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REPORT OF
BUSINESS AND AGRICULTURAL CONDITIONS
SIXTH FEDERAL RESERVE DISTRICT

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In the closing months of the year 1918, the Sixth Federal Reserve District experienced considerable uncertainty, but there seems to be a strengthening of confidence that cotton, the main agricultural product, has righted itself and that from now on there will be a continued gradual increase until the price of the commodity reaches something like its real value. The district appears to be taking on a more confident view, and buyers of cotton are finding it rather difficult to purchase any great amount of the staple at prevailing prices. This feeling is based largely on the fact that this is the fourth short cotton crop in succession for this country; and, with the high prices prevailing for the manufactured product and the necessarily increased demand which must come with peace adjustments, there will be a market based more on the law of supply and demand. A great deal of the cotton held is cotton stored on the farms of the producer, and bank borrowings show that there is no very great percentage of loans on cotton other than to cotton factors.

As to Sea Island cotton, comparatively very little of it has been marketed, and the producers feel that unless a higher price prevails, present holdings will be dead loss. There are no sales of Sea Island cotton, and it is reported that very few bales of this year's crop have been sold, except to speculators. This is a very unusual condition and it is working considerable hardship on the growers and merchants. An investigation as to the cost of production of Sea Island and long staple cotton shows that it has probably cost the grower around 70¢ a pound, lint; at least, not less than 65¢.

General farming conditions are just now in a state of uncertainty or rather an awaiting state. It is the season of the year when farmers are getting ready and making their arrangements for next year's work. Unless the price of cotton materially increases, there will be a tendency to reduce the planting of this commodity and increase acreage in general farm products. Some of the earlier crops, such as lettuce and celery, are already planted in the district, and the only dark cloud in the agricultural situation appears to be the present price of cotton. Wheat, ~~rye and crimson~~ clover crops are in fine condition, and, with the present weather conditions, the farmers look forward to fine winter pasturage.

In the Florida fields, market conditions on both oranges and grapefruit have been satisfactory, except, on account of unfavorable weather conditions, many shipments of oranges reached destination showing considerable decay. Such shipments, of course, lowered prices; and, consequently, the average net result on oranges shipped during November has not been as high as would have been the case, had the fruit been carried in better shape.

Generally speaking, the farmer is in the best financial shape that has prevailed in many years and is holding his cotton and other surplus crops for prices felt justifiable on account of high cost of production. While the average farmer sold a sufficient amount of his crop in the fall to satisfy maturing obligations and is probably in better financial shape than for several years; yet, with the prevailing uncertainty as to the price of cotton, he is considerably handicapped in mapping out his work for next year.

Both rosin and turpentine advanced rapidly until the middle of November, when it was apparent that a reaction would take place. Prices have gone off sharply since then and the market is not yet in a settled state. It is evident that a readjustment is taking place, owing to the rapid approach of the peace conditions. This decline is not unreasonable, considering the long and steady advance, during which the value of turpentine increased more than 50% and rosin more than 100%. It may also be attributed to the cancellation of war contracts and the refusal on the part of the Government to allow naval stores to be exported at this time. This condition is thought to be only temporary, and it is felt that before long the market will again be strong and on the up-grade.

Labor conditions are not much improved, but the return of the men from the Army and the releasing of a number of men from general Government work will no doubt improve labor conditions rapidly. Transportation facilities are very good, and, in many sections, are reported as improved over last month.

General Holiday business is extremely good, in all lines; people appear to have plenty of money and are strong in their inclinations to spend it, for luxuries to a far greater extent than ever known in the district.

The lumber industry is still handicapped by a shortage of labor and it is not thought that production will get back to normal for some time. Stocks on hand are low at the mills. Values are firm and no recession in prices looked for. Dealers report some increase in sales, but there will hardly be much activity before early spring. There is a very general improvement in railroad service; cars are more plentiful and very little complaint is now registered.

In the Alabama coal fields, many mines continue to be effected by the spread of the influenza, and the coal production is somewhat handicapped, the showing an increase. In November, there were 1,706,337 tons mined, against 1,425,219 tons in October. Car service in this field has improved and labor conditions are fairly good.

Production of graphite in Alabama show up well. During July, August and September, 1918, it is reported that 1,684 tons of domestic flake graphite was shipped from the United States, of which amount Alabama furnished 1,185 tons.

Steel production is reported satisfactory, with mills rapidly adjusting themselves to meet advanced conditions. The signing of the armistice has had no appreciable effect on production, as the mills are well supplied with orders, and it is certain that the needs and requirements for steel, both here and abroad, will demand an immense tonnage increase, which will keep the steel mills actively employed for several years. Labor conditions in this field show slight improvement, with sales, prices and the outlook reassuring.

Pig iron production in the Birmingham zone for November, 1918, amounted to 206,368 tons, as against 208,470 tons in October. The big 110 inch plate mill at Birmingham will soon be turning out steel plates for use in the building of steel ships in the shipbuilding plants.

Banks throughout the district are in excellent condition with deposits still increasing. Collections are rather slow on account of the cotton holding movement, and interest rates are higher than a year ago.

While war wages were extremely high, compared with normal times, the cost of living increased in a gradual proportion, and, with the general disposition of the American people to spend money and enjoy heretofore luxuries, very little, if any, real saving or spirit of economy has grown out of the war conditions. Inquiries made of numerous bankers throughout the district show that the Liberty Bond and Thrift Stamp Campaigns have had a marked effect from a saving standpoint among people other than the laboring or wage earning class. While a number of saving banks report a decline in deposits, this is largely due to the transfer from savings accounts to these Government investments. There appears to be a disposition on the part of the wage earner who purchased Liberty Bonds now to dispose of the same, feeling that he has fulfilled his patriotic duty.

It is the consensus of opinion of commercial and industrial leaders that there will be a marked expansion in almost every line of commerce and industry; and, with a satisfactory co-operation of labor and capital, the outlook promises exceedingly bright and will continue for several years. During the war, very little construction work or building was carried on and contractors are looking forward to great activity in these lines. The lifting of the capital issues ban on stocks and bonds and public expenditures involving \$100,000 and less has given a new impetus in many lines and more especially, in rural road building.

While this district enjoys an extensive diversified line of commercial and industrial resources, the main-stay of the section is agriculture. In many sections, farmers have organized farm loan societies under the Federal Land Bank Act and have availed themselves of the opportunity to secure money thru this medium at low rates of interest, running over an amortized schedule of payments that render the loans more desirable, from the standpoint of the borrower, and more easy to repay than the old short-term mortgage debts. These agencies will mean much in the next few years to the development of the South, and the prospects, taken all in all, bid fair to a wonderful growth and prosperity, so soon as conditions shall have adjusted themselves after the peace negotiations are concluded.