

# FEDERAL RESERVE BANK OF RICHMOND

CALDWELL HARDY, FEDERAL RESERVE AGENT

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## General Business and Agricultural Conditions in the Fifth Federal Reserve District for the Month of January, 1920 (Compiled February 16, 1920)

The new year, 1920, has opened prosperously, with no indications of any general business curtailment in sight. All classes of merchants are busy, reserve stocks are small and demands from consumers are increasingly active, especially for the better grades of merchandise. Wholesalers report practically no "after holiday" slump.

The drygoods and textile jobbers are doing a very large volume of business, made up of many small orders. Retailers hesitate to contract far ahead at present prices, but are ordering more frequently so as to supply the constant demand from consumers.

Jobbers of foods report large sales and the free purchase of luxuries and high grade goods by retailers and consumers. Stocks are low and several jobbers fear a shortage of supplies, with higher prices.

Collections continue good and a more wholesome tendency to avoid speculative buying is reported in all lines. Borrowing is being limited to necessary purposes and efforts to restrict loans for speculation are being pressed. Failures are few and liabilities lower still. During January, 1920, there were thirty-five failures as against thirty-four in January, 1919, but the gross liabilities for those in 1920 amounted to only \$284,943 as compared to liabilities of \$617,155 for those in January, 1919. This would seem to show that the high prices have been unfavorable to small firms but have not seriously affected the larger, well capitalized houses.

The greatest activity is found in the building trades and allied industries, the volume being limited only by the capacity of mills and the labor supply. The great demand for homes and residences is still unsatisfied, and there seems small chance of soon catching up with this need. Several cities report shortages of from 300 to 500 houses for homes, and at least one city has formed a Home Corporation to buy property and erect homes in numbers. Norfolk reports that "the building program in Virginia and North Carolina has not only not caught up with the shortage existing during the war, but has not kept pace with normal building conditions required through the growth of the various communities."

FEDERAL RESERVE BANK OF RICHMOND

BALANCE SHEET AS OF FEB. 20, 1920

		RESOURCES	
<b>CASH RESERVES</b>			
Gold Redemption Fund—Federal Reserve Notes..		\$ 9,720,552	49
Gold with Federal Reserve Agent.....		33,380,145	00
Gold Settlement Fund.....		28,355,913	13
Gold Certificates and Coin.....		2,319,825	00
Gold with Foreign Agencies.....		5,528,285	75
Legal Tender Notes.....		186,900	00
Silver Certificates and Coin....		120,831	75
Total Cash Reserves..			\$ 79,612,453 12
<b>UNCOLLECTED ITEMS, ETC.</b>			
National and Federal Reserve Bank Notes (Other Banks)..		210,000	00
Federal Reserve Notes and Other Currency (Other Banks)..		1,618,735	00
Nickel and Copper Coin.....		10	69
Checks and Other Cash Items.....		145,700	01
Exchange for Clearing House.....		2,996,173	98
5% Fund against Federal Reserve Bank Notes (Our Own)..		503,300	00
Overdrafts.....		73,465	54
Transit Items.....		65,488,148	42
Total Uncollected Items, etc..			71,035,533 64
<b>EARNING ASSETS</b>			
Bills Discounted and Bought.....		114,045,782	15
U. S. Government Securities..		13,494,600	00
		\$127,540,382	15
LESS Unearned Discount and Reserves for Depreciation in U. S. Securities (after deducting accrued interest).....		282,223	53
Total Liquid Value Earning Assets.....			127,258,158 62
<b>MISCELLANEOUS ASSETS</b>			
Advance to U. S. Government for War Loan Expenses..		221,125	68
Other Deferred Charges.....		24,286	94
Real Estate and Equipment.....		563,284	12
Total Miscellaneous Assets.....			808,696 74
<b>TOTAL RESOURCES</b> .....			\$278,714,842 12
<b>LIABILITIES</b>			
<b>CAPITAL AND PROFITS</b>			
Capital Paid In.....		\$ 4,540,200	00
Surplus.....		5,820,462	63
Unapportioned Profits.....		702,725	28
Total Capital and Profits.....			11,063,387 91
<b>NOTE CIRCULATION, DEPOSITS, ETC.</b>			
Federal Reserve Notes in Actual Circulation (Our Own).....		129,632,050	00
Federal Reserve Bank Notes in Actual Circulation (Our Own)..		11,644,752	00
U. S. Treasurer.....		1,515,868	77
Member Banks' Reserves.....		60,296,335	88
Foreign Government Credits..		3,542,408	75
Cashier Checks.....		78,115	33
Deferred Availability Items (Transit).....		60,905,892	05
Reserve for Taxes Other than Franchise Tax.....		19,970	00
All Other Liabilities.....		16,061	43
Total Circulation, Deposits, etc.....			267,651,454 21
<b>TOTAL LIABILITIES</b> .....			\$278,714,842 12
Memo:			
Due U. S. Treasurer by Member Depository Banks..			\$1,494 00

The figures for building permits for January follow :

	December	January	Decrease
Number of Cities Reporting . . . . .	23	21	2
Number of Permits Issued . . . . .	2,178	2,066	112
Estimated Cost of New Construction, Improvements and Repairs. . . . .	\$7,337,260	\$6,932,197	\$405,063

There is widespread dissatisfaction with the inefficiency of labor. Several reports give sixty to seventy per cent. of pre-war production as the best that can be gotten now. Wages of labor show no lower tendency, but, on the other hand, advances are noted in some particular lines. A majority of reports show, however, that labor is more abundant and better satisfied at present than it was thirty or sixty days ago.

Cotton manufacturing plants are making large profits and there is considerable trading in mill stocks. Many mills are remodeling and replacing obsolete machinery with modern equipment.

Furniture manufacturers can not fill their orders. Raw material, especially good grades of lumber and glass, is very hard to secure even at abnormally high prices.

Coal producers are running below capacity, because of car shortage.

Paper manufacturers are very active and far behind with their orders, with a shortage of pulp. The rag market is easing, due to large imports of rags.

Demands for empty cars exceed the supply in every line of business reported and one shipper of perishable goods reports that it has been necessary to close one plant because of the impossibility of making deliveries before the goods are spoiled.

Crops are bringing high prices, and indications are that farmers are purchasing new agricultural implements freely. The wagon trade is especially active, with factories rushed to fill orders and raw material scarce.

The boll weevil was seriously felt last fall in South Carolina and reports indicate a general uncertainty regarding cotton planting this year over about half of that State. The Piedmont and eastern sections of South Carolina, however, have had unprecedented prosperity. Trading in real estate in these sections is very active and at high prices; much of it is speculative and unhealthy.

The North Carolina tobacco crop as reported has exceeded Government estimates already, with probably 3,000,000 pounds still for sale. In addition, approximately 3,000,000 pounds

were raised in North Carolina but sold and reported in Tennessee or Virginia. The total value of this season's crop is estimated at more than \$165,000,000.

Severe cold in South Carolina has hurt the truck crops on the coast, especially the producers of early cabbage plants. The truck acreage in vegetables and potatoes will be largely increased. The Beaufort area is planning for between 3,000 and 4,000 acres. Railroads report the handling of three to four times as much seed stock as last year, but much of this stock was damaged in shipment by frost and therefore the acreage may be affected to some extent.

Reports of epidemics of grippe and influenza seem to show some injury to trade and manufactures, because of the absence of numerous people from their customary business. In the northern part of this district these epidemics appear on the decrease but are giving trouble further South, many towns reporting limited quarantines.

Clearings show an increase of 23.4% over the corresponding month last year. Money is in demand at full rates, but the needs of the district are being amply provided for. While deposits have shown some shrinkage, many banks, when deposits were at high water, invested freely in outside high-grade commercial paper. They are therefore fortified to some extent to meet a normal shrinkage in deposits and partially supply the demands for pitching this year's crops.