

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

April 30, 1943

Business in March, 1943

CLIMATIC conditions during most of April were unfavorable for farm work throughout the District, with progress delayed from two to three weeks. Frosts and freezes in the forepart of the month damaged peaches and strawberries severely, and to a lesser extent carried their toll to apples and early truck crops. Adverse April weather and the presence of blue mold threatens a serious shortage of tobacco plants in North Carolina, the country's most important producing state.

The daily rate of bituminous coal production in the Fifth District during March rose 2.5 per cent above the February level and stood 12.9 per cent above March, 1942. Actual March production of 17,058,000 tons was 17.2 per cent above that month in 1942, but one more day was worked in March this year than a year ago. The Southern Coal operators on April 15 rejected a proposal offered by the Government that miners be guaranteed a six-day work week over a period of fifty-two weeks a year, replying that so long as present conditions prevail no guarantee would be needed to assure such amount of work.

Trade activity moderated considerably in March from that prevailing in February. March sales of department stores in the District on an average daily seasonally adjusted basis declined 23 per cent from the February level, but remained 10 per cent higher than a year ago. The average daily March sales were 0.3 per cent above last year as contrasted with a 4 per cent increase in actual sales. This was due to an extra business day this year. The advent of an early Easter in 1942 caused a greater seasonal

correction on the average daily sales in that month than in March, 1943, and as a consequence the seasonally adjusted sales in March show an increase of 10 per cent from last year compared with an increase of 4 per cent in actual sales. Wholesale trade in five lines of business on an adjusted basis in March fell 6 per cent from February but remained 20 per cent higher than a year earlier.

Cotton textile activity made further slight improvement in March with average daily consumption in the District's mills 1 per cent higher than in February and 2 per cent higher than in March, 1942. In an attempt to alleviate the man-power shortage, the Riverside and Dan River Mills are experimenting with half-shifts. The company has appealed to the people of Danville and vicinity to come and work in the mills for a half-shift of four hours after completion of their regular daily work.

The value of building contract awards in March was slightly higher than in February, but this was considerably less than seasonal and the adjusted index declined 24 per cent to a level which was 54 per cent lower than last year. In the residential construction field about the only building of consequence came in Baltimore, Washington, and Portsmouth, Virginia.

Ordinarily at this time of the year business and agricultural loans of weekly reporting banks in this District would be rising, but in the period between March 17 and April 14 these loans declined \$5,253,000, to continue a trend that has been in evidence for many months. During the above period security holdings of these banks rose \$21,260,000, due to increases in Treasury bonds and bills.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average daily 1935-1939=100

Seasonally adjusted

	Mar. 1943	Feb. 1943	Jan. 1943	Mar. 1942	% Change Feb. 43	Mar. 43 from Mar. 42
Bank Debits	186	184	171r	168	+ 1	+ 11
Bituminous Coal Production.....	166	154	137	147	+ 8	+ 13
Building Contracts Awarded.....	223	292	196	481	- 24	- 54
Building Permits Issued.....	58	27	124	102	+115	- 43
Cotton Consumption*.....	166	164	155	162	+ 1	+ 2
Department Store Sales.....	181	234r	197	165	- 23	+ 10
Electric Power Production.....	189	195	190	159	- 3	+ 19
Life Insurance Sales.....	109	101	90	96	+ 8	+ 14
Wholesale Trade	174	185	171	145	- 6	+ 20

r—revised.

*Not seasonally adjusted.

War Loan Drives

War expenditures in the United States are now running at about \$7 billion per month, and for the fiscal year ended June 30, 1944 are expected to reach a monthly average of \$8 billion. As a result, according to the latest available Treasury estimates, the public debt will increase \$62.5 billions during the fiscal year 1943, and \$75.8 billions during the fiscal year 1944.

The growing debt with its implication of vast borrowing presents a twofold problem. It is absolutely essential to raise the money; but it must be raised in such a way as to minimize the inflationary consequences of spending.

If the borrowing takes the form of bank purchases of government securities with a resulting expansion of demand deposits, the available money supply in the hands of individuals is increased. Those deposits are at first Treasury deposits but as they are withdrawn and spent they become deposits of individuals. As such, they represent additional, or "new money," in the hands of individuals. On the other hand, if individuals buy the securities, money in their hands is absorbed, with the eventual net effect of a transfer of ownership from the individuals buying the securities to others. Thus, there is no net addition to the

money supply, and in process a part of the money supply is temporarily immobilized. As a consequence there is less money in the hands of individuals to compete for a diminished supply of goods and services; therefore less pressure on the prices of those goods and services to rise.

It is for this reason that the Treasury financing program emphasizes the purchase of securities by individual, corporate, and institutional investors other than commercial banks from current income, insofar as possible.

The First War Loan Campaign in December of last year marked the beginning of a series of periodic intensive drives to sell government securities on a nation-wide basis and as far as possible outside the banking system. The national goal for the first campaign was \$9,000,000,000; its success is evidenced in the fact that this goal was exceeded by about \$4 billion. In this campaign the Treasury provided a variety of offerings, including a 2½ per cent twenty-six year bond exclusively for non-banking investors, a 1¾ per cent five and a half year bond and a seven-eighths of 1 per cent one year certificate, in addition to war savings bonds, Series F and G, and tax savings notes of Series A and C. The Fifth Federal Reserve District's part in this December drive is shown as follows:

DECEMBER WAR LOAN DRIVE							
Sales to Investors in the United States and in the Fifth District							
(Amounts in millions of dollars)							
	United States			Fifth District			% of U. S. Total of each issue (6-3)
	Commercial Banks (1)	Other (2)	Total (3)	Commercial Banks (4)	Other (5)	Total (6)	
7/8 Ctf. of Ind.....	2,114	1,681	3,795	93	60	153	4.03
1¾ Treas. Bonds.....	2,058	1,003	3,061	94	40	134	4.38
2½ Treas. Bonds.....		2,590	2,590		70	70	2.70
Tax Savings Notes, Series A & C		1,312	1,312		61	61	4.65
U. S. Savings Bonds, Series F & G		288	288		20	20	6.94
Grand Total	4,172	6,874	11,046*	187	251	438*	3.97

* Does not include Treasury Bills or Series E Savings Bonds.

It appears that in the December campaign investors in the Fifth Federal Reserve District purchased about 4 per cent of all securities sold in the U. S. However, these purchases ranged from 6.9 per cent of all Series F & G Bonds sold, down to only 2.7 per cent of the 2½ per cent Treasury Bonds.

Investors other than banks in the United States purchased in December 62 per cent of all securities sold*; investors other than banks purchased 57 per cent of all securities sold* in the Fifth District. With regard to

specific issues, investors other than banks in the Fifth District purchased 6.9 per cent of all Series F & G Savings Bonds sold in the United States during the drive, but only purchased 1.3 per cent of the 1¾ Treasury Bonds, 1.6 per cent of the 7/8 Ctf. of Ind., and 2.7 per cent of the 2½ per cent Treasury Bonds.

Of the \$438 million of securities sold in the District the distribution as to issues, and between bank and nonbank investors, is shown in the following table.

DECEMBER WAR LOAN DRIVE								
Sales to Investors in the Fifth District								
(Amounts in millions of dollars)								
ISSUE	Total Sales		Commercial Banks		Other		% Distribution of Each issue held by	
	Amount	%	Amount	%	Amount	%	Comm. Bks.	Other
7/8 Ctf. of Ind.....	153	34.9	93	49.7	60	23.9	60.8	39.2
1¾ Treas. Bonds.....	134	30.6	94	50.3	40	15.9	70.1	29.9
2½ Treas. Bonds.....	70	16.0			70	27.9		100.0
Tax Savings Notes, Series A & G.....	61	13.9			61	24.3		100.0
U. S. Savings Bonds, Series F & G.....	20	4.6			20	8.0		100.0
Total—All Issues*	438	100.0	187	100.0	251	100.0		57.3

* Does not include Treasury Bills or Series E Bonds.

* Excluding Series E Savings Bonds and Treasury Bills.

The April War Loan Drive, officially titled the Second War Loan, represented an even more intensive effort to carry out the Treasury objectives.

In March, Treasury estimates indicated that the total amount required to finance the last four months of the fiscal year 1943 would be \$20.9 billions. The goal in the April drive was \$13 billions, or 44 per cent higher than the goal in the previous drive. Offerings of securities in the Second War Loan drive nearly duplicated the pattern of the previous drive. As in December, a 2½ per cent 26 year bond, a 7/8 per cent one year certificate, War Savings Bonds (Series F & G), and Tax Savings notes of Series C were included. Some differences, however, may be noted. Series A tax savings notes were not included in the Second War Loan drive. And, in place of the 1¾ per cent five and a half year bond offered in December, the Treasury substituted a longer term bond of higher yield (a 7½-9½ year 2 per cent bond) particularly designed to appeal not only to banks and institutional investors but also to individuals preferring this type of freely negotiable bond.

In approaching the \$13 billion goal, emphasis was placed on an even wider distribution of securities outside the banking system, in order to hold down the inflationary pressure on prices. Thus the entire campaign was directed towards reaching the substantial increases in income and accumulated savings in the hands of individuals (in the year 1942 savings in the form of currency and demand deposits increased \$10.6 billions*). The national goal in the Second War Loan drive for investors other than banks was \$8,000,000,000. In order to achieve more readily this goal the War Savings Staffs and Victory Fund Committees were combined in each district for the duration of the campaign and designated as the Treasury War Finance Committee.

For the Fifth Federal Reserve District the goal for sales to nonbank investors was set at \$350,000,000. This goal was based upon the Fifth District's proportion of the national total of time and demand deposits of individuals, partnerships, and corporations in all commercial banks as of December 31, 1942, plus allowances for the assets of mutual savings banks and insurance companies within the District. The goal for the April campaign represented an increase of approximately \$50 million, or 17 per cent, over the amount of money actually raised from nonbank investors in the December drive (including sales of Series E Bonds). The distribution of this goal by states is shown as follows:

SECOND WAR LOAN
Goals for Sales to Nonbank Investors
in the Fifth District

(amounts in thousands of dollars)

STATE	Goal
Maryland	\$119,000
District of Columbia	42,000
Virginia	75,000
West Virginia	29,000
North Carolina	62,000
South Carolina	23,000
Fifth District	\$350,000

*Report by the S.E.C.

In addition to the \$8 billion goal set for investors outside the banks, the Second War Loan allotted \$5 billion to commercial banks. Commercial banks were allotted \$2.1 billion of both the Treasury Bonds of 1950-52 and the one-year Certificates of Indebtedness, and \$800 million of Treasury bills. The necessity for placing as much of this \$5 billion as possible in banks outside the financial centers of New York and Chicago was stressed. Thus, cognizance was taken that purchases in those areas to which funds are returning through Treasury disbursements would result in a more equitable distribution of reserves. With regard to reserves, the Federal Reserve System policy through open market operations, reduced reserve requirements, and maintaining a market for bills and securities, placed the banks in a position to invest freely. Congress also revised the Federal Reserve Act by eliminating reserve requirements against War Loan deposits, effective April 13, 1943.

The Second War Loan drive in the Fifth Federal Reserve District was a marked success. While the final results of the drive are not yet available, preliminary figures on sales through May 1 clearly show the District's achievement.

Nonbank subscriptions in the District totaled above \$525 million, or 50 per cent higher than the quota set as a goal for the District. All of the individual states in the District substantially exceeded their quotas for sales to nonbank investors. As for sales of securities available for banks, all allotments were taken up, but actual figures are not yet available. These sales ran above \$300 million, and when this sum is added to the sum realized from sales to nonbank investors the District's total contribution to the National goal of \$13 billion climbs well above \$825 million. The following table shows the preliminary results of the drive with regard to nonbank subscriptions in comparison with the goals in each state and the Fifth District.

SECOND WAR LOAN DRIVE
Preliminary Report of Total Sales to
Investors Other than Commercial Banks and Dealers
April 1-May 1, 1943
(Amounts in thousands of dollars)

	Goals for Sales to Nonbank Investors	Sales Apr. 1-May 1 1943	% of Goal
Maryland	\$119,000	\$174,036	146
Dist. of Col.	42,000	66,332	158
Virginia	75,000	104,022	139
West Virginia	29,000	46,051	159
North Carolina	62,000	97,168	157
South Carolina	23,000	37,475	163
Fifth District	\$350,000	\$525,084	150

The above are preliminary figures available through May 1. Figures for E Bonds included are taken from reports received from issuing agents, which means they are several days behind actual sales. Final figures, when available, will be published in a later issue of the MONTHLY REVIEW.

Banking Developments in 1942

In almost every quarter of the Fifth Federal Reserve District, agriculture, manufacturing, trade, and transportation established new high records in 1942, and it therefore seems paradoxical that bank loans should have declined in that year of extremely active business. Rapidly rising production and distribution of goods, accompanied by rising prices, in days gone by would have resulted in a more or less commensurate increase in bank loans, but such correlation has not closely obtained since the advent of the Great Depression.

Accumulation of inventories in trade establishments and in manufacturing concerns used to be financed by bank loans, but with improved transportation facilities which developed in the last decade, together with the accumulation of liquid resources among business firms, less reliance has been placed on banks to finance inventory accumulations. Such financing as occurred in the past two years was mostly done in 1941, and even though further inventory accumulations occurred in this District in 1942, there is little evidence that they were financed with bank loans.

Loans

Bank loans of 447 identical member banks in the Fifth Federal Reserve District (figures averaged for the four call dates—December 31, 1941; April 4, June 30 and December 31, 1942 for each bank) showed an aggregate decline of \$6,072,500 from 1941 similarly averaged. This does not seem like a significant amount when compared with the total of \$752,403,000 outstanding over the year 1942, but it does not tell the whole story.

The total loans of twelve banks having deposits over \$50 million rose \$15,828,800, or 6.6 per cent (average of four dates) between 1941 and 1942, while the total loans of 435 banks declined \$21,901,000, or 4.2 per cent. Declines in loans outstanding in the above periods were more pronounced in the smaller banks than in the larger banks, with those banks having deposits under \$5 million showing group declines between 5.7 per cent and 6.8 per cent, while those banks having deposits over \$5 million and less than \$50 million recorded group declines between 2.1 per cent and 3.9 per cent.

The increase in loans of the banks whose deposits were above \$50 million is no doubt due to supply and facility loans to contractors engaged directly in war production. The decline in aggregate loans of all groups of banks having fewer than \$50 million deposits can perhaps be connected with several causes, among them: a deluge of funds flowing into all areas as a result of Government disbursements; high prices of agricultural products; and credit restrictions on consumer loans.

Much financing of private companies' participation in the war effort which normally would be done through banks or the capital market is now handled by the Defense Plant Corporation, and the only way banks can participate in this business is through purchase of Government securities.

Between December 31, 1941 and December 31, 1942, 447 member banks in the Fifth Federal Reserve District

increased security holdings 101.7 per cent to \$1,513,195,900 on the latter date. As for the changes in these holdings as effective earning assets in each year (i.e., the average holdings on the stated call dates) an aggregate of the averaged figures of each member bank totaled \$1,162,645,300 in 1942, which was 54.5 per cent higher than in 1941. Banks having deposits between \$10 and \$25 million recorded the largest percentage increases in security holdings, which increases were almost wholly in Government securities.

Current indications are that the chief outlet for bank funds, for the duration of the war at least, will be in Government securities. These may now be purchased by banks through their War Loan Accounts, and thus no reserves are required against the resulting deposit. Furthermore, no deposit insurance premiums are chargeable against such deposits.

Cash Assets

Although in dollar amounts combined loan and security holdings increased from 1941 to 1942, the increase was not commensurate with the increase in total deposits and as a consequence cash assets increased in all groups of banks except those having deposits over \$50 million. In general, small banks had the largest percentage increase in cash assets and the larger banks had the least percentage increase, while those banks with deposits over \$50 million had an aggregate decrease in cash assets.

Operating Expenses

Total expenses of 447 member banks in the Fifth Federal Reserve District increased \$3,998,000, or 8.6 per cent, from 1941 to 1942, with income taxes included in "Other expenses." Salaries and wages rose \$1,772,600, or 9.0 per cent, and "Other expenses" rose \$3,337,400, or 18.1 per cent, while interest paid on time deposits declined \$1,062,000 or 11.7 per cent.

Salaries and wages rose least (3.6 per cent) for those banks having less than \$250 thousand deposits and most (13.5 per cent) for those banks with deposits over \$50 million. In-between groups showed wage and salary increases more or less graduated between the foregoing limits.

Interest paid on time deposits declined the largest percentages in the groups of banks with deposits between \$10 and \$25 million, and in substantial percentages in those banks having deposits of \$2 to \$5 million and \$25 and \$50 million. These decreases from 1941 to 1942 in interest paid on time deposits were due almost wholly to reductions in the rate of interest paid, for all groups of banks, except those with deposits over \$25 million, had increases in the amount of time deposits in 1942 over 1941.

Percentage increases in "Other expenses," which include income taxes paid, show reasonably close concentrations for most groups around the District average of 18.1 per cent. These expenses of the banks with deposits under \$250 thousand, however, were lower in 1942 than in 1941.

Net Current Earnings

Aggregate net current earnings of the 447 banks amounted to \$17,013,000 in 1942, a decline of 7.7 per cent from 1941, but this does not show very clearly what happened to the different size banks. Those banks with deposits over \$50 million increased their aggregate net current earnings \$928,600, or 14.8 per cent, while all other groups decreased theirs \$2,354,800, or 19.4 per cent.

The chief cause of the decline from 1941 to 1942 in net current earnings, in those groups where declines occurred, was the declines of 1 to 7 per cent in total earnings, and the more substantial increases of 3 to 12 per cent in total expenses. The reduction in total earnings was due almost wholly to lower interest and discount earned on loans in all groups of banks, the decline being offset by increases in all other earnings in only the group containing the largest banks. Lower rates of interest in 1942 than in 1941 on both loans and securities were in evidence in all groups of banks.

FEDERAL RESERVE BANK OF RICHMOND
(In Thousands)

ITEMS	April 14, 1943	% Change from	
		3-17-43	4-15-42
Total Gold Reserves.....	\$1,059,935	+ 3	+ 30
Other Reserves	27,330	+ 1	+ 41
Total Reserves	1,087,265	+ 3	+ 30
Bills Discounted	143	+ 32	- 29
Industrial Advances	491	- 13	- 32
Gov't Securities, Total.....	338,243	- 3	+ 142
Bonds	128,015	- 4	+ 33
Notes	61,149	- 3	+ 42
Certificates	61,969	- 44	..
Bills	87,110	+106	+14,251
Total Bills & Securities.....	338,877	- 3	+ 141
Uncollected Items	132,259	- 14	+ 6
Other Assets	14,762	- 9	+ 54
Total Assets	\$1,573,193	0	+ 41
Fed. Res. Notes in Cir.....	\$ 826,962	+ 2	+ 81
Deposits, Total	608,933	- 1	+ 17
Members' Reserves	559,984	- 2	+ 22
U. S. Treas. Gen. Ac.....	536	+ 11	- 3,631
Foreign	34,248	+ 10	+ 8
Other Deposits	14,115	+ 38	+ 99
Deferred Availability Items ..	118,533	- 10	- 2
Other Liabilities	603	- 15	+ 69
Capital Accounts	18,162	+ 3	+ 12
Total Liabilities	\$1,573,193	0	+ 41

WHOLESALE TRADE, 257 FIRMS

LINES	Net Sales		Stocks		Ratio Mar. collections to acct's outstand'g Mar. 1
	March 1943 compared with		March 31, 1943 compared with		
	Mar. 1942	Feb. 1943	Mar. 1942	Feb. 28 1943	
Auto supplies (15)*	- 13	0	- 31	0	92
Shoes (3)*	- 2	+ 20	..	..	..
Drugs & sundries (8)*.....	+ 18	+ 13	..	..	20
Dry goods (7)*.....	+ 39	+ 12	- 34	- 2	71
Electrical goods (19)*.....	- 14	+ 14	- 53	- 3	75
Groceries (74)*	+ 17	+ 6	- 8	- 1	41
Hardware (14)*	- 6	+ 12	- 45	- 6	88
Industrial Supplies (10)*..	0	+ 29	- 26	- 5	84
Paper & products (12)*.....	- 12	+ 17	- 7	0	85
Tobacco & products (6)*...	+ 39	+ 8	..	..	..
Miscellaneous (89)*	- 1	+ 15	- 28	- 4	94
District Average (257)* ..	+ 4	+ 13	- 31	- 3	92

Source: Department of Commerce.
* Number of reporting firms.

BUILDING PERMIT FIGURES

	March 1943	March 1942
Maryland		
Baltimore	\$ 1,171,175	\$ 2,277,822
Cumberland	719	25,030
Frederick	750	19,695
Hagerstown	11,805	48,095
Salisbury	4,625	34,405
Virginia		
Danville	\$ 6,495	\$ 60,206
Lynchburg	4,400	48,915
Norfolk	228,065	977,860
Petersburg	500	10,500
Portsmouth	2,008,785	584,305
Richmond	50,880	419,947
Roanoke	12,363	69,552
West Virginia		
Charleston	\$ 26,950	\$ 62,944
Clarksburg	8,750	14,093
Huntington	8,616	147,835
North Carolina		
Asheville	\$ 12,917	\$ 18,888
Charlotte	11,088	187,238
Durham	107,915	181,015
Greensboro	10,221	172,609
High Point	50,741	80,481
Raleigh	13,450	89,900
Rocky Mount	1,840	20,525
Salisbury	2,425	28,203
Winston-Salem	30,475	105,549
South Carolina		
Charleston	\$ 36,230	\$ 115,446
Columbia	91,845	218,255
Greenville	7,190	42,765
Spartanburg	81,016	89,710
District of Columbia		
Washington	\$ 1,058,682	\$ 2,706,338
District Totals	\$ 5,060,913	\$ 8,858,126
3 Months	\$13,729,443	\$23,448,007

DEBITS TO INDIVIDUAL ACCOUNTS
000 omitted

	Mar. 1943	% chg from March 1942	3 Mos. 1943	% chg from 3 Months 1942
Dist. of Col.				
Washington	\$ 456,531	+ 5	\$1,265,198	+ 3
Maryland				
Baltimore	723,375	+ 27	1,921,787	+ 18
Cumberland	10,659	+ 2	29,882	0
Frederick	10,536*	..	27,882*	..
Hagerstown	15,119	- 4	40,870	- 8
North Carolina				
Asheville	22,719	+ 19	59,723	+ 7
Charlotte	119,265	- 2	337,344	+ 7
Durham	51,593	+ 60	140,311	+ 37
Greensboro	39,443	+ 33	92,071	+ 9
Kinston	5,956*	..	17,232*	..
Raleigh	52,308	- 28	148,859	- 25
Wilmington	36,916	+ 38	101,372	+ 41
Wilson	6,593*	..	20,199*	..
Winston-Salem	67,230	+ 26	180,902	+ 13
South Carolina				
Charleston	39,463	+ 18	113,274	+ 20
Columbia	49,466	+ 6	151,915	+ 19
Greenville	38,887	+ 9	108,639	+ 6
Spartanburg	20,587	+ 15	59,630	+ 16
Virginia				
Charlottesville	11,772*	..	31,568*	..
Danville	12,239	+ 3	37,927	+ 12
Lynchburg	19,669	+ 2	54,406	- 97
Newport News	23,213	+ 36	64,872	+ 43
Norfolk	112,554	+ 21	308,250	+ 18
Portsmouth	14,168	+ 43	37,247	+ 36
Richmond	262,490	+ 21	764,755	+ 20
Roanoke	36,278	+ 99	99,400	- 3
West Virginia				
Bluefield	20,222*	..	55,143*	..
Charleston	78,318	+ 13	205,755	+ 5
Clarksburg	12,833*	..	36,896*	..
Huntington	26,779	+ 17	77,726	+ 16
Parkersburg	16,140	+ 23	41,826	+ 12
District Totals	\$2,345,409	+ 16	\$6,443,941	+ 12

* Figures not included in District Totals.

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	Mar. 31, 1943	Feb. 28, 1943	Mar. 31, 1942
Total deposits ..	\$237,162,481	\$234,977,978	\$219,072,180

41 REPORTING MEMBER BANKS—5th DISTRICT

(In Thousands)

ITEMS	April 14, 1943	% Change From	
		3-17-43	4-15-42
Total Loans	\$ 254,418	- 3	- 25
Bus. & Agric. Loans.....	120,953	- 4	- 28
Real Estate Loans	51,872	+ 1	- 2
All Other Loans.....	81,593	- 2	- 31
Total Security Holdings.....	\$1,083,422	+ 2	+ 80
U. S. Treas. Bills.....	151,514	+ 8	+2,399
U. S. Treas. Certificates.....	129,444	- 2	+1,124
U. S. Treas. Notes.....	133,042	+ 2	+ 73
U. S. Gov. Bonds.....	551,855	+ 2	+ 62
Obligations Gov. Guaranteed.....	51,711	- 5	- 49
Other Bonds, Stocks & Sec.....	65,856	0	- 1
Cash Items in Process of Col.....	\$ 101,844	+19	+ 12
Due From Banks	\$ 194,254*	0*	- 19
Currency & Coin	\$ 34,973	+ 3	+ 23
Reserve with F. R. Bank.....	\$ 322,538	- 5	+ 10
Other Assets	\$ 60,912	+ 1	+ 34
Total Assets	\$2,052,361	+ 1	+ 25
Total Demand Deposits.....	\$1,640,564	0	+ 28
Deposits of individuals.....	1,029,282	+ 2	+ 42
Deposits of U. S. Gov.....	53,343	-14	+ 7
Deposits of State & Local Gov.....	103,636	+11	+ 19
Deposits of Banks.....	430,830*	- 3*	+ 9
Certified & Officers' Checks.....	23,473	-18	+ 8
Total Time Deposits	\$ 224,058	+ 1	+ 8
Deposits of individuals.....	210,706	+ 1	+ 7
Other Time Deposits.....	13,352	- 1	+ 28
Liabilities for Borrowed Money.....	\$ 0	0	0
All Other Liabilities.....	\$ 80,366	+10	+ 74
Capital Accounts	\$ 107,373	0	+ 4
Total Liabilities	\$2,052,361	+ 1	+ 25

* Net figures, reciprocal balances being eliminated.

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Mar. 1943	% Change from Mar. 1942	3 Mos. 1943	% Change from 3 Mos. 42
West Virginia	14,922	+ 16	40,188	+ 10
Virginia	1,956	+ 29	5,250	+ 13
Maryland	180	+ 3	448	- 10
5th District	17,058	+ 17	45,886	+ 10
United States	56,450	+ 18	153,180	+ 8
% in District.....	30	..	30	..

COTTON CONSUMPTION AND ON HAND—BALES

	Mar. 1943	Mar. 1942	Aug. 1 to Mar. 31 This Year	Mar. 31 Last Year
Fifth district states:				
Cotton consumed	481,419	454,281	3,570,251	3,384,710
Cotton growing states:				
Cotton consumed	862,703	823,470	6,499,810	6,164,594
Cotton on hand March 31 in				
Consuming establishments	2,099,388	2,141,038		
Storage & compresses...	11,194,852	10,961,626		
United States:				
Cotton consumed	995,512	967,406	7,501,422	7,250,418
Cotton on hand March 31 in				
Consuming establishments	2,488,771	2,653,569		
Storage & compresses...	11,469,546	11,349,293		
Spindles active	22,925,194	23,108,966		

RETAIL FURNITURE SALES

Percentage Changes in March and 3 Months 1943

STATES	Compared with	
	March 1942	3 Months 1942
Maryland (5)*	-33	-32
Dist. of Columbia (6)*.....	- 3	-16
Virginia (30)*	-14	-11
West Virginia (11)*	- 9	-11
North Carolina (25)*	- 8	- 3
South Carolina (21)*	-11	- 9
Fifth District (98)*	-15	-16
INDIVIDUAL CITIES		
Baltimore, Md., (5)*.....	-33	-32
Washington, D. C., (6)*.....	- 3	-16
Danville, Va., (3)*.....	-12	- 8
Lynchburg, Va., (3)*.....	-10	-20
Richmond, Va., (8)*.....	-23	-10
Charleston, W. Va., (3)*.....	-13	-10
Charlotte, N. C., (4)*.....	-11	- 5
Winston-Salem, N. C., (3)*.....	-15	-12
Columbia, S. C., (5)*.....	-14	-17
Greenwood, S. C., (3)*.....	-27	- 2

* Number of reporting firms.

CONSTRUCTION CONTRACTS AWARDED

	% Change from		% Change from	
	Feb. 1943	Feb. 1942	2 Mos. 1943	2 Mos. 1942
Maryland	\$ 7,635,000	-47	\$ 14,882,000	-38
Dist. of Columbia.....	1,806,000	-92	4,786,000	-83
Virginia	30,761,000	+10	47,900,000	+17
West Virginia	6,218,000	+39	6,794,000	-60
North Carolina	8,509,000	+90	17,240,000	+84
South Carolina	4,710,000	-43	10,364,000	-24
Fifth District	\$59,639,000	-26	\$101,966,000	-23

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina			Virginia	District
	No. Carolina	So. Carolina	Virginia		
March 1943.....	263,749	194,836	22,834	481,419	
Feb'y. 1943.....	228,060	173,336	21,770	423,166	
March 1942.....	246,984	184,172	23,125	454,281	
3 Months 1943.....	723,965	550,262	65,446	1,339,673	
3 Months 1942.....	711,514	540,989	65,577	1,318,080	

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
March 1943.....	4	410	\$ 51,000	\$ 7,282,000
Feb'y. 1943.....	4	422	62,000	4,163,000
March 1942.....	39	1,048	307,000	12,011,000
3 Months 1943.....	19	1,290	211,000	16,960,000
3 Months 1942.....	107	2,926	893,000	31,558,000

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Change in March 1943 sales in comparison with sales in March 1942:				
+11	+ 4	- 1	+ 9	+ 4
Change in 3 Months sales, 1943, compared with 3 Months in 1942:				
+22	+14	+ 5	+20	+12
Change in stocks on Mar. 31, 1943, compared with stocks on Mar. 31, '42:				
+ 1	-10	-17	-14	-12
Change in outstanding orders on Mar. 31, '43, comp'r'd with Mar. 31, '42:				
+41	+10	+27	+67	+24
Change in total receivables on Mar. 31, '43, compared with Mar. 31, '42:				
-34	-35	-44	-37	-39
Percentage of current receivables as of Mar. 1, '43 collected in March:				
53(36)	55(41)	57(41)	58(38)	56(40)
Percentage of instalment receivables as of Mar. 1, '43, collected in Mar.:				
23(18)	33(23)	24(17)	27(19)	26(19)

Note: 1942 collection percentages in parentheses.

Maryland	Dist. of Col.	Virginia	West Va.	N. Carolina	S. Carolina
Percentage change in March 1943 sales over March 1942 sales, by States:					
+ 4	- 1	+10	- 5	+ 7	+23
Change in 3 Months sales, 1943, compared with 3 Months in 1942:					
+15	+ 5	+20	+ 4	+19	+34

TOBACCO MANUFACTURING

	March 1943	% Change From March 1942	3 Mos. 1943	% Chg. From 3 Mos. 1942
Smoking & chewing tobacco (Thousands of lbs.)..	22,339	- 7	62,737	- 9
Cigarettes (Thousands)	20,611,808	+21	58,659,910	+10
Cigars (Thousands)	427,836	-13	1,275,179	- 8
Snuff (Thousands of lbs.).....	4,517	+16	12,106	+10

RAYON YARN DATA

	Mar. 1943	Feb. 1943	Mar. 1942
Rayon Yarn Shipments, Lbs.....	42,700,000	39,000,000	40,000,000
Staple Fiber Shipments, Lbs.....	13,900,000	12,600,000	12,600,000
Rayon Yarn Stocks, Lbs.....	6,800,000	7,100,000	4,100,000
Staple Fiber Stocks, Lbs.....	2,300,000	2,500,000	2,300,000

Source: Rayon Organon

BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-1939=100)

	ADJUSTED						NOT ADJUSTED					
	Feb. 1943	Jan. 1943	Dec. 1942	Feb. 1942	February 1943 % Change from		Feb. 1943	Jan. 1943	Dec. 1942	Feb. 1942	February 1943 % Change from	
					Last Mo.	Last Year					Last Mo.	Last Year
BANK DEBITS	184	171	183	164	+ 8	+ 12	161	175	211	144	- 8	+ 12
DEPT. STORE SALES.....	236	197	164	165	+ 20	+ 43	162	134	304	114	+ 21	+ 42
ELECTRIC POWER PROD.....	195	190	199	175	+ 3	+ 11	184	200	200	164	- 8	+ 12
EMPLOYMENT, MFG. ....	...	...	...	...	...	...	150	149	150	139	+ 1	+ 8
LIFE INS. SALES.....	101	90	81	124	+ 12	- 19	94	85	94	116	+ 11	- 19
BITUMINOUS COAL PROD.....	154	137	137	134	+ 12	+ 15	143	136	137	125	+ 5	+ 14
BUILDING CONTRACTS	292	196	367	395	+ 49	- 26	243	172	349	329	+ 41	- 26
BUILDING PERMITS	27	124	49	113	- 78	- 76	26	95	36	110	- 73	- 76
COTTON CONSUMPTION	164	155	154	163	+ 6	+ 1	160	164	169	159	- 2	+ 1
EMPLOYMENT--NON-MFG.	141	140	135	129	+ 1	+ 9	137	137	148	127	0	+ 8
Bituminous Coal	102	101	101	106	+ 1	- 4	103	103	104	108	0	- 5
Dyeing & Cleaning.....	140	140	134	130	0	+ 8	129	128	123	119	+ 1	+ 8
U. S. Exec. Serv., D. C.....	...	...	...	...	...	...	251	248	248	204	+ 1	+ 23
Hotels	122	121	121	114	+ 1	+ 7	123	120	123	154	+ 3	- 20
Laundries	160	156	153	142	+ 3	+ 13	155	152	149	138	+ 2	+ 12
Public Utilities .....	...	...	...	...	...	...	131	132	132	128	- 1	+ 2
Quar. & Non-Met-Min.	130	131	120	143	- 1	- 9	116	114	116	127	+ 2	- 9
Retail Trade	138	136	124	121	+ 1	+ 14	128	129	152	113	- 1	+ 13
Wholesale Trade	91	89	93	103	+ 2	- 12	90	91	99	102	- 1	- 12
FURNITURE ORDERS	163	306	252	136	- 47	+ 20	146	349	159	122	- 58	+ 20
FURNITURE SHIPMENTS	149	178	208	177	- 16	- 16	138	151	157	164	- 9	- 16
FURN. UNFILLED ORDERS.....	631	600	634	242	+ 5	+161	599	620	481	229	- 3	+162
WHOLESALE TR. 5 LINES.....	185	171	157	151	+ 8	+ 23	164	160	147	134	+ 3	+ 22
Drugs	187	181	162	147	+ 3	+ 27	181	195	171	142	- 7	+ 27
Dry Goods	202	224	116	134	- 10	+ 51	164	172	102	109	- 5	+ 50
Groceries	187	172	160	147	+ 9	+ 27	165	161	155	129	+ 2	+ 28
Hardware	160	125	114	183	+ 28	- 13	134	124	104	154	+ 8	- 13
Shoes	201	230	440	211	- 13	- 5	232	174	170	244	+ 33	- 5

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial activity increased slightly in March and prices of commodities advanced further. Retail trade in March and the first half of April was in large volume, although reduced from the February peak.

INDUSTRIAL PRODUCTION

The Board's seasonally adjusted index of industrial production advanced from 202 per cent of the 1935-39 average in February to 203 in March. The rise in total output continued to reflect chiefly increased production in the machinery and transportation equipment industries producing armaments. At merchant shipyards 146 ships were delivered in March. Completions totaled 1,516,000 deadweight tons, an annual rate of more than 18,000,000 tons.

Steel mills operated at peak levels. Production of lumber, however, increased less than usual in March, continuing the gradual downward trend of production which began a year ago.

Output of fuels reached a new peak in March. Bituminous coal production rose further. Crude petroleum output likewise exceeded the February level as new pipeline facilities for transport of petroleum products to the East Coast were completed.

Output of important nondurable manufactures was maintained in March. In most branches of the wool textile industry production increased to new high levels in February and March following a Federal order allowing an increase in wool consumption for the manufacture of civilian fabrics.

The value of construction contracts awarded in March, according to figures of the F. W. Dodge Corporation, continued at a level considerably lower than that for the year 1942, reflecting chiefly the fact that the construction phase of the war program has been largely completed. Awards for residential building declined for the third consecutive month, while contracts for public works were higher than in February.

DISTRIBUTION

Retail sales, which generally increase from February to March, showed little change this year, following the buying wave that swept the country in February. At department stores, where increases in February had been particularly marked, sales declined in March and the Board's seasonally adjusted index dropped from 167 to 135 per cent of the 1923-25 average. Despite this decline, the index continued above the high level that prevailed in the latter part of last year. In the first half of April department store sales increased by about the usual seasonal amount, making allowance for the late date of Easter this year.

Total carloadings of revenue freight in March remained at the February level and other transportation activity was also maintained in large volume.

COMMODITY PRICES

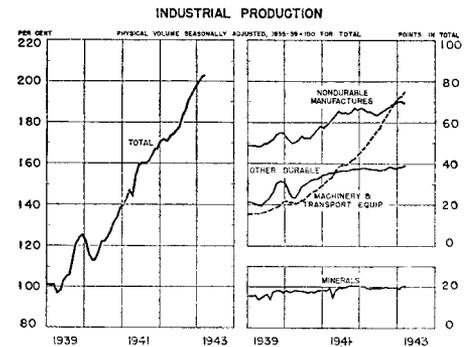
Wholesale commodity prices averaged higher in March and the early part of April reflecting advances in prices of farm products, foods, and a number of industrial commodities. Prices in retail markets also increased further from February to March, with relatively sharp advances in food prices.

On April 8 an Executive Order was issued directing that ceiling prices be placed on all commodities affecting the cost of living, that further increases in ceilings be prevented except to the minimum extent required by law, and that excessively high prices be reduced. Following this and announcements of particular Federal actions to safeguard the stabilization of prices, including an order reducing railroad freight rates, wholesale prices of some commodities declined and on April 16 were lower than at the beginning of the month.

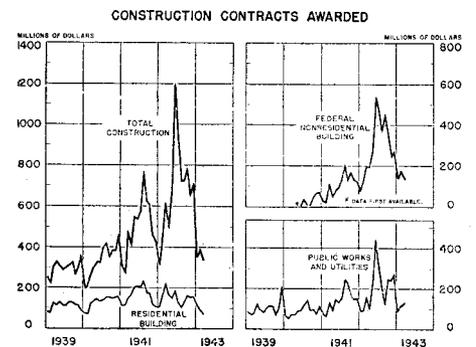
BANK CREDIT

Excess reserves at all member banks, which decreased during the latter half of March from 2.2 billion dollars to 1.5 billion, subsequently rose to 2.6 billion on April 19. In the first week of April, the increase resulted largely from substantial Reserve Bank purchases of Government securities; subsequently excess reserves were made available by a decline of a billion dollars in required reserves, which resulted primarily from large payments to war loan accounts for Government securities sold to bank customers. This caused a shift from customers' deposits, subject to required reserves, to Government deposits which have recently been exempted from such requirements.

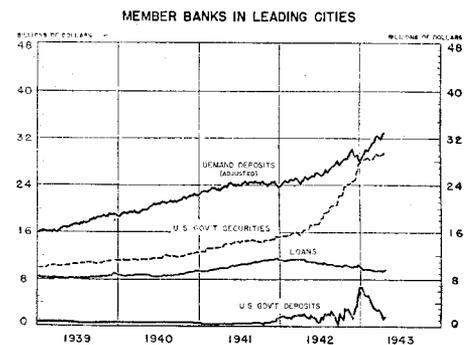
Government security holdings at reporting banks in 101 leading cities increased substantially during the first two weeks of April following declines in the latter part of March, which had resulted mainly from bill sales by banks in New York and Chicago. Holdings of certificates, notes, and bonds increased over the 4-week period ended April 14. Commercial loans at all reporting banks declined by about 210 million over the 4-week period. At New York City banks loans to brokers and dealers increased steadily over the period, especially in the week of the 14th at the beginning of the War Loan Drive. Deposits, other than those of the United States Government, increased further in March and the early part of April, but were drawn down sharply around the middle of April to make payments for purchases of new Government securities.



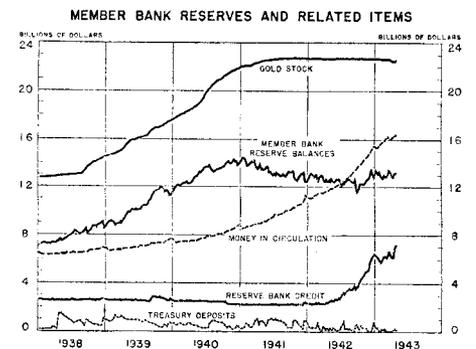
Federal Reserve indexes. Groups are expressed in terms of points in the total index. Monthly figures, latest shown are for March 1943.



F. W. Dodge data for 37 Eastern states, total includes state and local government and private nonresidential building not shown separately. Monthly figures, latest shown are for March 1943.



Demand deposits (adjusted) exclude U. S. Government and interbank deposits and collection items. Government securities include direct and guaranteed issues. Wednesday figures, latest shown are for April 14, 1943.



Wednesday figures, latest shown are for April 14, 1943.