

# MONTHLY REVIEW

*of Financial and Business Conditions*

FIFTH  
FEDERAL



RESERVE  
DISTRICT

Federal Reserve Bank, Richmond, Va.

February 28, 1943

## Business in January, 1943

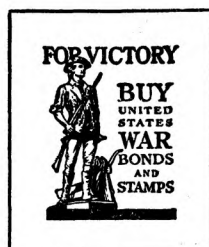
ALTHOUGH employment, pay rolls, and farm income in the Fifth District continue to show substantial gains over a year ago, sales of department stores are not keeping pace. In January sales of department stores were approximately the same as those of January 1942, whereas the December pay rolls in manufacturing industries had increased 31 per cent since January, 1942, and those of non-manufacturing industries had increased 14 per cent in that period. However, in the week of February 13, after shoe rationing had been announced, another wave of scare buying was in evidence and sales of weekly reporting stores increased 68 per cent over the same week of 1942.

Department store stocks in January were 14 per cent above a year ago and at their highest January level in recent years. January, 1943, stocks of 29 department stores were 3.0 times larger than January sales which compares with a figure of 2.7 in January, 1942. January stocks, however, are usually near the year's lowest level, and this year in particular there is serious question as to whether they can be augmented during the summer and fall as is customary.

January wholesale trade of 221 firms in this District was 3 per cent higher than a year ago with substantial increases in shoes, dry goods, and tobacco products offsetting losses in sales of automobile and industrial supplies. As has been characteristic for some months, most lines of wholesale business continue to show large percentage reduction in inventories from last year.

Turnover of man power in the cotton textile industry in this District has been substantial, due chiefly to the draft

of men for the armed forces and losses of personnel to better paying war industries. Much of the industry's current working force is green and will require considerable time to gain necessary seasoning, while absenteeism adds to the complications. Third shift operations, which were at a peak in the Spring of 1942, have steadily tapered off, and at present some mills are finding it difficult to operate two shifts. After taking these factors into consideration, it is perhaps too much to expect any material expansion in this District's output of cotton textile products in 1943, though it is conceded that some improvement would obtain with less absenteeism. Average daily cotton consumption in the mills of this District during January was 1 per cent higher than a year ago, but lower than in all other months of 1942 excepting December, with the trend downward since April 1942.



The Fifth District index of bituminous coal production, seasonally adjusted, made its all time high in April 1942 and has fallen regularly since. The slope of the curve, however, is leveling off, and gives indication of stabilizing. Adoption of a 6-day week would turn the curve upward again.

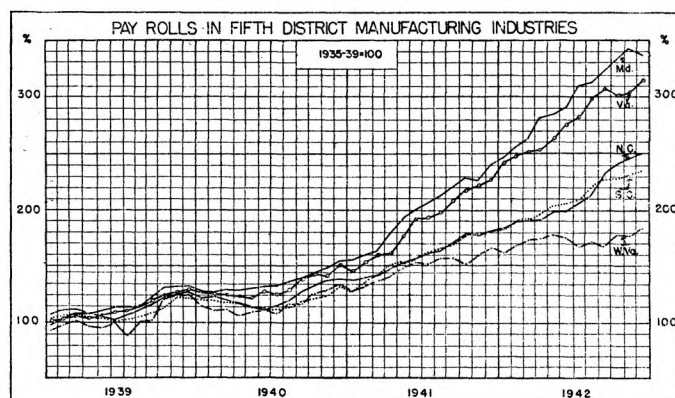
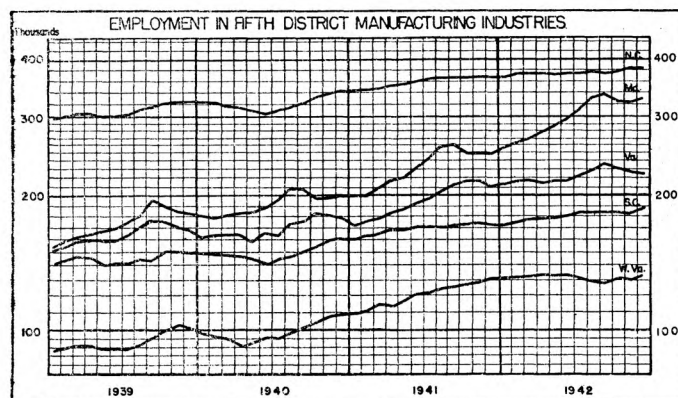
Progress in the District's shipyards as reflected by ship deliveries continues to rise and is the backbone of the District's spectacular employment increase. In addition to the two navy yards, about whose remarkable progress no current information is revealed, are the merchant shipyards which in January delivered 14 Liberty ships, 2 tankers, and 8 special-type craft.

### BUSINESS INDICATORS 1935-39=100

Seasonally Adjusted

	Jan. 1943	Dec. 1942	Nov. 1942	Jan. 1942	% Change Dec. 42	Jan. 43 from Jan. 42
Bank Debits .....	162	183	184	153	- 11	+ 6
Bituminous Coal Production.....	136	137	139	133	- 1	+ 2
Building Contracts Awarded.....	196	367	437	241	- 47	- 19
Building Permits Issued.....	124	49	43	123	+153	+ 1
Cotton Consumption .....	155	154	161	153	+ 1	+ 1
Department Store Sales.....	199	164	193	182	+ 21	+ 9
Life Insurance Sales.....	90	81	84	182	+ 11	- 51
Wholesale Trade—5 Lines.....	171	157	154	152	+ 9	+ 13

## Employment and Pay Rolls in the War Period



Repercussion on the Fifth District labor force arising from the war became noticeable around mid-summer, 1940. Both employment and pay rolls of manufacturing as well as most non-manufacturing industries had been in a cyclical recovery for a year and a half prior to the middle of 1940, though manufacturing industries during the first half of 1940 had been in what appeared to be a minor downward readjustment period.

The demands for man power in the District's manufacturing and non-manufacturing industries have been large, and despite the drain from the armed forces most sources of employment other than agricultural increased their personnel between June, 1940, and December, 1942. Total man-power employed in Fifth District non-agricultural establishments in December, 1942, amounted to 3,610,000 workers, which was 35 per cent higher than in June, 1940, and compares with an increase in the same period of 27 per cent for non-agricultural workers in the United States.

### Factories Show Largest Rise

The number of gainful workers engaged in the manufacturing industries of the District totaled 1,272,700 in December, 1942, which was 360,800 workers or 40 per cent more than in June, 1940, while those engaged in other non-agricultural pursuits numbered 2,337,300 in December, 1942, a gain of 582,200, or 33 per cent over those at work in these industries in June, 1940. Comparative United States figures in the same period were 51 per cent for manufacturing industries and 15 per cent for non-manufacturing industries aside from agricultural workers.

### Maryland Leads District

Between June, 1940, and December, 1942, the largest percentage increase in employment in the District was in the manufacturing industries of Maryland which increased 142,000, or 76 per cent. This increase was caused in large part by the gains in shipyard and aircraft workers and other industries engaged in war work. Virginia non-manufacturing industries in the above period increased by 170,000 workers, or 46 per cent, but this includes the navy yard workers at Norfolk and other occupations under Government operation not generally classified as manufacturing. The same apparently applies to the increase of 72,000, or 49 per cent, in South Carolina's non-manufacturing industries which also may contain workers

at the Charleston Navy Yard. An increase of 148,800 employees in the Executive Service of the Federal Government was chiefly responsible for a rise of 164,100 workers, or 50 per cent, in non-manufacturing employment in the District of Columbia in the period under review.

A glance at the accompanying employment chart shows that practically all of the employment increase in the manufacturing industries of North Carolina and West Virginia occurred between the middle of 1940 and the middle of 1941, and that in these two states there has been a general leveling off in process since the middle of 1941.

The textile industry, which about reached its capacity of operation in the latter part of 1941, is the chief source of employment increase in North Carolina, but the shipyards at Wilmington and Elizabeth City probably accounted for a large part of the 79,000 increase in manufacturing employment between June, 1940, and December, 1942.

The Carolinas have been unable to add materially to their textile plant capacity and such new industries as have been attracted by the war, except the shipyards, have not required large numbers of employees. Subcontracting for the aircraft industry now carried on extensively in the furniture factories of North Carolina has largely caused a diversion of man power rather than an addition to the working force.

The character of West Virginia manufacturing industries, including those in the Fourth Federal Reserve District, is such that employment expansion has been limited. New plants have been constructed for war purposes at Charleston, Fairmont, Morgantown and Point Pleasant, but additions to the labor force in regular employment in these plants have not been relatively important to the state as a whole. If the employment in the steel industry—which is mostly outside the Fifth District and which has operated at capacity throughout most of the period under review—could be eliminated from the West Virginia figures it is likely that manufacturing employment in the remainder of the state would show a somewhat better increase than that given but not greatly different, for most of the state's old industries had likewise operated near capacity over much of the period. Employment in the bituminous coal mines of West Virginia did not increase by any substantial percentage between June, 1940,

(Continued at top of page 7)

## Fifth District Crops, 1942

The value of crops raised in the Fifth Federal Reserve District increased almost 50 per cent in 1942 from 1941. Acreage harvested in 1942 in this District was expanded less than 4 per cent from 1941, and although yields were above average, farmers were unduly harassed in harvesting their crops, because of a wet fall and scarcity of labor. Thus, the large gain in crop values is attributable primarily to increases in prices received by farmers.

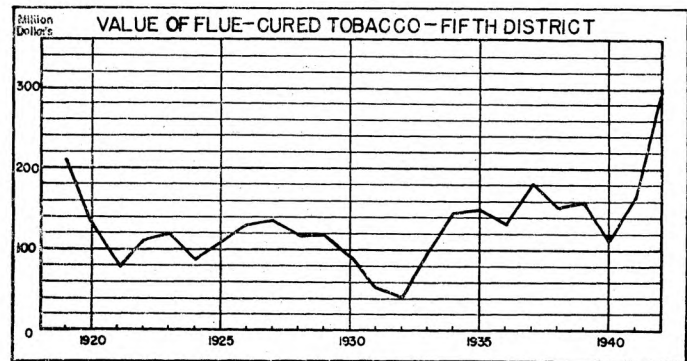
An important contributing factor to the expansion in value was the tobacco crop. It was responsible for more than one-third of the total value of farm production in the District in 1942 and accounted for 42 per cent of the total increase in value from 1941. The value of the flue-cured tobacco crop stood at record levels in 1942, although both acreage and production have been surpassed several times in the past. The average price of flue-cured tobacco, which makes up the bulk of the tobacco grown in the Carolinas and in Virginia, was almost 40 per cent higher in 1942 than it was in 1941 and the 1942 average price was exceeded only in 1919. Burley tobacco likewise brought much higher prices, while the prices of sun-cured and dark tobaccos were somewhat higher. Maryland tobacco prices rose the least of all, averaging 32 cents per pound in 1942, compared with 30 cents per pound in the previous season.

One-fourth of the entire increase in farm value of crops was due to the rise in the value of the cotton crop. Cotton normally ranks third in value in this District. In South Carolina, the chief cotton growing state in the Fifth District, the value of the crop rose 87 per cent in the last year, but prices remained relatively stable. Acreage declined in that state, but a substantial increase in yield over the extremely poor showing in 1941 raised total production. However, the volume of the crop in 1942 was 14 per cent below average production for the years 1931-1939.

Feed crops are assuming a more important role in the agriculture of the Fifth District, not because of the income derived directly from their sales, but indirectly because of the necessity of producing a larger number of livestock and poultry of heavier weight. Corn, oats, barley and hay occupy approximately 60 to 65 per cent of the total acreage planted in the Fifth District, corn being the foremost crop in acreage in this District as a whole. Hay is also grown extensively, and exceeds corn acreage in West Virginia.

There is some evidence of a shift from corn to small grains in South Carolina, for while acreage planted to corn has declined 20 per cent since 1938, land planted to wheat, oats, rye and barley has increased 70 per cent in the same period. The corn crop is the only one of the feed crops the value of which is of considerable consequence in the District as a whole. In 1942, it made up 15 per cent of the total value, making it second to the tobacco crop. However, as has been stated above, corn or any other of the feeds is not an important direct source of income to the farmers of the Fifth District.

Vegetable oil crops are also more essential now than they usually are because of the loss of the foreign supplies. Soybeans are raised to some extent in all of the states of this District, and acreage planted to them has expanded rapidly, in compliance with the "food for free-



dom" goals. Peanuts are grown in Virginia and in the Carolinas, with North Carolina ranking second in United States production. Virginia's 1942 crop might have been the largest on record, for it was grown on a record acreage, but for adverse harvesting weather. South Carolina almost quadrupled peanut production, so that its crop in 1942 was about one-fifth as large as the crop raised in Virginia. Much of the increase in acreage planted to peanuts can be attributed to taking up the "slack" in land and labor in the prevailing farming systems. Idle crop land was brought into cultivation and corn and summer legumes for hay were displaced. The value of the 1942 peanut crop in the Fifth District rose more than 80 per cent from the previous year, but it was responsible only for 6 per cent of the entire increase in value of crops. In both Virginia and North Carolina, peanuts occupied fourth place with regard to value of production in 1942.

In compliance with the Department of Agriculture request for larger soybean production, the value of the crop more than doubled between 1941 and 1942 in the Fifth District. The increase in value was due almost wholly to rises of 80 per cent in acreage and 30 per cent in yield. Soybean prices in this period declined 4 per cent. Both Maryland and Virginia farmers raised the largest soybean crops on record in 1942, and the acreage might have been larger in the District as a whole except for the fact that farmers were limited to some extent in acreage expansion by lack of soybean seed of the oil-bearing varieties.

The 40 per cent rise in the 1942 value of truck crops in the Fifth District from that of 1941 is due largely to price increases and to higher yields per acre. Acreage planted to those crops decreased last year from the year before in every state except Maryland, and in that state increased acreage was in crops for processing. Truck crops ordinarily represent from 20 to 25 per cent of total farm value of crops in Maryland, compared with less than 5 per cent for the District as a whole. Unusually large increases occurred in the 1942 acreages of green peas, sweet corn, and tomatoes, all for processing. In general, watermelons, cantaloups and cucumbers were grown on smaller acreages in 1942 than in 1941. Decreases in acreage of fresh cabbage were probably due to low prices received in 1942; acreage planted to cabbage for kraut was reduced because of canning restrictions.

### Goals—1942 and 1943

In order to make the most effective use of farm land under wartime conditions, the Department of Agriculture



set up goals for 1942 and has made some preliminary suggestions as to what it considers the most beneficial distribution of the average in 1943. These estimates were computed for each state for various crops and were based on the needs of the country, on the survey of farmers' intentions made in the fall, and on estimates of production in the preceding year.

The states of the Fifth Federal Reserve District, as a whole, complied very well with the goals set for them in 1942. They were requested to plant a little over 18 million acres to such crops as food grains, feed crops, oilseeds, cotton and tobacco, and they actually harvested almost 17.5 million acres. Peanuts are the only crop in which the farmers fell far short of the goal. Only half of the desired acreage was harvested. This result may be attributed in part to excessive autumn rains, which delayed digging and threshing operations and caused some acreage abandonment.

In general, the preliminary estimates of the desired acreage for 1943 call for as much or more than the nation produced in 1942, but even more emphasis is placed on the crops and livestock most needed for war purposes. The Fifth District has been asked to plant 18.3 million acres of the above named vital crops in 1943, less than 1 per cent more than the goal set for last year and only 5 per cent more than was actually harvested in 1942.

One significant difference between current goals and those set for last year is the lowering of the desired acreage for peanuts in Virginia and North Carolina. This decision was reached because the labor shortage is expected to assume drastic proportions in the peanut growing sections of these states. In addition, most of the idle acreage in the peanut growing areas was utilized to plant the 1942 peanut crop, so that further expansion will have to be at the expense of other high-value competing crops, namely, cotton and tobacco. The Department of Agriculture, in its study on "Agriculture's Wartime Production Capacity," (published in September, 1942) states that if the need for oil becomes very acute, it is quite likely that

peanuts for oil will displace cotton in some areas. Fortunately, many of the areas in which the two crops compete for land and labor produce short-staple cotton, a product not vital to the war effort.

Reserve capacity for the production of soybeans in 1943 is believed to exist in the Carolinas. Farmers are expected to achieve substantial increases in that area, both by actual rises in total acreage grown and by harvesting beans from a larger percentage of total acreage. Maryland is also expected to increase her acreage materially, possibly at the expense of oats and certain of the truck crops. Expansion of production in 1943 depends somewhat upon the availability of facilities for handling the crop, including both labor and machinery for growing and harvesting. More combines are required in this area, while more plant capacity might be obtained by the conversion of cottonseed crushers.

The wheat acreage, while lowered for the United States as a whole, due to the excess of supplies on hand over current needs, was raised in this District. Most of the advance is set for the Carolinas, since they have demonstrated that they are capable of producing far more than was requested of them last year. The goals set for the total of all types of tobacco and cotton remained approximately the same as they were in 1942. Cotton acreage was increased somewhat in South Carolina, but, in general, the states are being asked to concentrate on the long-staple variety and to cut production of the short-staple cotton.

In order to stimulate production of protein crops needed for the war effort in 1943, the Department of Agriculture has announced that it will pay specified amounts to farmers for each acre of these crops above 90 per cent and up to 110 per cent of their individual goals under the regular AAA program. Similar plans have been announced to promote production of truck crops. The purpose of this plan is to help compensate farmers for added costs in achieving the increased goals and might make it possible for them to pay more for their farm hands, thus alleviating the farm labor shortage.

#### CROP PRODUCTION YIELDS AND FARM VALUES

CROPS	Yrs.	Maryland	Virginia	W. Virginia	N. Carolina	S. Carolina	District	Farm Value
Corn (bus.)	1942	16,344,000	35,586,000	14,042,000	47,068,000	21,330,000	134,370,000	\$142,383,000
	1941	15,750,000	32,942,000	12,307,000	52,624,000	22,316,000	135,939,000	116,279,000
	Av. 1930-1939	16,173,000	32,418,000	12,610,000	43,507,000	22,831,000	127,539,000	.....
Cotton (bales)	1942	.....	33,000	.....	721,000	705,000	1,459,000	\$139,645,000
	1941	.....	28,000	.....	552,000	406,000	986,000	88,106,000
	Av. 1930-1939	.....	31,000	.....	626,000	820,000	1,477,000	.....
Cotton Seed (tons)	1942	.....	15,000	.....	321,000	314,000	650,000	\$ 29,614,000
	1941	.....	12,000	.....	246,000	180,000	438,000	22,168,000
	Av. 1930-1939	.....	14,000	.....	278,000	364,000	656,000	.....
Tobacco (pounds)	1942	30,020,000	106,528,000	2,850,000	585,700,000	96,750,000	821,848,000	\$315,641,000
	1941	30,225,000	88,572,000	2,610,000	459,490,000	69,660,000	650,557,000	186,744,000
	Av. 1930-1939	26,901,000	99,922,000	2,987,000	529,356,000	85,684,000	744,850,000	.....
Irish potatoes (bus.)	1942	2,019,000	7,242,000	3,808,000	8,988,000	3,108,000	25,165,000	\$ 27,675,000
	1941	1,920,000	6,808,000	6,640,000	6,640,000	2,548,000	21,500,000	17,308,000
	Av. 1930-1939	2,997,000	10,661,000	2,844,000	8,182,000	2,475,000	27,159,000	.....
Sweet potatoes (bus.)	1942	1,440,000	3,875,000	.....	8,510,000	5,890,000	19,715,000	\$ 21,110,000
	1941	1,040,000	2,970,000	.....	6,880,000	4,400,000	15,290,000	14,260,000
	Av. 1930-1939	1,071,000	4,061,000	.....	8,354,000	5,401,000	18,887,000	.....
Oats (bus.)	1942	1,110,000	3,510,000	1,848,000	6,800,000	13,461,000	26,729,000	\$ 17,001,000
	1941	1,024,000	2,625,000	1,776,000	6,552,000	12,364,000	24,341,000	13,608,000
	Av. 1930-1939	1,252,000	2,281,000	2,018,000	4,675,000	9,331,000	19,557,000	.....
Wheat (bus.)	1942	5,986,000	7,520,000	1,457,000	8,014,000	3,377,000	26,354,000	\$ 31,473,000
	1941	7,245,000	7,665,000	1,628,000	7,347,000	3,172,000	27,057,000	29,193,000
	Av. 1930-1939	8,183,000	8,633,000	2,073,000	4,903,000	1,366,000	25,158,000	.....
Hay (tons)	1942	557,000	1,499,000	963,000	1,204,000	550,000	4,773,000	\$ 77,829,000
	1941	475,000	1,269,000	854,000	1,072,000	478,000	4,148,000	59,100,000
	Av. 1930-1939	470,000	932,000	650,000	770,000	412,000	3,234,000	.....
Peanuts (pounds)	1942	.....	201,500,000	.....	373,800,000	40,500,000	615,800,000	\$ 43,276,000
	1941	.....	169,510,000	.....	265,640,000	8,670,000	443,820,000	23,967,000
	Av. 1930-1939	.....	146,390,000	.....	246,869,000	8,962,000	402,221,000	.....
Apples, Commercial (bus.)	1942	2,211,000	13,908,000	4,686,000	1,986,000	.....	21,891,000	\$ 19,819,000
	1941	1,905,000	11,800,000	4,238,000	1,505,000	.....	19,498,000	15,901,000
	Av. 1930-1939	1,911,000	11,085,000	4,317,000	1,009,000	.....	18,322,000	.....

FEDERAL RESERVE BANK OF RICHMOND (In Thousands)			
ITEMS	February 17, 1943	% Change from 1-13-43 2-18-42	
Total Gold Reserves.....	\$1,022,780	+ 4	+ 28
Other Reserves .....	21,305	- 7	+ 3
Total Reserves .....	1,044,085	+ 4	+ 28
Bills discounted .....	197	- 5	..
Industrial Advances .....	585	- 13	- 23
Gov't Securities, Total.....	314,509	- 9	+ 134
Bonds .....	151,523	- 10	+ 63
Notes .....	75,548	- 7	+ 82
Certificates .....	48,719	- 23	..
Bills .....	38,719	+ 25	..
Total Bills & Securities.....	315,291	- 9	+ 133
Uncollected Items .....	117,561	+ 15	+ 31
Other Assets .....	19,537	- 18	+ 105
Total Assets .....	\$1,496,474	+ 1	+ 42
Fed. Res. Notes in Cir.....	\$ 795,837	+ 2	+ 83
Deposits, Total .....	587,448	0	+ 14
Members' Reserves .....	533,790	+ 1	+ 14
U. S. Treas. Gen. Ac. ....	14,296	- 22	- 9
Foreign .....	30,045	- 4	+ 10
Other Deposits .....	9,317	- 13	+ 160
Deferred Availability Items...	95,559	+ 6	+ 10
Other Liabilities .....	449	+ 18	+ 42
Capital Accounts .....	17,181	+ 4	+ 6
Total Liabilities .....	\$1,496,474	+ 1	+ 42

41 REPORTING BANKS—5th DISTRICT (In Thousands)			
ITEMS	February 17, 1943	% Change from 1-13-43 2-18-42	
Total Loans .....	\$ 232,637	- 3	- 23
Bus. & Agric. Loans.....	128,113	- 4	- 24
Real Estate Loans.....	51,295	+ 1	- 2
All Other Loans.....	83,229	- 3	- 31
Total Security Holdings.....	\$1,033,078	+ 4	+ 81
U. S. Treas. Bills .....	121,376	+ 25	+ 1,205
U. S. Treas. Certificates .....	128,215	0	..
U. S. Treas. Notes .....	131,049	+ 10	+ 75
U. S. Gov. Bonds .....	530,656	+ 1	+ 66
Obligations Gov. Guaranteed.....	54,761	+ 6	+ 46
Other Bonds, Stocks & Sec. ....	67,021	- 3	+ 3
Cash Items in Process of Col.....	\$ 78,963	- 4	+ 16
Due From Banks.....	\$ 173,412*	- 7*	- 26
Currency and Coin.....	\$ 32,094	- 7	+ 12
Reserve with F. R. Bank.....	\$ 312,773	0	+ 5
Other Assets .....	\$ 59,040	+ 6	+ 30
Total Assets .....	\$1,951,997	+ 1	+ 23
Total Demand Deposits.....	\$1,557,642	+ 1	+ 26
Deposits of individuals.....	948,499	+ 5	+ 34
Deposits of U. S. Gov. ....	79,914	- 31	+ 125
Deposits of State & Local Gov. ....	91,851	+ 4	+ 20
Deposits of Banks.....	421,406*	0*	+ 6
Certified & Officers' Checks.....	15,972	+ 9	+ 6
Total Time Deposits.....	\$ 221,379	+ 2	+ 7
Deposits of individuals.....	207,748	+ 2	+ 5
Other Time Deposits.....	13,631	+ 3	+ 33
Liabilities for Borrowed Money.....	\$ 0	0	0
All Other Liabilities.....	\$ 66,560	+ 1	+ 57
Capital Account .....	\$ 106,416	0	+ 4
Total Liabilities .....	\$1,951,997	+ 1	+ 23

\* Net figures, reciprocal balances being eliminated.

DEBITS TO INDIVIDUAL ACCOUNTS 000 omitted		
	January 1943	% change from Jan. 1942
<b>Dist. of Col.</b>		
Washington .....	\$ 418,527	- 2
<b>Maryland</b>		
Baltimore .....	598,383	+ 8
Cumberland .....	10,025	- 6
Frederick .....	8,252*	..
Hagerstown .....	13,413	- 16
<b>North Carolina</b>		
Asheville .....	20,657	- 3
Charlotte .....	114,936	+ 9
Durham .....	49,361	+ 22
Greensboro .....	27,789	- 1
Kinston .....	6,548*	..
Raleigh .....	54,052	- 21
Wilmington .....	32,531	+ 38
Wilson .....	7,227*	..
Winston-Salem .....	59,083	+ 3
<b>South Carolina</b>		
Charleston .....	38,732	+ 18
Columbia .....	54,368	+ 24
Greenville .....	37,213	+ 1
Spartanburg .....	19,889	+ 10
<b>Virginia</b>		
Charlottesville .....	10,929*	..
Danville .....	13,390	+ 12
Lynchburg .....	18,238	- 10
Newport News .....	20,731	+ 38
Norfolk .....	102,747	+ 14
Portsmouth .....	12,082	+ 34
Richmond .....	263,871	+ 20
Roanoke .....	34,455	- 5
<b>West Virginia</b>		
Bluefield .....	18,272*	..
Charleston .....	67,927	+ 2
Clarksburg .....	12,811*	..
Huntington .....	26,857	+ 13
Parkersburg .....	13,061	- 1
District Totals .....	\$2,122,348	+ 7

\* Figures not included in District Total.

BUILDING PERMIT FIGURES		
	January 1943	January 1942
<b>Maryland</b>		
Baltimore .....	\$2,714,706	\$1,072,476
Cumberland .....	3,300	12,925
Frederick .....	1,600	23,965
Hagerstown .....	14,925	69,365
Salisbury .....	1,904	37,580
<b>Virginia</b>		
Danville .....	\$ 4,453	\$ 45,106
Lynchburg .....	4,418	86,845
Norfolk .....	541,431	498,795
Petersburg .....	0	28,300
Portsmouth .....	450,215	35,795
Richmond .....	113,189	309,342
Roanoke .....	2,727	124,026
<b>West Virginia</b>		
Charleston .....	\$ 8,103	\$ 143,838
Clarksburg .....	340	14,560
Huntington .....	1,850	227,045
<b>North Carolina</b>		
Asheville .....	\$ 7,710	\$ 20,730
Charlotte .....	17,360	247,779
Durham .....	113,575	35,720
Greensboro .....	12,497	232,025
High Point .....	13,225	74,083
Raleigh .....	1,495	115,100
Rocky Mount .....	3,700	49,900
Salisbury .....	1,325	16,855
Winston-Salem .....	27,057	100,277
<b>South Carolina</b>		
Charleston .....	\$ 18,933	\$ 157,486
Columbia .....	13,769	102,006
Greenville .....	5,170	90,851
Spartanburg .....	2,605	72,651
<b>Dist. of Columbia</b>		
Washington .....	\$2,728,718	\$2,694,505
District Totals .....	\$6,830,350	\$3,739,931

CASH FARM INCOME (000 omitted)				
	December 1942	% Change from Dec. 1941	12 Months 1942	% Change from 12 Mos. 1941
Maryland .....	\$ 7,988	+ 38.6	\$ 118,238	+ 25.8
Virginia .....	18,721	+ 13.8	209,012	+ 35.4
West Virginia .....	4,885	+ 11.7	62,019	+ 26.6
North Carolina .....	27,740	+ 25.7	439,314	+ 52.8
South Carolina .....	12,894	+ 42.2	172,164	+ 85.7
Fifth District ...	\$72,228	+ 25.1	\$1,000,747	+ 47.6

CONSTRUCTION CONTRACTS AWARDED				
STATES	Dec. 1942	% Change from Dec. 1941	Year 1942	% Change from Year 1941
Maryland .....	\$14,042,000	+ 34	\$ 228,822,000	+ 18
Dist. of Col. ....	346,000	- 90	101,974,000	+ 21
Virginia .....	42,141,000	+ 188	413,006,000	+ 65
West Virginia .....	489,000	- 73	61,435,000	+ 19
North Carolina .....	17,960,000	- 43	170,694,000	- 15
South Carolina .....	10,824,000	+ 292	110,324,000	+ 23
Fifth District ...	\$85,802,000	+ 33	\$1,086,255,000	+ 25

Source: F. W. Dodge Corporation

## SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	January 1943	January 1942	% Change
West Virginia .....	12,242	12,338	- 1
Virginia .....	1,631	1,736	- 6
Maryland .....	123	168	-27
5th District .....	13,996	14,242	- 2
United States .....	47,029	48,906	- 3
% in District .....	30	29	..

## COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1943.....	11	458	\$ 98,000	\$5,515,000
December 1942.....	18	506	192,000	6,950,000
January 1942.....	37	962	311,000	9,916,000

## RAYON YARN DATA

	Jan. 1943	Dec. 1942	Jan. 1942
Rayon Yarn Shipments, Lbs.....	38,200,000	41,000,000	41,200,000
Staple Fiber Shipments, Lbs.....	12,500,000	13,200,000	12,500,000
Rayon Yarn Stocks, Lbs.....	8,000,000	8,700,000	4,800,000
Staple Fiber Stocks, Lbs.....	3,000,000	3,300,000	1,900,000

Source: Rayon Organon

## TOBACCO MANUFACTURING

	January 1943	Change from Jan. 1942
Smoking & chewing tobacco (Thousands of lbs.).....	21,711	-10
Cigarettes (Thousands).....	20,370,214	+ 4
Cigars (Thousands).....	436,744	- 5
Snuff (Thousands of lbs.).....	3,586	- 8

## COTTON CONSUMPTION AND ON HAND—BALES

	Jan. 1943	Jan. 1942	Aug. 1 to Jan. 31 This Year	Jan. 31 Last Year
<b>Fifth district states:</b>				
Cotton consumed .....	435,088	444,319	2,665,706	2,510,949
<b>Cotton growing states:</b>				
Cotton consumed .....	795,653	805,750	4,875,158	4,583,798
Cotton on hand Jan. 31 in				
Consuming establishments... 2,102,458	2,033,448			
Storage & compresses.... 12,787,844	12,466,814			
<b>United States:</b>				
Cotton consumed .....	915,479	947,539	5,627,756	5,390,724
Cotton on hand Jan. 31 in				
Consuming establishments... 2,506,639	2,497,795			
Storage & compresses.... 13,069,379	12,857,476			
Spindles active .....	22,889,954	23,087,308		

## COTTON CONSUMPTION—FIFTH DISTRICT

MONTHS	In Bales			
	No. Carolina	So. Carolina	Virginia	District
January 1943.....	232,156	182,090	20,842	435,088
December 1942.....	242,440	183,874	21,227	447,541
January 1942.....	238,125	184,118	22,076	444,319

## MUTUAL SAVINGS BANK DEPOSITS

## 9 Baltimore Banks

	Jan. 31, 1943	Dec. 31, 1942	Jan. 31, 1942
Total deposits .....	\$233,596,216	\$231,298,969	\$221,038,752

## DEPARTMENT STORE TRADE

## Fifth District

Richmond	Baltimore	Washington	Other Cities	District
Change in January 1943 sales in comparison with sales in January 1942:				
+11	+ 2	- 5	+ 7	+ 1
Change in stocks on Jan. 31, 1943, compared with stocks on Jan. 31, 1942:				
+22	+18	+11	0	+14
Change in outst'd'g orders on Jan. 31, 1943, compared with Jan. 31, 1942:				
+51	+20	+28	+88	+30
Change in total rec'vables on Jan. 31, 1943, compared with Jan. 31, 1942:				
-33	-33	-39	-38	-36
Percentage of current receivables as of Jan. 1, 1943 collected in Jan.:				
47 (39)	54 (44)	53 (45)	57 (41)	53 (43)
Percentage of instalment receivables as of Jan. 1, 1943, collected in Jan.:				
32 (15)	29 (21)	21 (16)	24 (17)	23 (17)

Note: 1942 collection percentages in parentheses.

Percentage change in Jan. 1943 sales over Jan. 1942 sales, by States:  
 Maryland Dist. of Col.    Virginia    West. Va.    N. Carolina    S. Carolina  
 + 2                    - 5                    + 8                    - 6                    + 9                    +28

## RETAIL FURNITURE SALES

Percentage Changes in January 1943 Sales Compared with Comared with January 1942    December 1942

STATES	January 1943	December 1942
Maryland (5)* .....	-11	-50
Dist. of Col. (7)* .....	-21	- 9
Virginia (32)* .....	- 1	-43
West Virginia (12)* .....	-19	-49
North Carolina (23)* .....	+ 1	-43
South Carolina (15)* .....	- 9	-43
District (94)* .....	-11	-39
<b>Individual Cities</b>		
Baltimore, Md., (5)* .....	-11	-50
Washington, D. C., (7)* .....	-21	- 9
Danville, Va., (3)* .....	+15	-52
Lynchburg, Va., (3)* .....	-27	-51
Richmond, Va., (7)* .....	-11	-58
Charleston, W. Va., (3)* .....	-12	-47
Charlotte, N. C., (4)* .....	-17	-43
Winston-Salem, N. C., (3)* .....	- 6	-55
Columbia, S. C., (4)* .....	-18	-38
Greenville, S. C., (3)* .....	- 3	-43

\* Number of reporting stores.

## WHOLESALE TRADE, 221 FIRMS

LINES	Net Sales		Stocks		Ratio Jan. collections to accounts outst'and ng January 1
	January 1943 compared with Jan. 1942	December 1942	January 31, 1943 compared with Jan. 31, 1942	December 31, 1942	
Auto supplies (17)*.....	-24	-22	-19	- 3	93
Shoes (4)* .....	+53	+ 2	-35	+22	68
Drugs & sundries (8)*.....	+10	+14	..	..	18
Dry goods (7)* .....	+36	+69	-25	+ 4	79
Electrical goods (8)*.....	+ 6	-27	-34	+ 8	81
Groceries (69)* .....	+ 8	+ 4	- 7	+ 7	26
Hardware (14)* .....	-24	+19	-41	- 5	82
Industrial supplies (8)*.....	-17	+24	-26	+ 3	114
Paper & products (7)*.....	- 9	+ 4	..	..	0
Tobacco & products (6)*.....	+21	-16	..	..	..
Miscellaneous (73)* .....	- 9	-20	-29	+ 1	82
District Average (221)* .....	+ 3	- 2	-28	+ 5	96

Source: Department of Commerce

\* Number of reporting firms.

EMPLOYMENT AND PAY ROLLS IN THE WAR PERIOD

(Continued from page 2)

and December, 1941, but in numbers the increase amounted to 15,400, according to records of the State's Workmen's Compensation Fund.

The increase in employment in manufacturing and other non-agricultural establishments between June, 1940, and December, 1942, both in numbers and percentage, are shown in the accompanying table by states:

	Manufacturing		Other Non-agricultural	
	Number	Per Cent	Number	Per Cent
Maryland .....	+ 142,000	+75.5	+ 87,000	+27.2
Dist. of Columbia .....	+ 1,900	+13.8	+ 164,100	+50.0
Virginia .....	+ 59,000	+35.5	+ 170,000	+45.9
West Virginia .....	+ 31,900	+33.2	+ 20,100	+ 7.0
North Carolina .....	+ 79,000	+25.8	+ 69,000	+22.8
South Carolina .....	+ 47,000	+33.1	+ 72,000	+49.0
District .....	+ 360,800	+39.6	+ 582,200	+33.2
United States...	+5,318,000	+51.4	+3,019,000	+14.9

Payrolls More than Double

Pay rolls in Fifth District manufacturing industries increased 124 per cent between June, 1940, and December, 1942, while those in non-manufacturing industries other than agricultural rose 56 per cent. While Maryland's manufacturing pay rolls show the largest increase

in the above period, those in Virginia increased not materially less as the chart of pay roll indexes on page 2 shows. It is interesting to note the difference in pay roll increases in the several states of the District, and the similarity of changes between Maryland and Virginia and between North and South Carolina, while West Virginia displays characteristics unique unto itself.

These similarities and contrasts are due to the character of the industries located in the states. Transportation equipment being the chief cause of the manufacturing pay roll rise in Maryland and Virginia, has shown the largest increase in employment as well as wage rates. Pay roll increases in the Carolinas have come largely as a result of rising employment and wage rates in the textile industry, and these states' manufacturing pay rolls have nearly paralleled each other over much of the war period.

Of the District's non-manufacturing pay rolls other than agriculture, that of the Executive Service of the Federal Government in the District of Columbia has shown the most notable gain, amounting to 110 per cent from June, 1940, to December, 1942. Wholesale trade pay rolls have shown the least rise in the above period, only 23 per cent. Other industries show pay roll increases in this period as follows: bituminous coal 41 per cent; cleaning and dyeing establishments 69 per cent; hotels 45 per cent; laundries 53 per cent; public utilities 43 per cent; quarrying and non-metallic mining 50 per cent; retail trade 34 per cent.

BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-39=100)

	ADJUSTED					NOT ADJUSTED						
	Dec. 1942	Nov. 1942	Oct. 1942	Dec. 1941	December 1942 % Change from		Dec. 1942	Nov. 1942	Oct. 1942	Dec. 1941	December 1942 % Change from	
					Last Mo.	Last Year					Last Mo.	Last Year
<b>BANK DEBITS*</b> .....	183	184	187	162	- 1	+ 13	211	179	207	186	+18	+ 13
<b>DEPT. STORE SALES*</b> .....	164	193	170	142	-15	+ 15	304	203	211	265	+50	+ 15
<b>ELECTRIC POWER PROD.*</b> .....	199	193	193	183	+ 3	+ 9	200	190	194	184	+ 5	+ 9
<b>EMPLOYMENT, MFG.*</b> .....	..	..	..	..	..	..	149	148	148	136	+ 1	+ 10
<b>PAY ROLLS, MFG.*</b> .....	..	..	..	..	..	..	267	264	259	200	+ 1	+ 34
<b>LIFE INSURANCE SALES*</b> .....	81	84	93	148	- 4	- 45	94	85	92	173	+11	- 46
<b>BITUMINOUS COAL PROD.</b> .....	133	139	128	142	- 4	- 6	134	140	151	142	- 4	- 6
<b>BUILDING CONTRACTS</b> .....	367	437	358	276	-16	+ 33	349	377	332	263	- 7	+ 33
<b>BUILDING PERMITS</b> .....	49	43	42	212	+14	- 77	36	38	38	157	- 5	- 77
<b>COTTON CONSUMPTION</b> .....	154	161	156	145	- 4	+ 6	169	163	171	159	+ 4	+ 6
<b>EMPLOYMENT--NON-MFG.</b> .....	134	135	135	126	- 1	+ 6	147	139	139	138	+ 6	+ 7
Bituminous Coal .....	101	102	105	107	- 1	- 6	105	106	107	110	- 1	- 5
Dyeing & Cleaning .....	132	134	130	129	- 2	+ 2	127	133	134	124	- 5	+ 2
U. S. Exec. Serv., D. C. ....	..	..	..	..	..	..	246	248	247	181	- 1	+ 36
Hotels .....	123	125	128	119	- 2	+ 3	122	125	127	117	- 2	+ 4
Laundries .....	151	152	152	143	- 1	+ 6	147	149	152	140	- 1	+ 5
Public Utilities .....	..	..	..	..	..	..	132	133	133	129	- 1	+ 2
Quar. & Non-Met.Min. ....	121	114	111	131	+ 6	- 8	117	117	118	127	0	+ 8
Retail Trade .....	122	122	119	120	0	+ 2	149	129	124	147	+16	+ 1
Wholesale Trade .....	95	99	106	103	- 4	- 8	101	105	112	109	- 4	- 7
<b>PAY ROLLS--NON-MFG.</b> .....	176	175	176	151	+ 1	+ 17	186	180	181	160	+ 3	+ 16
Bituminous Coal .....	155	145	142	150	+ 7	+ 3	163	161	161	158	+ 1	+ 3
Dyeing & Cleaning .....	184	186	171	160	- 1	+ 15	174	182	180	151	- 4	+ 15
U. S. Exec. Serv., D. C. ....	..	..	..	..	..	..	240	239	245	176	0	+ 36
Hotels .....	157	154	159	134	+ 2	+ 17	155	155	158	133	0	+ 17
Laundries .....	190	188	189	163	+ 1	+ 17	184	182	187	158	+ 1	+ 16
Public Utilities .....	..	..	..	..	..	..	171	172	169	155	- 1	+ 10
Quar. & Non-Met.Min. ....	221	203	181	196	+ 9	+ 13	201	210	198	178	- 4	+ 13
Retail Trade .....	150	150	147	137	0	+ 9	179	155	151	163	+15	+ 10
Wholesale Trade .....	136	144	149	131	- 6	+ 4	142	149	154	136	- 5	+ 4
<b>FURNITURE ORDERS</b> .....	252	169	344	119	+49	+112	159	161	308	75	- 1	+112
<b>FURNITURE SHIPMENTS</b> .....	208	164	136	192	+27	+ 8	157	156	173	145	+ 1	+ 8
<b>FURN. UNFILED ORDERS</b> .....	634	591	520	341	+ 7	+ 86	481	509	525	259	- 6	+ 86
<b>WHOLESALE TRADE 5 LINES</b> .....	157	154	151	141	+ 2	+ 11	147	150	168	133	- 2	+ 11
Drugs .....	162	180	196	145	-10	+ 12	171	177	208	153	- 3	+ 12
Dry Goods .....	116	138	144	99	-16	+ 17	102	173	203	87	-41	+ 17
Groceries .....	160	154	149	140	+ 4	+ 14	155	148	161	136	+ 5	+ 14
Hardware .....	114	128	132	157	-11	- 27	104	126	152	143	-17	- 27
Shoes .....	440	290	208	199	+52	+121	170	200	232	77	-15	+121

\* These figures are available on a State basis upon request.

## SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity rose further in January and the first half of February. Retail sales continued in large volume in January and were at an exceptionally high level early in February.

### PRODUCTION

Volume of industrial production showed another marked gain in January reaching a level of 200 per cent of the 1935-1939 average, according to the Board's adjusted index, compared with 197 in December. The increase reflected largely a growth in activity in the munitions industries, including production of chemicals for war purposes.

Activity at shipyards and in aircraft and machinery plants continued to expand sharply. Deliveries of completed merchant ships in January were somewhat less than in December but were still at the high level of over 1 million dead-weight tons. Total iron and steel production rose to the level of last November, but was still slightly below the October peak, and electric steel output, important for munitions manufacturing, reached a record level  $5\frac{1}{2}$  times as large as in the 1935-1939 period. Operations at steel mills were near capacity during the first three weeks of February.

Nondurable manufactures, as a group, continued to show little change. Production of meats under Federal inspection, except beef, declined sharply from the high level in December. Output of most other foods was maintained; production for military and lend-lease needs, particularly of highly processed foods, rose further and there was a corresponding decline in output of these products for civilians. Newsprint consumption declined in January as a result partly of a Federal order restricting newsprint use.

Mineral production declined slightly in January, reflecting a small reduction in output of crude petroleum. Output at coal and metal mines showed little change. Anthracite production in the first half of January was reduced by an industrial dispute, but for the month of January as a whole, output was only 3 per cent lower than in December.

Value of construction contracts awarded, according to figures of the F. W. Dodge Corporation, was much smaller in January than in other recent months, but was still slightly higher than a year ago. Reductions occurred in all types of public awards, which now account for most of the total. A decline has been indicated for some time as a result of actions of the War Production Board designed to limit construction activity to projects that are essential. On October 23, 1942, it had established a committee to review proposals for new construction; through February 12, work on projects estimated to cost 1.3 billion dollars was stopped either by the War Production Board or by the Government agencies initiating them.

### DISTRIBUTION

Distribution of commodities to consumers was in large volume in January and the first half of February. Retail sales of merchandise declined less than seasonally in January and rose sharply in the first half of February when a buying wave developed, particularly in clothing. At department stores, sales increased considerably in the first week of February and then reached an exceptionally high level during the second week, stimulated partly by the announcement of shoe rationing.

Freight loadings declined somewhat less than seasonally in January and the adjusted index increased 1 per cent. Miscellaneous loadings accounted for most of the rise. Substantial increases in loadings of most types of commodities occurred in the first two weeks of February.

### COMMODITY PRICES

The average level of wholesale commodity prices continued to advance in January and the early part of February. Prices of most farm products showed further increases. Maximum wholesale and retail prices were raised for a number of miscellaneous commodities including coal, while reductions were effected in maximum prices for some items like rayon tops and waste.

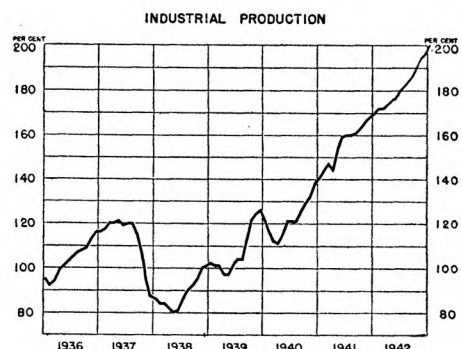
Retail prices of foods continued to rise from mid-December to mid-January with increases largely in meats, dairy products, and processed fruits and vegetables.

### BANK CREDIT

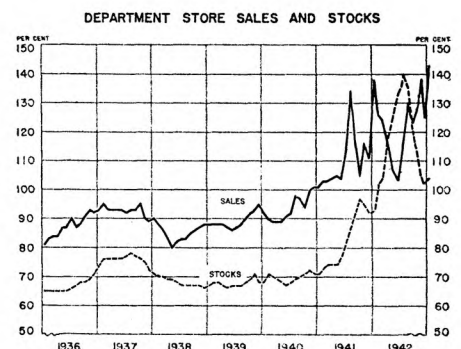
Excess reserves of member banks declined from an average level of about 2.2 billion dollars in the last half of January to 1.6 billion early in February, but increased somewhat around the middle of the month. Increases in currency in circulation continued to be the major factor responsible for the decline, although substantial fluctuations occurred in Treasury balances and Reserve Bank credit. Most of the decline in excess funds was at banks in New York City and Chicago, where reserves have recently been close to legal minimum requirements. Over the five-week period ending February 17, the currency drain amounted to 520 million dollars, bringing total currency in circulation to 15.8 billion on February 17.

Holding of Government obligations at reporting banks in leading cities outside New York and Chicago increased by 640 million dollars over the five-week period ending February 17. At banks in New York and Chicago, holdings of Government securities declined by 360 million, principally through sales to the Reserve Banks for the purpose of restoring reserves. Government deposits at banks were reduced in the period while other deposits increased.

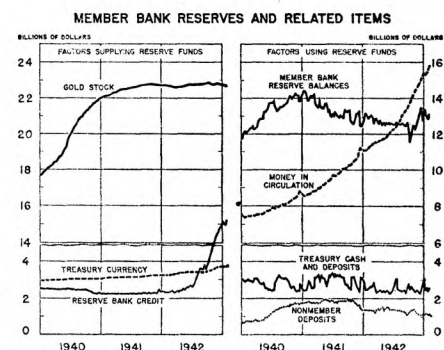
Following a rise in the first half of January, prices of United States Government securities have been steady.



Federal Reserve monthly index of physical volume of production, adjusted for seasonal variation, 1935-39 average = 100. Latest figure shown is for January 1943.



Federal Reserve monthly indexes of value of sales and stocks, adjusted for seasonal variation, 1923-25 average = 100. Latest figures shown are for January 1943.



Wednesday figures. Latest figures shown are for February 17, 1943.