

FEDERAL RESERVE BANK OF ATLANTA.

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R E P O R T O F

BUSINESS AND AGRICULTURAL CONDITIONS

SIXTH FEDERAL RESERVE DISTRICT

BY

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Reports from all sections of the Sixth Federal Reserve District indicate that while business conditions generally have been good during the past month, considerable caution is being exercised by business men in all lines, especially by jobbers and retailers, on account of the expected decline in the prices of practically all commodities, not only of manufactured products, but also of raw materials. In some lines, of course, manufactured products marketed during the next few months will be produced from raw materials bought at prices which controlled during the war, and for this reason the decline in prices may be delayed somewhat in those lines. Notwithstanding this, however, buyers are holding off, expecting that prices will begin to decline momentarily. In the past few weeks, prices of several articles of food, including butter, eggs, and a few other standard articles, have declined slightly.

AGRICULTURE The past few weeks have seen organized in the South a most determined, and probably the most influential and powerful, movement in the interest of the cotton grower. Meetings have been held in the interest of this movement, attended by Governors of the cotton producing States, large cotton farmers, bankers and business men, and it is planned to extend the organization into every county of each cotton State, with a view to having farmers hold off the market every possible bale of last year's cotton, until the price reaches 35 cents a pound, and to reduce the acreage planted to cotton the coming season at least one-third.

Those who have studied the cotton question have for several years urged the Southern farmer to reduce the acreage planted in cotton, and it has been conclusively shown that more actual money is received for a short crop than for a large one. Farmers of the South have been urged to diversify, to raise all of the foodstuffs required for their families, to raise more cattle and hogs, and all of the feed they require, and to produce cotton only as a money crop, and in this way place themselves in a position to hold cotton indefinitely for a satisfactory price.

While the production for the past four years has been short of normal, it has been practically impossible during that period to export cotton to foreign countries at war, and the world consumption of American cotton has been materially lessened. With the war over, however, and with foreign countries practically barren of cotton, it is felt that as soon as ships can be provided to transport our cotton to those countries, there will be a greatly increased demand for our great Southern crop.

(SECRET No. 1)

FEDERAL RESERVE BANK OF ATLANTA.

Resolutions have been adopted at some of the meetings recently held, urging President Wilson to arrange to have the embargo on shipments of cotton to the central European powers lifted. If this were done, and if ships could be promptly provided, the certain demand for our staple would warrant a price much higher than that which now prevails.

The live stock industry in the district is increasing, both in the number of animals raised and in the value, more cattle, milk cows, hogs, goats and horses having been raised last year than ever before. The value of all live stock raised in Alabama during the year 1918 is quoted at \$155,586,000. being an increase of \$28,574,000. over 1917. The establishment of packing houses has recently caused farmers who heretofore have not raised live stock, to turn their attention to this industry.

The latter part of January and first part of February saw an average decline in cattle prices on the Florida market of one dollar, which is unusual for this season. The result has been a decided lightening run, and receipts are now far below normal in that market. The tone of the hog market is improving.

Figures published by the Bureau of Crop Estimates, Department of Agriculture, at Washington, indicate that Georgia ranked fourth in the United States in 1918 in the value of all crops raised; Mississippi sixteenth, Alabama twentieth, Tennessee twenty-fourth, Louisiana twenty-sixth, and Florida thirty-sixth, the total estimated values for the states being:

Georgia	\$ 590,292,000.	Tennessee	\$ 325,356,000.
Mississippi	403,789,000.	Louisiana	282,640,000.
Alabama	366,677,000.	Florida	103,144,000.

Rice and sugar are both inactive. Foreign stocks are beginning to arrive, but domestic output has been disposed of.

Larger acreages have been sown in wheat this year, in the district, than ever before, and farmers are expecting a bumper crop. Tobacco is also on the increase, and is bringing a satisfactory price.

The movement of citrus fruits up to and including January 31 amount to 10,090 cars of oranges, and 4,577 cars of grapefruit. Abnormally high prices are prevailing on celery. Railroad records show that up to and including January 31st, 3,142 cars of celery had been moved from the State of Florida. The lettuce season is practically at an end; results have been highly satisfactory, as growers have received unusually high prices. Florida cabbage has not up to this time done so well, but indications point to an improvement in this market. The tomato crop is in good shape, and if favorable conditions continue, a big crop is expected. A large potato crop is expected unless weather conditions change.

In Central Florida the peanut crop has been very large, the production far exceeding the facility of mills and warehouses which handle the crop.

FINANCIAL

Reports from all parts of the district where cotton is the main crop indicate a persistent demand for money, due principally to the determination of farmers to hold, and the necessity of having to borrow on cotton, and to renew cotton paper. Attributed also to the holding movement is the fact that collections in these particular communities are reported slower than for the same time last year. Bank deposits in Georgia are generally not equal to last year, while in Florida, Tennessee and Alabama increase is indicated. In Louisiana, demand for loans has decreased, caused largely by marketing of sugar and rice crop. Interest rates remain unchanged, though a little high than a year ago. Deposits and clearings show increase, the latter an increase of 16% for the period January 15 to February 15 as compared with the same period in 1918.

FEDERAL RESERVE BANK

OF ATLANTA.

(Sheet No. 3)

Figures furnished showing postal receipts at the larger cities of the district indicate decreases as compared with December, except in two instances

POSTAL RECEIPTS

December 1918

January 1919

Atlanta	\$ 226,202.38	\$ 237,555.95
Birmingham	76,000.00	75,371.02
Jacksonville	78,042.06	66,933.59
Nashville	94,188.17	102,068.05
Montgomery	42,392.39	37,348.89

No information is available to indicate any large construction projects in the near future. However, the larger towns and cities of the district are expected to experience an appreciable boom in building activities as soon as the weather opens up and conditions will permit the erection of houses. Notwithstanding the high cost of building materials many houses will be put up in order to supply the shortage which has existed for many months in the larger cities of the district, due in part to the Government's restrictions on building.

BUILDING PERMITS ISSUED IN JANUARY 1919.

Repairs and Additions

New Buildings

	Number	Amount	Number	Amount
Atlanta, Ga.	74	\$ 32,800.00	76	\$ 236,785.00
Savannah, "	5	1,725.00	19	29,775.00
Macon, "	51	9,401.61	10	7,700.00
Augusta, "	82	4,348.50		
Columbus, "	10	1,225.00	2	64,600.00
Rome, "	12	2,050.00	3	1,400.00
Athens, "	3	700.00	2	1,125.00
Nashville, Tenn.	303	69,297.25		
Clarkesville, "				
Chattanooga, "	125	31,845.00		
Birmingham, Ala	177	26,626.00	41	25,470.00
Anniston, "	12		27	
Mobile, "			2	6,000.00
Selma, "	4	820.00		
Sheffield, "			11	11,390.00
Jacksonville Fla.	22	17,613.00	8	7,750.00
Tampa, "	50	1,832.00	17	14,130.00
Orlando, "	9	1,792.00	12	14,880.00
Miami, "			54	69,800.00
Pensacola, "	124	14,459.00	6	7,375.00
West Palm Beach, "	5	2,825.00	16	29,250.00

CLEARINGS - JANUARY 1919.

Atlanta	\$ 269,276,033.33	Birmingham,	\$ 54,752,289.19
Jacksonville	37,256,989.14	Chattanooga	25,996,917.85
Nashville,	72,754,366.20	Knoxville	11,427,825.25
Augusta	14,512,263.41	Montgomery	7,595,004.93
Mobile	7,865,890.38	Savannah	29,839,087.10
New Orleans	278,319,198.28	Tampa	8,592,296.97

LABOR

While the return of the soldiers to civil life will no doubt have its effect as additional military units are demobilized, up to this time there has not a sufficiently large number of soldiers been returned to the farm to supply the shortage in farm labor which has existed in this district since the beginning of the war. Reports from farming communities indicate that in a majority of instances difficulty is still being experienced in obtaining the necessary labor to plan for a normal crop this year, and only recently the press has carried statements to the effect that farmers have secured convicts from the gangs, paying the fines, in order to obtain labor for their farms.

FEDERAL RESERVE BANK

OF ATLANTA.

It is felt, however, that this shortage of farm labor will be materially reduced, if not entirely remedied, in the next few months, and that soldiers and munition workers will return to the farms in larger numbers.

Notwithstanding this reported shortage of farm labor, the larger towns and cities of the district report a surplus of workers, and as more soldiers are discharged this surplus increases. The wage scale has not up to this time been affected. There appears to be an indifference on the part of the returning soldier to go back to work, many reports stating that soldiers are not anxious to return to their work immediately. In the case of the colored soldiers, this disinclination seems to be particularly strong, and the quality of service rendered by those that are at work does not appear equal to that of the pre-war period.

On February 4 the workers in the textile mills at Columbus, Georgia, struck for a reduction to eight hours of work, with no reduction in pay. The plan was to leave their plants each day after working only eight hours, insisting upon ten hour's pay. Upon reporting for work on the day following the strike, the employees found themselves locked out. The Mill Operators appeared agreeable to a reduction to eight hours work, on account of the prevailing inactivity in the trade, but refused to grant the workers ten hours pay. All but two, of the fourteen mills at Columbus, were closed following the strike. Since that time several others have opened their doors, and are operating on a limited scale, under the statement that they desired to give work to loyal employees who returned, although they are operating under this arrangement at a loss. The mill operators seem to be content with the situation, as new orders from the general trade have not been received, and Government orders have been cancelled. The press indicates now that the strike organizers are willing to return to work at an eight hour day with pay for eight hours.

LUMBER The output of lumber is still below normal, weather conditions and labor conditions have kept production down to about 75 percent of normal. The retail lumber trade shows a small increase, although the present volume of business is not large. A further increase is looked for with the approaching spring months. It is stated that Saw mill yard stocks and northern lumber yard stocks are practically depleted. The mills have practically no orders on their books, and both manufacturers and buyers are holding back. It is expected that the mills will be forced to a lower price basis, although up to this time there has been no reduction.

COAL The demand for coal is reported to have decreased, and the coal yards are able to meet all requirements. Prices have shown a small reduction. The coal output in the Alabama district for January was 1,430,225 tons, an increase of 184,919 tons over December's production.

IRON AND STEEL While the production of pig iron shows a small decrease in January, compared with December, the situation is not altogether satisfactory, due in part to decreased demands and to the slow waiting process and inactivity in prevailing trade conditions throughout the country. The output for January was 180,369 tons, as compared with 198,263 tons in December.

The pipe plants are not doing much business at present. The Steel mills are busy and are working full time; their unfilled tonnage is sufficient to keep them steadily employed. Unfilled steel tonnage of the United States Steel Corporation on January 31st was 6,684,268 tons as against 7,379,152 tons on December 31st, 1918.

FEDERAL RESERVE BANK

OF ATLANTA.

NAVAL STORES The Naval Stores market has been rather quiet during the month. There has been a good demand for turpentine at around sixty-five cents, but rosins were rather inactive. While a recession in the prices of rosin may be expected when the market opens up, it is not thought that the price decline will be as serious as the basic conditions have not changed.

Freight rates have been reduced somewhat, but must still be considered high when compared with rates prevailing before the war. Export is still difficult. The labor situation in connection with this industry has not changed, and only a slight increase in production, if any at all, is anticipated.

It is reported that the drygoods trade in Florida figured for January about 20 percent short of last year's business, although collections were higher. It is indicated that the February business will show a 20 percent improvement over the same period last year.

As the time approaches for the floating of the Victory Loan, more attention is being given by bankers, financial and business men, to the probable terms of the bonds, and the method of disposing of them. It is generally felt that these bonds should be more attractive from a standpoint of investment, as with the war over and peace practically assured, the people cannot be made to realize their obligation to buy to their limit as in the previous Liberty Loan Campaigns.

(Sheet No. 5)