

FEDERAL RESERVE BANK OF ATLANTA.

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MONTHLY REPORT OF BUSINESS AND AGRICULTURAL CONDITIONS IN THE SIXTH FEDERAL RESERVE DISTRICT

BY

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While general business seems to be good for this season of the year, it has not developed as was anticipated following the signing of the armistice. There seems to be a general disposition on the part of the business man, and more particularly the manufacturer, to proceed with considerable caution. In view of the high prices of labor and raw materials, manufacturers are inclined to reduce their output for fear of acquiring a surplus stock under a high cost of production. This, added to the fact that men are being rapidly released from the Army, has caused considerable relief in the labor market, and will gradually tend to a change in the general wage scale.

The real estate business is showing a gradual improvement, though slow, with considerably increased activity in building, which will undoubtedly increase further with the coming spring. Passenger and freight traffic continue heavy .

Prospects have brightened considerably in the wholesale dry-goods and notions line, and travelling salesmen report that the January business is about normal for the month, which is considered the big month of the season. There is a tendency everywhere, among the merchants, also on the part of the customers, to go on a cash basis. This condition has been more or less caused by war time experience; people have learned to economize and save, and its effect has been marvelous upon the public, in that one only buys as necessity requires, cutting out extravagant purchases of unnecessary articles.

Failures show a wonderful decrease, practically none being reported during the month of December.

Bank deposits are reported as showing a steady improvement, with collections about the same as previous month. There is probably a more than usual demand for loans from merchants and from farmers. While the farmer is not borrowing to any great extent on cotton being held, the fact of his not disposing of same brings about an increased borrowing on the part of the merchant.

Bank dividends in the district show an increase in their reports of December 31, as compared with the previous year.

There is given below a comparative statement of total clearings for the years 1917 and 1918, of the fourteen largest Clearing House Associations in this district:

	1917	1918
Birmingham, Ala.	\$184,457,498.46	\$350,176,657.29
Mobile, Ala.	70,966,872.91	77,258,107.56
Montgomery, Ala.	59,713,862.73	90,426,536.89
Jacksonville, Fla.	207,077,841.07	282,876,729.07
Tampa, Fla.	59,582,510.65	73,926,741.66

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Atlanta, Ga.	\$1,605,493,790.82	\$2,509,457,202.87
Augusta, Ga.	154,096,491.69	191,257,769.07
Macon, Ga.	91,317,790.30	107,262,652.95
Savannah, Ga.	415,556,110.11	377,233,014.99
New Orleans, La.	1,368,023,811.65	2,660,460,325.02
Vicksburg, Miss.	16,821,141.71	21,217,764.61
Chattanooga, Tenn.	205,456,856.07	258,822,628.48
Knoxville, Tenn.	125,097,419.84	139,393,356.04
Nashville, Tenn.	532,907,289.87	746,156,610.95
	\$5,696,569,287.88	\$7,875,926,107.85

Increase \$2,179,356,819.97
Increase for year .3825

Not only do the bank clearings of the district show a large increase, but the receipts of the post offices have increased proportionately. Part of this is accounted for by the advance in postage rates, but reports show that there was a greater volume of business handled than in previous years, the increase in postage rates being more than offset by the tons of franked government mail handled during the year.

Although cotton is still the districts's greatest and most valuable crop, the aggregate value of foodstuffs for man and beast raised during the year 1918 was far more than that of the principal crop. In Georgia the cotton crop is valued at approximately \$588,750,000; in Mississippi \$161,058,000, and in Alabama \$115,000,000.

The value of the corn crop alone ran cotton a close second in all of these states. The total value of Alabama crops for 1918 is placed at approximately \$359,000,000; and in Georgia \$590,000,000.

From the standpoint of the producer, the most interesting item of course is the value in dollars and cents, and not the acreage or production, and the past year is unprecedented in that large crops have been accompanied by high prices for nearly all farm products, with possibly the exception of cotton and cotton seed, which at present is ruling at prices not equal to those of last year. However, the most important point in connection with the agricultural situation is that the planter has not only produced a good cotton crop, but has paid most all of his debts in addition to storing away sufficient food for man and beast for the coming early spring and summer work, and is able to carry his surplus cotton crop without heavy borrowing.

Prior to the signing of the armistice, indications pointed to a large increase in the wheat crop, but the apparent conclusion of the war caused many to abandon their proposed sowing. At present the wheat is in splendid condition, with little danger except from a heavy freeze. Fall plowing has fallen somewhat below normal, attributed largely to weather conditions and a general relaxation following the signing of the armistice.

It is felt that should the coming seasons be at all favorable, the district will produce above normal crops, as the farmers are planning extensive operations and with the war over, and shipping facilities improved, they will now be able to obtain sufficient nitrate of soda which has been lacking since the beginning of the war with Germany.

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Of the citrus crop of 1918 and 1919, it is probable that around 3,000,000 boxes of oranges and grapefruit remain on the trees to be shipped. At this time the market is strong on both oranges and grapefruit at higher prices than prevailed a short time ago, and indications point to satisfactory prices during the remainder of the season. Shipments from the state during the month totaled 4,082 cars of oranges, and 863 cars of grapefruit.

The early vegetable crop of Florida was reported in splendid condition. Tomatoes are bringing approximately \$12.00 per crate, and beans from \$5.00 to \$6.00. The early lettuce crop is estimated at around 1500 cars. While lettuce began to move in December, the bulk of the crop is shipped during January and February, with shipments continuing through March. Prices range from \$3.75 to \$4.00. The acres in Potatoes for the coming season indicate a decrease. Rains have delayed planting in many sections and the crop will be from ten to fifteen days late. The celery market is reported entirely satisfactory, prices ranging as high as \$5.25 per crate at shipping point. Though the acreage is only about sixty per cent of that of the previous year, the crop is estimated at 1500 cars. Weather conditions have been altogether satisfactory. There has been some damage from freeze, but nothing very far reaching, the citrus crop not suffering in the least.

Naval stores are again on the upward trend, the prices of turpentine having advanced considerably since last report. Rosin also is more active. There seems to be no reason why prices for both commodities should not remain high. The principal factor in the price course of naval stores will be shipping conditions. Should ample freight room be obtained in the next few months and the rates have reached a reasonable level, a very active exporting demand is anticipated, but even if freight conditions should remain unfavorable, the inherent strength in rosin and turpentine is so fully recognized that the returns which the producer will get for his product will be very remunerative this season.

December is usually an off month in coal output, due to the Christmas holidays; the extremely cold weather and sickness caused by the influenza resulted in a considerably decreased output. Only 1,245,306 tons were mined in December, against 1,706,337 tons in November 1918. The production of coal in Alabama for the year 1918 shows an increase of 6% over the 1917 production, or an increased tonnage for the year of 1,212,000 tons. Coke production of the state in 1918 amounted to 5,242,000 tons, Alabama ranking third in the coke production during the year.

The output of pig iron for December was 198,263 tons, for November 194,384 tons; the production in 1917 was 2,953,705 tons, and for 1918 2,488,390 tons, a reduction in 1918 of 465,315 tons. Labor shortage and inferior raw materials largely contributed to decreased production in 1918, but a heavy increased production is expected during 1919, as labor shortage is rapidly improving and railroad service is much better. There will be a large demand for pig iron during the coming year, and the operators are making necessary repairs and preparations in order to be able to supply the increased demands.

With the lighting of fires in the Fairfield Steel Mills, and with the completion of the Mobile-Birmingham Ship building Fabricating Steel Plant, together with the steel mills at Gadsden and Ensley in full operation, there will be a large increased steel output. The steel industry, although some orders were cancelled by the Government, after the signing of the armistice, is in good shape. Unfilled tonnage on hand is sufficient to keep the mills operating at full capacity.

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The pipe manufacturing plants are not doing much at this season. This is usually the case at this time of the year, but with the coming of spring and summer months they will be operating at full speed.

There is little change since my last report on the Lumber industry. The unusual amount of rain and the extremely cold weather has seriously interfered with the manufacturers; stocks remain low, probably not over 60% to 65% of normal. Considerable inquiries, but buying is light: buyers are waiting for developments before stocking up heavily, the indications, however, not pointing to a decline in prices.

The retail lumber business, as is usually the case at this season, is quiet, but developments point to a large increase in building operations during the spring and summer months.

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