

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 February, 1920.

[COMPILED MARCH 15, 1920]

Domestic business is good but foreign trade is negligible. Merchants supplying home demands are busy, but exporters report marked depression. The reckless buying by the public continues, and wages of labor show no tendency to drop. The better grades of merchandise continue to lead in sales. No general lowering of prices in retail establishments is noticeable.

There is an undercurrent of uneasiness and uncertainty in commercial circles; manufacturers report that jobbers and retailers are buying for immediate, imperative needs, but not for future delivery. One wholesaler says, "Buyers are not operating with freedom as in the past two years; in fact, trade is hesitating and discriminating in its purchases." This thought, running through many reports sent to us, seems to be based on a general belief that the crest of high prices has been reached.

COLLECTIONS.—Splendid collections are reported by all concerns. Very few accounts are being carried over and few notes are offered the jobbers and manufacturers. Failures reported for February totaled forty, with liabilities of \$1,335,730, as against twenty-seven failures with liabilities of \$381,910, in February, 1919.

BANKING OPERATIONS.—Bank clearings for February, 1920, increased 25.2% over the corresponding month last year, as shown in detail in tabular form elsewhere in this report. Demands for loans continued strong at full rates, but the needs of the district were cared for. Banks are scanning applications for loans carefully, thus tending to keep down speculation.

SPECULATION.—Reports indicate that a decided check has been given to wildcat and purely speculative investments. There has been much trading in mill stocks in some sections and a wave of real estate buying and selling in all agricultural communities, but these activities are reported as on the decrease. One possible benefit of the land sales is the break-up of many large holdings and a corresponding increase in the number of small owners who live on their land and work it themselves.

LABOR.—General inefficiency of labor is a frequent complaint, especially from concerns using negro workers. In lumbering, negroes make enough by working only three or four days to live for a week, and so do not work full time. The towns and cities have abundant labor if it can be set to work and kept at work, but available farm labor is so scarce as to make extensive agricultural operations impracticable, and many large farms are being cut up and sold. The textile mills have sufficient labor, of a fairly satisfactory grade, and the coal miners have all they can use until there is a material improvement in the car supply. During the winter it has been very hard to secure unskilled workers for outside work, but this shortage will probably lessen with the coming of milder weather.

CROPS.—Farmers are holding the remainder of the cotton crop for higher prices. Cottonseed is selling at from \$80 to \$96 per ton, averaging about \$85. Tobacco acreage will probably be materially increased in 1920. Due to continued cold weather and an extended wet season, truck crops are late and in poor condition, and farming operations generally are two or three weeks late. High prices for farm products, together with acute labor shortage, are encouraging much more intensive cultivation, with a consequent active demand for fertilizers which manufacturers find hard to meet.

TOBACCO.—While the drop in foreign exchange has stopped exports almost entirely there is enough increase in domestic demand to take the normal products of the tobacco manufacturers. There has been a recent easing off in leaf tobacco prices. In North Carolina the tobacco crop in 1919 was the largest on record and brought the highest prices. Farmers, warehouse men and dealers all made splendid profits.

FERTILIZERS.—The supply of fertilizers does not seem equal to the demand, and several correspondents fear a serious shortage. One manufacturer writes: "With the high prices of crops, and the necessity of practicing intensive cultivation, the demand for fertilizers has greatly increased, this having been estimated at from 15% to 25% over last year."

COAL.—Reports indicate about 50% to 60% of capacity out-put being mined in West Virginia, the restriction being due mainly to car shortage, the railroads actually not possessing sufficient number of cars to answer all demands made upon them. The situation was made still worse during February by the effort of the roads to get their cars on home lines before their return to private ownership. Demand for coal is still strong, and labor is at present comparatively well satisfied. Several large operators claim to be in financial difficulties because of unsettled accounts for coal seized and distributed last fall by the Railroad Administration. Reports indicate the formation of many new mining companies.

TEXTILES.—Without exception our correspondents report capacity business in the textile field, with goods bringing high prices. There is a clearly marked tendency to buy more carefully, however, and in the past two or three weeks the demand from dealers, especially for future delivery, has lessened considerably. Merchants continue afraid to buy at present prices, except to fill immediate needs. There is practically no export market at present.

CLOTHING AND SHOES.—Both wool and hides declined during February, but due to the long time process necessary to convert wool and hides into clothing and shoes, the changes have had no effect as yet on the retail market. Retailers expect no drop in prices in these lines for at least another year; in fact, there are some expectations that fall prices may be even higher to the consumer. The largest manufacturer of clothing reporting is advising merchants to purchase freely for clearly apparent needs, but warns against buying for future delivery or for speculative purposes.

HOUSING.—There has been no let-up in demands for both business and residence construction, although high prices of materials and labor are preventing the building of as many houses as are called for. The large firms are proceeding, however, in spite of present prices, and some residences are being built. Skilled labor in the building trades is scarce, inefficient, and unreliable. There will probably be little if any cessation in building operations during the spring or summer; in fact, all indications point to a steady increase in construction work of all kinds unless the continued boom tempts labor to make trouble. Elsewhere in this report we print a comparative table of building operations in 23 cities which shows an increase of 256% in total valuations for February, 1920, over February, 1919.

LUMBER.—Due to labor scarcity and much wet weather, which retarded cutting of stock in swamps during the winter, manufacturers are running on part time, from 25% to 40% below capacity, although demand for out-put is strong. Prices continue high, and even show a disposition to advance, though several manufacturers expect a decline after July 1. Hard woods are particularly scarce, and the price of lumber used in the box making industry has caused many consumers to adopt fibre or pasteboard containers, resulting in decreased demand for boxes and wood containers.

SUNDRY LINES.—Cottonseed oil dealers complain of high priced seed, poor demand for oil by manufacturers of compounds, and great car shortage. Musical instrument retailers report brisk sales, especially to new classes of customers who cannot play pianos, but buy medium priced player-pianos and high priced talking machines freely. A large department store writes that the only trouble is securing sufficient stock, and retailers generally report that they cannot supply demands. Oyster packers report a good season, and meat packers say the public buys better grade cuts readily but there is no market for cheaper grades. The hardware business is good, and glass manufacturers are active. Edged tools, as axes, are in great demand, but manufacturers find hickory handles hard to get. Farmers are buying needed machinery freely, and many auto trucks are being sold. The trunk and bag business increased a third over last year, due largely, dealers report, to the freedom with which labor spends its high wages. There is considerable agitation for better roads, and the states in the district are making generous appropriations of public funds for highways. In February the South Carolina Legislature levied a Statewide two-mill tax, estimated to yield about \$1,000,000 in 1920, for a State road system, and individual counties appropriated an additional total of \$13,000,000 for work on county roads during the current calendar year.

CLEARINGS

No.	CITIES	FOR MONTH OF FEBRUARY		Increase or Decrease	Percent of Increase or Decrease	No.
		1920	1919			
1	Asheville, N. C.....	\$ 4,929,282	\$ 3,325,811	\$ 1,603,471	48.2	1
2	Baltimore, Md.....	326,380,672	293,572,686	32,807,986	11.2	2
3	Charleston, S. C.....	20,295,231	12,764,782	7,530,449	58.9	3
4	Charlotte, N. C.....	41,907,759	21,272,000	20,635,759	97.	4
5	Columbia, S. C.....	14,534,407	7,717,908	6,816,499	88.3	5
6	Frederick, Md.....	1,748,325	1,814,319	65,994*	3.1*	6
7	Greensboro, N. C.....	5,222,275	2,962,171	2,260,104	76.3	7
8	Greenville, S. C.....	11,644,815	4,971,246	6,673,569	134.2	8
9	Hagerstown, Md.....	2,637,869	2,282,023	355,846	15.6	9
10	Newport News, Va.....	3,565,453	3,689,193	123,740*	3.4*	10
11	Norfolk, Va.....	43,325,060	32,371,903	10,953,157	33.8	11
12	Raleigh, N. C.....	7,195,218	3,332,223	3,862,995	115.9	12
13	Richmond, Va.....	250,737,039	192,440,601	58,296,438	30.3	13
14	Washington, D. C.....	64,625,838	55,829,808	8,796,030	15.7	14
15	Wilmington, N. C.....	4,277,735	3,271,869	1,005,866	30.7	15
	TOTAL.....	\$ 803,026,978	\$ 641,618,543	\$ 161,408,435	25.2	

BUILDING OPERATIONS FOR THE MONTHS OF FEBRUARY 1919-1920.

No.	CITIES	PERMITS ISSUED		VALUATIONS				Increase or Decrease of Total Valuations, 1920 over 1919	Per Cent of Increase or Decrease	No.
		1920	1919	New Construction 1920	New Construction 1919	Alterations 1920	Alterations 1919			
1	Asheville, N. C.....	50	58	\$ 152,865	\$ 9,300	\$ 7,435	\$ 12,478	\$ 138,522	637	1
2	Baltimore, Md.....	1,033	563	2,745,720	726,568	488,160	217,134	2,290,178	243	2
3	Charleston, S. C.....	33	17	595,375	14,755	61,500	2,465	639,655	3,715	3
4	Charleston, W. Va.....	51	28	122,025	18,800	3,650	18,970	87,905	233	4
5	Charlotte, N. C.....	32	18	64,150	13,725	100,000	3,200	147,225	869	5
6	Columbia, S. C.....	93	72	139,200	3,550	25,450	12,900	148,200	901	6
7	Cumberland, Md.....	18	18	5,945	17,845	6,150	2,405	8,155*	67*	7
8	Durham, N. C.....	12	18	35,000	52,765	31,150	5,315	8,070	14	8
9	Frederick, Md.....	5	4	16,200	10,000	2,950	4,700	4,450	30	9
10	Greenville, S. C.....	19	36	92,885	57,100	16,715	17,665	34,835	47	10
11	Greensboro, N. C.....	12	11	33,475	28,450	1,750	1,000	5,775	20	11
12	High Point, N. C.....	17	8	46,600	5,550	.....	1,250	39,800	585	12
13	Huntington, W. Va.....	57	46	125,345	76,900	.....	10,000	38,445	43	13
14	Lynchburg, Va.....	17	6	225,800	1,500	1,875	11,550	214,625	1,645	14
15	Norfolk, Va.....	73	66	265,300	153,386	34,075	5,215	140,774	89	15
16	Parkersburg, W. Va.....	..	..	30,500	.....	10,000	4,000	36,500	912	16
17	Richmond, Va.....	100	85	483,229	253,690	430,195	55,457	604,277	195	17
18	Roanoke, Va.....	52	55	214,705	39,545	.....	.....	175,160	443	18
19	Spartanburg, S. C.....	32	11	76,975	18,000	420	4,075	55,320	251	19
20	Staunton, Va.....	4	2	9,800	150	.....	1,500	8,150	494	20
21	Washington, D. C.....	385	289	1,297,151	373,192	239,961	132,142	1,031,778	204	21
22	Wilmington, N. C.....	13	8	60,000	32,000	73,500	.....	101,500	317	22
23	Winston-Salem, N. C..	107	60	532,783	59,675	10,883	12,977	471,014	647	23
	TOTAL.....	2,215	1,479	\$ 7,371,028	\$ 1,966,446	\$ 1,545,819	\$ 536,398	\$ 6,414,003	256	

* Decrease.