

FEDERAL RESERVE BANK OF RICHMOND

CALDWELL HARDY, FEDERAL RESERVE AGENT

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."

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BALANCE SHEET AS OF FEB. 20, 1920

		RESOURCES	
CASH RESERVES			
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
UNCOLLECTED ITEMS, ETC.			
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
EARNING ASSETS			
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
MISCELLANEOUS ASSETS			
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
TOTAL RESOURCES			\$278,714,842 12
		LIABILITIES	
CAPITAL AND PROFITS			
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
NOTE CIRCULATION, DEPOSITS, ETC.			
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
TOTAL LIABILITIES			\$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.