerce
*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Janu. 1947 sales, compared with sales in Jan. '46:				
+22	+12	+5	+16	+11
Percentage chg. in stocks on Jan. 31, 1947 compared with Jan. 31, '46:				
+78	+34	+45	+58	+48
Percentage chg. in outstanding order Jan. 31, '47, from Jan. 31, '46:				
-25	-18	-30	9	-24
Percentage chg. in receivables Jan. 31, '47, from those on Jan. 31, '46:				
+68	+46	+50	+53	+51
Percentage of current receivables as of January 1 collected in January:				
46	48	44	35	46
Percentage of instalment receivables as of January 1 collected in Jan.:				
26	28	22	22	25

Maryland	Dist. of Col.	Virginia	W. Virginia	N. Carolina	S. Carolina
Percentage chg. in January '47 sales from January '45 sales by States:					
+11	+5	+20	+15	+14	+1

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	January 1947	January 1946	% Chg.
West Virginia	13,050	13,925	-6
Virginia	1,600	1,675	-4
Maryland	194	205	-5
Fifth District	14,844	15,805	-6
United States	53,860	54,075	+9
% in District	25.2	29.2	

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial output reached a new record peacetime level in January—one-sixth higher than at the beginning of last year. Dollar volume of retail sales during January and the early part of February was substantially larger than in the same period last year, reflecting mainly increased prices. Prices of agricultural commodities have risen in recent weeks, following earlier declines, and prices of building materials have shown further increases.

Industrial production

Total output at factories and mines in January was at a rate of 188 per cent of the 1935-39 average, according to the Board's seasonally adjusted index, as compared with 181 in December and with the previous peacetime peak of 183 in November. The large rise in January reflected chiefly sharp gains in output of coal, iron, and steel. Production of these materials had been curtailed in November and December owing to the bituminous coal work stoppage.

Production of iron and steel in January was in the largest volume since May 1945. Steel mill operations averaged 93 per cent of capacity and were at a slightly higher scheduled rate during the first three weeks of February. Output of building materials was maintained at an unusually high level for this season, and activity in the nonferrous metals, machinery, and transportation equipment industries was maintained close to the December rate.

Production of nondurable goods was at a rate of 177 per cent of the 1935-39 average in January as compared with 173 in November and December. Activity in the chemicals, foods, and paper and printing industries reached new postwar peak rates in January, while output of most textile and leather products was below earlier peak rates.

Output of bituminous coal, after being curtailed in November and December, increased in January to the highest level in twenty years and was 9 per cent above a year ago. Production of metals advanced somewhat, while output of anthracite and crude petroleum declined slightly.

Employment

Employment in manufacturing and most other non-agricultural industries continued to show little change in January, after allowing for the usual seasonal variation. The number of persons unemployed increased further to a level of 2,400,000.

Construction

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, increased by one-fourth in January following a marked decline during the preceding seven months. About one-half of the increase was

accounted for by public nonresidential construction, reflecting chiefly large awards for Veterans' hospitals. Residential contracts expanded by one-third due principally to awards for several large apartment projects.

Distribution

Value of department store sales in January and the early part of February was maintained close to the level prevailing since last June, after allowance is made for the usual seasonal changes. Sales during the first seven weeks of this year were 17 per cent larger than the same period last year. Sales at other retail stores were at a relatively higher level compared with last year, reflecting mainly advanced prices for foods and increased supplies of such durable goods as automobiles and hardware. Unit sales of numerous nondurable goods apparently have declined somewhat from earlier advanced levels.

Freight carloadings increased somewhat further in January, reflecting chiefly increased shipments of coal, iron, steel, and lumber. Shipments of most manufactured products and agricultural commodities showed little change. Shortages of cars continued to limit the movement of some classes of freight.

Commodity prices

Prices of farm products and foods, which declined from the middle of December to the latter part of January, have risen since that time, reflecting partly severe weather conditions and increased Federal export allocations for grains. Wholesale prices of most industrial products have shown little change but building material prices have increased further.

Bank credit

Income tax collections greatly increased Treasury deposits at the Reserve Banks in January and the first half of February and placed member banks under moderate reserve pressure. A post-holiday return flow of currency of about 900 million dollars and an increase in monetary gold stock supplied some reserve funds to member banks and there was a decline in required reserves. To maintain their reserve positions, however, banks sold short-term Government securities to the Reserve Banks.

Bank deposits were also reduced by tax collections, notwithstanding the return flow of currency. At member banks in leading cities demand deposits adjusted declined by 1.3 billion dollars in the four weeks ending February 19. Commercial and industrial loans continued to expand during January and early February; the rate of increase was more moderate than during last summer and fall. Government security holdings declined further, reflecting Treasury debt retirement and bank sales of bills and certificates.