

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

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*Federal Reserve Bank, Richmond, Va.*

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*January 31, 1943*

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BUY  
WAR  
BONDS



BUY  
SAVINGS  
STAMPS

INVEST FOR VICTORY NOW

## Annual Summary of 1942

**B**USINESS in the Fifth Federal Reserve District established many new records in 1942, the chief of which were made in the aircraft and shipbuilding industries. The achievements of these industries are so favorable that they will give no aid and comfort to the enemy. Four shipyards located in this District, starting practically from scratch at the beginning of 1942, turned out 1,635,800 deadweight tons of merchant shipping, or 21 per cent of the United States total. The total tonnage would have been considerably larger except for the fact that one yard diverted a considerable portion of its facilities to a special construction for the armed services.

In addition to these figures there are the expanding activities at shipyards engaged in the production of Navy ships. Little can be said of them except that the number of employees in the several yards has increased in the neighborhood of 30,000, that the population of the several cities has increased notably, and that housing facilities in these locations are still short of requirements.

The aircraft industry, prior to the war, was of small consequence in the District's total business, but it has since grown to major importance. In 1942 a sizable amount of subcontracting for that industry was carried on in a number of the District's furniture factories.

Construction in the Fifth District, despite the restriction on private construction, exceeded a billion dollars in the first eleven months of 1942, or a gain of 24 per cent from the same months of 1941. In this period residential construction of \$355 million and nonresidential construction of \$646 million were 17 and 29 per cent, respectively, higher than in the first eleven months of the record year 1941. Residential construction activity over most of the year was devoted largely to the erection of housing facilities for war workers.

The District's cotton textile industry in 1942 exceeded its consumption of cotton in the previous year by 564,956 bales or 12 per cent. The average daily consumption, however, reached its peak in the spring, and showed a slight downward tendency in the ensuing months. The 5,402,000 bales of cotton consumed in Fifth District mills in 1942 constituted 47.2 per cent of the United States total, which was an improvement in this District's position over the 45.7 per cent of the United States total in 1941.

The record established by the cotton mills of this District is quite remarkable when it is considered that the industry suffered a violent labor turnover in the last half of the year. The turnover is estimated to have been at the rate of 100 per cent annually. Additions to capacity

were negligible during the year, and many difficulties arose with regard to operating supplies and repair parts.

In terms of agriculture the year was excellent in most areas. Crop values rose in the neighborhood of 50 per cent, due in large part to gains in tobacco, cotton, peanuts, corn, hay, and truck crops. The dairy industry was pushed hard throughout the year to supply the demand in most sections of the District. The farm labor situation, though critically short at harvest time, did not result in serious crop losses. New production goals for 1943, however, may prove difficult, if further man power losses are sustained.

Total assets of 41 weekly reporting member banks in 12 cities in the Fifth District increased \$369 million, or 24 per cent, during 1942, and stood at \$1,917,114,000 on December 30, 1942. Figures from which these changes were derived include reciprocal balances on December 31, 1941 and exclude them on December 30, 1942. The outstanding feature of the year was an increase of \$458 million in security holdings accounted for by increases in Government securities of \$88 million in bills; \$130 million in C. of I's; \$33 million in notes; and \$240 million in bonds, together with increases of \$4 million in other securities, and a decline in Government guaranteed obligations of \$37 million.

Total loans of these banks declined \$63 million during the year due in large part to a reduction of \$48 million in commercial, industrial, and agricultural and in all other loans. Balances with other banks show a reduction of \$65 million, which was probably due to the exclusion of reciprocal bank balances in the year-end report and including them in 1941. As of June 30, 1942, reciprocal bank balances of all member banks in the District amounted to \$61 million.

Total demand deposits, excluding interbank, increased \$298 million, or 36 per cent, during the year, while all time deposits rose \$5 million, or 2 per cent. Additions to capital accounts during the year amounted to \$4 million, or 4 per cent. Capital accounts of these weekly reporting banks on December 30, 1942, were 11.6 per cent of loans and investments excluding notes, bills, and certificates, which compares with a percentage of 13.2 on December 31, 1942.

The outstanding changes of the Federal Reserve Bank of Richmond during 1942 were a further increase of \$170 million in reserves, an increase of \$228 million in security holdings, and a gain of \$355 million in notes in circulation. Of the increase in note circulation, denominations of \$20 and less accounted for \$275 millions—77.5 per cent of the total.

### BUSINESS INDICATORS 1935-39=100

Seasonally Adjusted

	Dec. 1942	Nov. 1942	Oct. 1942	Dec. 1941	% Change Nov. 42	Dec. 42 from Dec. 41
Bank Debits .....	183	184	187	162	— 1	+13
Bituminous Coal Production.....	133	139	128	142	— 4	— 6
Building Contracts Awarded.....	367	437	358	276	—16	+33
Building Permits Issued.....	49	43	42	212	+14	—77
Cotton Consumption.....	154	161	156	145	— 4	+ 6
Department Store Sales.....	164	193	170	142	—15	+15
Electric Power Production.....	199	193	193	183	+ 3	+ 9
Furniture Shipments, Mfrs.....	208	164	136	192	+27	+ 8
Life Insurance Sales.....	81	84	93	148	— 4	—45
Wholesale Trade—5 Lines.....	157	154	151	141	+ 2	+11

## Manufacturing in the Fifth District

The states comprising the Fifth Federal Reserve District are generally considered agricultural states, which is perhaps due to the fact that 63 per cent of the population of these states was classed by the 1940 census as rural and 34 per cent classed as farm population.

As a matter of fact, agriculture in the past decade has not contributed as much income to the people of any of the Fifth District states as has manufacturing industries. In the decade following 1929, agriculture contributed around 13 per cent of the peoples' incomes in the District whereas manufacturing industries over the same period accounted for about 19 per cent.

Under present conditions, with agricultural prices rising and a fairly effective ceiling control on manufactured products, it may be that agriculture temporarily will turn the income scales in its favor, but growth in manufacturing activity has been persistent in the District and seems destined to play the greater role in the lives of the people of these states.

### District Gains on United States

Manufacturing activity in the Fifth District, including all of West Virginia, as measured by the number of wage earners, or the amount of wages, or the value of product, or the value added by manufacture, has markedly increased its importance in the manufactures of the United States since the turn of the current century, as the accompanying chart shows.

There was little change in the number of wage earners in Fifth District manufacturing industries relative to the number in all manufacturing industries in the United States between 1899 and 1919, but thereafter this District gradually improved its position from 6.4 per cent of the United States total in 1919 to 9.5 per cent in 1939.

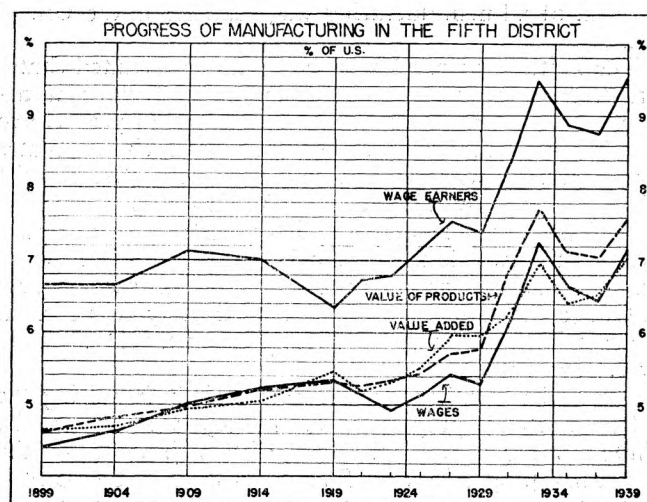
Wages paid by Fifth District manufacturing industries were 4.4 per cent of the United States total in 1899 and the proportion had risen to 7.3 per cent by 1933 and stood at 7.1 per cent in 1939. The slightly larger percentage in 1933 than in 1939 was no doubt due to the better depression-resistant character of Fifth District industries than those of the United States.

### Wages Parallel Value

Wages paid in Fifth District manufacturing industries have shown surprisingly small deviations from an average of 39.0 per cent of the value added by manufacture in the fifteen census years under review, which compares with an average percentage of 40.0 for the United States.

In the last three census periods, when hourly wages in manufacturing industries were generally rising, the wage earners' share of the value added by manufacture averaged 39.3 per cent in the Fifth District and 38.8 per cent in the United States.

Average annual wages per wage earner in all manufacturing industries in the United States in the fifteen census years were 35 per cent higher than similar wages in Fifth District manufacturing industries, but the value added by manufacture per wage earner, which is in part the contribution of labor, was 31 per cent larger in the United States than in the Fifth District.



The discrepancy between the average annual wage in the Fifth District and the United States is no doubt due to the character of the industries in this District, for in relation to the value added by manufacture wages in the Fifth District manufacturing industries account for 39 per cent of the total while in the United States wages accounted for 40 per cent in the 15 census years.

This would seem to suggest that the problem of raising the relative annual income of Fifth District workers to a level commensurate with that in the United States as a whole is one of attracting those industries where a higher degree of skill and, consequently, a higher value can be added to the raw materials. This possibility is strengthened when it is noted that the cotton textile industry, which is a sizable part of all manufacturing in the Fifth District, in five available census years had average value added by manufacture per wage earner of \$1,400 in the United States compared with a value added of \$3,073 per worker for all manufacturing industries in the same years.

Fifth District manufacturing industries contributed 4.6 per cent of the total value of all manufactured products in the United States in 1899 and this proportion rose in each census year, with but few interruptions, to 7.7 per cent in 1933, and stood at 7.5 per cent in 1939, the latest census.

To determine why the Fifth District manufacturing industries have shown an increasing value of product relative to the United States would require much more effort than could be expended on this treatise. Such factors, however, as the large growth in cigarette manufacture, the migration to this District, modernization of the textile industry, and the growth of an important chemical industry have no doubt played their part.

### Largest Increase in North Carolina

The accompanying chart shows the number of wage earners in Fifth District manufacturing industries as a percentage of the number of wage earners in all United States manufacturing industries. It shows that since 1919 the state of North Carolina has been in large part responsible for the faster rate of increase in manufacturing employment in the District than in the United States.

North Carolina's proportion of the manufacturing employees of the United States was 1.5 per cent in 1899, and

this proportion rose in each census year with but slight interruptions to 1939 when that state accounted for 3.4 per cent of all manufacturing wage earners in the United States.

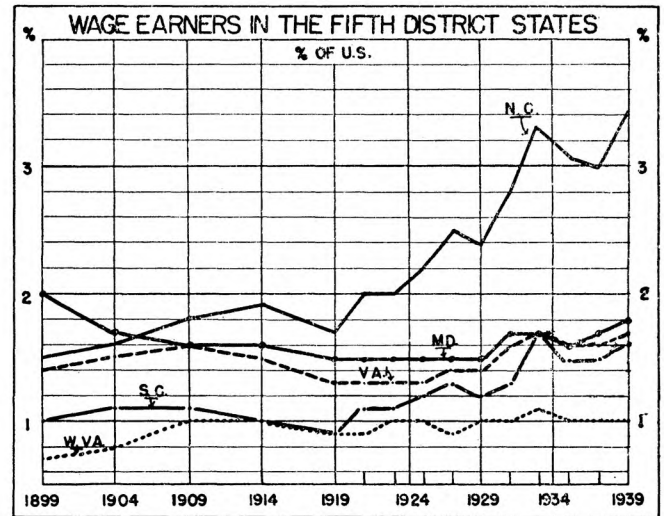
The Fifth District's lowest percentage of United States manufacturing wage earners was in 1919 when it accounted for 6.4 per cent of the total. In that year North Carolina accounted for 1.7 per cent of all United States manufacturing wage earners and the rest of the District 4.7 per cent. By 1939 North Carolina was accounting for 3.4 per cent and the rest of the District 6.1 per cent. Thus in the two decades from 1919 to 1939 while North Carolina had increased its proportion of all wage earners in United States manufacturing industries by 1.7 per cent, the remaining states of the Fifth District increased theirs by 1.4 per cent.

South Carolina has also aided materially in raising the Fifth District's proportion of factory workers in the United States. As in the case of North Carolina, the increasing proportions of South Carolina in the United States total has occurred since 1919. Prior to that year South Carolina had barely maintained the pace set by all manufacturing industries in the United States. In 1919 South Carolina factories employed .9 per cent of the wage earners in the United States factories. In 1939 South Carolina accounted for 1.6 per cent of the total.

North and South Carolina together accounted for 2.4 per cent of the 3.1 per cent increase which the Fifth District recorded between 1919 and 1939 in the proportion of United States wage earners. The remaining .7 per cent was accounted for by Maryland and Virginia; West Virginia having only kept apace with the United States in giving jobs in its factories.

In the case of wages paid by manufacturing industries, North Carolina in the main has shown a steadily increasing share of the United States total. South Carolina's proportion of wages paid in all manufacturing industries in the United States has not increased commensurate with the increase shown in wage earners, and such increase as is shown has occurred mainly since 1929. Though of no considerable amount, Maryland and Virginia both have accounted for a larger share of the United States factory wages paid than they did in the case of employees.

In the relative contribution of the five states of this District to the United States value of manufacturing production, North Carolina shows an increase in geometric ratio over the entire period under review, with 1933 showing that state's largest percentage of the United States total. Maryland, whose proportionate contribution to manufactured values of product in the country declined steadily from 1899 to 1919, has since about regained the position it held in 1899. Virginia's contribution, which had just kept apace of the United States growth between 1899 and 1923, has since risen rather remarkably. South Carolina and West Virginia have only slightly more than maintained a constant position in relation to the United States total.



The several states of the Fifth District shared in the value added by manufacture in the United States in much the same fashion as was characteristic of the value of production, with the exception that North Carolina's share showed a leveling off after 1927, whereas that state's proportionate value of products continued to trend upward.

In 1939 Maryland showed the largest value added by manufacture per wage earner of any of the Fifth District states, and an amount only 4.6 per cent lower than that of all manufacturing industries in the United States. Virginia and West Virginia added value to materials through manufacture per wage earner in amounts which were 9.5 per cent and 8.5 per cent, respectively, lower than that of all manufacturing industries in the United States, while similar figures for North and South Carolina were respectively 35.5 and 59.3 per cent lower than the United States.

The Carolinas, which were shown to be of major importance in causing the Fifth District manufacturing industries to exceed the growth of such industries in the United States, are also primarily responsible for pulling the District's wages, and value added by manufacture, on a per wage earner basis, well below the remaining states of the District as well as below the United States average.

The 1939 standing of the several states in relation to the District as a whole, as well as to the United States, can be ascertained from the following table which shows on a per wage earner basis the annual wages paid, and the value added to materials by the manufacturing process:

MANUFACTURING PER WAGE EARNER—1939

	Wages	Value added by Manufacturer
Maryland .....	\$1,107	\$2,985
Virginia .....	863	2,834
West Virginia .....	1,180	2,864
North Carolina .....	738	2,020
South Carolina .....	682	1,338
Five States ... ..	\$ 865	\$2,318
United States .....	\$1,153	\$3,130



**FEDERAL RESERVE BANK OF RICHMOND**  
(In Thousands)

ITEMS	January 13, 1943	% Change from 12-16-42	1-14-42
Total Gold Reserves.....	\$ 973,525	+ 4.5	+ 20.4
Other Reserves .....	29,763	+ 44.6	+ 73.7
Total Reserves .....	1,003,288	+ 5.3	+ 21.5
Bills discounted .....	207	+ 11.9	....
Industrial Advances .....	676	- 2.6	- 11.5
Gov't. Securities, Total.....	343,782	- 4.8	+ 155.1
Bonds, .....	168,620	+ 6.1	+ 92.3
Notes .....	81,316	- 7.1	+ 75.0
Certificates .....	62,935	+ 1.2	....
Bills .....	30,911	+ 2.9	+ 4,385.6
Total Bills & Securities.....	344,665	- 4.8	+ 154.4
Uncollected Items .....	102,603	- 25.6	+ 20.0
Other Assets .....	23,912	+ 28.7	+ 39.6
Total Assets .....	\$1,474,468	+ 0.2	+ 38.6
Fed. Res. Notes in Cir.....	\$ 779,309	+ 0.3	+ 82.9
Deposits, Total .....	587,699	+ 4.3	+ 9.2
Members' Reserves .....	527,368	+ 1.3	+ 13.5
U. S. Treas. Gen. Ac.....	18,215	+ 3,176.1	- 48.3
Foreign .....	31,401	- 1.0	- 3.5
Other Deposits .....	10,715	+ 2.9	+ 85.6
Deferred Availability Items....	90,522	- 20.5	+ 9.2
Other Liabilities .....	380	- 16.3	+ 25.4
Capital Accounts .....	16,558	- 0.9	+ 2.5
Total Liabilities .....	\$1,474,468	+ 0.2	+ 38.6

**DEBITS TO INDIVIDUAL ACCOUNTS**

(000 omitted)

Dist. of Col.	Dec. 1942	% change from Dec. 1941	Year 1942	% change from year 1941
Washington .....	\$ 497,753	+11	\$ 5,086,702	+18
<b>Maryland</b>				
Baltimore .....	737,569	+16	7,351,280	+18
Cumberland .....	11,870	- 2	124,425	+ 3
Frederick .....	11,892*	..	78,069*	..
Hagerstown .....	15,722	+ 4	176,101	+23
<b>North Carolina</b>				
Asheville .....	24,089	+ 2	231,652	+ 8
Charlotte .....	140,921	+24	1,489,036	+28
Durham .....	52,057	+25	702,288	+38
Greensboro .....	36,562	0	336,279	+ 5
Kinston .....	7,974*	..	82,408*	..
Raleigh .....	57,208	-25	653,488	- 5
Wilmington .....	34,873	+34	351,409	+56
Wilson .....	6,497*	..	119,136*	..
Winston-Salem .....	79,559	+34	721,107	+18
<b>South Carolina</b>				
Charleston .....	40,395	+13	409,638	+19
Columbia .....	56,427	+28	557,856	+16
Greenville .....	42,186	+22	407,371	+20
Spartanburg .....	21,710	+12	226,652	+10
<b>Virginia</b>				
Charlottesville .....	13,294*	..	88,853*	..
Danville .....	19,141	+13	204,770	+31
Lynchburg .....	23,321	- 1	227,898	+ 6
Newport News .....	27,757	+58	272,733	+51
Norfolk .....	124,476	+29	1,221,794	+33
Portsmouth .....	15,708	+70	133,496	+59
Richmond .....	326,989	+27	3,025,661	+25
Roanoke .....	41,632	- 1	413,769	- 2
<b>West Virginia</b>				
Bluefield .....	24,032*	..	160,984*	..
Charleston .....	90,838	0	830,202	+ 9
Clarksburg .....	14,688*	..	104,306*	..
Huntington .....	30,941	- 1	299,812	+15
Parkersburg .....	14,920	+ 4	154,496	+ 4
District Totals .....	\$2,668,888	+20	\$26,419,154	+23

\* Figures not included in District Total. Annual figures for these cities cover the last eight months of the year.

**CASH FARM INCOME**  
(000 omitted)

	November 1942	% Change from Nov. 1941	11 Months 1942	% Change from 11 Mos. 1941
Maryland .....	\$ 8,600	+ 17.7	\$112,046	+32.4
Virginia .....	23,775	+ 20.6	181,763	+33.1
West Virginia .....	6,353	+ 6.3	59,392	+31.2
North Carolina .....	46,142	+ 22.0	398,200	+49.6
South Carolina .....	26,764	+144.8	158,219	+68.4
Fifth District .....	\$111,634	+ 36.5	\$909,626	+45.1

**41 REPORTING MEMBER BANKS—5TH DISTRICT**  
(In Thousands)

ITEMS	January 13, 1943	% Change from 12-16-42	1-14-42
Total Loans .....	\$ 269,869	- 3.8	- 19.8
Bus. & Agric. Loans.....	133,231	- 3.4	- 16.5
Real Estate Loans .....	50,896	+ 0.7	- 3.8
All Other Loans .....	85,742	- 6.9	- 30.9
Total Security Holdings.....	\$ 992,081	+ 6.3	+ 73.1
U. S. Treas. Bills .....	97,043	+ 3.4	+ 842.5
U. S. Treas. Certificates .....	128,782	+ 41.0	....
U. S. Treas. Notes .....	119,061	- 5.6	+ 25.0
U. S. Gov. Bonds .....	526,743	+ 5.4	+ 81.0
Obligations Gov. Guaranteed....	51,535	- 0.1	- 53.9
Other bonds, stocks & Sec.....	68,917	- 2.2	+ 6.7
Cash Items in Process of Col.....	\$ 82,455	- 14.6	+ 14.5
Due From Banks.....	\$ 187,450*	- 9.5	- 23.9
Currency & Coin.....	\$ 34,641	- 0.8	+ 13.0
Reserve with F. R. Bank.....	\$ 312,205	+ 0.5	+ 6.5
Other Assets .....	\$ 55,819	+ 1.9	+ 21.5
Total Assets .....	\$1,934,520	+ 0.9	+ 21.1
Total Demand Deposits .....	\$1,545,437	+ 0.9	+ 24.1
Deposits of individuals.....	905,424	- 1.5	- 28.9
Deposits of U. S. Gov.....	115,009	+ 27.1	+ 147.9
Deposits of State & Local Gov....	88,030	+ 6.4	+ 23.7
Deposits of Banks .....	422,279*	+ 1.1	+ 2.5
Certified & Officers' Checks.....	14,695	- 49.4	+ 10.8
Total Time Deposits.....	\$ 217,095	+ 1.3	+ 3.7
Deposits of individuals.....	203,872	+ 0.9	+ 2.6
Other Time Deposits.....	13,223	+ 7.5	+ 25.5
Liabilities for Borrowed Money....	\$ 0	0.0	0.0
All Other Liabilities.....	\$ 65,921	- 0.1	+ 60.8
Capital Account .....	\$ 106,067	- 0.2	+ 3.9
Total Liabilities .....	\$1,934,520	+ 0.9	+ 21.1

\*Net figures, reciprocal balances being eliminated.

**COMMERCIAL FAILURES**

PERIODS	Number of Failures District U. S.	Total Liabilities District U. S.
December 1942.....	18 506	\$ 192,000 \$ 6,950,000
November 1942.....	14 585	131,000 5,245,000
December 1941.....	28 898	151,000 13,469,000
12 Months 1942.....	294 9,484	4,390,000 100,763,000
12 Months 1941.....	379 11,848	\$3,942,000 \$136,104,000

Source: Dun & Bradstreet

**RAYON YARN DATA**

	Dec. 1942	Nov. 1942	Dec. 1941
Rayon Yarn Shipments, Lbs.....	41,000,000	38,800,000	39,300,000
Staple Fiber Shipments, Lbs.....	13,200,000	12,400,000	12,400,000
Rayon Yarn Stocks, Lbs.....	8,700,000	8,100,000	3,800,000
Staple Fiber Stocks, Lbs.....	3,300,000	4,400,000	1,800,000

Source: Rayon Organon.

**CONSTRUCTION CONTRACTS AWARDED**

STATES	November 1942	November 1941	% Change
Maryland .....	\$18,967,000	\$16,968,000	+ 12
Dist. of Col.....	3,864,000	4,186,000	- 7
Virginia .....	17,335,000	19,806,000	- 12
West Virginia .....	9,328,000	5,220,000	+ 90
North Carolina .....	40,425,000	5,615,000	+ 620
South Carolina .....	2,134,000	6,408,000	- 67
Fifth District .....	\$92,653,000	\$58,153,000	+ 59

Source: F. W. Dodge Corporation

**SOFT COAL PRODUCTION IN THOUSANDS OF TONS**

REGIONS	Dec. 1942	% Change from Dec. 1941	Year 1942	% Change from Year 1941
West Virginia .....	12,084	+ 1	155,587	+11
Virginia .....	1,576	+ 1	19,889	+10
Maryland .....	125	- 24	1,903	+10
5th District .....	13,785	+ 1	177,379	+11
United States .....	48,400	+ 4	580,000	+14
% in District.....	28	..	31	..

## AUCTION TOBACCO MARKETING

STATES	Producers' Tobacco Sales, Pounds		Price per Cwt.	
	Dec. 1942	Dec. 1941	1942	1941
No. Carolina (Flue-cured)....	2,581,962	.....	\$35.84	....
(Burley).....	2,168,406	.....	41.65	....
North Carolina, Total.....	4,750,368	7,277,028	38.49	\$23.94
Virginia (Flue-cured).....	1,845,222	3,868,817	35.50	17.69
(Fire-cured).....	2,896,506	2,270,387	16.61	14.67
(Burley).....	5,105,355	4,784,618	47.16	29.97
(Sun-cured).....	430,520	459,800	18.95	18.48
Virginia, Total.....	9,777,603	11,883,622	34.75	22.28
District Total, December.....	14,527,971	18,660,650	35.98	22.93
N. C. season to 12-31.....	554,988,188	431,751,195	39.48	29.84
Virginia season to 12-31.....	99,262,078	87,643,074	41.30	30.44
S. C. entire season.....	87,385,846	57,950,536	37.37	25.20
District, season to 12-31.....	741,636,112	577,344,805	39.48	29.47

Note: Season sales include figures for markets closed prior to December.

## TOBACCO MANUFACTURING

	Dec. 1942	Change from Dec. 1941	Year 1942	Change from Year 1941
Smoking & chewing tobacco (Thousands of lbs.)	20,100	- 4%	280,524	- 6%
Cigarettes (Thousands) ..	19,715,919	+22	235,838,695	+14
Cigars (Thousands) .....	685,002	+44	6,205,873	+7
Snuff (Thousands of lbs.)	3,981	+20	41,161	+4

## COTTON CONSUMPTION AND ON HAND—BALES

	Dec. 1942	Dec. 1941	Aug. 1 to Dec. 31 This Year	Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	447,541	420,593	2,230,618	2,066,630
<b>Cotton growing states:</b>				
Cotton consumed .....	809,810	754,795	4,079,505	3,778,048
Cotton on hand Dec. 31 in				
Consuming establishments	2,160,026	1,964,577	.....	.....
Storage & compresses...	13,293,065	13,327,889	.....	.....
<b>United States:</b>				
Cotton consumed .....	935,511	888,379	4,712,277	4,443,185
Cotton on hand Dec. 31 in				
Consuming establishments	2,567,188	2,395,386	.....	.....
Storage & compresses....	13,576,030	13,709,883	.....	.....
Spindles active .....	22,887,072	23,062,264		

## COTTON CONSUMPTION—FIFTH DISTRICT

## In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
December 1942.....	242,440	183,874	21,227	447,541
November 1942.....	230,725	179,940	21,355	432,020
December 1941.....	227,634	173,762	19,197	420,593
Calendar Year 1942....	2,901,185	2,236,207	264,943	5,402,335
Calendar Year 1941....	2,631,828	1,981,177	224,686	4,837,691
% Inc. in 1942.....	10	13	18	12

## MUTUAL SAVINGS BANK DEPOSITS

## 9 Baltimore Banks

	Dec. 31, 1942	Nov. 30, 1942	Dec. 31, 1941
Total deposits ...	\$231,298,969	\$228,250,410	\$223,594,129

## DEPARTMENT STORE TRADE

## Fifth District

Richmond	Baltimore	Washington	Other Cities	District
Change in December 1942 sales in comparison with sales in Dec. 1941:	+ 17	+17	+ 7	+13
Change in total 1942 sales in comparison with total sales in 1941:	+ 18	+20	+18	+16
Change in stocks on Dec. 31, 1942, compared with stocks on Dec. 31, 1941:	+ 20	+13	+13	+ 1
Change in outst'ing orders on Dec. 31, 1942, compared with Dec. 31, 1941:	+131	+62	+55	+62
Change in total receivables on Dec. 31, 1942, compared with Dec. 31, 1941:	- 23	-29	-31	-32
Percentage of current receivables as of Dec. 1, 1942 collected in Dec.:	63 (37)	58 (41)	58 (43)	60 (39)
Percentage of instalment receivables as of Dec. 1, 1942 collected in Dec.:	33 (15)	32 (21)	21 (16)	27 (17)

Note: 1941 collection percentages in parentheses.

Maryland Dist. of Col.	Virginia	West. Va.	No. Carolina	So. Carolina
Percentage change in Dec. 1942 sales over Dec. 1941 sales, by States:	+17	+ 7	+17	+ 3
Percentage change in total 1942 sales over total 1941 sales, by States:	+20	+18	+19	+ 2

## RETAIL FURNITURE SALES

## Percentage Changes in December 1942 Sales Compared with November 1942 Compared with December 1941

STATES	November 1942	December 1941
Maryland (10)* .....	+10	- 7
Dist. of Col. (7)*.....	- 4	- 4
Virginia (32)*.....	+19	+ 6
West Virginia (12)* .....	+40	-21
North Carolina (23)*.....	+24	- 2
South Carolina (17)*.....	+37	- 9
District (101)*.....	+17	- 7
<b>Individual Cities</b>		
Baltimore, Md., (10)*.....	+12	- 7
Washington, D. C. (7)*.....	- 4	- 4
Danville, Va. (3)*.....	+ 9	- 3
Richmond, Va. (9)*.....	+32	- 8
Charleston, W. Va. (4)*.....	+44	-19
Charlotte, N. C. (3)*.....	+29	-12
Winston-Salem, N. C. (3)*.....	+36	+ 2
Columbia, S. C. (5)*.....	+43	-22
Greenwood, S. C. (3)*.....	+43	+13

\* Number of reporting stores.

## WHOLESALE TRADE, 221 FIRMS

LINES	Net Sales		Stocks		Ratio Dec. collections to acc'ts outstanding Dec. 1
	Dec. 1941	Nov. 1942	Dec. 31, 1941	Nov. 30, 1942	
Auto supplies (17)*.....	+ 1	+ 10	- 18	- 2	91
Shoes (4)* .....	+114	- 15	- 31	+39	70
Drugs & sundries (7)*...	+ 12	- 3	..	..	123
Dry goods (6)*.....	+ 16	- 41	- 13	+ 9	68
Electrical goods (10)*...	- 44	+ 1	- 35	- 1	50
Groceries (70)* .....	+ 11	+ 4	- 14	- 1	34
Hardware (12)* .....	- 22	- 18	- 46	- 3	82
Industrial supplies (7)*...	- 47	- 26	- 24	+ 1	86
Paper & products (10)*...	- 13	- 7	+ 4	+ 2	78
Tobacco & products (6)*...	+ 26	+ 15	..	..	..
Miscellaneous (72)*.....	- 4	+ 9	- 24	- 5	113
District Average (221)*	0	- 4	- 26	+ 4	90

Source: Department of Commerce.

\* Number of reporting firms.

## BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-39=100)

	ADJUSTED						UNADJUSTED					Nov. '42 % chg. from Oct. 1942
	Nov. 1942	Oct. 1942	Sept. 1942	Nov. 1941	Nov. 1942 % change from Last Mo.	Last Year	Nov. 1942	Oct. 1942	Sept. 1942	Nov. 1941	Oct. 1942	
BANK DEBITS .....	184	187	196	159	- 2	+16	179	207	189	154	-14	
Maryland .....	200	191	201	168	+ 5	+19	186	206	193	156	-10	
District of Columbia .....	181	177	179	159	+ 2	+14	169	184	166	149	- 8	
Virginia .....	182	199	187	148	- 9	+23	184	230	187	149	-20	
West Virginia .....	144	142	150	146	- 1	- 1	137	147	138	138	- 7	
North Carolina .....	196	216	240	165	- 9	+19	195	249	235	163	-22	
South Carolina .....	201	183	213	176	+10	+14	202	209	205	176	- 3	
DEPT. STORE SALES .....	192	170	170	160	+13	+20	202	211	174	168	- 4	
Maryland .....	198	173	176	160	+14	+24	213	216	175	172	- 1	
District of Columbia .....	174	162	158	158	+ 7	+10	184	195	164	166	- 6	
Virginia .....	213	185	186	164	+15	+30	224	215	187	173	+ 4	
West Virginia .....	163	148	152	153	+10	+ 7	169	179	148	158	- 6	
North Carolina .....	179	164	150	154	+ 9	+16	182	202	165	156	-10	
South Carolina .....	235	195	215	178	+21	+32	251	287	227	191	-13	
ELECTRIC POWER PROD. ....	193	193	190	175	0	+10	190	194	182	173	- 2	
Maryland .....	194	206	188	148	- 6	+31	184	178	157	141	+ 3	
District of Columbia .....	197	158	193	230	+25	-14	177	203	238	207	-13	
Virginia .....	184	177	186	179	+ 4	+ 3	189	185	184	184	+ 2	
West Virginia .....	185	181	172	167	+ 2	+11	186	190	166	167	- 2	
North Carolina .....	252	259	250	223	- 3	+13	249	259	226	220	- 4	
South Carolina .....	128	135	139	127	- 5	+ 1	131	138	150	130	- 5	
EMPLOYMENT, MFG. ....	..	..	..	..	..	..	148	148	148	136	0	
Maryland .....	..	..	..	..	..	..	191	191	194	163	0	
District of Columbia .....	..	..	..	..	..	..	108	108	109	109	0	
Virginia .....	..	..	..	..	..	..	169	169	168	142	0	
West Virginia .....	..	..	..	..	..	..	118	119	118	121	- 1	
North Carolina .....	..	..	..	..	..	..	133	132	131	130	+ 1	
South Carolina .....	..	..	..	..	..	..	131	131	131	125	0	
PAY ROLLS, MFG. ....	..	..	..	..	..	..	264	259	255	194	+ 2	
Maryland .....	..	..	..	..	..	..	343	334	325	227	+ 3	
District of Columbia .....	..	..	..	..	..	..	128	128	128	117	0	
Virginia .....	..	..	..	..	..	..	305	301	308	222	+ 1	
West Virginia .....	..	..	..	..	..	..	177	178	168	160	- 1	
North Carolina .....	..	..	..	..	..	..	246	242	234	179	+ 2	
South Carolina .....	..	..	..	..	..	..	232	228	228	180	+ 2	
LIFE INSURANCE SALES .....	84	93	99	106	-10	-21	85	92	88	108	- 8	
Maryland .....	92	119	109	102	-23	-10	93	116	92	104	-20	
District of Columbia .....	66	67	82	94	- 2	-30	67	65	70	96	+ 3	
Virginia .....	102	98	110	124	+ 4	-18	102	98	97	124	+ 4	
West Virginia .....	62	66	89	99	- 6	-37	63	66	80	101	- 5	
North Carolina .....	79	91	91	108	-13	-27	82	94	86	112	-13	
South Carolina .....	105	103	116	108	+ 2	- 3	103	100	107	105	+ 3	
BITUMINOUS COAL PROD. ....	139	128	141	133	+ 9	+ 5	139	151	150	133	- 8	
BUILDING CONTRACTS .....	437	358	325	275	+22	+59	377	332	321	237	+14	
BUILDING PERMITS .....	43	42	120	92	+ 2	-53	38	38	125	81	0	
COTTON CONSUMPTION .....	161	156	164	149	+ 3	+ 8	163	171	173	151	- 5	
EMPLOYMENT—NON-MFG. ....	135	135	136	125	0	+ 8	139	139	136	129	0	
Bituminous Coal .....	102	105	109	107	- 3	- 5	106	107	108	110	- 1	
Dyeing & Cleaning .....	134	130	125	129	+ 3	+ 4	133	134	130	128	- 1	
U. S. Exec. Serv., D. C. ....	..	..	..	..	..	..	247	247	245	174	0	
Hotels .....	125	128	129	122	- 2	+ 2	125	127	123	122	- 2	
Laundries .....	152	152	148	144	0	+ 6	149	152	152	141	- 2	
Public Utilities .....	..	..	..	..	..	..	133	133	136	128	0	
Quar. & Non-Met. Min. ....	114	111	115	134	+ 3	-15	117	118	120	138	- 1	
Retail Trade .....	122	119	120	121	+ 3	+ 1	129	124	120	128	+ 4	
Wholesale Trade .....	99	106	102	101	- 7	- 2	105	112	109	107	- 6	
PAY ROLLS—NON-MFG. ....	177	176	174	147	+ 1	+20	181	181	176	152	0	
Bituminous Coal .....	145	142	153	140	+ 2	+ 4	161	161	158	155	0	
Dyeing & Cleaning .....	186	171	163	157	+ 9	+18	182	180	171	154	+ 1	
U. S. Exec. Serv., D. C. ....	..	..	..	..	..	..	245	245	238	166	0	
Hotels .....	154	159	159	133	- 3	+16	155	158	152	134	- 2	
Laundries .....	188	189	179	164	- 1	+15	182	187	183	158	- 3	
Public Utilities .....	..	..	..	..	..	..	172	169	170	152	+ 2	
Quar. & Non-Met. Min. ....	203	181	190	178	+12	+14	210	198	199	185	+ 6	
Retail Trade .....	150	147	147	140	+ 2	+ 7	156	151	146	145	+ 3	
Wholesale Trade .....	144	149	141	130	- 3	+11	149	154	151	135	- 3	
FURNITURE ORDERS .....	169	344	202	220	-51	-23	161	308	245	209	-48	
FURNITURE SHIPMENTS .....	164	136	122	181	+21	- 9	156	173	160	172	- 9	
FURN. UNFILLED ORDERS. ....	591	520	267	415	+14	+42	509	525	370	357	- 3	
WHOLESALE TRADE—5 LINES. ....	154	151	143	138	+ 2	+12	150	168	163	135	-11	
Drugs .....	180	196	183	162	- 8	+11	177	208	192	158	-15	
Dry Goods .....	138	144	123	105	- 4	+31	173	203	191	132	-15	
Groceries .....	154	149	143	133	+ 3	+16	148	161	158	128	- 8	
Hardware .....	128	132	123	165	- 3	-22	126	152	143	163	-17	
Shoes .....	290	208	178	216	+39	+34	200	232	259	149	-14	

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

(Compiled by the Board of Governors of the Federal Reserve System)

## PRODUCTION

Industrial production in December showed less than the usual decline from November and the Board's seasonally adjusted index rose two points further to 196 per cent of the 1935-39 average. Munitions output continued to increase, raising total durable goods production to a level 33 per cent higher than in December a year ago, while for the same period production of nondurable goods was only 4 per cent larger and mineral output was somewhat lower.

Steel production in December and the first half of January averaged 97 per cent of capacity, down slightly from the October and November levels. Total steel production for the year showed a 4 per cent increase over 1941 while the output of steel plate, important in shipbuilding and tank production, rose 90 per cent over the previous year. This increase over a year ago was largely obtained by conversion of existing facilities. Output of lumber, and stone, clay and glass production in December showed larger declines than are usual at this time of year.

Output of nondurable goods showed little change from November to December. Textile production continued at the high level which has prevailed for the past year and a half. Meat packing increased sharply, reflecting exceptionally large hog slaughter and output of most other manufactured foods was maintained at a high level.

Mineral production was lower in December, reflecting a decline in coal output from the peak reached in November. Bituminous coal production in 1942 was the second largest in the history of the industry, averaging 13 per cent greater than 1941. Crude petroleum production in December continued at the level of earlier months and for the entire year was slightly lower than 1941, reflecting transportation shortages. In the first half of January production of bituminous coal and petroleum was maintained, but a number of anthracite mines were closed by an industrial dispute.

Value of construction contracts awarded in December, according to the F. W. Dodge Corporation, was somewhat higher than in November. Contracts for apartment-type buildings for housing war workers continued to rise and public works increased sharply, while awards for manufacturing buildings declined further.

The value of construction was 3.2 billion dollars in the fourth quarter of 1942, according to preliminary estimates of the Department of Commerce. This was about 25 per cent lower than the peak of 4.3 billion reached in the previous quarter, but slightly higher than that of the fourth quarter of 1941. Installations for direct military use and industrial facilities accounted for almost three-quarters of the total, and residential building contributed somewhat less than half of the remainder. For the year as a whole, construction is valued at 13.6 billion dollars—of which almost four-fifths was publicly financed—an increase of one-fifth over 1941. The increase took place entirely in military and industrial projects, which rose 4.4 billion dollars. All other types of construction declined.

## DISTRIBUTION

Distribution of commodities to consumers was maintained at a high level in December and the first half of January, after allowance for the sharp fluctuations that are customary at this time of year. The 1942 Christmas buying season exceeded that of any previous year, value of sales at department stores, for example, being about 15 per cent larger in November and December than in the corresponding period of 1941. The increase over the year period reflected in part price advances but there was also an increase in the volume of goods sold.

Freight carloadings declined about the usual seasonal amount in December, and the Board's adjusted index remained at 134 per cent of the 1935-39 average. Grain, livestock, and miscellaneous loadings rose somewhat on a seasonally adjusted basis, while coal and other products declined slightly.

## COMMODITY PRICES

Prices of agricultural commodities advanced sharply from the early part of December to the middle of January. Maximum prices designed to restrict further increases were issued for some of these commodities, including corn and mixed feeds. For certain other products, however, like potatoes and truck crops, Federal price supports were increased. Wholesale prices of most other commodities continued to show little change.

From mid-November to mid-December, retail food prices advanced 1.6 points to about 133 per cent of the 1935-39 average. Further increases in these prices are indicated in January as a result of advances permitted recently in maximum levels for such items as flour, milk, and poultry.

## BANK CREDIT

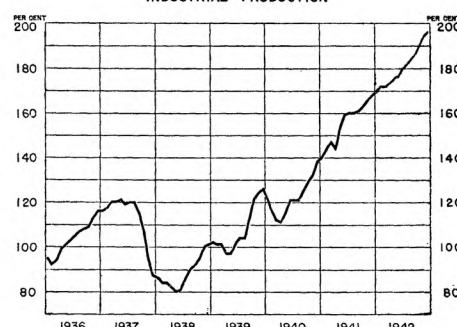
Excess reserves of member banks declined sharply in the last week of December, and during the first half of January they averaged about 2.2 billion dollars, as compared with 2.5 billion for most of December. Large payments to the Treasury for new securities, some increase in currency, and other end-of-year requirements were responsible for drains on reserves during the last week of December. There were, however, substantial sales of Treasury bills to Federal Reserve Banks under options to repurchase. In the early part of January, reduction in Treasury balances at the Reserve Banks and a return flow of currency supplied banks with additional reserves, and some of the bills sold to the Reserve Banks were repurchased. During this period Reserve Bank holdings of Government securities, which had increased to 6.2 billion dollars by December 31, declined to below 6 billion.

Reflecting largely purchases of the 7/8 per cent certificates of indebtedness delivered in the week of December 30, holdings of direct and guaranteed Government obligations at reporting member banks in 101 cities increased by 1.8 billion dollars to 28 billion over the four weeks ending January 13. New York City banks took 640 million of the 1.5 billion dollars of certificates sold to reporting banks. Commercial loans in New York City declined by 90 million dollars; outside New York there was little change. Loans to brokers and dealers rose sharply in December during the Victory Fund campaign, but declined correspondingly in the following weeks. Other loans continued to decline.

## UNITED STATES GOVERNMENT SECURITY PRICES

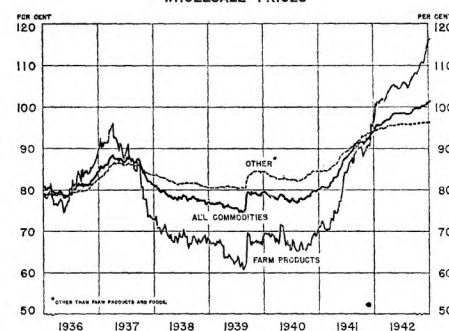
Subsequent to the close of the Victory Fund drive in December prices of United States Government securities increased. Long-term taxable bonds are yielding 2.32 per cent on the average, and long-term partially tax-exempt bonds 2.06 per cent.

INDUSTRIAL PRODUCTION



Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figures shown are for December 1942.

WHOLESALE PRICES



Bureau of Labor Statistics' weekly indexes, 1926 average = 100. Latest figures shown are for week ending Jan. 16, 1943.