

MONTHLY REVIEW

of Financial and Business Conditions

FIFTH
FEDERAL



Federal Reserve Bank, Richmond, Va.

February 29, 1944

Business in January 1944

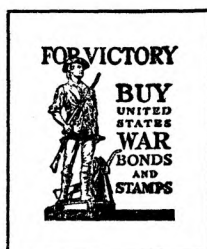
THE level of production in the District during January appears to have held about even with December. Coal production and cotton consumption indexes in January were not materially at variance with those of December. Average daily cigarette production for domestic use, however, declined 18 per cent between December and January, after adjustment for seasonal variation, and was 1 per cent lower than in January 1943. This decline was probably due in part to the epidemic of influenza and to an increased tempo in overseas shipments. January trade activity, both wholesale and retail, moved strongly upward from December levels after correction for seasonal variation. The January wholesale trade level of five lines of activity was the second best established so far in the District, while the rise in the department store sales index brought January to a level which had only been exceeded by February and November of 1943. The indexes of electric power and bank debits still give indications of flattening off.

Merchant shipbuilding in January declined markedly from December levels in the Fifth District, which was due in part to a conversion of some of the facilities of the District's largest yard from the production of Liberty ships to the faster Victory ships. If the District's aircraft plants and naval shipyards operated in line with those industries in the Nation, there was an increase of 5 per cent in aircraft production between November and

December, and a decline of 2 per cent in naval ship construction in the same period.

Employment in manufacturing industries of the District in December 1943 was 4,300 workers smaller than in November, with only Virginia showing an increase in this period. Between December 1942 and December 1943 the District's employment in manufacturing industries declined 9,200 workers, with Maryland and West Virginia showing increases of 16,600 workers and the remaining states showing losses of 25,800 workers. Manufacturing employment levels since mid-summer have shown a tendency to stabilize in all states except Maryland and West Virginia. In the former a downward tendency is in evidence and in the latter a rising tendency.

Cash income from farm marketings in the states of this District in December rose 36 per cent over that month a year ago, with the twelve months of 1943 recording a gain of 18 per cent over 1942. Tobacco acreage allotments were increased 20 per cent for this year, though in some quarters it is doubted whether the permitted increase will be planted because of the dearth of farm labor. Tendencies in farm prices are such that with a production level in 1944 equal to that of 1943 there should be some further increase in cash farm income. The supply of farm labor this year seems likely to be about the same as last year, but with expanded production goals, it will probably be shorter in relation to demand than it was in 1943.



BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT

Average Daily 1935-39=100

Seasonally Adjusted

	Jan. 1944	Dec. 1943	Nov. 1943	Jan. 1943	% Chg. Jan. 1944 from Dec. '43	Jan. 1944 from Jan. '43
Bank Debits	197	191	197	171	+ 3	+ 15
Bituminous Coal Production*.....	148	147	124	136	+ 1	+ 9
Building Contracts Awarded.....	150	151r	207	196	- 1	- 23
Building Permits Issued.....	21	50	50	124	- 58	- 83
Cigarette Production	158	193	194	160	- 18	- 1
Cotton Consumption*.....	148	147	153	155	+ 1	- 5
Department Store Sales.....	208	187	215	186	+ 11	+ 12
Department Store Stocks.....	179	166	155	169	+ 8	+ 6
Electric Power Production.....	204	219	217	190	- 7	+ 7
Life Insurance Sales.....	121	112	120	90	+ 8	+ 34
Wholesale Trade—Five Lines.....	183	173	174	171	+ 6	+ 7

*Not seasonally adjusted.

War Plant Construction in the Fifth Federal Reserve District

Business activity has increased sharply in the Fifth Federal Reserve District since the defense program got under way in June, 1940. Although peak levels were reached in the latter half of 1943, a slight tapering off in some quarters is noticeable. At the end of the year marked improvement over conditions in the middle of 1940 was still evident. The total number of employees in all non-agricultural industries in the District in October, 1943, was almost 3.5 million; or 35 per cent more than the 2.6 million in June, 1940. Manufacturing employment showed an even larger relative gain of 38 percent in the same period. Bank debits increased 68 percent from June, 1940 to December, 1943, while department store sales rose 56 percent in this period.

The requirements of war and the urgency of material found the existing plant facilities in the Fifth Reserve District to be inadequate. A program of expansion of existing facilities and construction of new plant and equipment was necessitated, and this was undertaken, simultaneous with the awarding of contracts for supplies, beginning in June, 1940. The plant expansion program is being financed largely by the War and Navy Departments, the Maritime Commission, the Reconstruction Finance Corporation, and the Defense Plant Corporation, and includes projects authorized by Emergency Plant Facility contracts. Funds of the Rural Electrification Administration, the Federal Works Agency and the Tennessee Valley Authority are also financing some of these facility expansions. With the exception of the Emergency Plant Facility contracts and the commitments of the Reconstruction Finance Corporation, all public contracts provide for government retention of the titles to the expansions and to the new facilities. However, much construction has also been paid for by private funds, supplied by the corporations themselves, and by public funds of state and local origin.

From July 1, 1940 through April 30, 1943, war industrial facility expansions authorized in the Fifth Federal Reserve District aggregated \$1.1 billion, according to data of the War Production Board. This total includes all authorizations aggregating \$25,000 or more at one location and compares with a total for the United States of \$21.9 billion. Over eighty percent of the Fifth District authorizations were located in Virginia, West Virginia and Maryland, while thirteen percent were in North Carolina. An industrial breakdown shows that approximately eighty percent of the total facilities were authorized for plants in the manufacturing industry, about one-eighth for the expansion of public utility facilities, and the remainder was distributed among transportation, mining, communication and service facilities. The accompanying table shows the detail of these authorizations by states:

WAR INDUSTRIAL FACILITY EXPANSIONS AUTHORIZED

July 1, 1940 to April 30, 1943

FIFTH FEDERAL RESERVE DISTRICT

(Millions of dollars)

Industry	D.C.	Md.	Va.	W. Va.*	N.C.	S.C.	Total
Manufacturing	20.7	267.5	240.7	285.4	67.2	18.5	900.0
Public Utilities	4.9	13.0	26.6	7.5	76.5	11.8	140.3
Transportation	8.1	7.1	48.2	1.7	3.1	1.3	64.5
Other	0.9	1.1	5.5	9.8	2.1	0.2	19.6
Total	34.6	288.7	316.0	304.4	148.9	31.8	1124.4

*Adjusted to exclude six counties belonging to the Fourth Federal Reserve District.

Source: War Production Board.

MANUFACTURING EXPANSION

The above table shows authorizations for the expansion of manufacturing facilities for war purposes in the amount of \$900 million. According to the Census of Manufactures, expenditures for gross capital formation in the District of Columbia and the five states comprising the Fifth Federal Reserve District aggregated \$123 million in 1939, distributed among the states as follows:

Maryland	\$27.7 million
District of Columbia	3.1
Virginia	22.3
West Virginia	24.4
North Carolina	33.6
South Carolina	12.3
Total	\$123.4 million

Thus, at first glance, it would seem that authorizations for expansion of war industrial facilities for manufacturing in the 34 months from July 1, 1940 to April 30, 1943, were equivalent to about seven and one-third times the expenditure for manufacturing plant and equipment in what might be considered a normal year. However, before drawing any conclusions, certain reservations must be made:

- (1) The data on war industrial facilities include authorizations for war purposes only. While little, if any, capital formation has been in progress for civilian purposes in the last year or two, there was a considerable amount taking place in 1940 and 1941.
- (2) The six counties in West Virginia belonging to the Fourth Federal Reserve District have been deducted from the figures on war facility authorizations, but no such segregation is possible on the basis of the information furnished by the Census of Manufactures.
- (3) The data on capital expenditures for 1939 include only manufacturing plants in actual operation in that year. Thus, while the expenditure for construction of a new plant or facilities might have been made in 1939, if this plant did not actually produce in that year, the money spent is not included in the Census tabulation.
- (4) In many cases, manufacturers' accounting procedures may term the replacement of parts which wear out or deteriorate rapidly, "cost of operations." The WPB contract authorizations include data for all plant and equipment.

In addition to these considerations, the period of time covered by the Census is just one year; that included in the WPB authorizations is close to three years.

As was to be expected, the bulk of the contracts for the expansion of manufacturing facilities were located in Virginia, West Virginia and Maryland. The importance of West Virginia in the total is due to the location in that state of several large plants. The Morgantown Ordnance Works, part of E. I. DuPont de Nemours, Inc., located at Morgantown, W. Va., a \$60 million plant which began production in December 1941, has been supplying about half of the Army's needs for anhydrous ammonia and is also making formaldehyde, used in munitions manufacture. The synthetic rubber industry has also helped to

boost the total for West Virginia, with the Carbide and Carbon Chemical Corp. producing butadiene and the United States Rubber Company manufacturing Buna-S synthetic rubber. Much of the armor plate for ships is also produced in West Virginia, by the Carnegie Illinois Steel Corp.

About thirty percent of the District's total authorizations for the expansion of manufacturing plant and facilities are located in Maryland. Facilities for the manufacture of aircraft and parts, of iron and steel, and for shipbuilding are responsible for over sixty percent of the manufacturing expansion in that state. Facilities for the manufacture of chemicals and ammunition likewise constitute an important part of Maryland's total. Glenn L. Martin Co., the largest producer of aircraft in the area, has expanded its facilities to a very large extent. At the end of 1942, the Government paid the Martin Company over \$28 million for completed plant facilities and assumed title thereto. Bendix Aviation, Radio Division, and the Westinghouse Electric and Manufacturing Co., both manufacturers of radio and communication equipment, state that their plants have been constructed for permanent use. A survey recently made showed that Baltimore plants manufactured annually more radio equipment for the Army and the Navy than was built by all radio manufacturers prior to 1940. Baltimore has also been established as a leading city in the manufacture of precision instruments for the military forces.

Another large enterprise in the Baltimore area is the Bethlehem Steel Co. shipyards, engaged in the construction of merchant shipping and tank landing vessels. The Maryland Drydock Co., engaged in ship repairs, recently completed an expansion program which increased the number of berths from twelve in 1940 to thirty-two at the present time.

The production of aviation gasoline also contributed to Maryland's expansion of facilities for war purposes. The Standard Oil Company of New Jersey, in Baltimore, completed at the end of 1943 a \$14 million catalytic cracking plant for the production of 100 octane gasoline. This plant will have peacetime as well as wartime employment.

The largest factor in Virginia's expansion of war industrial facilities is the shipbuilding program. This is localized in the Hampton Roads area, in the vicinity of Norfolk and Newport News, and is dominated by two large enterprises, the Norfolk Navy Yard, located in Portsmouth, and the Newport News Shipbuilding and Dry Dock Company, in Newport News. The latter corporation has announced an investment in capital assets amounting to \$8.5 million in the past few years, but this excludes large sums invested by the Navy and the investment of \$4½ million in its subsidiary at Wilmington, North Carolina. Expansion at the Norfolk Navy Yard has also been marked as reflected by an increase in the number of employees from 5,000 at the beginning of 1939 to over 42,000 late in 1943. Operations of the merchant shipbuilding companies have leveled off somewhat since the middle of 1943, with decreased activity in submarine warfare reflected in a lower rate of ship repairs. Naval construction, on the other hand, appears to be still increasing with a 1944 program calling for a 30 percent increase in tonnage delivered.

Expansion has also been considerable in the plants of the Hercules Powder Company, manufacturers of explo-

sives. The addition of facilities at Radford, Pulaski and Glen Wilton, (later abandoned) constituted over forty percent of the \$241 million authorized for expansion of manufacturing establishments in Virginia.

The American Viscose Corporation at Front Royal has reported that it intends to expand its plant at a cost of about \$21 million. Its principal contribution to the war effort is high tenacity rayon yarn used in meeting tire cord requirements for the manufacture of synthetic rubber tires in 1944 and 1945. This expansion would make the Front Royal plant the largest single rayon producing unit in the world. Other war necessitated rayon plant expansions in Virginia include DuPont at Richmond and Industrial Rayon at Covington.

Manufacturing facility expansion in the other states is relatively unimportant. The \$67 million shown in the above table for North Carolina is represented mainly by the expansion of the North Carolina Shipbuilding Company in Wilmington; of the United States Rubber Company, producer of ordnance, in Charlotte; and of the Fairchild Engineering and Airplane Corporation in Burlington.

POSTWAR IMPLICATIONS

According to the data of the War Production Board, the Fifth Federal Reserve District will have gained over one billion dollars worth of industrial structures and equipment when the contracts authorized through April 30, 1943, have been fulfilled. This total will be augmented to some extent by contracts awarded after that date, and to some extent by private capital formation for non-war purposes, although this latter factor constitutes almost a negligible figure by comparison. By the time the war is over, this District will have increased its pre-war facilities substantially, but many of them will have no place in a peacetime economy.

Over two-thirds of the necessary funds to effect these industrial expansions were of public origin, with the Government having title to the facilities. The proportion of private funds in the total is especially high in the plants manufacturing iron and steel products, in the chemicals manufacturing plants, in the machinery and electrical equipment and appliance field, and of course in the public utility corporations. The percentage of total funds contributed by private sources gives some indication of the permanency of the enterprise. If the corporation itself has paid for the expansion, in all likelihood it expects either to continue to produce the item in peacetime, or to convert its facilities to a product which will have peacetime demand. As has been stated, however, this is merely an indicator, for the Government has made terms whereby the corporations operating the plants owned by the Government (Defense Plant) will be able to acquire ownership of the expansions and use the equipment for peacetime production.

In many instances, the war has been responsible for the development of new products which will create permanent employment outlets in the area. The development of synthetic rubber in the West Virginia plants and the greatly widened interest in rayon produced in plants in almost every state of the District, are examples of this. The growth in the manufacture of radio and communication equipment in Baltimore is likely to continue there in the future. The degree of utilization in peacetime of the greatly expanded shipbuilding facilities in Hampton Roads, Virginia, and to a lesser extent in Maryland and

North Carolina, will be governed largely by public policy in the years following the war's end, both with respect to maritime activities and to the strength of the Navy which the Government wishes to maintain.

In all cases, however, it should be remembered that the actual cost of construction of these war facilities does not

necessarily provide a basis for the permanent creation of existing levels of income in the area. The important question with regard to these expansions is how much will they raise the peacetime level of income of the District.

Shipbuilding in the Fifth District

The fall of France to the German Army and the near invasion of England in the Spring of 1940 did not find the United States ready psychologically to prepare for war. Shortly thereafter this nation did embark on what then appeared to be a substantial defense program, though war was still considered to be a thing that could be avoided. Since our best defense in 1940 appeared to be to hold the Axis powers on the continent of Europe, one of our first major moves was to expand our shipbuilding facilities to supplant those of other nations, which were being diverted from regular trade routes to war purposes, as well as to augment the movement of material to England.

Early in 1941 the President directed the Maritime Commission to inaugurate an emergency shipbuilding program to build 200 vessels of the Liberty ship type, in addition to the provisions of the Merchant Marine Act of 1936 which called for an annual output of 50 fast merchant ships. In 1936 there were only 10 shipyards with 46 ways in this country which were capable of producing ocean-going vessels of more than 400 feet. By the time of the President's directive, some expansion had been effected in some of the yards and seven new emergency yards had been built with Government funds.

On September 27, 1941, the first of the Liberty ships was launched at the Bethlehem Fairfield Shipyard in Baltimore and at that time some 200,000 workers were employed on 100 ways and in the shops of about 21 shipyards. Two years later, on September 27, 1943, almost three-quarters of a million workers were turning out ships on more than 300 ways in 81 shipyards scattered over the Nation with a productive capacity of 20 million deadweight tons of shipping annually. The U. S. Maritime fleet at the end of 1943 was two and one-half times larger than it was at the time Pearl Harbor was bombed.

In January, 1942, shortly after the United States had entered the war, the President in his address to Congress on the "State of the Union" announced a shipbuilding program of 18 million deadweight tons of shipping for the years 1942 and 1943, raising the goal from 12 million tons which had been established a short time before. A month later, 6 million deadweight tons were added to the already staggering total, and a further directive given to the Maritime Commission for 2,890,000 deadweight tons brought the total for the two years to 26,890,000 deadweight tons, of which 8,000,000 deadweight tons were to be delivered in 1942 and 18,890,000 deadweight tons in 1943.

That American shipyards dispatched the foregoing shipbuilding program is a matter of record. In 1942, 746 ships of 8,090,000 deadweight tons were delivered to the Maritime Commission. In 1943 the 1,896 ships completed and delivered exceeded those in 1942 by 154 per cent, while the deadweight tonnage of 19,238,626 was greater than in 1942 by 138 per cent.

The first ship launched under the emergency program was the Patrick Henry, which went down the ways of the Bethlehem Fairfield Shipyard at Baltimore on September 27, 1941, and during October, 1941, seven ships of 75,714 deadweight tons were delivered to the Maritime Commission. Progress on the completion of a bridge of ships thereafter was rapid and phenomenal up to the middle of 1943, when all yards in full production turned out 176 ships of 1,782,836 deadweight tons in May, 1943.

Man-power shortages, diversion of some yards to the production of military craft, and the conversion of others to the production of the faster C-type ships in the six months following the month of May, 1943, resulted in a leveling off in the tonnage of ships delivered. In December, 1943, however, the Nation's shipyards established an all-time high record when they delivered 208 vessels of 2,044,239 deadweight tons.

The Maritime Commission reports that United States shipyards have productive capacity sufficient to use in 1944 the same quantity of steel plates and shapes which they used in 1943. The Commission says, however, that the emphasis this year is changing to ship speed and efficiency rather than construction speed, and adds that tonnage delivered in 1944, will probably be less than in 1943.

FIFTH DISTRICT

The war economy of the Fifth Federal Reserve District, exclusive of agriculture, is in large part predicated on the shipbuilding industry. There are five shipyards engaged in producing merchant shipping of one sort or another, but the largest number of shipyard workers in this District are devoting their efforts toward the construction of naval craft, information on which is mostly secret.

Of the increase of nearly 200,000 in employment in establishments covered by unemployment insurance in Maryland from the fourth quarter of 1939 to the fourth quarter of 1942, the shipbuilding and repair industry accounted for about one-third; while 56 per cent of the total pay roll increase in Virginia from the first quarter of 1939 to the first quarter of 1942 was caused by the expansion in shipyard employment. Expansion in shipyard employment has accounted for well over a third of the total increase in North Carolina employment since 1940, and has contributed upwards of 30,000 toward an unknown total gain in South Carolina.

Prior to 1941, merchant shipbuilding in the Fifth District was done by the Newport News Shipbuilding and Dry Dock Company at Newport News, and the Bethlehem Sparrows Point Shipyard in Baltimore. At that time the locations that are now the Bethlehem-Fairfield Shipyard and the North Carolina Shipyard were still in swamp land. Early in 1941 these two yards were put

under construction and by the Fall of 1941 ships were going down their ways. Thirteen shipways were originally designed at the Fairfield yard in Baltimore and these were later increased to sixteen, most of which were in service at the end of 1941. Nine shipways were built at the North Carolina Shipbuilding Company at Wilmington, North Carolina, during 1941; while four additional ways at Sparrows Point brought that yard to eleven early in 1942.

The Bethlehem-Fairfield and North Carolina Shipbuilding Yards have accounted for the greater part of the merchant ship tonnage delivered from the Fifth District, with the Bethlehem-Sparrows Point Yard at Baltimore, the Welding Shipyard at Norfolk, and the Lancaster Iron Works at Perryville, Maryland, accounting for the remainder. In 1942, the Bethlehem-Fairfield yard delivered 77 Liberty ships of 830,400 deadweight tons to the Maritime Commission. More than 100 ships would have been delivered from this yard except for the fact that the greater portion of its facilities was diverted to a special type of construction for the armed forces late in the year. In 1943 this yard delivered 211 Liberties and Landing vessels with a deadweight tonnage of 2,120,000. These figures in 1943 were, respectively, 11 per cent and 10 per cent of the United States total.

The North Carolina Shipbuilding Company delivered 51 Liberty ships during 1942 and 85 ships in 1943. No deliveries of ships were made by this yard in the last four months of 1943, due to the fact that its facilities were converted to the production of the faster Victory type of ship. During December, 1943, however, the yard launched four of the new type craft.

The Bethlehem-Sparrows Point Shipyard, whose facilities were used both in 1942 and 1943 to produce large ocean tankers and the Maritime Commission C-type cargo ships, delivered a total of 13 vessels in the former year and 24 in the latter year. Three tankers were delivered in 1943 by the Welding Shipyard at Norfolk and four coastal tankers were delivered by the Lancaster Iron Works of Perryville, Maryland.

The peak level of merchant ships delivered in this District occurred in May 1943, when the North Carolina Shipbuilding Company reached its highest production point by delivering 11 Liberty ships to the Maritime Commission. Three months later this yard had completed all of the 126 Liberty ships under contract and began conversion of its facilities to Victory ship production. Currently it holds contracts to build 87 of these ships. The Bethlehem Fairfield yard continued to expand its delivery of ships through October, 1943, when 22 Liberties were turned over to the Maritime Commission ready for service. Since May, 1943, merchant shipbuilding in the District has been maintained on a reasonably flat level of about 26 ships a month. In January, 1944, the North Carolina Shipbuilding Company again contributed to the District's ship deliveries, but conversion of facilities at the Bethlehem Fairfield Yard materially lowered the deliveries of that yard.

Prior to the defense program, naval craft construction in the Fifth District was done at the Norfolk, Virginia, and Charleston, South Carolina, Navy Yards, and at times under contract at the Newport News Shipbuilding and Dry Dock Company at Newport News. These three

yards are still doing the bulk of the naval construction in the District, but in addition numerous small yards, mostly on the seacoast of North Carolina, Virginia, and Maryland, are turning out mine layers, mine sweepers, wooden destroyers and other small naval craft. Yards engaged on this work are located at Salisbury, Crisfield, and Cambridge, Maryland; Newport News, Virginia; and Elizabeth City, New Bern, Manteo, Morehead City, and Washington, North Carolina; Charleston and Georgetown, South Carolina; and Point Pleasant, West Virginia.

At the beginning of 1939 the Norfolk Navy Yard had 5,000 employees and by November, 1943, the number had been increased to 42,509. The Newport News Shipbuilding and Dry Dock Company, whose effort has been confined to naval craft since late in 1941, employed 7,000 in 1939; 29,408 at the end of 1942; and 28,000 at the end of 1943. The peak of this yard's employment in World War I was 12,000. This yard launched the USS *Indiana* on November 21, 1941, and since that time the *Mobile*, *Essex*, *Biloxi*, *Intrepid*, *Birmingham*, *Houston*, *Hornet*, *Franklin*, *Vicksburg*, and *Yorktown* have been launched. The Charleston, South Carolina, Navy Yard normally employed about 1,000 prior to the defense program. By the end of 1941, 13,000 were employed and by September, 1943, 27,000 were employed. The Annual Report of the Secretary of the Navy for 1941 revealed the information that this yard had 14 destroyers to build; all of these had been launched by April 7, 1943.

Reported employment levels of companies in the District engaged in manufacturing small naval craft of one sort or another include the Barbour Boat Works of New Bern, North Carolina, whose employment was given in July, 1943, as approximately 1,000; the Elizabeth City Shipyard at Elizabeth City, North Carolina, with 600 employed in July, 1943, compared with 200 in August 1941; the Manteo Shipbuilding Company at Manteo, North Carolina, with 200 employed in July, 1943; the Pamlico Shipyard at Washington, North Carolina, which expected in July, 1943 that employment would eventually reach 1,000; Cambridge Shipbuilders, at Cambridge, Maryland, which expected to employ between 50 and 150 workers in November, 1941; the Marietta Manufacturing Company of Point Pleasant, West Virginia, which was employing 2,000 workers in June, 1942.

It is difficult to gauge the progress of naval construction in the District, but for the Nation month-to-month gains ranging from 3 to 7 per cent were recorded from June through November, 1943, with December registering a loss from November of 2 per cent.

In summary, it would appear that some further progress could be expected in shipbuilding activity in the Fifth District during 1944, with merchant shipping holding its own and naval construction moving ahead. Somewhere in the neighborhood of 155,000 workers are employed in the industry in the District, with the estimated gain in shipyard workers since May, 1940, accounting for nearly a fourth of the combined employment gain in this period in Maryland, Virginia, North Carolina and South Carolina. With the United States merchant fleet two and one-half times larger than on December 7, 1941, the future outlets for merchant shipbuilding would appear to be limited to the task of replacement to meet whatever need that develops.

FEDERAL RESERVE BANK OF RICHMOND

(All Figures in Thousands)

ITEMS	February 16 1944	Chg. in Amt. from 1-12-44	2-17-43
Total Gold Reserves.....	\$1,088,199	-54,981	+ 65,419
Other Reserves	20,172	- 3,370	- 1,133
Total Reserves	\$1,108,371	-58,351	+ 64,286
Bills Discounted	\$ 2,130	- 80	+ 1,933
Industrial Advances	\$ 227	- 6	- 358
Gov't Securities, Total.....	\$ 622,306	+37,397	+307,797
Bonds	112,139	+ 1,237	-39,384
Notes	62,218	+16,218	- 13,330
Certificates	177,844	+ 7,197	+129,125
Bills	270,105	+12,745	+231,386
Total Bills & Securities.....	\$ 624,663	+37,311	+309,372
Uncollected Items	\$ 137,261	+19,717	+ 19,700
Other Assets	\$ 20,510	- 1,139	+ 973
Total Assets	\$1,890,805	- 2,462	+394,331
Fed. Res. Notes in Cir.....	\$1,141,180	+ 3,243	+345,343
Deposits, Total	\$ 620,235	-16,677	+ 32,787
Members' Reserves	529,249	- 1,736	- 4,541
U. S. Treas. Gen. Acc.....	26,633	-21,730	+ 12,337
Foreign	58,320	+ 4,219	+ 23,275
Other Deposits	6,033	+ 2,570	- 3,284
Deferred Availability Items.....	\$ 109,714	+10,781	+ 14,155
Other Liabilities	\$ 201	- 16	- 248
Capital Accounts	\$ 19,475	+ 207	+ 2,294
Total Liabilities	\$1,890,805	- 2,462	+394,331

41 REPORTING MEMBER BANKS—5TH DISTRICT

(All Figures in Thousands)

ITEMS	February 16 1944	Chg. in Amt. from 1-12-44	2-17-43
Total Loans	\$ 291,737	+ 15,566	+ 29,100
Bus. & Agric. Loans.....	133,410	+ 2,078	+ 5,297
Real Estate Loans.....	49,184	- 983	- 2,111
All Other Loans.....	109,143	+ 14,471	+ 25,914
Total Security Holdings.....	\$1,391,446	+100,079	+358,368
U. S. Treas. Bills	132,304	+ 31,644	+ 10,928
U. S. Treas. Certificates	242,362	- 12,533	+114,147
U. S. Treas. Notes	198,024	+ 29,444	+ 66,975
U. S. Gov. Bonds	718,773	+44,420	+188,117
Obligations Gov. Guaranteed	43,615	+ 5,196	- 11,146
Other Bonds, Stocks & Sec.	56,368	+ 1,908	- 10,653
Cash Items in Process of Col..	\$ 94,131	+ 7,740	+ 15,168
Due From Banks.....	\$ 150,378*	+ 1,613	+ 23,034
Currency & Coin.....	\$ 33,860	- 3,147	+ 1,766
Reserve with F. R. Bank.....	\$ 277,955	- 9,199	+34,818
Other Assets	\$ 61,740	+ 3,036	+ 2,700
Total Assets	\$2,301,247	+106,390	+349,250
Total Demand Deposits.....	\$1,879,221	+109,869	+321,579
Deposits of Individuals.....	1,014,624	- 60,763	+ 66,125
Deposits of U. S. Gov.....	413,761	+207,489	+333,847
Deposits of State & Loc. Gov..	76,983	- 2,037	- 14,868
Deposits of Banks	358,043	-34,848	- 63,363
Certified & Officers' Checks..	15,810	+ 28	- 162
Total Time Deposits.....	\$ 250,603	+ 2,427	+ 29,224
Deposits of Individuals.....	234,503	+ 2,954	+ 26,755
Other Time Deposits.....	16,100	- 527	+ 2,469
Liabilities for Borrowed Money	\$ 0	0	0
All Other Liabilities.....	\$ 59,646	- 6,627	- 6,914
Capital Account	\$ 111,777	+ 721	+ 5,361
Total Liabilities	\$2,301,247	+106,390	+349,250

*Net figures, reciprocal balances being eliminated.

MUTUAL SAVINGS BANK DEPOSITS

9 Baltimore Banks

	Jan. 31, 1944	Dec. 31, 1943	Jan. 31, 1943
Total deposits	\$261,919,096	\$258,926,658	\$233,596,216

COTTON CONSUMPTION—FIFTH DISTRICT

In Bales

MONTHS	No. Carolina	So. Carolina	Virginia	District
January 1944.....	224,369	169,763	19,222	413,354
December 1943.....	227,009	179,361	19,714	426,084
January 1943.....	233,201	182,007	20,842	436,050

DEBITS TO INDIVIDUAL ACCOUNTS

000 omitted

	Jan. 1944	% Change from Jan. 1943	12 Mos. 1943*	% Change from 12 Mos. '42
Dist. of Columbia				
Washington	\$ 481,719	+15	\$ 5,544,927	+ 9
Maryland				
Baltimore	770,783	+29	8,566,669	+17
Cumberland	11,783	+18	141,878	+14
Frederick	11,079	+34	128,935	..
Hagerstown	17,451	+30	188,716	+ 7
North Carolina				
Asheville	24,369	+18	253,824	+10
Charlotte	115,405	0	1,368,417	- 8
Durham	59,102	+20	796,630	+13
Greensboro	38,716	+39	386,620	+15
Kinston	7,449	+14	114,000	..
Raleigh	57,403	+ 6	625,915	- 4
Wilmington	35,285	+ 8	443,752	+26
Wilson	8,267	+14	155,474	..
Winston-Salem	64,257	+ 7	828,645	..
South Carolina				
Charleston	40,272	+ 4	471,540	+15
Columbia	48,999	-10	604,225	+ 8
Greenville	38,181	+ 3	451,284	+11
Spartanburg	21,722	+ 9	247,896	+ 9
Virginia				
Charlottesville	13,672	+25	147,287	..
Danville	14,058	+ 5	211,305	+ 3
Lynchburg	21,570	+18	241,056	+ 6
Newport News	25,545	+16	307,333	..
Norfolk	116,429	+ 5	1,450,001	..
Portsmouth	16,712	+ 9	196,226	..
Richmond	309,895	+14	3,653,141	..
Roanoke	37,800	+ 4	447,668	..
West Virginia				
Bluefield	23,798	+30	249,943	..
Charleston	32,511	+21	919,026	+11
Clarksburg	15,735	+23	162,607	..
Huntington	30,561	+14	324,252	+ 8
Parkersburg	15,128	+16	172,820	+12
District Totals	\$2,574,656	+17	\$29,807,012	..

Cumulative figures for 12 cities not comparable with 1942 data.

*Last month 1942 figures were printed in error in this column.

COMMERCIAL FAILURES

PERIODS	Number of Failures		Total Liabilities	
	District	U. S.	District	U. S.
January 1944.....	3	120	\$102,000	\$1,708,000
December 1943.....	2	145	5,000	2,055,000
January 1943.....	11	458	98,000	5,515,000

Source: Dun & Bradstreet.

COTTON CONSUMPTION AND ON HAND—BALES

	Jan. 1944	Jan. 1943	Aug. 1 to Jan. 31 1944	1943
Fifth District States:				
Cotton consumed	413,354	436,050	2,516,109	2,666,486
Cotton Growing States:				
Cotton consumed	729,237	796,973	4,470,287	4,870,181
Cotton on hand Jan. 31 in				
Consuming establishments	2,050,481	2,091,862	.....	.....
Storage & compresses....	11,894,050	12,787,994	.....	.....
United States:				
Cotton consumed	819,489	916,785	5,090,896	5,623,308
Cotton on hand Jan. 31 in				
Consuming establishments	2,377,580	2,495,764	.....	.....
Storage & compresses....	12,120,142	13,069,529	.....	.....
Spindles active	22,217,994	22,935,012	..	.....

RAYON YARN DATA

	Jan. 1944	Dec. 1943	Jan. 1943
Rayon Yarn Shipments, Lbs.....	41,500,000	43,200,000	37,900,000
Staple Fiber Shipments, Lbs.....	13,900,000	14,500,000	12,700,000
Rayon Yarn Stocks, Lbs.....	7,600,000	6,100,000	8,900,000
Staple Fiber Stocks, Lbs.....	2,100,000	1,800,000	3,000,000

Source: Rayon Organon.

BUILDING PERMIT FIGURES**Fifth Federal Reserve District**

January 1944

	Total Valuation	
	January 1944	January 1943
Maryland		
Baltimore	\$ 225,670	\$2,714,706
Cumberland	390	3,300
Frederick	200	1,600
Hagerstown	4,135	14,925
Salisbury	8,267	1,904
Virginia		
Danville	\$ 8,067	\$ 4,453
Lynchburg	3,680	4,418
Norfolk	91,360	541,481
Petersburg	400	0
Portsmouth	15,575	450,215
Richmond	67,500	113,189
Roanoke	25,221	2,727
West Virginia		
Charleston	\$ 23,021	\$ 8,103
Clarksburg	1,275	340
Huntington	2,140	1,850
North Carolina		
Asheville	\$ 5,875	\$ 7,710
Charlotte	9,172	17,360
Durham	5,711	113,575
Greensboro	15,955	12,497
High Point	23,729	13,225
Raleigh	12,700	1,495
Rocky Mount	850	3,700
Salisbury	18,100	1,325
Winston-Salem	18,893	27,057
South Carolina		
Charleston	\$ 91,619	\$ 18,933
Columbia	12,495	13,769
Greenville	85,623	5,170
Spartanburg	7,690	2,605
Dist. of Columbia		
Washington	\$ 359,770	\$2,728,718
District Totals	\$1,145,083	\$6,830,350

CONSTRUCTION CONTRACTS AWARDED

STATES	Dec. 1943	% Change from Dec. '42	Year 1943	% Change from Year '42
Maryland	\$ 9,207,000	— 34	\$106,942,000	—53
Dist. of Col.	2,753,000	+696	33,682,000	—67
Virginia	10,759,000	— 74	173,242,000	—58
West Virginia ..	4,159,000	+378	20,833,000	—68
North Carolina ..	5,300,000	— 70	91,438,000	—46
South Carolina ..	2,958,000	— 73	52,160,000	—53
Fifth District:	\$35,136,000	— 59	\$478,297,000	—56

Source: F. W. Dodge Corporation.

TOBACCO MANUFACTURING

	Jan. 1944	Jan. 1943	% Change
Smoking & chewing tobacco (Thousands of lbs.)	20,158	21,711	— 7
Cigarettes (Thousands) ..	20,115,138	20,370,214	— 1
Cigars (Thousands)	366,919	436,744	—16
Snuff (Thousands of lbs.)	3,782	3,586	+ 5

SOFT COAL PRODUCTION IN THOUSANDS OF TONS

REGIONS	January 1944	January 1943	% Change
West Virginia	13,764	12,307	+12
Virginia	1,781	1,602	+11
Maryland	157	125	+26
5th District	15,702	14,034	+12
United States	53,800	47,810	+13
% in District	29%	29%	

RETAIL FURNITURE SALES**STATES**January 1944
compared with
January 1943

Maryland (6)*	+ 2
Dist. of Columbia (3)*	—13
Virginia (26)*	— 1
West Virginia (11)*	+20
North Carolina (23)*	+ 6
South Carolina (15)*	— 6
Fifth District (84)*	+ 1

INDIVIDUAL CITIES

Baltimore, Md. (6)*	+ 2
Washington, D. C. (3)*	—13
Lynchburg, Va. (3)*	+18
Richmond, Va. (7)*	+ 8
Charleston, W. Va. (3)*	+20
Charlotte, N. C. (4)*	—11
Winston-Salem, N. C. (3)*	+11
Columbia, S. C. (4)*	+ 1

*Number of reporting stores.

DEPARTMENT STORE TRADE

Richmond	Baltimore	Washington	Other Cities	District
Percentage change in Jan. 1944 sales, compared with sales in Jan. 1943:				
+15	+10	0	+16	+ 7
Percentage change in stocks on Jan. 31, '44, from stocks on Jan. 31, '43:				
+ 3	+10	+ 3	+14	+ 6
Change in outstanding orders Jan. 31, 1944, from orders on Jan. 31, '43:				
+48	+72	+52	+26	+57
Change in total rec'v'bles, Jan. 1, 1944, compared with Jan. 1, 1943:				
— 6	— 2	—13	+ 1	— 7
Percentage of current receivables as of Jan. 1, 1944, collected in Jan.:				
51(48)	55(54)	51(53)	55(57)	53(53)
Percentage of instalment receivables as of Jan. 1, 1944, collected in Jan.:				
35(28)	30(28)	21(21)	30(26)	25(23)

Note: 1943 collection percentages in parentheses.

Maryland	Dist. of Col.	Virginia	West. Va.	N. Carolina	S. Carolina
Percentage change in Jan. 1944 sales from Jan. 1943 sales, by States:					
+9	0	+13	+ 7	+11	+17

WHOLESALE TRADE, 213 FIRMS

LINES	Net Sales		Stocks		Ratio Jan. collections to acc'ts outstand'g January 1
	Jan. 1944 compared with Jan. 1943	Dec. 1943	Jan. 31, 1944 compared with Jan. 31, 1943	Dec. 31, 1943	
Auto supplies (10)*	+20	—22	— 7	— 1	100
Drugs & sundries (9)*	+13	+ 5	..	..	123
Dry goods (5)*	+23	+54	..	..	91
Electrical goods (8)*	—26	—17	— 7	+11	36
Groceries (69)*	+18	0	+10	+ 4	151
Hardware (11)*	+15	+ 6	+ 6	+14	10
Industrial supplies (9)*	—12	+ 1	— 7	+ 7	9
Paper & products (11)*	+ 2	+ 9	—12	— 6	7
Tobacco & products (5)*	0	— 9	..	..	..
Miscellaneous (76)*	+17	0	—11	— 4	7
District Average (213)* ..	+11	+ 2	— 4	+ 2	105

Source: Department of Commerce.

*Number of reporting firms.

BUSINESS INDEXES—FIFTH FEDERAL RESERVE DISTRICT
Average Daily 1935-39=100—Seasonally Adjusted

	Dec. 1943	Nov. 1943	Oct. 1943	Dec. 1942	% Chg. Nov. '43	Dec. 1943 from Dec. '42
Bank Debits	191	197	197	183	— 3	+ 4
Bituminous Coal Production*	147	124	140	132	+ 19	+ 11
Building Contracts Awarded	151	207	163	369	— 27	— 59
Building Permits Issued	50	50	64	49	0	+ 2
Cigarette Production	193	194	182	166	— 1	+ 16
Cotton Consumption*	147	153	146	154	— 4	— 5
Department Store Sales	187	215	191	173	— 13	+ 8
Department Store Stocks	166	155	165	164	+ 7	+ 1
Electric Power Production	219	217	212	199	+ 1	+ 10
Employment—Mfg. Industries*	150	150	150	151	0	— 1
Furniture Orders	217	184	117	252	+ 18	— 14
Furniture Shipments	200	142	112	208	+ 41	— 4
Furniture Unfilled Orders	499	452	381	634	+ 10	— 21
Life Insurance Sales	112	120	120	81	— 7	+ 38
Wholesale Trade—Five Lines	173	174	176	157	— 1	+ 10
Wholesale Trade—Drugs	196	193	213	162	+ 2	+ 21
Wholesale Trade—Dry Goods	109	110	136	116	— 1	— 6
Wholesale Trade—Groceries	185	187	186	160	— 1	+ 16
Wholesale Trade—Hardware	113	113	115	114	0	— 1
Wholesale Trade—Shoes	239	239	191	440	0	— 46

*Not seasonally adjusted.

SUMMARY OF NATIONAL BUSINESS CONDITIONS

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

Industrial Production

In January the Board's seasonally adjusted index of industrial production stood at 242 per cent of the 1935-39 average as compared with the peak level of 247 in October and November 1943.

Steel production increased 4 per cent in January and continued to rise in the first three weeks of February, reflecting large military requirements for landing craft and other invasion equipment as well as increasing use of steel for farm machinery and railroad equipment. Aluminum production was curtailed in January from the peak rate in the last quarter of 1943.

Activity in the transportation equipment group was 5 per cent lower in January than at the peak in November. The largest decline occurred in commercial shipyards, many of which were changing from the production of Liberty ships to Victory and other types of ships. In the automobile industry production of 3,000 trucks was reported during the month under the greatly enlarged civilian truck program for 1944 which calls for the production of 92,000 mediumweight and 31,500 heavy trucks during the year.

Output of textiles, shoes, and manufactured foods rose slightly in January, following small declines in December. Chemicals production continued to decline, reflecting a further curtailment of small arms ammunition output. Output of petroleum and rubber products showed little change.

Production of coal increased and crude petroleum output continued at a high level in January and the early part of February. Sunday work was instituted in anthracite mines during February as a measure to increase production, and output for the week ending February 12 was 13 per cent higher than the preceding week.

The value of construction contracts awarded in January, according to reports of the F. W. Dodge Corporation, declined to the lowest level for the month since 1935.

Distribution

Value of department store sales in January and the first three weeks of February was maintained at a high level for this season of the year. Sales in January exceeded the large volume of a year ago by about 6 per cent

but in February sales were somewhat smaller than last year when a buying wave developed following the announcement of shoe rationing.

Freight carloadings declined less than usual in January and the first half of February, owing chiefly to the heavy volume of coal shipments. Movement of grain continued at the high level of last fall and livestock and lumber shipments were in large volume.

Commodity Prices

Wholesale prices of most commodities continued to show little change in January and the early part of February. Maximum prices for coke, wood pulp, furniture, and certain other products were increased moderately.

The cost of living index of the Bureau of Labor Statistics declined from 124.4 per cent of the 1935-39 average in December to 124.1 in January.

Bank Credit

Purchases of securities in the Fourth War Loan Drive by corporations and individuals resulted in a release of required reserves of member banks because funds were drawn from private deposit accounts, which require reserves, to the Government war loan accounts, which are exempt from reserve requirements. As a consequence, member banks repurchased bills from the Reserve Banks, and the latter's holdings of Government securities declined by 520 million dollars.

At reporting member banks in 101 leading cities, adjusted demand deposits decreased by 3.4 billion dollars in the four weeks ending February 16, while U. S. Government deposits increased by 6.9 billion, reflecting purchases of Government securities by bank customers during the war loan drive. Government security holdings at reporting member banks increased 2.8 billion dollars over the four weeks.

Loans to brokers and dealers increased by 320 million during the drive which was substantially less than in either of the two previous campaigns. Loans to others for purchasing or carrying Government securities rose by about 610 million, two-thirds of which was at New York City banks. Commercial loans, which had increased substantially during the Third War Loan Drive, showed little increase during the current period.