

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



RESERVE
DISTRICT

Federal Reserve Bank, Richmond, Va.

November 30, 1943

Business in October 1943

CASH farm income in the Fifth District in the first eight months of the year was 34 per cent ahead of last year, but during September this year cash income declined 9 per cent below last year and reduced the nine-months' total gain to 20 per cent above last year. Cotton and tobacco weigh heavily in the District's cash income figures at this time of year as well as in the remaining months of the year. The indications are that these crops will be valued for the year at about the same level as last year. It can, therefore, be expected that smaller year-to-year income increases will result for the remaining months of the year.

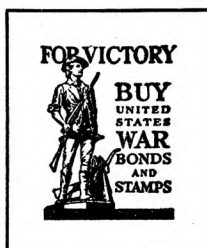
Active spindle hours in the District's cotton mills declined 3.3 per cent between September and October, whereas cotton consumption declined 5.2 per cent. Relative to October, 1942, active spindle hours in October this year were down 9.5 per cent, with cotton consumption 10.3 per cent lower. These divergences in spindle hours and cotton consumption could be the result of a number of things. They could indicate the production of lighter-weight goods, depreciation of machinery, inexperienced labor, or a combination of all three.

The average daily output of bituminous coal in this District fell 5 per cent from September to October, but the ten-months' total was still 2 per cent ahead of last year. This decline during the month of October was caused by a shutdown of the mines near the end of the month as a result of labor contract trouble. The Bituminous Coal Institute believes, however, that demands

for coal can be met, despite the loss of production caused by strikes, if there are no more strikes; if miners be kept on the job full time; if further drafting of miners is halted; and if ample replacement of machinery is available. Time only will tell whether the "ifs" will become operative or a shortage of coal ensue.

Wholesale trade in each of five lines of business (seasonally adjusted) improved from 4 to 11 per cent between September and October, but the level of the five lines in the latter month still gave indications of no better than a flat trend. The October Department Store Sales Index, on the other hand, declined 7 per cent from September on a seasonally adjusted basis. This sales index in October, however, was still 8 per cent above a year ago. Gains in sales are being made in part out of inventories, and while these inventories are still high in relation to normal years, they were 6 per cent below a year ago at the turn of October.

Labor turnover in the shipyards and other essential industries continues to be the chief impediment to increased war production in the District. It was necessary for a shipyard located in the Baltimore area to hire 11,000 new employees over a period of ten months to show a net gain in personnel of 500; while another large employer in the same area had to hire 5,806 to show a net gain of 538. A similar situation prevails in the Hampton Roads area where employment at the Navy Yard and at the Newport News Shipbuilding and Drydock Company cannot seem to



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
AVERAGE DAILY 1935-1939=100
Seasonally adjusted

	October 1943	September 1943	August 1943	October 1942	% Change Sept. 1943	Oct. 1943 from October 1942
Bank Debits	197	239	207	187	- 18	+ 5
Bituminous Coal Production.....	142	150r	152	140	- 5	+ 1
Building Contracts Awarded.....	163	134	122	358	+ 22	- 54
Building Permits Issued.....	64	36	81	42	+ 78	+ 52
Cotton Consumption*.....	146	154	147	156	- 5	- 6
Department Store Sales.....	183	196	206	170	- 7	+ 8
Department Store Inventories.....	165	177r	190	173	- 7	- 5
Life Insurance Sales.....	120	138	131	93	- 13	+ 29
Wholesale Trade—5 Lines.....	176	159	166	151	+ 11	+ 17

be raised to desired levels. The local supply of man power in both areas has long since been absorbed and any addition to the labor force which must come from outside the area is a factor in itself which works for

labor turnover. Of course, it may be quite possible that full employment inherently increases the mobility of labor.

The Current Situation In Furniture Manufacture*

Approximately 22 per cent of the Nation's wooden household furniture is made by factories located in the Fifth Federal Reserve District; they employ about 35,000 workers and produce \$132,000,000 (wholesale price) annually. More than half of the production in the Fifth District is made in North Carolina. About 42 per cent of the bedroom and dining-room furniture produced in the United States, or a little less than half of the Nation's total production, is made by factories in the Fifth District. In other words, while the Fifth District produces slightly more than one-fifth of all wooden household furniture, it produces nearly half of the bedroom and dining-room furniture. North Carolina is the first state in the production of all wooden household furniture, and produced in the last census year 12 per cent, or nearly one-eighth, of the total for the United States; while Virginia, which occupies fifth place in the Nation and second place in the South, produced 7.1 per cent of the total wooden household furniture. In the production of bedroom and dining-room furniture, North Carolina leads and Virginia is second—these two states accounting for about 40 per cent of the total for the United States.

The Southern furniture industry was established on an all-wood basis for the good and sufficient reason that around it were virgin forests of native American woods that were readily accessible, i. e., they were accessible when loggers and lumbermen were more plentiful. This factor worked in favor of the Southern industry until the stringency arose in man power and materials. Gumwood lends itself to a wide range of finishes and is used more than any other variety for making furniture. It is available in timber stands in abundance in the vicinity of each furniture factory of this District. Poplar, maple, oak, and walnut timber also exist in plentiful supply.

The major handicap in materials at the present time is the shortage of lumber, which has been brought about by the large demands for this item by the Government, for the Army and Navy, Maritime Commission, and Lend-Lease. This unusual demand for lumber by these agencies is not likely to decrease, but rather indications are that the demand will increase for the duration of the war. Many items formerly made of steel are now being made of wood, such as office equipment, filing cabinets, hat and coat racks, storage cabinets, etc. The estimated use of all lumber in 1943 is thirty-six billion feet. The production of all lumber is estimated to be thirty-two billion feet. This deficit of four billion feet is being met by use from inventories and imports. Thus, the stock pile has become dangerously low. Boxes and crates alone will require fourteen billion feet, or slightly less than one-half of the total production. Much of this is needed for shipping military and Lend-Lease goods. The growing shortage of lumber, for the reasons stated

above, presents a real threat to the continued full-time operation of the furniture factories, but the increase of from 20 to 30 per cent in lumber prices permitted by the OPA will loosen the lumber stringency somewhat, it is believed.

The furniture industry in the Fifth Federal Reserve District is located in small cities; High Point, North Carolina, a city of 40,000, being the largest. Under normal conditions the labor supply is ample. Employer and employee are likely as not next-door neighbors, and labor relations generally present management with few problems. Wages range from 40 cents an hour for unskilled labor to \$1.15 an hour for skilled labor, and with working conditions amicable, a high labor efficiency prevails under ordinary conditions. The armed services, however, have taken their toll of furniture workers and, since the industry is classed as nonessential, a number of those subject to selective service have transferred to essential industries. Together, these withdrawals of workers from furniture manufacture have been difficult to replace, skill for skill, and the operating efficiency has been impaired. This has found reflection in the pay rolls which in the first eight months of 1943 amounted to 25.4 per cent of the value of production against 23.5 per cent in the same months of 1942. Although the bulk of the remaining employees are still engaged in the industry, a few highly skilled employees such as machinists, pipe fitters, and electricians have found better pay elsewhere, and their loss has been irreplaceable.

The furniture capital of the Fifth District, or of the South for that matter, is High Point, North Carolina. This is the home of the Southern Furniture Manufacturers' Association, and one of the Nation's principal wholesale furniture markets. There are seventy-three furniture factories in that area. Other principal North Carolina furniture manufacturing areas not far distant from High Point are Lenoir, Drexel, Thomasville, Mount Airy, Lexington, and Winston-Salem. In Virginia, the chief furniture manufacturing centers are Bassett, Martinsville, Galax, Marion, and Waynesboro. More than half of the factories in this area employ fewer than fifty workers, while the larger factories average about 125 workers. The larger firms in the District, each capitalized at more than a million dollars, are The Drexel Furniture Company of Drexel, North Carolina; Thomasville Chair Company, Thomasville, North Carolina; Bassett Furniture Industries, Bassett, Virginia; Virginia Lincoln Company, Marion, Virginia; and the Basic Furniture Company of Waynesboro, Virginia.

*This article was prepared in collaboration with Charles L. Creech, Sr., a Director of the Charlotte Branch of the Federal Reserve Bank of Richmond, Chairman of the Board of the B. F. Huntley Furniture Co., and General Manager of the Unique Furniture Co., Winston-Salem, N. C.

Progress of Southern Industry. Data supplied by the Southern Furniture Manufacturers' Association show that remarkable progress has been made by the furniture industry throughout southern states since 1933. However, the industry's shipments established a level in 1941 from which no further progress has been made. These shipments in 1941 were 44 per cent higher than in 1939, and 36 per cent above the post-depression peak in 1937. The fact that unfilled orders have run from three to eight times higher than in 1939, while shipments have flattened out at a level not quite 50 per cent above 1939, would indicate that the industry was operating at capacity. So far this year, however, production has shown a moderately rising tendency. New business received was at its highest level in the fall of 1942. It has been trending irregularly downward ever since with the September, 1942 volume on a seasonally adjusted basis below the average of 1939. As a consequence, the seasonally adjusted index of unfilled orders which stood at 844 per cent of the 1935-39 average in April, 1943, was reduced to 307 per cent by September, 1943.

It would seem paradoxical to find new orders for furniture falling below the level of shipments when at the same time retailers' inventories are getting scarcer every day. Reports from the retail market in Chicago, however, indicate that the public is becoming harder to sell because of the absence of enthusiasm for "Victory" lines. These reports say people who have furniture are not willing to scrap it for "Victory" lines, and only those who are forming new households are willing to take furniture with wooden springs and other war-created stopgaps. Nevertheless, the National Retail Furniture Association believes that retail furniture dealers are confronted with a six-months period which calls for the soft-pedaling of merchandising, and that even at the end of that period no material increase could be expected in the amount of furniture flowing into the markets.

As far as the supply of hardwood lumber is concerned, lumbermen believe the price increase which was recently granted them will increase the movement of hardwood from stockpiles where it has been held for a better cash return, and will also increase production by the mills. It is, therefore, believed that there will be no need for the Government to issue its proposed limitation order on hardwood use.

War Conversion. Within the last year the industry has, as far as possible, converted its activities to military uses, and production of civilian goods has consequently decreased substantially. Much productive labor employed in furniture factories has been drafted into the armed forces, and many other workers have moved into armament production where the scale of earnings is more attractive. A conservative estimate indicates a decline in production of civilian goods of 30 per cent. The Southern industry is now about 16.7 per cent on war production as against less than 10 per cent a year ago.

Military goods now produced by the furniture factories include aircraft plywood and solid wood parts, plywood for Lend-Lease, lockers, gun stocks, cargo truck bodies, life rafts, ammunition boxes, double deck

bunk beds for the Army and Navy, dummy guns, wood bomb plugs, stake tent pins, tool boxes and pigeon lofts, rolling pins, as well as regular items of furniture required for the various Government agencies such as desks, sofas, chests, beds, mirrors, tables, and chairs. The National Federal Housing Authority is buying a large part of the regular furniture production, such as beds, chests, tables, and chairs, for furnishing the houses for defense workers, mainly near shipyards. These factories which have had Government contracts calling for regular items of furniture apparently have done very well, from a standpoint of production and profits, and have had to reduce their civilian production only to the extent that they were manufacturing furniture items for the Government. In many cases, however, where factories made special items to run through in large quantities, and in cases where certain changes in machinery and methods were necessary, they have not done so well. The bunk beds, for instance, which were made by many factories in large quantities, used only a part of the plant facilities, and, as a result, caused an unbalanced production in the plants; and this, along with the low prices at which these orders were placed, resulted in most of the factories taking a financial loss.

Practically no change in machinery and equipment has been necessary for the furniture factories to convert their activities to produce war materials. With the exception possibly of certain items for making special aircraft plywood parts, no special machinery has been needed. Therefore, all of the regular machinery used in the manufacture of ordinary furniture is still intact, so that there should be no difficult problem of the factories turning wholly to the production of their regular line of furniture for postwar activities immediately. However, it will not be as easy as it sounds, from the standpoint of economical operations, because much of the machinery has worn out from usage and become obsolete. Moreover, it has been impossible for the factories to buy any new machinery during the war. Much new machinery will be needed to modernize plants and bring them up to their normal standards, and none of this new equipment can be obtained until some time after the war.

Postwar Prospects. The consensus of furniture manufacturers is that the postwar period will bring a demand for furniture that will tax all the facilities of the industry. Manufacturers look forward to a large market from the many recently married soldiers and sailors who will set up housekeeping for the first time on their return to civilian life. The industry also anticipates a large volume of replacement demand which is being deferred until satisfactory quality and style can again be obtainable. Accumulation of normal retail inventories will itself tax the industry for a considerable period, and whatever develops in the way of new residential construction should find proportionate reflection in the demand for furniture.

Furniture manufacturers producing war goods will have little or no problem in converting their facilities back to peacetime production, but the speed by which they may expand output is another story. As has been previously noted, continuous usage of machinery has

created a substantial amount of real depreciation of equipment. Some of it is obsolete and will require replacement. Yet it seems likely that some time will elapse following the war's termination before the furniture companies can get delivery on machinery and parts. Then, too, it is rumored that manufacturers in other fields are considering entrance into the furniture production field. It is said that at least one shipbuilding concern is studying the field, and it would not be il-

logical to anticipate that some of the large aircraft plants might be used for the manufacture of pre-fabricated houses and furniture at the same time. If new units enter the furniture manufacturing field on a large scale, the problem of replacing obsolete machinery would be rendered more difficult. Thus, if a market for furniture of indicated extraordinary proportions eventuates in the postwar period, it seems likely that it will not be satiated in a short period of time.

The Flue-cured Tobacco Situation

Tobacco farmers in the flue-cured areas in spite of a dearth of man power made an honest attempt to increase the new supply of tobacco this year by increasing the area planted by nearly 6 per cent over last year. Climatic conditions, however, worked against them, and as a result the 1943 flue-cured crop—estimated at 781,538,000 pounds on November 1—is 30,152,000 pounds, or 3.7 per cent, smaller than last year. By using the crop estimates and the average prices paid through November 12, a crop value of about \$300,000,000 is obtained, which is 3.2 per cent below the value of the 1942 crop. Although average prices through November 12 were higher this year than last year in the New Bright, Border, and Georgia-Florida Belts, these rises in the first two belts mentioned were insufficient to offset the reduction in the crop, and consequently the computed crop values are reduced. Prices in the Georgia-Florida Belts, however, rose 27 per cent over last year, which, together with a rise of 10 per cent in the crop, indicates an increase of nearly 40 per cent in the value. Prices in the New Bright, Middle and Old Belts by the 12th of November gave indications that a level would be established for the three belts combined for the season far enough above last year to offset the loss in production. Therefore, crop values for the entire season for all belts apparently will be about the same as last year.

The flue-cured tobacco acreage estimated for harvest this year was 5.8 per cent larger than last year. The increases in the Fifth District came in Virginia and North Carolina, with no change shown in South Carolina. The indicated yield per acre for all belts as of November 1 of 932 pounds was 92 pounds, or 9.0 per cent, lower than last year. All of the reduction in yield from last year was accounted for in the Fifth District, as the yield in those areas outside the District rose nearly 5 per cent. The growing season of 1943 was poorer in the Fifth District than that of 1942, and the decline of 10.4 per cent in the yield per acre in this District does not tell the whole story. Growers experienced difficulty with plant beds in the spring and were confronted with adverse weather conditions as well as labor shortages during the growing season. The operation of these factors resulted in a crop light in volume, late in maturity, and containing a larger percentage of the lower grades of tobacco. In addition the mechanics of the market this season is said to have caused the marketing of more than 15 million pounds of scrap tobacco which in previous years would not have paid its way to town. The Department of Agriculture notes that the shortage of labor and the lack of some fertilizer

ingredients may in part be responsible for lowering the quality of this year's crop.

The largest decline in flue-cured tobacco production between 1942 and 1943 occurred in South Carolina; which was due entirely to a reduction in the yield per acre. Lower yields per acre in Virginia were more than offset by acreage increases; while about half of the reduced yield per acre in North Carolina was offset by an increase in acreage. Flue-cured areas outside the Fifth District increased both acreage and yield, as the accompanying table shows:

FLUE-CURED TOBACCO ACREAGE, YIELD, AND PRODUCTION—1943

	Acreage		Yield per Acre		Production	
	(000's)	% change from 1942	(lbs.)	% change from 1942	(000 lbs.)	% change from 1942
Virginia	87.0	+6.1	900	- 5.3	78,300	+ 0.5
North Carolina	576.0	+6.9	934	-11.2	538,180	- 5.1
South Carolina	90.0	0.0	975	- 9.3	87,750	- 9.3
Fifth District	753.0	+5.9	935	-10.4	704,230	- 5.0
Georgia-Florida ...	85.8	+5.0	901	+ 4.8	77,308	+10.1
Total	838.8	+5.8	932	- 9.0	781,538	- 3.7

Stocks of flue-cured tobacco at the beginning of the current crop year on July 1 amounted to 1,379 million pounds. These stocks, together with the current crop, estimated at 782 million pounds, gives a total supply of 2,161 million pounds. If the total usage of flue-cured tobacco in the 1943 crop year is estimated to be 10 per cent higher than in 1942, the current supply is equal to 2.2 years consumption at the 1943-44 rate.

Although the current supply of flue-cured tobacco, in terms of consumption, is lower than any year since 1938, it is about the same as in the decade from 1930 to 1939. The actual supply of flue-cured tobacco for the current season of 2,161 million pounds is in fact higher than in any year prior to 1940, and only 5 per cent below the all-time high level of the 1942-1943 season.

Exports of tobacco have not been available since 1940, and consequently the domestic supply-demand relationship cannot be computed. However, with the crop estimated earlier in the year at 815 million pounds, the War Food Administration allotted 478.4 million pounds, or 58.7 per cent, to domestic manufacturers and dealers. The same percentage of a 781,538,000-pound crop would bring the domestic allocations to 459 million pounds.

Demand. In the crop year ended June 30, 1943, domestic manufacturers consumed 588 million pounds of flue-cured tobacco. Cigarette manufacture accounts for a large part of the consumption of flue-cured leaf,

and based on tax-paid withdrawals cigarette consumption in the first three months of the current season was 9 per cent higher than in a similar period last season. Tax-paid withdrawals of cigarettes, however, do not take into account the large number of cigarettes sent overseas. Some trade sources indicate that when overseas shipments are added to domestic consumption, cigarette usage this season may be as much as 25 per cent larger than last season. If an arbitrary figure of 12 per cent increase is taken for total flue-cured tobacco consumption, this season's requirements would total 659 million pounds. Since domestic manufacturers and dealers can get only 459 million pounds of this year's fluecured tobacco crop, it is evident that in order to fill a demand of 659 million pounds a reduction of 200 million pounds would have to be made in inventories. Other trade sources reveal that manufacturers' inventories of aging flue-cured tobacco have been reduced already from a 36-months' supply to a 20-months' supply, and if this information is correct, a 200-million pound reduction in leaf inventories would reduce the supply beyond a level where maintenance of the established quality of aged products would be possible.

The current trend, however, appears to be in the direction of lowering the level of domestic consumption rather than depleting leaf inventories. *The Wall Street Journal* of October 21 says that the Reynolds Tobacco Company has reached the limit of its manufacturing capacity, and being unable to meet the demand, it is allotting orders on a basis of 70 per cent of past purchases. From the same source it is stated that Philip Morris is limiting its distributors to 90 per cent of August shipments, and that American Tobacco, Liggett and Myers, and Lorillard are reserving the right to reduce excessive orders.

Prices. Fears were expressed earlier in the season that the 41-cent ceiling price, which each company must observe throughout the season, would benefit the growers in the Georgia-Florida and Border Belts at the expense of the growers in the New Bright, Middle and Old Belts. Experience has shown this contention to have been ill-founded, since average prices so far this season have been higher in the latter belts than in the former, despite the severe reaction in low-grade tobacco between October 15 and October 22.

The outstanding price feature this season has been the wide range through which nondescript tobaccos have moved and the stability of high-grade tobacco prices. The pace was set for high-price nondescript tobacco at the opening of the Georgia-Florida markets at the end of July when "best thin nondescript" averaged 34 cents a pound in the first week of sales. This grade of tobacco for the entire 1942 season averaged only 12 $\frac{1}{4}$ cents on Georgia-Florida markets, whereas in the 1943 season which closed in the latter part of August this grade of tobacco averaged 30 cents a pound. "Choice lemon lug" tobacco (XIL) on the above markets averaged only 44 cents a pound this season against 39 cents last season. Thus "best thin nondescript" average prices were 68 per cent of "choice lemon lugs" prices this season, but were only

31 per cent last season. This tendency was more pronounced in the markets which opened first and was modified progressively as the season moved north,, as the accompanying table shows:

SEASON'S AVERAGE PRICES OF BEST THIN NONDESCRIPT
AS A PERCENTAGE OF CHOICE LEMON LUGS

	1943	1942
Old Belt	53a	43
Middle Belt	55a	48
New Bright Belt	63a	38
Border Belt	66b	33
Georgia-Florida Belt	68b	31

a Season through Nov. 12
b Complete season

"Best thin nondescript" on Border Belt markets established its highest price in the week ended August 13 at 37 cents a pound. This grade of tobacco declined continuously to 16 $\frac{3}{4}$ cents in the week of September 17 but rose thereafter and established a level for the season at 29 cents. During three weeks of the above period when "best thin nondescript" was falling on Border Belt markets, it was rising on New Bright Belt markets. On the New Bright, Middle, and Old Belt markets the prices of this grade of tobacco rose substantially into the week of October 15 and then declined sharply until just prior to the three-day marketing holiday called by the Governors of Virginia and North Carolina on October 27, 28, and 29. These prices by November 12 had recovered to within a few cents of their highs made in the week of October 15.

It is interesting to note that the two wide swings in price of nondescript tobacco came when there was, first, a general agitation for an increase in ceiling prices and, second, when the tobacco companies had reasons to believe their allocations were to be lowered in line with current crop estimates. In a competitive market which has been geared to a given set of operating conditions, any disruption or prospect of disruption of those conditions usually finds reflection in lower prices.

This year a price ceiling of 41 cents was set, which applied to the individual company's purchases in all markets. The crop was short of requirements, and a company could get a larger poundage of tobacco by buying the low grades as well as holding its average price down so that it could obtain a larger quantity of good tobacco. It is reported that large quantities of scrap tobacco have been sold this year at prices ranging from 10 to 15 cents a pound, which in normal years would not have been brought to market. When there was a possibility that the ceiling might be raised, there was less urge to purchase low-grade tobacco for purposes of holding the average down, and prices of nondescript tobacco responded to the prospect by adjusting downward. The second major decline in nondescript prices is not fully reflected in weekly averages, but between October 13 and October 21 "best thin nondescript" on Old Belt markets fell from 36 cents to 14 cents a pound. This decline appears to have resulted from several causes, among which was the prospect of lower allocations in line with the reduced crop estimates. While the amount of reduction in the crop was inconsequential, it was necessary for each company to find out where it stood relative to allocations as well as to the amounts of high-grade

and low-grade tobacco which should be bought to fill remaining allocations. While this was in process, the redriers were swamped with tobacco. They were confronted at the same time with a shortage of labor and with a low supply of lumber to make hogsheads. Together these factors seem to have been responsible for the second drop in nondescript tobacco prices which in turn was responsible for the marketing holiday. In contrast with these wide moves in nondescript tobacco, the better grades maintained a strong tone throughout the season. "Choice lemon lugs" (X1L) which opened at 44 cents a pound on New Bright Belt markets rose to 48 cents by October 15, and was at the season's high level of 49 cents in the week of November 12. This price performance was typical of the many grades of finer tobacco.

By November 12, producers' sales are estimated to have amounted to 680 million pounds, which leaves only about 100 million pounds to be marketed after that date. By deducting the amounts already realized from the total crop, valued at 41 cents a pound, it is found that the remaining 100 million pounds could sell in the neighborhood of 48 cents a pound and still be within the season's ceiling price. This does not mean that prices will average out to the 48-cent level; in

fact, there would be a greater probability that they would not, for no doubt some companies have already purchased their entire allocation and can no longer exert a competitive influence on prices.

Average prices through November 12 were still below the level established in the 1942 season on Old and Middle Belt markets. Current strength in prices, however, seems to indicate that the season's average price will equal or slightly exceed last year's average on Old Belt markets, but that the Middle Belt average will not reach that of 1942. The season's average price of tobacco through November 12 on all markets is shown in the accompanying table, together with realized prices in the season of 1942.

SEASON'S AVERAGE FLUE-CURED TOBACCO PRICES

	(Dollars per cwt.)		% Change
	1942	1943	
Old Belt	41.35	40.40a	- 2.3
Middle Belt	42.38	39.65a	- 6.4
New Bright Belt.....	38.54	40.05a	+ 3.9
Border Belt	37.26	38.69	+ 3.8
Georgia-Florida Belt	30.36	38.50	+26.8
All Belts	38.75	40.00b	+ 3.2

a. Season's average through November 12.

b. Weighted by size of crop and not marketings.

BUSINESS INDEXES -- FIFTH FEDERAL RESERVE DISTRICT

(1935-39=100)

	ADJUSTED						NOT ADJUSTED					
	Sept. 1943	Aug. 1943	July 1943	Sept. 1942	Sept. 1943 % chg from Last Mo.	Last Year	Sept. 1943	Aug. 1943	July 1943	Sept. 1942	Sept. 1943 % chg from Last Mo.	Last Year
BANK DEBITS	239	207	191	198	+ 15	+ 21	230	188	191	191	+ 22	+ 20
DEPT. STORE SALES.....	196	206r	205	170	- 5	+ 15	201	156r	144	174	+ 29	+ 16
ELECTRIC POWER PROD.....	220	216r	213	190	+ 2	+ 16	210	213r	206	182	- 1	+ 15
LIFE INS. SALES.....	138	131	136	99	+ 5	+ 39	122	125	128	88	2	+ 39
BITUMINOUS COAL PROD.....	150	152r	148	150	- 1	0	154	159r	158	150	- 3	+ 3
BUILDING CONTRACTS	134	122	139	326	+ 10	- 59	133	119	146	322	+ 12	- 59
BUILDING PERMITS	36	81r	52	120	- 56	- 70	38	84	53	125	- 55	- 70
COTTON CONSUMPTION	154	147	138	164	+ 5	- 6	162	155	151	173	+ 5	- 6
FURNITURE ORDERS	95	140r	92	202	- 32	- 53	115	166r	140	245	- 31	- 53
FURNITURE SHIPMENTS	116	120	136	122	- 3	- 5	153	149r	148	160	+ 3	- 4
FURN. UNFILLED ORDERS.....	307	355r	314	267	- 14	+ 15	425	479r	483	370	- 11	+ 15
WHOLESALE TR. 5 LINES.....	159	166	175	143	- 4	+ 11	181	173	173	163	+ 5	+ 11
Drugs	205	214	200	183	- 4	+ 12	215	202	191	192	+ 6	+ 12
Dry Goods	124	141	215	123	- 12	+ 1	194	172	160	191	+ 13	+ 2
Groceries	167	170	172	143	- 2	+ 17	185	175	178	158	+ 6	+ 17
Hardware	105	123	139	123	- 15	- 15	122	124	128	143	- 2	- 15
Shoes	174	175	284	178	- 1	- 2	254	278	247	259	- 9	- 2

r—Revised

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	November 17 1943	Change in Amt. from 10-13-43	11-18-42
Total Gold Reserves.....	\$1,105,245	-65,357	+136,027
Other Reserves	18,999	-2,299	+3,677
Total Reserves	\$1,124,244	-67,656	+139,704
Bills Discounted	3,450	-2,975	+3,195
Industrial Advances	238	-54	-508
Gov't Securities, Total.....	\$531,405	+83,801	+229,644
Bonds	134,589	+3,577	-12,391
Notes	59,162	+127	-27,135
Certificates	152,221	+34,206	+105,907
Bills	185,433	+45,891	+163,263
Total Bills & Securities.....	\$535,093	+80,772	+232,331
Uncollected Items	\$129,086	+8,425	+14,578
Other Assets	\$18,258	-1,610	+2,074
Total Assets	\$1,806,681	+19,931	+388,687
Fed. Res. Notes in Cir.....	\$1,075,719	+43,708	+345,803
Deposits, Total	\$598,782	-33,914	+28,155
Members' Reserves	519,850	-23,893	+9,231
U. S. Treas. Gen. Acc.....	18,921	-14,404	+56
Foreign	55,076	+5,942	+24,075
Other Deposits	4,935	-1,559	+5,207
Deferred Availability Items.....	\$113,077	+10,439	+12,611
Other Liabilities	\$268	-71	+168
Capital Accounts	\$18,835	-231	+2,286
Total Liabilities	\$1,806,681	+19,931	+388,687

41 REPORTING MEMBER BANKS—5TH DISTRICT

(All Figures in Thousands)

ITEMS	November 1943	Change in Amt. from 10-13-43	11-18-42
Total Loans	\$286,291	-26,649	-1,178
Bus. & Agric. Loans.....	133,010	-4,144	-18,176
Real Estate Loans.....	49,764	-26	+1,107
All Other Loans.....	103,517	-22,479	+18,105
Total Security Holdings.....	\$1,379,178	+38,386	+480,985
U.S. Treas. Bills	147,203	-30,987	+57,233
U.S. Treas. Certificates	278,579	+38,285	+187,759
U.S. Treas. Notes	170,308	+3,724	+44,089
U.S. Gov. Bonds	682,698	+28,122	+223,424
Obligations Gov. Guaranteed.....	45,222	+20	-17,226
Other Bonds, Stocks, & Sec....	55,168	-778	-14,294
Cash Items in Process of Col....	\$100,001	+4,648	+7,957
Due From Banks.....	\$158,312*	-17,476	-53,899
Currency & Coin.....	\$37,522	-759	+4,020
Reserve with F. R. Bank.....	\$277,602	-21,111	-22,973
Other Assets	\$66,042	+4,056	+12,589
Total Assets	\$2,304,948	-18,905	+427,501
Total Demand Deposits.....	\$1,878,723	-25,724	+391,819
Deposits of Individuals.....	1,045,706	+40,984	+139,427
Deposits of U. S. Gov.....	333,456	-58,380	+299,666
Deposits of State & Local Gov....	74,684	-873	-12,829
Deposits of Banks	405,835	-8,025	-37,451
Certified & Officers' Checks.....	19,042	+570	+3,016
Total Time Deposits.....	\$243,427	+2,605	+22,999
Deposits of Individuals.....	227,114	+2,956	+19,093
Other Time Deposits.....	16,313	-351	+3,906
Liabilities for Borrowed Money..	\$3,000	-3,000	+3,000
All Other Liabilities.....	\$68,667	+6,119	+4,067
Capital Account	\$111,131	+1,095	+5,616
Total Liabilities	\$2,304,948	-18,905	+427,501

*Net figures, reciprocal balances being eliminated.

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	Oct. 31, 1943	Sept. 30, 1943	Oct. 31, 1942
Total Deposits	\$254,780,900	\$251,879,043	\$228,250,410

COMMERCIAL FAILURES

	Number of Failures	Total Liabilities
	District	U. S.
October 1943.....	0	\$3,785,000
September 1943.....	5	22,000
October 1942.....	22	515,000
10 Months, 1943.....	43	\$990,000
10 Months 1942.....	262	8,314
		4,067,000
		88,568,000

Source: Dun & Bradstreet

DEBITS TO INDIVIDUAL ACCOUNTS

000 omitted

	Oct. 1943	% Change from Oct. 1942	10 Mos. 1943	% Change from 10 Mos. 1942
Dist. of Columbia				
Washington	\$472,123	+5	\$4,581,138	+10
Maryland				
Baltimore	728,641	+5	7,022,302	+17
Cumberland	12,457	+9	116,860	+14
Frederick	11,431	+10	105,887	..
Hagerstown	16,577	+9	153,667	+4
North Carolina				
Asheville	20,604	+5	208,018	+10
Charlotte	112,710	-20	1,136,522	-6
Durham	96,170	-2	630,536	+7
Greensboro	31,701	+14	318,784	+17
Kinston	21,173	-1	96,694	..
Raleigh	51,932	-9	519,603	-6
Wilmington	39,095	+4	371,917	+32
Wilson	30,003	-11	128,632	..
Winston-Salem	80,738	+4	676,768	..
South Carolina				
Charleston	44,044	+18	393,110	+18
Columbia	50,229	+7	494,247	+9
Greenville	40,401	+5	376,215	+14
Spartanburg	26,082	+9	205,304	+12
Virginia				
Charlottesville	13,874	+15	119,008	..
Danville	31,352	-27	154,940	-3
Lynchburg	20,199	+7	194,577	+5
Newport News	24,550	-64	255,309	..
Norfolk	115,000	-6	1,197,553	..
Portsmouth	25,355	+67	163,060	..
Richmond	356,707	+9	2,975,157	..
Roanoke	38,649	-2	367,704	..
West Virginia				
Bluefield	23,936	+18	202,077	..
Charleston	74,742	+8	751,469	+12
Clarksburg	13,815	+1	130,743	..
Huntington	26,907	-1	266,006	+9
Parkersburg	13,526	-2	142,613	+12
District Totals	\$2,664,723	+1	\$24,456,920	..

Cumulative figures for 12 cities not comparable with 1942 data.

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
October 1943.....	218,813	168,506	20,011	407,330
September 1943.....	231,479	179,556	18,842	429,877
October 1942.....	244,462	187,302	22,347	454,111
10 Months, 1943.....	2,332,362	1,781,235	207,977	4,321,574
10 Months, 1942.....	2,428,018	1,868,407	222,361	4,518,786

COTTON CONSUMPTION AND ON HAND—BALES

	Oct. 1943	Oct. 1942	Aug. 1 to Oct. 31 1943	1942
Fifth District States:				
Cotton consumed	407,330	454,111	1,249,263	1,350,641
Cotton Growing States:				
Cotton consumed	740,468	837,982	2,236,910	2,470,992
Cotton on hand Oct. 31 in				
Consuming establishments	1,935,124	1,734,955	.....	.....
Storage & compresses..	12,060,208	12,364,733	.....	.....
United States:				
Cotton consumed	846,209	973,086	2,560,578	2,857,733
Cotton on hand Oct. 31 in				
Consuming establishments	2,203,829	2,075,172	.....	.....
Storage & compresses... 12,264,332	12,651,553 *	.....	.....	.....
Spindles active	22,599,426	23,018,266	.....	.....

RAYON YARN DATA

	Oct. 1943	Sept. 1943	Oct. 1942
Rayon Yarn Shipments, Lbs....	43,300,000	40,200,000	41,100,000
Staple Fiber Shipments, Lbs....	13,000,000	14,000,000	12,600,000
Rayon Yarn Stocks, Lbs.....	7,100,000	7,800,000	7,700,000
Staple Fiber Stocks, Lbs.....	2,600,000	2,800,000	4,100,000

Source: Rayon Organon

BUILDING PERMIT FIGURES
Fifth Federal Reserve District
October 1943

	Total Valuation	
	October 1943	October 1942
Maryland		
Baltimore	\$ 2,010,936	\$ 309,340
Cumberland	260,756	3,840
Frederick	1,635	5,075
Hagerstown	14,365	16,295
Salisbury	5,450	6,841
Virginia		
Danville	\$ 5,733	\$ 11,743
Lynchburg	5,008	4,108
Norfolk	430,970	82,755
Petersburg	0	125
Portsmouth	136,084	106,496
Richmond	84,426	75,187
Roanoke	12,900	10,116
West Virginia		
Charleston	\$ 31,862	\$ 18,952
Clarksburg	1,730	1,865
Huntington	11,872	9,380
North Carolina		
Asheville	\$ 25,912	\$ 5,930
Charlotte	22,762	18,088
Durham	9,070	253,722
Greensboro	18,372	4,953
High Point	20,351	16,458
Raleigh	6,593	5,499
Rocky Mount	1,500	700
Salisbury	7,090	3,045
Winston-Salem	16,167	117,081
South Carolina		
Charleston	\$ 57,515	\$ 11,170
Columbia	3,290	23,240
Greenville	650	8,760
Spartanburg	14,480	10,420
Dist. of Columbia		
Washington	\$ 904,160	\$ 1,566,653
District Totals	\$ 4,121,639	\$ 2,707,847
10 Months	\$39,578,569	\$73,212,839

CONSTRUCTION CONTRACTS AWARDED

STATES	Sept. 1943	% Chr. from Sept. 1942	9 Mos. 1943	
			% Chr. from 9 Mos. 1942	% Chr. from 9 Mos. 1942
Maryland	\$ 9,042,000	-65	\$ 74,252,000	-53
Dist. of Columbia..	2,076,000	..	24,326,000	-74
Virginia	8,995,000	-74	134,401,000	-60
West Virginia....	648,000	-82	14,954,000	-72
No. Carolina.....	9,315,000	-19	74,991,000	-22
So. Carolina.....	2,516,000	-75	39,174,000	-58
Fifth District...	\$32,592,000	-59	\$362,108,000	-56

TOBACCO MANUFACTURING

	Oct. 1943	% Change from Oct. 1942	% Change from 10 Mos. 1942	
			10 Mos. 1943	% Change from 10 Mos. 1942
Smoking & chewing tobacco (Thousand of lbs.)	24,867	- 9	212,109	-11
Cigarettes (Thousands) ..	23,508,056	+ 2	210,614,566	+ 8
Cigars (Thousands)	432,860	-32	4,328,441	-14
Snuff (Thousands of lbs.)	3,438	- 4	38,906	+14

AUCTION TOBACCO MARKETING

STATES	Producers Tobacco Sales, Lbs.		Price per hundred	
	Oct. 1943	Oct. 1942	1943	1942
South Carolina	1,996,740	441,981	\$38.84	\$36.64
North Carolina	140,085,136	184,666,070	42.18	42.22
Virginia	37,791,012	56,396,016	40.68	41.99
Total	179,872,888	241,504,067	\$41.83	\$42.16
Season through ..	549,720,166	673,702,944	\$40.09	\$39.32

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	Oct. 1943	% Chg. from Oct. 1942	10 Mos. 1943	
			% Chg. from 10 Mos. '42	% Chg. from 10 Mos. '42
West Virginia	13,455	- 2	133,848	+ 2
Virginia	1,618	- 8	17,034	+ 2
Maryland	139	- 7	1,486	-10
5th District	15,212	- 2	152,368	+ 2
United States	48,740	- 6	490,405	+ 2
% in District	31	..	31	..

RETAIL FURNITURE SALES

STATES	Percentage Changes in Oct. and 10 Months 1943 Compared with Compared with	
	October 1942	10 Mos. 1942
Maryland (5)*	-11	-21
Dist. of Columbia (6)*	-16	-15
Virginia (29)*	-14	0
West Virginia (12)*	+ 4	+ 6
North Carolina (19)*	- 9	+ 8
South Carolina (19)*	-15	- 4
Fifth District (90)*	-11	- 7
Individual Cities		
Baltimore, Md. (5)*	-11	-21
Washington, D. C. (6)*	-16	-15
Danville, Va. (3)*	- 5	+11
Lynchburg, Va. (3)*	-34	-12
Richmond, Va. (8)*	0	+ 8
Charleston, W. Va. (4)*	0	+ 1
Charlotte, N. C. (5)*	-15	+ 2
Winston-Salem, N. C. (3)*	- 6	+16
Columbia, S. C. (5)*	+ 2	0
Greenwood, S. C. (3)*	-22	+ 2

*Number of reporting firms.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Oct. 1943 sales, compared with sales in Oct. 1942:				
+ 13	- 6	- 2	+ 19	0
Percentage chg. in 10 mos.' sales, compared with 10 months in 1942:				
+ 22	+ 11	+ 6	+ 26	+ 12
Change in stocks on October 31, 1943, from stocks on Oct. 31, 1942:				
+ 4	- 1	- 10	- 1	- 4
Change in outst'd'g orders Oct. 31, 1943, from orders on Oct. 31, 1942:				
+ 90	+146	+125	+ 91	+123
Change in receivables, Oct. 1, 1943, compared with Oct. 1, 1942:				
- 8	- 10	- 27	- 9	- 18
Percentage of current receivables as of Oct. 1, 1943, collected in Oct.:				
59(57)	60(60)	61(59)	63(61)	61(59)
Percentage of instalment receivables as of Oct. 1, 1943, collected in Oct.:				
36(30)	41(33)	28(22)	35(26)	32(25)

Note: 1942 collection percentages in parentheses.

Maryland	Dist. of Col.	Virginia	West Va.	No. Carolina	So. Carolina
Percentage change in Oct. 1943 sales from Oct. 1942 sales, by States:					
- 5	- 2	+10	+ 5	+ 7	+ 6
Percentage change in 10 mos.' sales, 1943, compared with 10 mos. in '42:					
+11	+ 6	+19	+12	+24	+28

WHOLESALE TRADE, 234 FIRMS

LINES	Net Sales		Stocks		Ratio Oct. collections to acc'ts outstanding Oct. 1
	Oct. 1943	Oct. 1942	Oct. 31 1943	Sept. 30 1943	
Auto supplies (13)*	+ 2	+30	- 22	0	116
Shoes (3)*	-15	-19	- 29	-12	..
Drugs & sundries (10)*	+ 4	+ 1	..	..	113
Dry goods (6)*	-10	- 5	- 44	- 8	73
Electrical goods (10)*	-24	-11	- 14	- 2	98
Groceries (70)*	+15	+ 5	0	+ 1	155
Hardware (14)*	- 9	+ 5	- 14	0	85
Industrial supplies (10)*	-17	+ 3	- 17	- 3	91
Paper & products (10)*	+ 4	-11	- 16	- 7	91
Tobacco & products (5)*	-15	- 7	..	..	..
Miscellaneous (84)*	- 7	- 1	- 4	+ 2	102
District Average (234)* ..	- 5	- 2	- 13	- 1	103

Source: Department of Commerce

*Number of reporting firms.