

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 March, 1920.

[Compiled April 15, 1920]

Since our report for February, there has been little change in commodity prices and wages, except in building materials which have steadily advanced. The public continued to purchase all goods freely during March, and retailers recovered the ground lost during the severe weather in February. In spite of improvement in foreign exchange, export business continued small.

The feeling of unrest and uncertainty in commercial circles continues, and there are signs of a reaction against high prices on the part of the general public. There seems to be a wide-spread belief, based more on desire than on evidence, that the crest of prices has been reached, and that material reductions must come soon. No facts now in hand, however, justify hope for much decrease during the next few months.

COLLECTIONS—Merchants are meeting their obligations when due and are discounting their bills freely. Dealers in agricultural implements report many sales to farmers for cash, and say that practically all notes are met when due. Failures reported for March totaled thirty-six, with liabilities of \$464,017, as against thirty-six failures with liabilities of \$457,495, in March, 1919, and forty failures with liabilities of \$1,335,730 in February, 1920.

BANKING OPERATIONS.—Bank clearings in March, 1920, increased 35.3% over the corresponding month last year, as shown in tabular form elsewhere in this report. Part of this increase is doubtless due to the collection of Federal income taxes, but bankers agree that most of the increase represents greater business activity. The legitimate needs of the District are being cared for by the banks, and some concerted effort is being made by them to restrict unnecessary loans. The wave of real estate activity continues, but this seems due more to the extreme difficulty in renting homes than to desire or disposition to speculate.

LABOR.—Reports indicate that there is enough labor available, but a scarcity of people who actually put in full time and give full value in work for the high wages paid them. As stated last month, negro laborers make enough in three or four days to live the entire week, and so do not work full time. Carpenters and brick masons continue dissatisfied and demand increases with nearly every new job. The march from the farms to the cities continues, and farmers are turning rapidly to machines in an effort to keep their fields under cultivation. Farm labor appears to be the only type which is really scarce, though what labor there is in the rural sections is probably more efficient and gives more honest service for wages paid than city and industrial workers. A report to us recently stated that in a certain city in the District some masons and carpenters are working on Sunday only, on which day double pay is given.

CROPS.—During March cotton prices rose to the unprecedented figure of 43¢ and a considerable portion of the farmers' holdings were sold, but many planters are still holding and talk of 50¢ a pound. This year's crops will be late, due to much wet weather which in some sections has delayed planting three or four weeks.

This delay will prove especially costly in boll weevil territory, where only the early cotton can reach maturity. The strikes of dock and railroad workers hit the trucking industry a severe blow, thousands of dollars worth of produce having spoiled before deliveries could be made. Truck crops were short and late because of the cold, wet spring. Indications point to considerable increases in tobacco and potato acreages for 1920.

TOBACCO.—Manufacturers complain that they have thousands of dollars tied up in export goods for which there is no market. These export goods are lower grade than domestic consumers demand, and therefore the goods cannot be sold at home. Orders for home consumption are abundant. Several manufacturers are planning large additions to their cigarette making facilities.

FERTILIZER.—Dealers are finding it difficult to secure sufficient fertilizer to supply farmers' demands, due principally to car shortage for moving both raw materials and completed product. The consumers' demands are heavy, both because farmers have plenty of money and because of a tendency to more intensive cultivation as a partial remedy for the marked shortage of farm labor.

COAL.—Coal production remains below normal, chiefly because of inability to secure cars to move output. In addition to the actual lack of sufficient cars owned by railroads, railroad strikes have tied up cars, and embargoes have blocked shipping at some points. Few mines have been able to run full time. Material increases in coal prices for fall are assured, the recent increase in wages to miners being given by producers as the reason.

TEXTILES.—Large profits and capacity business continues in the textile field. Many mills are making extensive improvements and additions, especially in the mill villages. Textile mill stocks sell briskly at several times par value, and a number of plants have issued large stock dividends, some of these amounting to more than 100% on original capital. A South Carolina mill was recently sold for \$600 per share, par \$100, and another issued a 300% stock dividend, and paid 7% cash dividend on this stock. Mill operatives seem better satisfied than labor generally, and mill owners are spending money freely on settlement and community houses, athletic fields, libraries, welfare workers, schools, etc., in an effort to keep their help contented.

CLOTHING AND SHOES.—No reduction in wholesale or retail prices in clothing or shoes is noticeable, nor do dealers feel hopeful that present high costs will be materially lowered in the near future. In spite of high prices consumers continue to purchase goods freely and no decided determination to practice economy is discernable, unless the over-all movement, which has just started is evidence of that purpose. Department of Labor figures show that clothing prices have advanced 64% in the past twelve months.

HOUSING.—One of the most serious problems facing the city wage earners and medium salaried people is the matter of homes. Available houses are not sufficient to supply the demands, and further increases in rents already indicated in most of the larger cities of the District, will still further burden the workers. Numbers of low salaried people have been forced to purchase homes far beyond their means, and many hastily and poorly built houses have been purchased at high figures. The high prices of building material, together with actual shortages in stocks and the inefficiency and independence of labor, will very likely prevent a quick betterment in the housing situation. We print elsewhere in this report a comparative table of building operations in twenty-three cities for March, 1920, and the corresponding month last year, which shows an increase in total valuation of 165.9%.

LUMBER.—Mills are operating from 50% to 75% capacity, wet weather and labor shortage being responsible for short production. There is much complaint about labor, manufacturers claiming that workers are only 60% to 75% efficient. Railroad embargoes at terminals and junction points have delayed deliveries and cut down the supply of cars, thus tending to retard production. Lumber continues to bring high prices, with

a marked tendency toward higher figures as the spring and summer building program gathers headway. Bricks are scarce, even at constantly increasing prices, and hollow tile manufacturers have jumped their quotations ahead of brick.

FURNITURE.—Furniture manufacturers report inability to keep up with orders, due to scarcity of suitable lumber and labor that will work steadily. Furniture in demand today is of a higher grade than before the late war, and of course is sold at far higher prices. Few if any lines of manufactured goods have advanced in cost to the consumer as much as furniture. No signs of marked reduction are to be seen as yet. Manufacturers state that labor will not work full time while the present high wages continue. This applies just as much to skilled as to common labor.

RETAIL TRADE.—Reports from representative department stores in the three largest cities in the District, indicate that business in February was not generally satisfactory, probably due to severe weather, but during March the increase in business done in dollars was 23.1% over the corresponding month last year, Baltimore making the largest gain with 42.3%. Combined sales for the first three months of 1920 increased 14.6% over sales during the corresponding months last year. Stocks on hand at the close of March, 1920, were 53.4% greater in money value than on the same date last year, and 18.1% greater than those on hand at the close of February, 1920. The percentage of average stocks at the close of each month since January 1, 1920, to average monthly net sales during the same period, was 408.2%, which indicates a well stocked position. These averages were made up from reports sent to us by several department stores in each city, all reports used being given in actual figures. We print herewith the figures for Baltimore, Richmond and Washington, and for the District as a whole.

BUSINESS OUTLOOK FOR 1920

In March we sent ten questions to leading manufacturers and wholesalers in the Fifth District, asking opinions as to expected developments during summer and fall. Most of the answers received are instructive and carefully given, and we print this month a summary of replies, giving the idea set forth in each answer.

The majority of the manufacturers expect no material price changes before 1921, but on the contrary expect present levels to be maintained at least another year. The feeling is general that production must be largely increased before any noticeable reductions in market prices can occur, and most of the replies indicate a belief that it will take from two to five years to bring production to the point at which the creation of a surplus will be possible. Several manufacturers feel that this condition will be brought about not so much by increased production in America as by importation of foreign goods, or at least a combination of these two. There seems small hope that exports from this district will be important for the next few months. Manufacturers believe that consumers will continue to purchase recklessly as long as wages are high, and the feeling is general that wages will continue high for several years, this condition being offset to some extent, however, by a belief that labor's efficiency and dependability will steadily, though slowly, increase.

	Do you expect any material changes in general price levels?	What will be contributing causes to change?	How long do you think our present prosperity will continue?	What causes will bring about a change?
1. Organ manufacturer.....	No.		At least two years.	Overproduction, and labor unsettled.
2. Cannery.....	Yes; lower.	Less demand, and foreign competition.	Through this year.	Stoppage of speculative profits.
3. Automobile manufacturer.....	No.	Slowing up of industry.	June, 1921.	Production should equal demand.
4. Box manufacturer.....	Generally, no.		As long as people own bonds and gold.	
5. Clothing manufacturer.....	Decline in the fall.	Cessation of Government support of labor unions.	Ten years.	Moderation of speculation.
6. Shoe manufacturer.....	No.	Growing conservatism and deflation.	Long period.	Reduction of credits by Reserve Bank.
7. Hosiery mill.....	No.		While high wages and under production continue.	Increased production, lessened competition, and competing foreign labor.
8. Textile manufacturer.....	Lower prices on raw materials.	Production will approach consumption.	Through this year.	Realization by public that everything is too high.
9. Furniture manufacturer.....	Yes.	Inflated prices and increased supply.	Some time.	Competition from foreign countries.
10. Glass manufacturer.....	Yes, upward.	Materials and wages are increasing.	Till Europe is producing.	Importations.
11. Hardware manufacturer.....	No.	Optimism and speculation.	May be two years.	Unrest, and the tax on earnings.
12. Lumber exporter.....	Yes, lower.	Hesitation of small buyer.	Several years.	Increased stocks on hand.
13. Lumber manufacturer.....	Yes.	Tight money.	As long as Federal Reserve system can carry the load.	
14. Cotton oil mill.....	Yes; decline in fall.	New crops and increased production.	At least two years.	Nothing.
15. Paper manufacturer.....	Radical advances.	Consumption of reserve stocks.	Several years.	Curtailment in consumption or increased output.
16. Wholesale grocers.....	Decline.			Government should remove restrictions on business.
17. Meat packer.....	Tendency lower.	General complaint; desire by packers to reduce; Government withdrawal from market.	Gradual decline.	Absence of foreign buying.
18. Tobacco manufacturer.....	Little change.		1920.	Tight money, lack of foreign trade resulting surplus at home.
19. Trunk and bag maker.....	No.	Release of warehoused stores.	Less than twelve months.	Curtailed consumption.
20. Wagon manufacturer.....	Slight changes.	Prices should decline as production increases.	We are not really prosperous.	Increased production.
21. Wholesale dry goods.....	No.		Three to five years.	Increased supply, less demand.
22. Peanut products.....	No.		Two or three years.	Increased production.

OK FOR 1920

Would we experience business depression, what classes would be least affected?	Do you believe the labor situation will improve as regards stability and efficiency?	What will be the trend of wages in 1920?	What is your opinion of the outlook as regards foreign trade?	Do you anticipate an attempt at price cutting in your goods?	Do you expect public extravagant purchasing to continue?
Buyers in luxuries.	Yes.	Possibly down.	Excellent.	No.	Yes.
Buyers in necessities.	Not until demands for labor lessen.	No change.	Less exports, even if exchange improves	Yes.	Yes.
Classes which will suffer.	Yes; Cannot be worse.	High for at least twelve months.	Depends upon exchange.	No, not before July, 1921.	Yes.
Small mills.	Yes.	Stationary.	Decline, followed by slow recovery.	No.	Yes.
Unemployed labor.	Yes, if Government allows manufacturers to insist upon efficiency.	Stationary.	Less exports.	Yes, at end of year.	Yes.
Buyers of and wearing apparel dealers.	Yes.	Stationary.	Unfavorable.	No.	Yes.
Upper collar man and middle classes.	Not soon.	Upward.	Poor. An exchange question.	No.	Yes.
Older, and all conservatives.	Yes.	Little change.	Unfavorable.	No.	Yes.
Who would suffer.	Eventually, but not soon.	Upward.	Unfavorable.	Not to any extent.	No.
	Eventually, but not yet	Upward.	Very good.	No.	Yes.
	When we learn to say, "No."	Five to ten per cent. higher.		To slight extent.	Yes.
Consumers and small merchant.	Yes.	Steady.	Depends on Government's attitude toward merchant marine.	Considerable free selling.	Yes, labor; no, salaried man.
Wholesale trading trades.	Not for labor until wages fall.			Don't know.	Yes.
Loss of independent means.	Yes; gradually.	Stationary.	Favorable in South America; gradual improvement in Europe.	Probably in the fall.	Yes.
Self-earners.	Yes.	Upward.		No.	Yes.
	Yes.	Tendency upward.		Depends upon supply and demand.	
Business owners.	Finally, but not soon.	Steady.	Outlook bad.	No.	Yes.
Buyers of necessities, including tobacco.	Very slight.	Some increase.	Unfavorable.	Already going on.	Yes.
Classes most affected.	No; not soon.	Reduction in 1921.	Will take our surplus.	Not during 1920.	No.
Debtors and creditor classes.	Yes.	Wages will follow prices.	Normal for several years.	No.	Yes.
Businessmen and farmers.	Yes.	Higher.	Unfavorable.	No.	Yes.
Buyers of clothing, cotton and hatters' supply dealers.	Yes, slowly.	Slight increase.	Increased imports, decreased exports.	Yes.	Yes.

CLEARINGS

No.	CITIES	For Month of March		Increase or Decrease	Per cent. of Increase or Decrease	No.
		1920	1919			
1	Asheville, N. C.	\$ 6,095,215	\$ 4,120,393	\$ 1,974,822	47.9	1
2	Baltimore, Md.	412,330,661	330,738,055	81,592,606	24.7	2
3	Charleston, S. C.	22,692,000	13,999,000	8,693,000	62.1	3
4	Charlotte, N. C.	49,882,436	19,100,000	30,782,436	161	4
5	Columbia, S. C.	17,542,423	8,902,639	8,639,784	97	5
6	Frederick, Md.	2,722,958	2,467,973	254,985	10.3	6
7	Greensboro, N. C.	6,080,453	3,740,227	2,340,226	76.3	7
8	Greenville, S. C.	13,876,237	5,657,724	8,218,513	145.3	8
9	Hagerstown, Md.	3,920,482	2,704,344	1,216,138	45	9
10	Huntington, W. Va.	†8,458,125				10
11	Newport News, Va.	3,812,447	4,683,246	*870,799	*18.6	11
12	Norfolk, Va.	46,628,615	33,808,292	12,820,323	37.9	12
13	Raleigh, N. C.	8,010,298	3,676,376	4,333,922	117.9	13
14	Richmond, Va.	286,643,935	213,532,709	73,111,226	34.2	14
15	Washington, D. C.	79,667,899	62,985,853	16,682,046	26.5	15
16	Wilmington, N. C.	5,396,377	3,581,801	1,814,576	50.7	16
	Total.	\$965,302,436	\$713,698,632	\$251,603,804	35.3	

BUILDING OPERATIONS FOR THE MONTH OF MARCH, 1919 AND 1920

No.	CITIES	Permits Issued				New Construction		Alterations		Increase or Decrease of Total Valuation	Per cent. Inc. or Dec.	No.
		New		Repairs		1920	1919	1920	1919			
		1920	1919	1920	1919							
1	Asheville, N. C.	17	28	18	77	\$ 58,337	\$ 11,788	\$ 7,300	\$ 16,020	\$ 37,829	136.2	1
2	Baltimore, Md.	458	328	1,084	869	3,117,720	679,597	654,600	325,002	2,767,721	275.5	2
3	Charleston, S. C.	38	38	9	15	289,637	87,385	22,700	16,435	208,517	200.8	3
4	Charleston, W. Va.	46	68	11	87	97,625	80,000	3,700	88,763	*67,438	*39.9	4
5	Charlotte, N. C.	18	17	14	6	281,325	67,390	45,285	2,450	256,770	367.7	5
6	Columbia, S. C.	21	10	82	86	154,400	12,815	40,000	18,784	162,801	515.2	6
7	Cumberland, Md.	29	15	21	21	277,992	32,113	13,105	5,930	253,054	665.2	7
8	Durham, N. C.	6	5	7	5	47,900	17,500	9,450	2,315	37,535	189.4	8
9	Frederick, Md.		N.R.	3	N.R.			320		320		9
10	Greenville, S. C.	41	6	18	25	410,300	76,600	36,455	14,065	356,090	392.8	10
11	Greensboro, N. C.	36	11	10	5	174,750	53,800	13,776	4,000	130,726	226.2	11
12	High Point, N. C.	26	8			50,125	3,550			46,575	1312.0	12
13	Huntington, W. Va.	81	68			251,355	94,280			157,075	166.6	13
14	Lynchburg, Va.	8		15	7	25,450		6,375	11,125	20,700	186.1	14
15	Norfolk, Va.	75	85	22	20	574,561	733,491	82,310	69,100	*145,720	*18.1	15
16	Parkersburg, W. Va.					25,000	60,000	10,000	4,500	*29,500	*45.7	16
17	Richmond, Va.	69	47	118	64	529,005	560,552	339,474	85,654	222,273	34.4	17
18	Roanoke, Va.	74	76		38	146,850	44,220		5,825	96,805	193.4	18
19	Spartanburg, S. C.	122	19	10	3	250,140	16,565	10,520	375	243,720	1438.7	19
20	Staunton, Va.	4	3	3	1	27,000	4,350	5,100	150	27,600	613.3	20
21	Washington, D. C.	197	136	401	251	2,381,097	697,035	346,107	132,550	1,897,619	228.7	21
22	Wilmington, N. C.	10	7	2	2	106,900	20,300	7,500	1,500	92,600	470.6	22
23	Winston-Salem. N. C.	50	25	98	37	277,940	56,250	42,225	17,285	246,630	335.4	23
	Total.	1,426	1,000	1,946	1,619	\$9,555,409	\$3,409,581	\$1,696,302	\$821,828	\$7,020,302	165.9	

* Decrease.

† Not included in Total.

**CONDITION OF EIGHTY-TWO SELECTED MEMBER BANKS,
FIFTH FEDERAL RESERVE DISTRICT**

(In thousands of dollars)

	April 9, 1920	March 5, 1920	*April 11, 1919
Total United States Securities owned..... \$	88,141 \$	90,536 \$	147,096
Loans secured by U. S. war obligations.....	30,707	33,157	38,217
Loans secured by stocks and bonds other than U. S. securities.....	108,852	108,210
All other loans and investments.....	353,190	351,559	371,980
Reserve balance with Federal Reserve Bank.....	36,425	37,418	35,126
Net demand deposits on which reserve is computed.....	354,795	364,418	324,536
Time deposits.....	100,850	100,314	79,051

* Eighty-three banks.

FIGURES ON RETAIL TRADE

as indicated by reports from several Representative Department
Stores in each city for the month of March, 1920

[Compiled by the Federal Reserve Bank of Richmond]

1. A. Percentage of increase in net sales during March over same month last year:

Baltimore.....	42.3%
Richmond.....	24.0%
Washington.....	9.8%
District average.....	23.1%

- B. Percentage of increase in net sales from January 1 through March 31, 1920, to net sales during same period last year:

Baltimore.....	28.3%
Richmond.....	16.2%
Washington.....	5.2%
District average..	14.6%

2. A. Percentage of increase in stocks at close of March, 1920, over stocks at same date last year:

Baltimore.....	58.8%
Richmond.....	36.3%
Washington.....	57.9%
District average....	53.4%

- B. Percentage of increase in stocks at close of March, 1920, over stocks at close of February, 1920:

Baltimore.....	32.8%
Richmond.....	12.8%
Washington.....	11.2%
District average...	18.1%

3. Percentage of average stocks at close of each month since January 1, to average monthly net sales during same period:

Baltimore.....	372.3%
Richmond.....	453.4%
Washington.....	396.5%
District average....	408.2%

FEDERAL RESERVE BANK OF RICHMOND

WEEKLY STATEMENT

At Close of Business Friday, March 12, 1920.

RESOURCES	
Gold Coin and Certificates.....	\$ 2,362,000
Gold Settlement Fund—Federal Reserve Board.....	31,268,000
Gold with Foreign Agencies.....	5,526,000
TOTAL GOLD HELD BY BANK.....	\$ 39,156,000
Gold with Federal Reserve Agent.....	\$ 28,646,000
Gold Redemption Fund.....	7,143,000
TOTAL GOLD RESERVES.....	\$ 74,945,000
Legal Tender Notes, Silver, etc.....	\$ 320,000
TOTAL RESERVES.....	\$ 75,265,000
Bills Discounted—Secured by Government War Obligations.....	\$ 80,752,000
Bills Discounted—All Other.....	27,235,000
Bills Bought in Open Market.....	9,428,000
TOTAL BILLS ON HAND.....	\$ 117,415,000
U. S. Government Bonds.....	\$ 1,235,000
U. S. Certificates of Indebtedness.....	12,260,000
TOTAL EARNING ASSETS.....	\$ 130,910,000
Bank Premises.....	\$ 580,000
Uncollected Items and Other Deductions from Gross Deposits.....	51,027,000
5% Redemption Fund against Federal Reserve Bank Notes.....	451,000
All Other Resources.....	785,000
TOTAL RESOURCES.....	\$ 259,018,000
LIABILITIES	
Capital Paid in.....	\$ 4,544,000
Surplus.....	5,820,000
TOTAL CAPITAL.....	\$ 10,364,000
Government Deposits.....	\$ 1,927,000
Due to Members—Reserve Account.....	61,916,000
Deferred Availability Items.....	42,159,000
All Other Deposits including Foreign Government Credits.....	3,591,000
TOTAL GROSS DEPOSITS.....	\$ 109,593,000
Federal Reserve Notes in Actual Circulation.....	\$ 127,100,000
Federal Reserve Bank Notes in Circulation—Net Liability.....	10,590,000
All Other Liabilities.....	1,371,000
TOTAL LIABILITIES.....	\$ 259,018,000
FEDERAL RESERVE NOTES OUTSTANDING AND IN ACTUAL CIRCULATION	
Federal Reserve Notes Outstanding.....	\$ 132,946,000
Federal Reserve Notes Held by Bank.....	5,846,000
Federal Reserve Notes in Actual Circulation.....	\$ 127,100,000
Total Amount of Bills Discounted and Bought for the Week Ending March 12, 1920.....	\$ 70,643,000
Due U. S. Treasurer by Member Depository Banks.....	922,000

GEORGE J. SEAY,
Governor.